GENERAL PURPOSES COMMITTEE

Date:Tuesday, 26 July 2016

Democratic and Members' Services
Quentin Baker
LGSS Director: Lawand Governance

Shire Hall
Castle Hill
Cambridge
CB3 0AP

10:00hr

Kreis Viersen Room
Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that Appendix 4 of Agenda Item No.7 contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local

Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information))

The General Purposes Committee comprises the following members:

Councillor Steve Count (Chairman) Councillor Roger Hickford (Vice-Chairman)

Councillor Anna Bailey Councillor Ian Bates Councillor David Brown Councillor Paul Bullen Councillor Edward Cearns Councillor John Hipkin Councillor David Jenkins Councillor Maurice Leeke Councillor Mac McGuire Councillor Lucy Nethsingha Councillor Tony Orgee Councillor Peter Reeve Councillor Michael Tew Councillor Ashley Walsh and Councillor Joan Whitehead

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Michelle Rowe

Clerk Telephone: 01223 699180

Clerk Email: michelle.rowe@cambridgeshire.gov.uk

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: http://tinyurl.com/ccc-film-record.

Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution http://tinyurl.com/cambs-constitution.

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks http://tinyurl.com/ccc-carpark or public transport

Agenda Item No.2

GENERAL PURPOSES COMMITTEE: MINUTES

Date: Tuesday, 31st May 2016

Time: 10.00a.m. – 11.50a.m.

Present: Councillors Bailey, Bates, D Brown, Bullen, Cearns, Count (Chairman), Downes (substituting for Councillor Nethsingha), Hickford, Jenkins, Leeke, McGuire, Orgee, Reeve, Tew, Walsh and Whitehead

Apologies: Councillors Hipkin and Nethsingha

222. NOTIFICATION OF CHAIRMAN/WOMAN AND VICE-CHAIRMAN/WOMAN

The Committee noted that the Council had appointed Councillor Count as the Chairman and Councillor Hickford as the Vice-Chairman for the municipal year 2016-17.

223. DECLARATIONS OF INTEREST

There were no declarations of interest.

224. MINUTES – 15TH MARCH 2016 AND ACTION LOG

The minutes of the meeting held on 15th March 2016 were agreed as a correct record and signed by the Chairman. The Action Log and following updates from the Chief Finance Officer (CFO) were noted:

- agreed to provide a written update on the progress of the Communications Strategy to promote the rationale behind the Total Transport Pilot Scheme project. **Action Required.**

- reported that underspends were currently being considered by Policy and Service Committees. A report would be presented to the Committee on 26 July 2016. **Action Required.**

225. PETITIONS

No petitions were received.

226. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MARCH 2016

The Committee received a report detailing the financial and performance information to assess progress in delivering the Council's Business Plan. It was noted that the overall revenue budget position had not varied significantly since the last meeting. The Committee would receive the final outturn report at its next meeting. The CFO drew attention to the fact that the report did not include the £9.8m directly attributable to a change in Minimum Revenue Provision policy approved and implemented during the year. It was noted that it was proposed to transfer this funding to the Transformation

Fund. The CFO advised the Committee of two minor adjustments reflected in the recommendations.

The Chairman queried the implications of the further slippage at Littleport Secondary and Special School. The CFO reported that there would be damages reflected in any contract of this nature. However, they would be proportionate to any costs incurred such as erecting a portacabin. He agreed to investigate and report back to the Committee. **Action Required.** The Chairwoman of the Children and Young People Policy and Service Committee reported that children were being transported to two other schools with the transport paid for by the contractor.

In response to a query regarding releasing parcels of land for development in relation to Isle of Ely Primary, it was noted that this action was driven by the market but there was an expectation it would occur in the current financial year.

It was resolved unanimously to:

a) Analyse resources and performance information and note the remedial action currently being taken and consider if any further remedial action was required.

b) Approve the increase of £0.7m to the Prudential Borrowing requirement in 2015/16 to bridge the funding gap caused by the delayed capital contribution in relation to the Isle of Ely Primary scheme (section 6.5).

c) Approve that the £367,880 additional Education Services Grant (ESG) received in 2015/16 be transferred to the General Fund (section 7.1).

227. EXPLORATION OF OPTIONS IN RELATION TO THE SUPPLY OF AGENCY WORKERS

The Committee considered a report setting out the proposed interim arrangements for the supply of agency resources at the end of the existing contract and an outline of the options being proposed in the future. Members were reminded that this process was part of a wider strategy to reduce the cost of agency staff. The Committee had already received a report in December 2014 outlining the recruitment and retention strategy in relation to the social care workforce.

It was proposed that the Council should create its own Agency Company in order to save on the supply chain costs paid to agencies. In the short-term, it was recommended that the Council re-negotiate and extend the existing contract with its Managed Service Provider (MSP) until no later than August 2017 in order to allow for a full business case to be prepared for consideration by the Committee in October 2016. Phased implementation was expected to take place by June and October 2017.

In considering the report, Members made the following comments:

- expressed strong disappointment at the length of time it was taking to create an Agency Company and queried whether a three month extension of the current Agency worker contract would be enough to bring the proposed agency forward. The LGSS Director of People, Transformation and Transactions acknowledged that it could be possible but it would be more expensive as the Council would need to go straight to reprocurement. It would then need to set up its own company and recruit but in the meantime it would have to deal with the supply chain in order to cover the short-term. The Council would not be able to negotiate savings with the MSP and recruit a small internal team in time.

- requested further clarification regarding why not seeking an extension to the current Agency Worker contract would cost more. It was noted that the Council would have a greater negotiating power if negotiations were carried out jointly with Northamptonshire County Council (NCC). The Council currently paid a fee of 4% to the MSP which could be reduced during the period of the extension. However, the MSP was unlikely to reduce the percentage if the contract was only extended for three months. .

- expressed concern that Section 4.2 did not include the risks highlighted above. Members were informed that the risks outlined were in response to a question from the Chairman and not the timescale. It was also important to bear in mind the limited staff capacity available to progress this project. Members were informed that it was not an insignificant task to set up a company particularly one which would be competing in a supply and demand market. Officers would need to do this without upsetting the wider supply chain.

- queried whether additional resource was needed. The LGSS Director of People, Transformation and Transactions reported that the timelines in the report were prudent. It was important to bear in mind that the recommendation stated “no later” which meant that the project could be completed earlier. The proposal for the length of extension avoided the need for officers to come back to Committee to request a further extension.

- queried whether the option to work with Suffolk County Council would progress faster if the Council had its own structure. It was noted that officers were meeting with Suffolk on 8 June 2016 to pursue the option of an ‘arms length’ company. However, the Council could not assume that Suffolk would want to join with Cambridgeshire as its priority was to provide agency workers for Suffolk. Members were informed that Suffolk’s core agency resource, at the moment, was administrative workers with the supply of social workers still in very early stages. Cambridgeshire had, however, gained significant experience of the implementation process from Suffolk, where it had taken approximately six months to set up business processes.

- queried the outcome of discussions with other neighbouring authorities such as Peterborough City Council, the Health Service and District Councils. The LGSS Director of People, Transformation and Transactions reported that she had spoken to the relevant Director at the City Council who had expressed an interest dependent on which vehicle the Council used. It was noted that NCC had taken a similar report to its Cabinet and discussions were taking place with Milton Keynes Council. Unlike County and Unitary Authorities, District Council spend in this area was relatively small so discussions had not taken place. Members were informed that this timescale would enable the Council to negotiate a good purchasing deal with NCC.

- some Members supported the need for the timescale proposed in the report in order to ensure that the Council achieved the right process and saved money. The Committee was informed that Group Leaders had received and should continue to receive regular reports on this issue.

- highlighted the fact that using agencies was expensive. Members were informed that the reliance on agency workers would not stop. It was important to manage the supply in order to keep the costs as low as possible. Members were reminded of work taking place with Children, Families and Adults, as part of the Recruitment and Retention Strategy, to recruit a permanent workforce. It was noted that this work had taken priority.

- highlighted the need to increase the number of apprenticeships as part of an ‘arms length’ company with other potential partners. The Chairman queried the number of apprenticeships currently operating within the Council as he was of the view that it was low. The LGSS Director of People, Transformation and Transactions agreed to investigate**. Action Required.**

- one Member expressed concern about the lack of data including a risk analysis of the options in the report. Members were reminded that the detailed business case to be presented to Committee in October would contain data. This report was primarily about seeking an extension to the contract. One Member queried whether they was a system for managing contracts to avoid the need to extend them for a few months. The Chief Executive explained that, as demonstrated at the recent General Purposes Committee/Strategic Management Team workshop, there was a system.

- noted that the Business Plan would include different employment models. An independent company was not obligated to use the Local Government Pension Scheme.

In order to meet the ambition of the Council’s transformation agenda, Councillor Cearns proposed an amendment, seconded by Councillor Jenkins, to set up a Member Task and Finish Group to support officer progress in this work. On being put to the vote the amendment was lost.

The Chairman raised the possibility of deferring a decision until the next meeting on 26 July 2016, which would enable officers to present a fully worked up business plan. The Chief Executive stressed the importance of getting this process right. She felt that the scale of approach would make it a viable proposition for Peterborough City Council. One Member asked for discussions to take into account the close to home social worker model. The Chairman, with the agreement of the Committee, withdrew recommendations a), b) and d) and added the following wording to recommendation c) ‘to come to the July General Purposes Committee’.

It was resolved unanimously to:

> Authorise the LGSS Managing Director, in consultation with the Chairman of the General Purposes Committee and Section 151 Officer, to develop a detailed business case for the development of an Agency company with Cambridgeshire

County Council and other potential partners, to come to the July General Purposes Committee.

228. TOTAL TRANSPORT PROPOSAL

The Chairman, with the agreement of the Committee, withdrew the report detailing a proposal for a Total Transport service in the northern half of East Cambridgeshire. He explained that the results of the public consultation on the original Total Transport scheme had highlighted the need to review the proposed Flexible Minibus Service. A revised model had therefore been developed; this would see a phased introduction of the service, in order to minimise the changes for current users of day centre transport.

He explained further that transport operators had been invited to tender for the original Flexible Minibus Service during April and May, so that the cost of the proposals could be established. The move to phased implementation would change the requirements, and this meant that further questions needed to be asked of the bidders, to ensure best value was being achieved throughout the full life of the contract. It had not been possible to conclude this process prior to this meeting, and it therefore was not possible to provide the Committee with the full financial information that would allow an informed decision.

This report would therefore be deferred to a future meeting once there was sufficient information to allow a proposal to award the contract (including variation for phased implementation) to be made.

One Member drew attention to the cost of the proposed Transport Service set out in confidential Appendix 4. He reported that an issue had arisen which might take time to investigate. The Committee acknowledged the importance of the project and asked for Group Leaders to receive an update at its next meeting. **Action Required.**

229. CORPORATE RISK REGISTER UPDATE

The Committee considered a report detailing the current status of corporate risk. The Risk Register had been reviewed by Strategic Management Team where the following updates had been considered:

- a refresh of Risk 15, ‘Failure of the Council’s arrangements for safeguarding vulnerable children and adults’ to make the content more dynamic in response to emerging and changing risks and issues.

- the introduction of two new risks covering urgent demand issues, Risk 31, ‘Insufficient availability of affordable Looked After Children (LAC) placements’ and Risk 32, ‘Insufficient availability of care services at affordable rates’

It was noted that there were currently three red residual risks which were unchanged from the previous report. The Committee was advised of discussion regarding Risk 21, ‘Business Disruption’, specifically triggered by Risk 6, ‘Flu pandemic’. It was noted that the consequences of this for staff had been taken account of as part of the Business Continuity process. The Director of Customer Service & Transformation reported that the risk to the Transformation process would be addressed as part of the next Risk Register to be presented to the Committee.

It was resolved unanimously to note the position in respect of corporate risk.

230. COUNTY COUNCIL CONSULTATION STRATEGY (INCLUDING THE APPROACH TO BUSINESS PLAN 2017/18 CONSULTATION)

The Committee received for approval the Council's consultation strategy and the general approach to be taken to the business plan consultation 2016/17. The strategy had been last updated in 2011/12. Since that time there had been a number of changes, and there was also the need to include actions proposed following the Central Library Enterprise Centre (CLEC) Review.

With the agreement of the Committee, Councillor Brown proposed that 'timely' be added to the first commitment in 2.2, to read 'engage in open, honest and timely…' Members welcomed the fact that the lessons learnt from the CLEC Review had influenced the strategy. One Member highlighted the need to explain to the public that the Council occasionally took decisions contrary to consultation results. The Research Group Manager reported that a consultation rarely provided a unified decision. However, there was a section in the strategy which set out the complexity of the process and the need to weigh up views. In response, the Member suggested that there needed to be a single sentence of explanation.

Attention was drawn to the proposal for a two stage consultation process to be carried out for the business plan 2017/18. The Director of Customer Service and Transformation highlighted issues raised by Group Leaders in relation to this. Group Leaders had asked for the public to be engaged at a formative stage and officers were working on a proposition. This would need to reflect innovation and ideas emerging around change. They had also asked that the impact of the different Council Tax levels on households should be highlighted. Finally it should be made clear that the Council was consulting on the County Council element of the Council Tax only.

The Chairman asked how the three different Council Tax rates would be presented. It was noted that the Member Working Group would present a recommendation to the next meeting of the Committee. Members acknowledged the proposal to conduct a household survey of approximately 1,300 residents but queried what would be lost by not increasing the survey size to be representative at district level. The Research Group Manager explained that a survey of 1,300 (300 per District) gave a larger standard error. The Council would therefore lose the ability to review the nuances reflected in different district responses. Some Members reminded the Committee that this was a Cambridgeshire survey; the Council did not need to therefore go into that level of detail. A member of the working group commented that the group had tried to balance cost against outcomes when proposing the recommendation.

Some Members highlighted the importance of understanding different perspectives particularly given the need to reduce inequality across the County. It was queried how transformation would be reflected in the process. It was noted that this survey would be run alongside other consultations. The methodology detailed in 4.1 would reflect the Council's Transformation Programme. One Member queried the total cost of the consultation and was informed that this information would be presented to the next meeting. Members were pleased to note that the survey would involve face to face interviews as online surveys could have a distorting effect. The Chairman highlighted the need to reflect, in the consultation, the fact that the Council was responsible for maintaining traffic flows not just repairing potholes when dealing with Highways.

It was resolved unanimously to:

(i) approve the County Council's Consultation Strategy as set out in appendix one; and

(ii) approve the approach to the Business Plan 2017/18 consultation as laid out in section 4 of this report.

231. TREASURY MANAGEMENT QUARTER FOUR AND OUTTURN REPORT

The Committee considered the fourth quarterly update and outturn report on the Treasury Management Strategy 2015-16, approved by Council in February 2015. Attention was drawn to the Minimum Revenue Provision, which would come through as an adjustment at final year end. The CFO reminded the Committee of the Council's ability to use internal funding on a short term basis, which had been built in. Members were also advised of the Council's £400k investment in The UK Municipal Bonds Agency (MBA). The Chairman informed the Committee that he had attended and spoken at a recent conference on the MBA.

It was resolved unanimously to:

a) note the Treasury Management Outturn Report 2015-16 and forward to full Council for approval.

232. RESOURCES AND PERFORMANCE REPORT – MARCH 2016

The Committee was presented with the March 2016 Resources and Performance report for Corporate Services and LGSS Cambridge Office. The Director of Customer Service and Transformation reminded the Committee that it had approved the retention of operational reserves from within Corporate Services to retain the "transformation" functions within the directorate whilst the Corporate Capacity Review was underway. It was noted that any remaining reserve would be transferred to the General Reserve.

The Committee was also reminded that it had agreed to use transitional funding to underpin the current operation of the Contact Centre. Following the recent Committee/Strategic Management Team Workshop, it was proposed to bring a report detailing a bid for transformation funding for the transformation of the Contact Centre to a future meeting. Members commented on how useful they had found the recent workshop including the sense of enthusiasm and change of pace. The Committee asked the Chief Executive to send a message to all staff encouraging them to submit ideas to contribute to the transformation agenda. **Action Required.**

It was resolved unanimously to:

(i) review, note and comment upon the report

(ii) note the previously agreed use of Corporate Services underspend. All other proposals for use of service underspends, endorsed by Service Committees, will be reported to General Purposes Committee in July for final approval.

233. APPOINTMENTS TO OUTSIDE BODIES, PARTNERSHIP LIAISON AND ADVISORY GROUPS, AND INTERNAL ADVISORY GROUPS AND PANELS

The Committee considered appointments to outside bodies, internal advisory groups and panels, and partnership liaison and advisory groups. The Chairman, with the agreement of the Committee, proposed an additional recommendation which would enable changes to be made on a permanent basis in between meetings. He also informed the Committee of the need to replace Councillor P Brown on the Hinchingbrooke Country Park Joint Group with Councillor Ashcroft. On behalf of the Committee, he thanked him for his contribution. Members were also informed of the proposal to replace Councillor Nethsingha with Councillor Leeke on the Member Development Panel. Councillor Tew was proposed as the UKIP representative on the Member IT Working Group.

It was resolved unanimously to:

(i) review and agree the appointments to outside bodies as detailed in Appendix 1, including the appointment of Councillor Ashcroft to replace Councillor P Brown on the Hinchingbrooke Country Park Joint Group;

(ii) review and agree appointments to internal advisory groups and panels as detailed in Appendix 2, including the appointment of Councillor Leeke to replace Councillor Nethsingha on the Member Development Panel, and continue to refer appointments to the other internal advisory groups and panels to the relevant policy and service committee;

(iii) agree the establishment and membership of a member working group to consider Member IT issues;

(iv) review and agree appointments to partnership liaison and advisory groups as detailed in Appendix 3, and continue refer appointments to the other partnership liaison and advisory groups to the relevant policy and service committee; and

(v) delegate, on a permanent basis between meetings, the appointment of representatives to any outstanding outside bodies, groups, panels and partnership liaison and advisory groups, within the remit of the General Purposes Committee, to the Chief Executive in consultation with Group Leaders.

234. GENERAL PURPOSES COMMITTEE AGENDA PLAN AND TRAINING PLAN

The Committee considered its agenda plan including updates proposed at the meeting, and training plan

It was resolved unanimously to:

a) review its Agenda Plan; and

b) review and agree its Training Plan.

Chairman

Agenda Item No.2

GENERAL PURPOSES COMMITTEE

Minutes-Action Log

Cambridgeshire County Council

Introduction:

This log captures the actions arising from the General Purposes Committee on 31st May 2016 and updates members on the progress on compliance in delivering the necessary actions.

This is the updated action log as at Monday 18th July 2016.

Minutes of 31st May 2016					
Item No.	**Item**	**Action to be taken by**	**Action**	**Comments**	**Completed**
224	**Minutes – 15th March 2016 and Action Log**	C Malyon T Parsons M Miller	The Chief Finance Officer agreed to provide a written update on the progress of Communications Strategy to promote the rationale behind the Total Transport Pilot Scheme project.	A Communications Strategy is partly written, but will require a little more work to complete. It is of course also subject to the actual decision taken by GPC as to which parts of the project to progress.	Ongoing

Item No.	Item	Action to be taken by	Action	Comments	Completed
224	**Minutes – 15th March 2016 and Action Log**	C Malyon	The Chief Finance Officer reported that underspends were currently being considered by Policy and Service Committees. A report would be presented to General Purposes Committee on 26 July 2016.	This information is in the Integrated Performance and Resources Report on the GPC agenda.	Completed
226	**Integrated Resources and Performance Report for the period ending 31st March 2016**	C Malyon	The Chief Finance Officer to investigate the implications of the further slippage at Littleport Secondary and Special.	Initial delays following site flooding from an adjacent surcharged ditch have been recovered from during the months since the March report. Current valuation of works to date indicate an expenditure of £10,641,052 set against a cashflow forecast of £9,896,632. This indicates that work is ahead of programme. Above ground framework is commencing in the next couple of weeks along with drainage.	Completed
227	**Exploration of options in relation to the supply of agency workers**	C Reed	The LGSS Director of People, Transformation and Transactions to investigate the number of apprenticeships operating within the Council	The Council only has 4 (LGSS CCC another 5)	Completed

Item No.	Item	Action to be taken by	Action	Comments	Completed
228	**Total Transport Proposal**	L Morris T Parsons	Group Leaders to receive an update at its next meeting.	The Executive Director: ETE held a Group Leaders briefing on 21st June specifically to cover this topic.	Completed
232	**Resources and Performance Report – March 2016**	G Beasley	Chief Executive to send a message to all staff encouraging them to submit ideas to contribute to the transformation agenda.	Message sent to all staff on 1 June 2016.	Completed
233	**Appointments to Outside Bodies, Internal Advisory Groups and Panels and Partnership Liaison and Advisory Groups**	M Rowe	Delegate, on a permanent basis between meetings, the appointment of representatives to any outstanding outside bodies, groups, panels and partnership liaison and advisory groups, within the remit of the General Purposes Committee, to the Chief Executive in consultation with Group Leaders	Appointments made since the meeting: Cllr Giles appointed to Cambs Police and Crime Panel Cllr Bates to replace Cllr Connor on ESPO Management Committee (Councillor Orgee to sub) Cllrs McGuire & Cearns appointed to Member IT Working Group Council Diversity Group – Cllr Hoy	Completed

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE YEAR ENDING 31ST MARCH 2016

To:	**General Purposes Committee**
Date:	**26th July 2016**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**2016/028** *Key decision:* **Yes**
Purpose:	**This report:**

- **Details the performance of the Council for the 2015/16 financial year.**
- **Is a management report that precedes the production of the Council's formal Statement of Accounts. Although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is formed.**

Recommendations: **General Purposes Committee is recommended to:**

a) **Note the Council's year-end resources and performance position for 2015/16.**

b) **Approve the adjustments for year-end provisions, as set out in paragraph 3.2.5.**

c) **Approve the changes to the Prudential Borrowing requirement in 2015/16, as set out in section 11.5.**

	Officer contact:
Name:	Chris Malyon
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1. PURPOSE

1.1 To present financial and performance information for the financial year 2015/16.

2. OVERVIEW

2.1 The following table provides a snapshot of the Authority's performance for the financial year 2015/16 by value and RAG (Red, Amber, Green) status.

Area	Measure	Year End Position	Status
Revenue Budget	Variance (£m)	-£16.5m	Green
Basket Key Performance Indicators	Number at target (%)	50% (9 of 18)	Amber
Capital Programme	Variance (£m)	-£62.2m	Amber
Balance Sheet Health	Net borrowing activity (£m)	£348m	Green

2.2 This report summarises the overall financial position for the 2015/16 financial year, whereas prior reports have focussed on the movements since the previous report. As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed. Key movements in operational expenditure are set out below in paragraph 3.2.

2.3 The key issues included in the summary analysis are:

- The overall revenue budget position was an underspend of -£16.5m (-4.5%) at year end. This includes the £9.9m saving from the change to the Minimum Revenue Provision (MRP) policy, which has not previously been reported in the net revenue position.

- Excluding the MRP, this is an increase of -£0.2m on the forecast underspend reported last month (as at the end of March).

- The year-end reported position is an achievement given the significant savings target the Council was faced with this financial year (see section 13.1). See section 3.2 for details.

- Key Performance Indicators; there are 20 indicators in the Council's basket, of which 9 are on target at year end. Given two KPIs are contextual only, this represents achievement of 50% of KPIs measurable against target. See section 10 for details.

- The Capital Programme is reporting an in-year underspend of -£62.2m (-29.7%) at year end, which is an increase in the underspend of -£2.5m since last month. The majority of this is due to further slippage in the programme across Economy, Transport and Environment (ETE) and Children, Families and Adults (CFA). See section 11 for details.

Of the reported underspend in 2015/16, c.85% of it relates to scheme slippage. The remaining c.15% relates to either total scheme underspends and/or exceptional post Business Plan amendments.

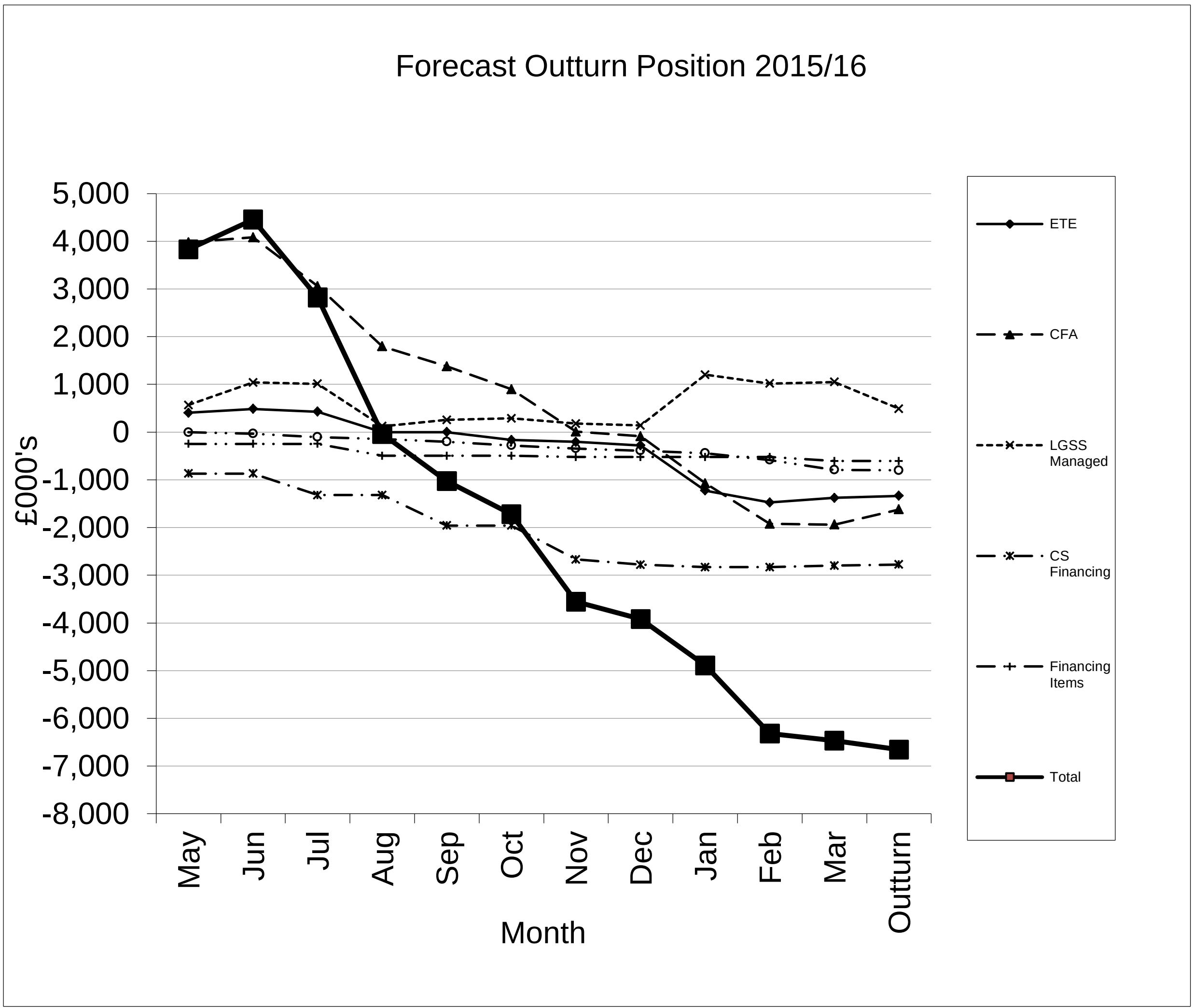
3. REVENUE BUDGET

3.1 A more detailed analysis of financial performance is included below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
								Transfer to (+) / from (-):-	
Original Budget as per BP [1]	**Service**	**Revised Budget**	**Application of Carry Forwards**	**Total Funds (3)+(4)**	**Actual Spending**	**Variation** [2]		**Service Carry Forward Reserves**	**General Reserve**
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**%**	**£'000**	**£'000**
63,308	Economy, Transport & Environment (ETE)	70,439	1,205	71,644	70,308	-1,336	-1.9%	1,336	
244,270	Children, Families & Adults (CFA)	259,993	0	259,993	258,370	-1,623	-0.6%	1,623	
0	Public Health (PH)	0	0	0	0	0	0.0%		
5,672	Corporate Services (CS)	3,753	602	4,355	3,554	-801	-18.4%	801	
9,145	LGSS Managed	-32	233	201	689	488	243.4%		-488
35,460	CS Financing	35,461	0	35,461	32,685	-2,775	-7.8%		2,775
0	Minimum Revenue Provision[4]	0	0	0	-9,891	-9,891	0.0%		9,891
357,855	**Service Net Spending**	**369,613**	**2,040**	**371,653**	**355,715**	**-15,938**	**-4.3%**	**3,760**	**12,178**
-1,307	Financing Items	-1,369	0	-1,369	-1,976	-607	44.3%		607
356,548	**Net Spending**	**368,244**[3]	**2,040**	**370,284**[5]	**353,738**	**-16,545**	**-4.5%**	**3,760**	**12,785**
	Memorandum Items:								
9,864	LGSS Operational	-686	286	-400	-509	-103	25.7%	103	
366,412	**Total Net Spending 2015/16**	**367,558**	**2,326**	**369,884**					

[1] The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.
[2] Key to column 7: + signifies overspend or reduced income, - signifies underspend or increased income.

[3] Revised budgets include Corporate Allocations, which move "overhead" costs from Corporate Services and LGSS to front-line services.
[4] The £9.9m saving in relation to the Minimum Revenue Provision (MRP) in 2015/16 is due to a change in the MRP policy approved by Council on 16 February 2016. This will be transferred to a Transformation Fund.
[5] For budget virements between Services throughout the year, please see Appendix 1.



Note: this graph does not include the £9.9m underspend due to the change in MRP policy

3.2 Key exceptions are identified below:

3.2.1 **Economy, Transport and Environment:** -£1.336m (-1.9%) underspend is being reported at year end. There are no exceptions to report; for full and previously reported details go to the ETE Finance & Performance Report.

3.2.2 **Children, Families and Adults:** -£1.623m (-0.6%) underspend is being reported at year end.

	£m	%
• **Strategy and Commissioning – Commissioning Services** – this budget has ended the year £246k overspent. This is due to pressures on the Out of School Tuition budget resulting from the LA fulfilling its duty to provide interim full-time education provision	+0.246	(7%)

when moving a child with a Statement of Special Educational Needs from one school to another. This budget is funded from the High Needs Block element of the Dedicated Schools Grant.

- For full and previously reported details go to the CFA Finance & Performance Report.

3.2.3 **Public Health:** a balanced budget is being reported at year end. There are no new exceptions to report; for full and previously reported details go to the PH Finance & Performance Report.

3.2.4 **Corporate Services:** -£0.801m (-18.4%) underspend is being reported at year end. There are no new exceptions to report; for full and previously reported details go to the CS & LGSS Finance & Performance Report.

3.2.5 **LGSS Managed:** £0.488m (243.4%) overspend is being reported at year end. This is a reduction of £0.562m from the previously reported overspend.

	£m	%
• **IT Managed** – the underspend has increased by £0.487m since the last reported position. The overall underspend reflects the writing back of £0.893m from reserves, comprising all IT equipment replacement fund balances and in-year underspends. This is an increase of £0.418m from the previously reported figure for write-back from reserves. The total IT equipment funding requirements are currently being reviewed by LGSS ICT staff and a report may be brought forward in the coming months seeking to establish additional base revenue funding to support a programme of replacements. Any proposal will only be put forward if there is a demonstrable need that cannot be supported within the existing IT budget envelope.	-0.844	(-38%)

- **Year-End Provisions**

  - There are a number of essential transformation activities that require resourcing for which there is no direct business case, or where it makes sense for the resources to be made immediately available. A total provision in the sum of £250k is proposed to include the following activities:-
    - Project and external valuations expertise to produce options appraisal for alternative uses of Shire Hall
    - Additional HR Business Partner support to manage the restructures and redundancy requirements from the Corporate Capacity Review and delivery of the agreed approach to organisational restructuring
    - Project support to deliver the workforce Agency SPV
    - Overarching Transformation Programme Support

  - The Council have agreed to reduce the level of inequalities across the County. A key vehicle for achieving this will be creating community resilience in the most disadvantaged communities. It is therefore proposed to create a provision of £100k of project support in order to create the capacity that will enable the strategy to reach delivery.

- These adjustments have been reflected within the reported figures for LGSS Managed and are balanced by underspends on the Authority-wide Miscellaneous Budget, notably £396k has been transferred from the Winter Maintenance Replacement Fund.

- For full and previously reported details go to the CS & LGSS Finance & Performance Report.

3.2.6 **CS Financing:** -£2.776m (-7.8%) underspend is being reported at year end. There are no exceptions to report; for full and previously reported details go to the CS & LGSS Finance & Performance Report.

3.2.7 **Minimum Revenue Provision: -** £9.891m underspend is being reported at year end. This follows a change in the Minimum Revenue Provision (MRP) policy approved by Full Council on 16th February 2016. Under the new policy the MRP is charged over the life of the asset using an annuity calculation, rather than the previous 4% reducing balance method. The saving realised, which is £0.891m more than originally forecast for 2015/16, will be transferred to a Transformation Fund to finance projects that will reduce the Council's operating costs.

3.2.8 **LGSS Operational:** -£0.103m (-25.7%) underspend is being reported at year end.

	£m	**%**
• **LGSS Law** – the overspend has increased by £0.216m since it was previously reported, so now meets the exception threshold. The overspend is partly due to lower than anticipated income from Northampton Borough Council (£73k) and Northampton Partnership Homes (£55k). The remaining shortfall is mostly in relation to the dividend target being higher than expected because the budget transfer from services was based on 18% of the budget held in services, rather than 18% of the actual expenditure in services. There is also £119k overspend in the Law Property and Governance directorate due to a significant number of 2014-15 invoices not being accrued for correctly and 2014-15 disbursements.	+0.266	(107%)

- For full and previously reported details go to the CS & LGSS Finance & Performance Report.

Note: *exceptions relate to Forecast Outturns that are in excess of +/- £250k.*

4. KEY ACTIVITY DATA

4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest CFA Finance & Performance Report (section 2.5).

5. SCHOOLS

5.1 Funding for schools is received from the Department for Education (DfE) via the Dedicated Schools Grant (DSG). As well as funding individual school budgets, the DSG also funds a range of central support services for schools.

5.2 Total schools balances as at 31st March 2016 are as follows:

	31st March 2015 £m (original published balances)	31st March 2015 £m (amended for in-year academy conversions)	31st March 2016 £m	Change £m
Nursery Schools	0.5	0.5	0.6	+0.1
Primary Schools	11.0	10.6	13.7	+3.1
Secondary Schools	0.0	0.0	0.0	0.0
Special Schools	1.5	1.1	1.1	0.0
Pupil Referral Units (PRUs)	0.1	0.1	0.1	0.0
Sub Total	**13.1**	**12.3**	**15.5**	**+3.2**
Other Balances (incl. Pools and Contingency Funds, Community Focussed Extended Schools and Sports Centres)	6.6	6.6	3.9	-2.7
TOTAL	**19.7**	**18.9**	**19.4**	**+0.5**

It must be noted that further to the DSG, schools budgets include funding from the Education Funding Agency (EFA) for Post 16 funding, in year funding for items such as pupils with statements and additional grant such as the Pupil Premium. Schools that converted to Academy status prior to 31 March 2016 are no longer reported by the Local Authority and therefore are not included within the figures.

The change in individual school balances can be attributed to several reasons:

- Some schools will have delayed or cancelled spending decisions due to the uncertainty around future years funding amounts.
- Some schools have chosen to apply balances in 2015/16 to maintain current staffing levels and class structures.
- Pressures on capital funding have led some schools to reconsider and reprioritise revenue resources to allow for the possibility of capitalisation in future years.

5.3 Analysis will be undertaken to look at the individual changes in balances and appropriate challenge given to those schools in a deficit position and those with excessive balances. Further analysis will be carried out throughout the year to ensure that schools are spending in accordance with their submitted budgets and recovery plans.

5.4 Schools retain balances for a number of reasons and as part of the revised Balance Control Mechanism any uncommitted balances in excess of 10% (secondary) or 16%

(primary/special/nursery) of the school's budget share is considered excessive and will be subject to claw-back.

5.5 If a school is classed as not meeting the minimum floor targets for attainment, any balance in excess of 5% (secondary) or 8% (primary/special/nursery) is considered excessive and will be subject to local authority learning directorate officers determining how some of the excess could be best used to raise attainment levels.

5.6 The balances can be further analysed in the tables below:

Sector	**Schools with Reported Deficit Balances as at 31st March 2016**
Nursery	0
Primary	3
Secondary	0
Special	1
Total Schools	**4**

Value of revenue deficits at 31st March 2016:

Deficit	**Nursery**	**Primary**	**Secondary**	**Special**	**Total**
£100k+	0	0	0	0	**0**
£60k - £100k	0	0	0	0	**0**
£20k - £60k	0	1	0	1	**2**
£10k - £20k	0	2	0	0	**2**
£1k - £10k	0	0	0	0	**0**

Value of surplus revenue balances held by schools at 31st March 2016:

Surplus	**Nursery**	**Primary**	**Secondary**	**Special**	**Total**
£0k - £10k	0	4	0	0	**4**
£10k - £20k	0	7	0	0	**7**
£20k - £60k	2	45	1	0	**48**
£60k - £100k	2	61	0	2	**65**
£100k - £150k	3	32	0	0	**35**
£150k - £200k	0	6	0	1	**7**
£200k - £300k	0	5	0	2	**7**
£300k - £400k	0	2	0	1	**3**
£400k+	0	0	0	0	**0**

Please note: the figures in 5.2 and 5.6 are based on the year end returns from schools. However, following further validation of the Consistent Financial Reporting (CFR) returns the final information on Schools balances published by the Department for Education may differ slightly.

6. GENERAL RESERVE BALANCES

6.1 Balances on the general reserve as at 31st March 2016 are £18.9m as set out below:

General Reserve Balance	2015/16 Final Outturn £m
Balance as at 31st March 2015	16.002
Changes Arising:-	
Planned Business Plan adjustments	0.144
Debt Charges	2.775
Surplus Corporate Grants	0.607
Transfer from Service Carry-Forward Reserves	0.114
LGSS Managed	-0.488
City Deal Funding	-0.200
Miscellaneous	-0.033
Balance as at 31st March 2016	**18.921**

6.2 As a minimum it is proposed that General Reserve should be no less than 3% of gross non-school expenditure of the Council. At present, the General Reserve is 3.5% of budgeted 2016-17 gross non-school expenditure – this surplus will be addressed as part of the 2017-18 Business Planning (BP) process.

7. REVIEW OF OTHER RESERVES

7.1 The Council reviews the level of its overall reserves at outturn each year, in addition to assessing the adequacy of reserves as part of the BP process. Reserves have long provided vital flexibility in the Council's financial management and no changes are proposed in the operation of these reserves going forward. Details of the Council's earmarked reserves are set out in Appendix 2.

8. TREASURY MANAGEMENT ACTIVITY

8.1 This section summarises the expenditure and income for debt financing, which is held as a central budget within Corporate Services, and complies with the reporting requirements in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

	Budget £'000	Actual £'000	Variation £'000
Interest payable	17,349	15,476	-1,873
Interest receivable	-422	-706	-284
Technical & other	442	357	-85
MRP – loan repayments	18,091	7,667	-10,424
	35,460	**22,794**	**-12,666**

8.2 Net payments were less than budgeted because fewer long term loans were raised during the year than had been budgeted. This was largely due to slippage in the capital programme and the strategy adopted to utilise cash balances rather than undertake costly borrowing. This is further evidenced in table 8.3 which shows cash balances falling to £10.1m. Interest receivable includes a one off receipt of £118k in respect of interest that had accrued on S106 monies paid to the Council in January 2016. The large £10.4m underspend shown against the Minimum Revenue Provision (MRP) largely resulted because of a change in the policy during 2015/16.

8.3 The change in the authority's loan debt over the year was as follows:

	1st April 2015 £'000	Loans Raised £'000	Loans Repaid £'000	31st March 2016 £'000
Long-Term Debt	381,143	-	23,043	358,100
Temporary Debt	-	-	-	-
	381,143	-	-	358,100
Less Investments	35,605			10.051
Net Debt	**345,538**			**348,059**

8.4 Long-term debt consists of loans for periods exceeding one year (at either fixed or variable rates of interest) and the average rate of interest paid on this long-term debt was 4.17%.

8.5 Each year the authority must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2015/16 compares with approved limits as follows:

	Approved £'000	Actual £'000
Financing Costs		
% of Net Revenue Expenditure	10.2%	6.7%
Authorised Limit for Debt	660,300	358,100
Operational Boundary for Debt	630,300	358,100
*** Interest Rates Exposure (as % of total net debt)**		
Fixed Rate	150%	90%
Variable Rate	65%	10%
**** Debt Maturity (as % of total debt)**		
Under 1 year	0 – 80%	13%
1 – 2 years	0 – 50%	1%
2 – 5 years	0 – 50%	4%
5 – 10 years	0 – 50%	29%
Over 10 years	0 – 100%	54%

* The Interest Rate Exposure is calculated as a percentage of net debt.

** Note: the guidance for this indicator required that LOBO loans are shown as maturing at the next possible call date rather than at final maturity.

8.6 Financing costs are below the approved limit as a result of the underspend for debt charges, and all debt levels are within the approved limits.

9. DEBT MANAGEMENT

9.1 Summary Final Position:

Overall debt outstanding has increased by £2m since the last reporting period for the 2015/16 financial year from £17m to £19m. However, this figure includes current debt of £14m.

4-6 month balances have increased by £3k since the last reporting period. The target of £410k was not achieved, with the final balance being £728.9k.

Over 6 months debt has increased by £67k overall in the last period, with a final balance of £2.0m against a target of £990k.

9.2 Children, Families and Adults (CFA):

Adult Social Care (ASC) – Over 6 month debt has increased by £69k since the last period. Final balances are £1.9m against a target of £0.9m. 4-6 month debt has increased by £55k since the last period. Final balances are £544k against a target of £340k.

Children and Families – Over 90 day balances have decreased by £75k since the last reporting period. Final balances are £46k against a target of £30k. However, the target of £30k for over 6 month debt was achieved, with a final balance of £21k.

9.3 Economy, Transport and Environment (ETE):

Over 90 day balances have increased by £37k since the last reporting period. Final balances are £82k against a target of £20k. Final balances for over 6 month debt are £32k against a target of £10k.

9.4 Corporate Services (CS):

Over 90 days balances have decreased by £15k overall since the last reporting period. Final balances are £57k against a target of £20k. Final balances for over 6 month debt are £51k against a target of £30k.

10. PERFORMANCE TARGETS

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
Developing our economy	Percentage of Cambridgeshire residents aged 16 - 64 in employment: 12-month rolling average	ETE	High	At-30-Sep-2015	%	80.9%	80.3% (2015/16 target)	Green	↑
	Additional jobs created	ETE	High	To 30-Sep-2014	Number	+14,000	+ 3,500 (2015/16 target)	Green	↑
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others	ETE	Low	At-31-Aug-2015	%	Most deprived areas (Top 10%) = 11.7% Others = 5% Gap of 6.7 percentage points	Most deprived areas (Top 10%) <=12% Gap of <7.2 percentage points	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA (E&P)	High	March 16	%	95.2%	96.0%	Amber	↓
	Percentage of 16-19 year olds not in education, employment or training (NEET)	CFA	Low	March 16	%	3.5%	3.6%	Amber	↓
	The proportion pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA (Learning)	High	March16	%	78.6%	75.0%	Green	↑
	The proportion pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA (Learning)	High	March 16	%	49.4%	75.0%	Red	↔

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
	The proportion pupils attending Cambridgeshire Special schools judged good or outstanding by Ofsted	CFA (Learning)	High	March 16	%	92.9%	75.0%	Green	↔
Helping people live independent and healthy lives	Percentage of closed Family Worker cases demonstrating progression	CFA	High	March 16	%	75.7%	80%	Amber	↔
	The proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into re-ablement / rehabilitation services	CFA	High	2014/15	%	69.8%	*TBC – new definition for 15/16*	TBC	TBC
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	March 16	%	55.0%	57%	Amber	↑
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	February 16	Number	469	406.3 per month (4874.5 per year)	Red	↔
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	February16	Number	123	94	Red	↔
	Healthy life expectancy at birth (males)	Public Health	High	2012 – 2014	Years	66.1	N/A – contextual indicator	Green (compared with England)	↓ (compared with previous year)
	Healthy life expectancy at birth (females)	Public Health	High	2012 – 2014	Years	67.6	N/A – contextual indicator	Green (compared with England)	↑ (compared with previous

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
									year)
	Absolute gap in life expectancy between the most deprived 20% of Cambridgeshire's population and the least deprived 80% (all persons)	Public Health	Low	2013-2015 (Q3 2015)	Years	2.6	N/A – contextual indicator	N/A – contextual indicator	↔
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA (CSC)	Low	March 16	Rate per 10,000	46.4	32.8 – 38.5	Red	↓
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA (CYPS)	High	March 16	%	78.4%	80%	Amber	↑
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	CS&T	High	1 Jan – 31 March 2016	%	76.1%	75%	Green	↑
	The average number of days lost to sickness per full-time equivalent staff member	CCC	Low	31/03/16	Days (12 month rolling average)	6.09	7.8	Green	↑

*Note: 'Out of work' benefits claimants - narrowing the gap between the most deprived areas (top 10%) and others - the target of <=12% is for the most deprived areas (top 10%). At 6.7 percentage points the gap is the same as last quarter but is narrower than the baseline (in May 2014) of 7.2 percentage points.

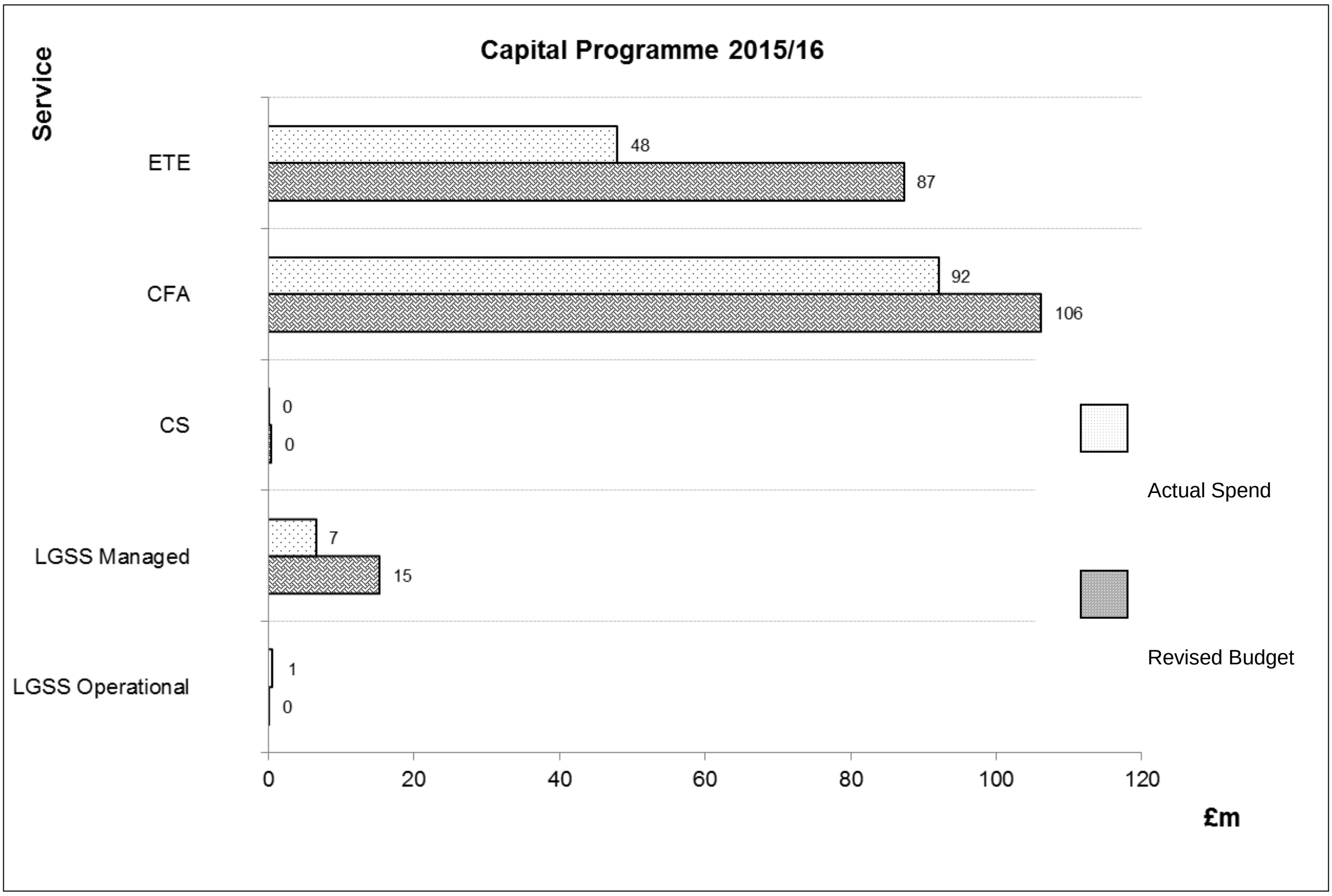
10.1 Key exceptions: there are no exceptions to report; for full and previously reported details go to the respective Service Finance & Performance Report:

ETE Finance & Performance Report
CFA Finance & Performance Report
PH Finance & Performance Report
CS & LGSS Finance & Performance Report

11. CAPITAL PROGRAMME

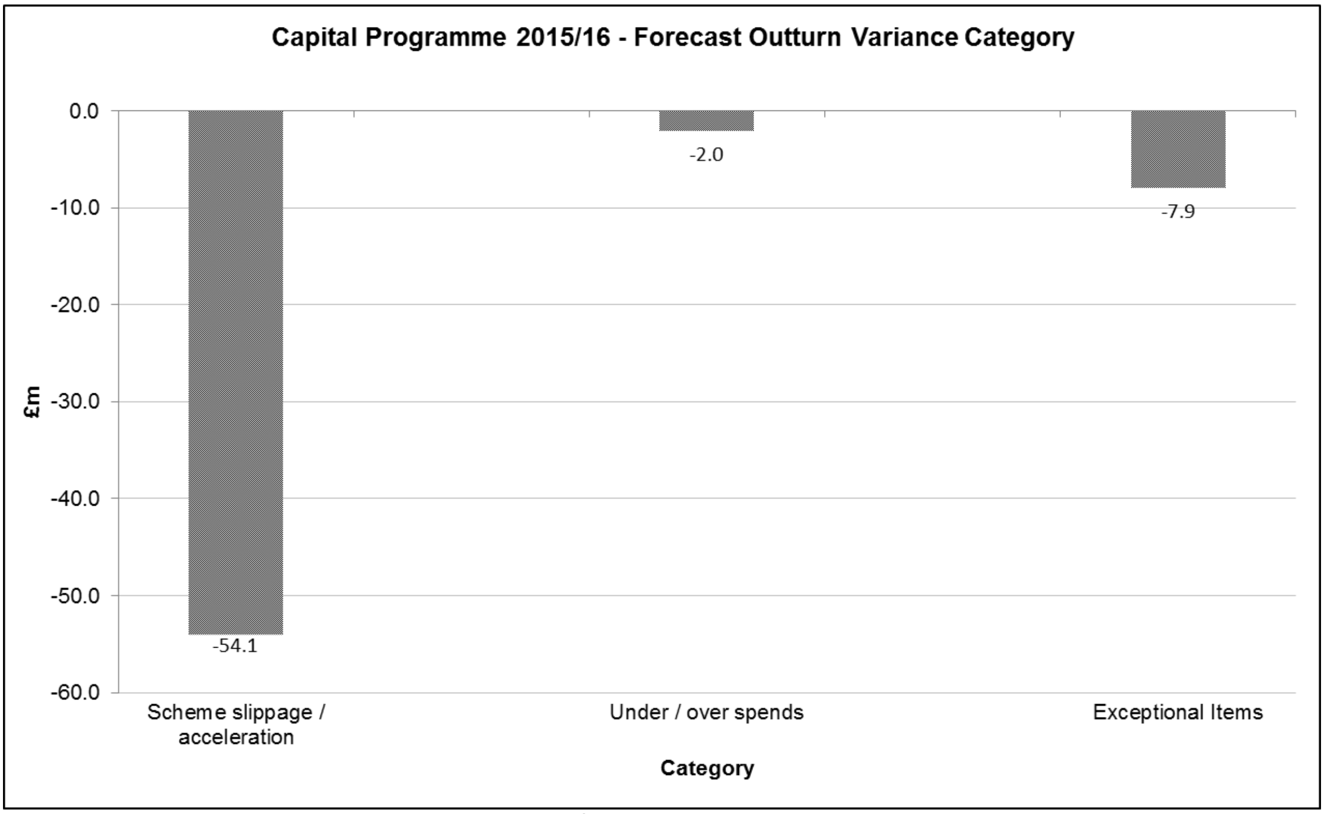
11.1 A summary of capital financial performance by service is shown below:

2015/16						TOTAL SCHEME	
Original Budget as per BP £000	Service	Revised Budget for 2015/16 £000	Forecast Variance - Outturn (Mar) £000	Actual Variance – Outturn 2015/16 £000	Actual Variance - Outturn 2015/16 %	Total Scheme Revised Budget (Mar) £000	Total Scheme Forecast Variance (Mar) £000
102,192	ETE	87,369	-38,323	-39,419	-45.1%	517,813	-
104,854	CFA	106,204	-12,773	-14,106	-13.3%	569,429	4,809
300	Corporate Services	386	-251	-280	-72.6%	640	-
11,385	LGSS Managed	15,331	-8,545	-8,748	-57.1%	81,452	-9,281
-	LGSS Operational	209	331	331	158.3%	600	-
218,731	**Total Spending**	**209,499**	**-59,561**	**-62,222**	**-29.7%**	**1,169,934**	**-4,471**



Note: The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted.

The following graph provides an indication of the cause for the 2015/16 capital forecast outturn variance:



Note: The 'Exceptional Items' category could include, for example, post Business Plan (BP) amendments.

11.2 A more detailed analysis of current year key exceptions by programme for individual schemes of £0.5m or greater are identified below.

11.2.1 **Economy, Transport and Environment:** -£39.4m (-45.1%) underspend is being reported at year end.

	£m	%
• **Operating the Network** - the underspend has reduced by £1.1m since last reported. This is due to the movement of schemes that were originally planned to be funded from the £90m for Highways Maintenance Schemes to this scheme in order to fully utilise DfT grant funding for 2015/16. These include drainage work on High street, Brampton and Braisley Bridge, Grantchester.	-0.2	(-11%)
• **Highways Maintenance Schemes** – there has been movement of -£1.9m since last reported, leading to an underspend of £1.6m. This is caused by the movement of schemes totalling £1.3m originally planned to be funded from the £90m to Strategy and Scheme Development Work and Operating the Network so that DfT grant funding could be fully utilised. The remaining movement is largely due to two schemes:	-1.6	(-20%)

Bythorn Culvert, Bythorn Bridge was cheaper than anticipated due to efficiencies and changes in the work required that only became clear once on site, resulting in a total scheme underspend of £0.2m.

Pre-patching and surface dressing: the contractor over-estimated the work that could be completed in March, leading to an in-year underspend of £0.3m. This work will now be completed in 2016/17.

- For full and previously reported details go to the ETE Finance & Performance Report

11.2.2 **Children, Families and Adults:** -£14.1m (-13.3%) underspend is being reported at year -end.

	£m	%
• **Primary School – Demographic Pressures** – the forecast underspend has increased by £0.5m since last reported. This is mainly due to slippage on several schemes, notably: • Isle of Ely Primary – further slippage of £313k due to delays in establishing infrastructure required to further develop the site.	-4.1	(-10%)
• Fawcett Primary – further slippage of £111k due to rephasing of the access road within the scheme timescales. The school final account was settled for £50k less than expected due to contingencies not being used.		

- For full and previously reported details go to the CFA Finance & Performance Report.

11.2.3 **Corporate Services:** -£0.3m (-72.6%) underspend is being reported at year end. There are no exceptions to report; for full and previously reported details go to the CS & LGSS Finance & Performance Report.

11.2.4 **LGSS Managed:** -£8.7m (-57.1%) underspend is being reported at year end. There are no new exceptions to report; for full and previously reported details go to the CS & LGSS Finance & Performance Report.

11.2.5 **LGSS Operational:** £0.3m (158.3%) overspend is being reported at year end. There are no new exceptions to report; for full and previously reported details go to the CS & LGSS Finance & Performance Report.

11.3 A more detailed analysis of total scheme key exceptions by programme for individual schemes of £0.5m or greater are identified below:

11.3.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report; for full and previously reported details go to the ETE Finance & Performance Report.

11.3.2 **Children, Families and Adults:** £4.8m (1%) total scheme overspend is forecast. There are no exceptions to report; for full and previously reported details go to the CFA Finance & Performance Report.

11.3.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report; for full and previously reported details go to the CS & LGSS Finance & Performance Report.

11.3.4 **LGSS Managed:** £9.3m (-11.4%) total scheme underspend is forecast. There are no exceptions to report; for full and previously reported details go to the CS & LGSS Finance & Performance Report.

11.3.5 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details go to the CS & LGSS Finance & Performance Report.

11.4 A breakdown of the changes to funding has been identified in the table below:

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding [1] £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance [2] £m
Department for Transport (DfT) Grant	38.2	4.3	-17.5	1.5	26.5	25.4	-1.1
Basic Need Grant	4.9	1.5	0.0	0.0	6.4	6.4	-0.0
Capital Maintenance Grant	6.3	0.0	0.0	-1.2	5.1	5.1	-0.0
Devolved Formula Capital	1.1	1.1	0.0	0.0	2.2	1.4	-0.8
Specific Grants	11.5	2.4	0.0	2.1	16.0	6.4	-9.6
Section 106 Contributions & Community Infrastructure Levy (CIL)	35.8	-1.2	-16.2	-1.4	17.0	11.1	-5.9

Capital Receipts	4.5	0.0	0.0	0.0	4.5	6.2	1.6
Other Contributions	29.6	0.7	-0.7	1.8	31.4	23.8	-7.6
Prudential Borrowing	86.8	19.5	4.0	-10.0	100.3	61.5	-38.8
Total	**218.7**	**28.4**	**-30.4**	**-7.3**	**209.5**	**147.3**	**-62.2**

[1] Reflects the difference between the anticipated 2014/15 year end position, as incorporated within the 2015/16 Business Plan, and the actual 2014/15 year end position.

[2] The Funding Variance reflects the in-year expenditure position and the level of spend on specific projects. It does not reflect an increase or decrease to the funding available, which is reflected within the 'Revised Budget' column (as detailed in section 11.5).

11.5 Key funding changes (of greater than £0.5m) are identified below:

Funding	Service	Amount (£m)	Reason for Change
Additional / Reduction in funding (Other Contributions)	All	+17.5	We were required to use £17.5m of funding from the Local Enterprise Partnership (LEP) in 2015/16. This has been applied to various capital schemes across all services, replacing prudential borrowing. This will then be reimbursed by prudential borrowing in future years as the £17.5m is claimed by LEP schemes.
Additional / Reduction in funding (Prudential Borrowing)	All	-17.5	**GPC is asked to approve a reduction of £17.5m in the Prudential Borrowing requirement in 2015/16** as LEP funding has been used in its place (see note above).
Additional / Reduction in funding (S106)	CFA	-1.6	Corrections relating to previous years have resulted in a reduction of £1.6m of S106 funding available for schools schemes in 2015/16, after detailed reconciliations identified secondary school funding had been applied to a primary school scheme.
Additional / Reduction in funding (Prudential Borrowing)	CFA	+1.6	**GPC is asked to approve the increase of £1.6m to the Prudential Borrowing requirement in 2015/16** - to bridge the funding gap caused by the reduction in S106 funding available (see note above).
Additional / Reduction in Funding (Other Contributions)	CFA	+3.8	School Funded Capital - schemes funded by contributions sourced directly by schools from external sources. Expenditure and funding information for these schemes is received at year end as part of the schools final balances, and was higher than anticipated.

11.6 For previously reported key funding changes go to the respective Service Finance & Performance Report (appendix 6):

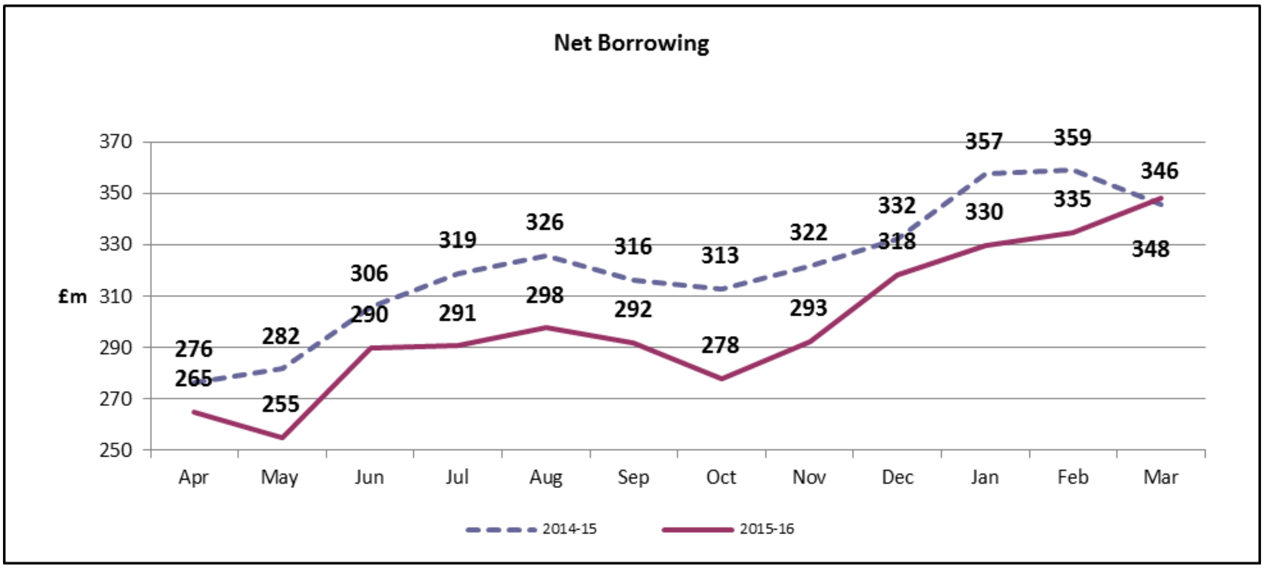
ETE Finance & Performance Report
CFA Finance & Performance Report
CS & LGSS Finance & Performance Report

12. BALANCE SHEET

12.1 A more detailed analysis of balance sheet health issues is included below:

Measure	Year End Target	Actual end of March
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.7m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£2.0m
Invoices paid by due date (or sooner)	97.5%	99.8%

12.2 The graph below shows net borrowing (borrowing less investments) on a month by month basis and compares the position with the previous financial year. The level of investments at the end of March were £10.0m and gross borrowing was £358.1m, giving a net borrowing position of £348.1m.



12.3 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report.

13. EXTERNAL AND CONTEXTUAL ISSUES

13.1 2015/16 has been another difficult year for the Council financially as it continued to face substantial increase in demand for its services, both as a result of population growth and changing demographics, particularly in relation to the ageing population and those with complex care needs. These pressures, coupled with a 3% reduction in Government funding led to a savings requirement of £29.8m in 2015/16 and £118.9m over the next five years.

13.2 The Council has not only achieved this savings target but has surpassed it with an additional £16.5m of savings. £9.9m of this is as a result of a change in the policy on the Minimum Revenue Provision (MRP) agreed in 2015/16. This £9.9m will be transferred to a Transformation Fund for proposals that will generate further savings in future years. The remaining savings realised in 2015/16 will be made available in the next round of the Business Planning (BP) process and will assist in offsetting future year pressures.

13.3 The outlook for 2016/17 is no more positive, as it is anticipated the Council will continue to face an increasing demand for its services. In addition, the Council is faced with an 8.7% reduction in Government funding, resulting in a savings requirement of £40.9m in 2016/17 and £123.7m over the next five years.

14. ALIGNMENT WITH CORPORATE PRIORITIES

14.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

14.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

14.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

15. SIGNIFICANT IMPLICATIONS

15.1 Resource Implications

This report provides the year end resources and performance information for the Council and so has a direct impact.

15.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

15.3 Equality and Diversity Implications

There are no significant implications within this category.

15.4 Engagement and Consultation Implications

No public engagement or consultation is required for the purpose of this report.

15.5 **Localism and Local Member Involvement**

There are no significant implications within this category.

15.6 **Public Health Implications**

There are no significant implications within this category.

Source Documents	**Location**
ETE Finance & Performance Report (Outturn 15/16) CFA Finance & Performance Report (Outturn 15/16) PH Finance & Performance Report (Outturn 15/16) CS and LGSS Cambridge Office Finance & Performance Report (Outturn 15/16) Performance Management Report & Corporate Scorecard (Outturn 15/16) Capital Monitoring Report (Outturn 15/16) Report on Debt Outstanding (March 16) Payment Performance Report (March 16)	1st Floor, Octagon, Shire Hall, Cambridge

APPENDIX 1 – transfers between Services throughout the year (only virements of £1k and above (total value) are shown below)

	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	LGSS Operational	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	244,270	0	63,308	35,460	5,672	9,145	9,864	2,165
Green Spaces budget from CS to ETE			11		-11			
Scrutiny Members Training budget to Members Allowances 15/16						15	-15	
City Deal budget from ETE to LGSS Managed			-717			717		
ETE Operational Savings – LEP subscription			50					-50
Green Spaces staff budget from CS to ETE			43		-43			
Travellers Support budget from CS to ETE			51		-51			
Allocation of Supporting Disadvantaged Children in Early Years Grant and SEND Preparation for Employment Grant to CFA	63							-63
Microsoft Support Extension - Windows 2003						33		-33
Reablement to LGSS Operational	-34						34	
Mobile Phone Centralisation	-286		-55		-3	372	-28	
Reversal of Mobile Phone Centralisation for pooled budgets in 2015/16	17					-17		
CS Operational Savings – various					602			-602
Property budget for 9 Fern Court from CFA to LGSS Mgd.	-7					7		
Allocation of Staying Put Implementation Grant to CFA (Qtr 1)	27							-27
City Deal funding 2015/16						200		-200
Transfer from CFA to Finance for Adults Accountant post	-30						30	
ETE Operational Savings – various			388					-388
Independent Living Fund (ILF) - 1st half year instalment	519							-519
LGSS Operational Savings – K2							36	-36
Independent Living Fund (ILF) – Qtr 3	259							-259
ETE Operational Savings – Business Planning			75					-75

savings								
Transfer of legal budget to LGSS Law							202	-202
CFA Mobile Phone Centralisation reversal	6					-6		
Allocation of Staying Put Implementation Grant to CFA (Qtrs 2 & 3)	54							-54
ETE Operational Savings – Park & Ride			200					-200
ETE Operational Savings – various			745					-745
ETE Operational Savings – various			18					-18
Annual Insurance 15/16	454		1,528			-1,982		
Independent Living Fund (ILF) – Qtr 4	259							-259
ETE Operational Savings – Project support for Library review			51					-51
ETE Operational Savings – Sawston temporary library			20					-20
Transfer of City Deal Budgets					917	-917		
Allocation of Staying Put Implementation Grant to CFA (Qtr 4)	27							-27
ETE Operational Savings reversal - various			-343					343
LGSS Operational Savings							47	-47
Building maintenance budget transfer	3					-3		
Corporate Allocations 2015/16	14,391		6,271	1	-2,727	-7,363	-10,571	
Current budget	**259,993**	**0**	**71,644**	**35,461**	**4,355**	**201**	**-400**	**-1,369**
Rounding	*1*	-	-	-	*-1*		*1*	*-2*

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2015	2015-16		Notes
		Movements in 2015-16	Balance at 31 Mar 16	
	£000s	£000s	£000s	
General Reserves				
- County Fund Balance	16,002	2,919	18,921	
- Services				
1 CFA	0	1,623	1,623	Includes Service Outturn position.
2 PH	952	186	1,138	
3 ETE	3,369	17	3,386	Includes Service Outturn position.
4 CS	1,020	198	1,218	Includes Service Outturn position.
5 LGSS Operational	1,003	10	1,013	Includes Service Outturn position.
Subtotal	22,346	4,953	27,299	
Earmarked				
- Specific Reserves				
6 Insurance	2,539	325	2,864	
Subtotal	2,539	325	2,864	
Equipment Reserves				
7 CFA	744	38	782	
8 ETE	893	-675	218	
9 CS	50	7	57	
10 LGSS Managed	642	-642	0	
Subtotal	2,329	-1,272	1,057	
Other Earmarked Funds				
11 CFA	7,533	-3,436	4,097	
12 PH	2,081	-61	2,020	
13 ETE	7,404	-773	6,631	Includes liquidated damages in respect of the Guided Busway.
14 CS	527	747	1,274	
15 LGSS Managed	198	184	382	
16 LGSS Operational	130	0	130	
17 Corporate	63	-63	0	
18 Transformation Fund	0	9,891	9,891	Savings realised through change in MRP policy
Subtotal	17,936	6,489	24,425	
SUB TOTAL	**45,149**	**10,495**	**55,645**	
Capital Reserves				
- Services				
19 CFA	6,272	-3,844	2,428	
20 ETE	15,897	13,585	29,482	
21 LGSS Managed	481	171	652	
22 Corporate	33,547	5,841	39,388	Section 106 and Community Infrastructure Levy balances.
subtotal	56,197	15,753	71,950	
GRAND TOTAL	**101,346**	**26,248**	**127,594**	

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Description	Balance at 31 March 2015	2015-16		Notes
		Movements in 2015-16	Balance at 31 Mar 16	
	£000s	£000s	£000s	
Short Term Provisions				
1 ETE	669	43	712	
2 CS	1,043	269	1,312	
3 LGSS Managed	4,460	1,135	5,595	
subtotal	6,172	1,447	7,619	
Long Term Provisions				
4 LGSS Managed	3,613	0	3,613	
subtotal	3,613	0	3,613	
GRAND TOTAL	**9,785**	**1,447**	**11,232**	

Agenda Item No.5

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2016

To:	**General Purposes Committee**		
Date:	**26th July 2016**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**2016/028**	*Key decision:*	**Yes**
Purpose:	**To present financial and performance information to assess progress in delivering the Council's Business Plan.**		

Recommendations: **General Purposes Committee is recommended to:**

a) Analyse resources and performance information and note the remedial action currently being taken and consider if any further remedial action is required.

b) Approve the changes to capital funding requirements as set out in section 6.9.

c) Approve the allocation of the Staying Put Implementation Grant and the Special Educational Needs and Disability (SEND) Implementation Grant as set out in section 7.1.

d) Consider and approve the proposals for the use of service reserves, as set out in Appendix 4.

e) Consider and approve the virements within CFA, as set out in Appendix 5.

	Officer contact:
Name:	Chris Malyon
Post:	Chief Finance Officer
Email:	Chris.Malyon@cambridgeshire.gov.uk
Tel:	01223 699796

1. PURPOSE

1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

2. OVERVIEW

2.1 The following table provides a snapshot of the Authority's forecast performance at year end by value, RAG (Red, Amber, Green) status and direction of travel (DoT).

Area	**Measure**	**Forecast Year End Position (Apr)**	**Forecast Year End Position (May)**	**Current Status**	**DoT** (up is improving)
Revenue Budget	Variance (£m)	-	+£2.2m	Amber	-
Basket Key Performance Indicators	Number at target (%)	-	41% (7 of 17) [1]	Amber	-
Capital Programme	Variance (£m)	-	+0.031m	Amber	-
Balance Sheet Health	Net borrowing activity (£m)	-	£425m	Green	-

[1] The number of performance indicators on target reflects the current position.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end overspend of £2.2m. This is largely due to Corporate Services being unable to realise the full savings from the Corporate Capacity Review in year, and further pressures in Children, Families and Adults (CFA). See section 3 for details.

- Key Performance Indicators; the corporate performance indicator set has been refreshed for 2016/17. There are 20 indicators in the Council's new basket, with data currently being available for 17 of these. Of these 17 indicators, 7 are on target. See section 5 for details.

- The Capital Programme is showing a forecast year end overspend of £0.031m (0%); this is within LGSS Managed. See section 6 for details.

- Balance Sheet Health; The original forecast net borrowing position for 31st March 2017, as set out in the Treasury Management Strategy Statement (TMSS) is £479m. This projection has now fallen to £425m. This is largely as a result of changes in the assumptions around the net expenditure profile of the capital programme and changes in expected cash flows since the Business Plan was produced in February 2016. See section 8 for details.

3. REVENUE BUDGET

3.1 A more detailed analysis of financial performance is included below:

Key to abbreviations

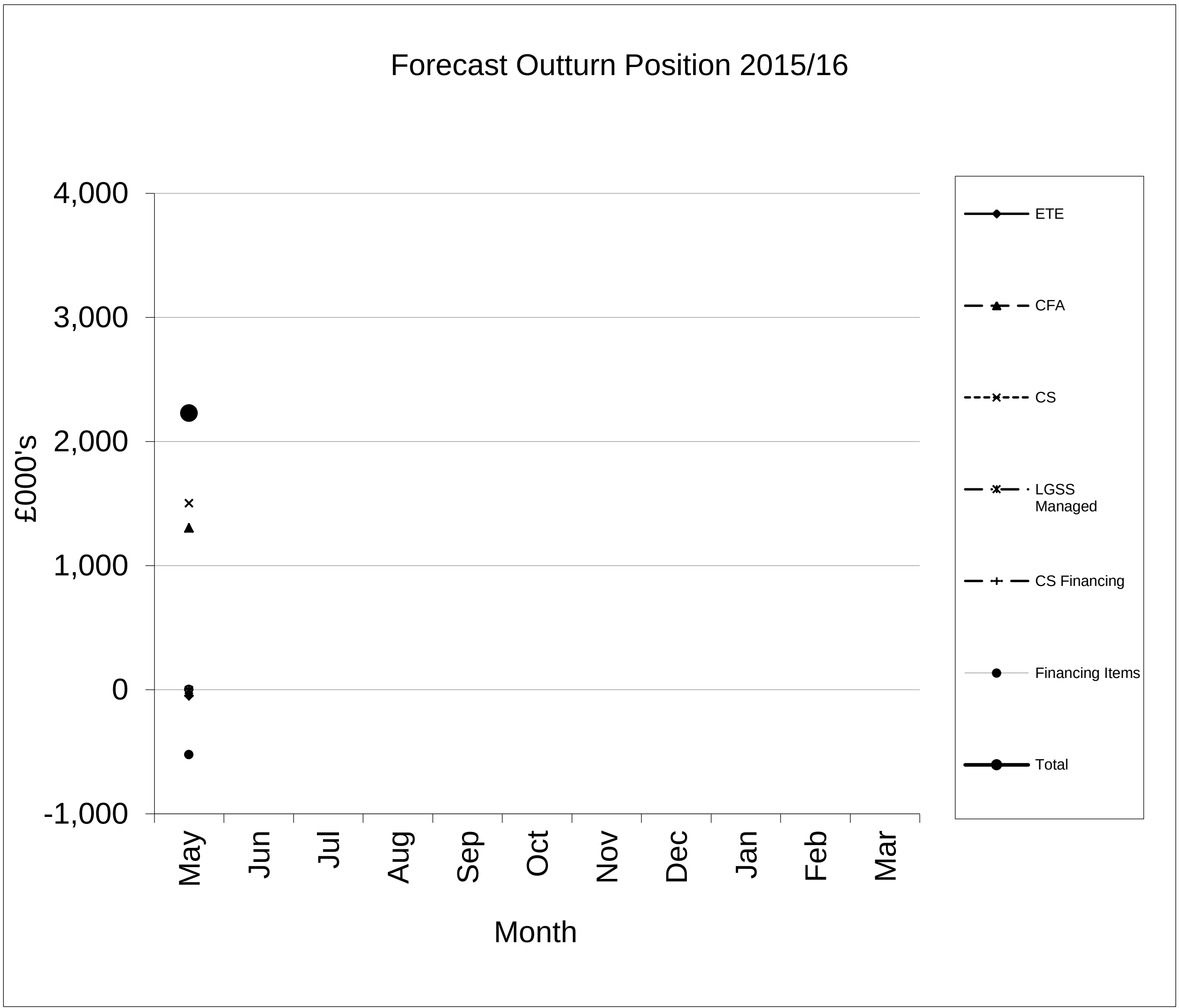
ETE – Economy, Transport and Environment
CFA – Children, Families and Adults
CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per BP[1] £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (May)[2] £000	Forecast Variance - Outturn (May) %	Overall Status	DoT
59,952	ETE	59,952	-50	-0.1%	Green	-
242,563	CFA	242,362	1,304	0.5%	Amber	-
182	Public Health	182	0	0.0%	Green	-
4,674	Corporate Services	4,778	1,501	31.4%	Red	-
8,720	LGSS Managed	8,724	-4	0.0%	Green	-
34,206	CS Financing	34,206	0	0.0%	Green	-
350,297	**Service Net Spending**	**350,204**	**2,751**	**0.8%**	**Amber**	**-**
4,677	Financing Items	3,915	-524	-13.4%	Green	-
354,974	**Total Net Spending**	**354,119**	**2,227**	**0.6%**	**Amber**	**-**
	Memorandum items:					
9,589	LGSS Operational	9,682	0	0.0%	Green	-
222,808	Schools	222,808				
587,371	**Total Spending 2016/17**	**586,610**				

[1] The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

[2] The forecast variance outturn does not include the £9.3m budget saving in 2016/17 following the change in Minimum Revenue Provision (MPR) policy, which was approved by Council on 16 February 2016.

[3] For budget virements between Services throughout the year, please see Appendix 1.



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** - £0.050m (-0.01%) underspend is forecast at year end. There are no exceptions to report this month.

3.2.2 **Children, Families and Adults:** £1.304m (0.5%) overspend is forecast at year end.

It should be noted that these figures assume that GPC approval for budget virements within CFA, as set out in Appendix 5 will be forthcoming.

	£m	%
• **Learning Disability Services** – Learning Disability Services are forecast to overspend by £412k at year-end. It is expected that there will be a £1,200k shortfall in the delivery of savings from reassessing LD clients as a result of lead-in times for assessments. Experience so far is suggesting that average cost-reduction per client is lower than expected.	+0.412	(1%)

Partially offsetting this pressure, the LDP is expecting to exceed its target for savings on price increases negotiated at the beginning of the year by £806k. This has been achieved by ensuring that higher cost providers in the independent sector absorb as much of the impact of the living wage increases as possible.

	£m	%
• **Older People Localities** – An underspend of £675k is forecast for year-end. £275k of this is as a result of successful negotiations with care providers to ensure that higher cost providers in the independent sector absorb as much of the impact of the living wage increases as possible. The remaining £400k forecast underspend is due to care volumes being lower than previously anticipated.	-0.675	(-2%)
• **Strategic Management** – **Children's Social Care** – An overspend of £475k is forecast for year-end. £179k of this is due to the use of agency staff within the First Response Emergency Duty Team in order to perform their statutory function. A further £296k of planned agency budget savings are not able to be met due to the continued need for use of agency staff across Children's Social Care due to increasing caseloads.	+0.475	(9%)
• **Children's Social Care Units** – The Children's Social Care Units are forecasting to overspend by £614k. This is due to the use of agency staff to cover vacancies in essential posts until new staff have taken up post. This is to ensure that statutory responsibilities are fulfilled.	+0.614	(8%)
• **Looked After Children Placements** – An overspend of £750k is forecast for year-end. This is partly due to a £1.3m pressure carried forward from 2015/16, which was due to an increase in LAC numbers throughout the year. Subject to GPC approval, the LAC Placements budget will receive additional funding of £950k in 2016/17 from Older People's Service, reducing the pressure to £350k. The remaining £400k forecast overspend is due to further increases in LAC numbers above predicted levels.	+0.750	(5%)

3.2.3 **Public Health:** a balanced budget is forecast at year end. There are no exceptions to report this month.

3.2.4 **Corporate Services:** +£1.501m (31.4%) overspend is forecast at year end.

	£m	%
• **Director, Policy & Business Support** – An overspend of £1.5m is forecast at year-end. It is predicted that the Corporate Capacity Review will be unable to achieve the full year savings that were anticipated in Business Planning in the current year as a result of the timing of the consultation process. The forecast is based on an assumption that new structures will not be in place until 1 January 2017. In reality some changes will occur prior to this point and therefore the current forecast under achievement of the saving of £1.5m is the worst case. Furthermore officers are	+1.501	(183%)

currently working on the implementation of a wider review of spans of control and tiers of management, as discussed at the GPC Workshop, that could see some further negation of this projection within the current financial year.

3.2.5 **LGSS Managed:** - £0.004m (-0%) underspend is forecast at year end. There are no exceptions to report this month.

3.2.6 **CS Financing:** a balanced budget is forecast at year end. There are no exceptions to report this month.

3.2.7 **LGSS Operational:** a balanced budget is forecast at year end. There are no exceptions to report this month.

Note: *exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.*

4. KEY ACTIVITY DATA

4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest CFA Finance & Performance Report (section 2.5).

5. PERFORMANCE TARGETS

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
Developing our economy	Percentage of Cambridgeshire residents aged 16 - 64 in employment: 12-month rolling average	ETE	High	At-31-Dec-2015	%	80.4%	80.3% (2015/16 target)	Green	↔
	Additional jobs created	ETE	High	To 30-Sep-2014	Number	+14,000	+ 3,500 (2015/16 target)	Green	↑
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others	ETE	Low	At-31-Aug-2015	%	Most deprived areas (Top 10%) = 11.7% Others = 5% Gap of 6.7 percentage points	Most deprived areas (Top 10%) <=12% Gap of <7.2 percentage points	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA (E&P)	High	April 16	%	95.0%	96.5%	Amber	↓
	Percentage of 16-19 year olds not in education, employment or training (NEET)	CFA	Low	April 16	%	3.4%	3.3%	Amber	↑
	The proportion pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA (Learning)	High	April 16	%	80.5%	82.0%	Amber	↑
	The proportion pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA (Learning)	High	April 16	%	46.2%	75.0%	Red	↓
	The proportion pupils attending Cambridgeshire Special schools judged good or outstanding by Ofsted	CFA (Learning)	High	April 16	%	94.8%	100%	Amber	↑

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
Helping people live independent and healthy lives	No/ % of families who have not required statutory services within six months of have a Think Family involvement.	CFA (E&P)	TBC	TBC	TBC	TBC	*TBC new measure for 2016/17*	TBC	TBC
	The proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into re-ablement / rehabilitation services	CFA	High	2014/15	%	69.8%	*TBC – new definition for 15/16*	TBC	TBC
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	March 16	%	55.2%	57%	Amber	↑
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	March 16	Number	474	429 per month (4874.5 per year)	Red	↓
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	March 16	Number	125	114	Amber	↓
	Healthy life expectancy at birth (males)	Public Health	High	2012 – 2014	Years	66.1	N/A – contextual indicator	Green (compared with England)	↓ (compared with previous year)
	Healthy life expectancy at birth (females)	Public Health	High	2012 – 2014	Years	67.6	N/A – contextual indicator	Green (compared with England)	↑ (compared with previous year)
	Absolute gap in life expectancy between the most deprived 20% of Cambridgeshire's population and the least deprived 80% (all persons)	Public Health	Low	2013-2015 (Q3 2015)	Years	2.6	N/A – contextual indicator	N/A – contextual indicator	↔

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA (CSC)	Low	April 16	Rate per 10,000	47.35	40%	Red	↓
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA (CYPS)	High	March 16	%	78.4%	80%	Amber	↑
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	CS&T	High	1 Jan – 31 March 2016	%	76.1%	75%	Green	↑
	The average number of days lost to sickness per full-time equivalent staff member	LGSS HR	Low	May 2016	Days (12 month rolling average)	6.24	7.8	Green	↓

* *'Out of work' benefits claimants - narrowing the gap between the most deprived areas (top 10%) and others – the target of ≤12% is for the most deprived areas (top 10%). At 6.7 percentage points the gap is the same as last quarter, but is narrower than the baseline (in May 2014) of 7.2 percentage points.*

5.2 Key exceptions are identified below

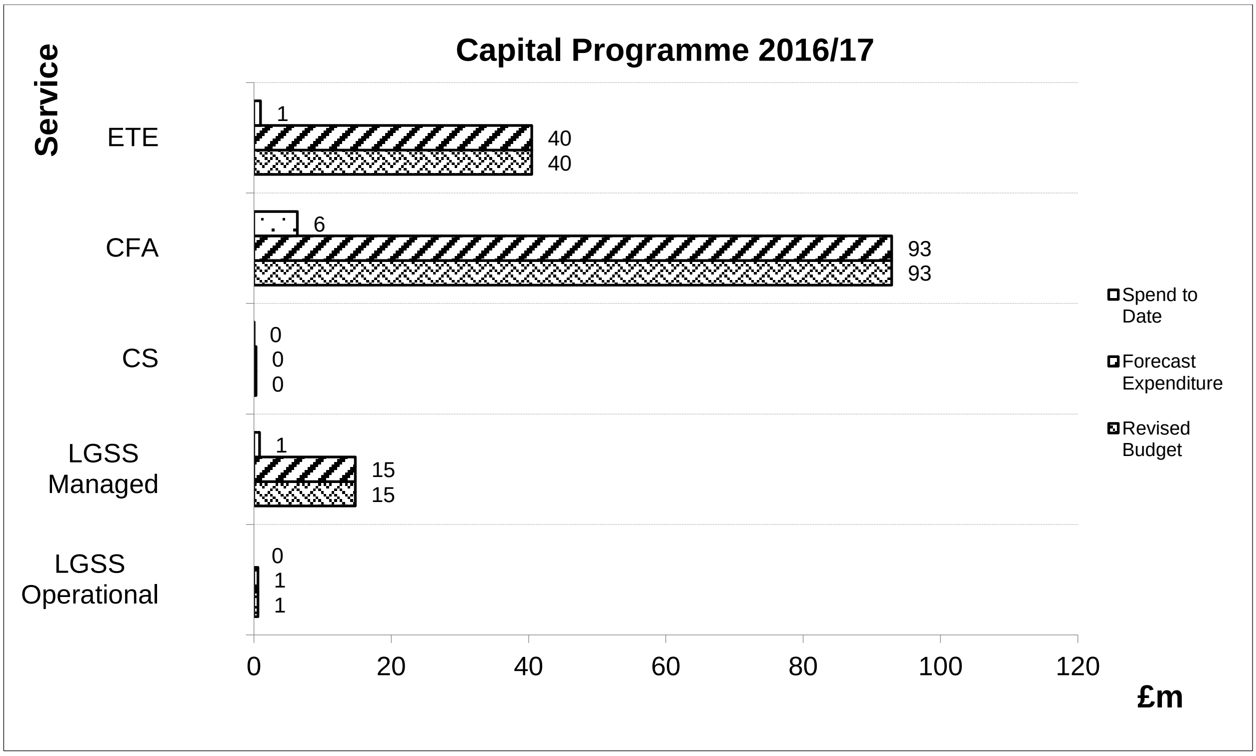
- **The number of Looked After Children per 10,000 children**
  The number of Looked After Children increased to 615 during April 2016. This includes 62 unaccompanied asylum-seeking children for whom CCC receives grant funding, who make up 10% of the current LAC population. There are work streams in the LAC Strategy which aim to reduce the rate of growth in the LAC population, or reduce the cost of new placements. These work streams cannot impact current commitment but aim to prevent it increasing.

- **Delayed transfers of Care: BCF Average number of bed-day delays, per 100,000 of population per month (aged 18+)**
  As reported in 2015/16, performance improved during March following the recent worsening trend. The Cambridgeshire health and social care system is experiencing a monthly average of 2,436 bed-day delays, which is 17% above the current BCF target ceiling of 2,088. In February there were 2,369 bed-day delays, down 403 compared to the previous month. We continue to work in collaboration with health colleagues to build on this work. However, since Christmas we have seen a rise in the number of admissions to A & E across the county with several of the hospitals reporting Black Alert. There continues to be challenges in the system overall with gaps in service capacity in both domiciliary care and residential home capacity. However, we are looking at all avenues to ensure that flow is maintained from hospital into the community

6. CAPITAL PROGRAMME

6.1 A summary of capital financial performance by service is shown below:

2016/17					TOTAL SCHEME	
Original 2016/17 Budget as per BP £000	Service	Revised Budget for 2016/17 £000	Forecast Variance - Outturn (May) £000	Forecast Variance - Outturn (May) %	Total Scheme Revised Budget (May) £000	Total Scheme Forecast Variance (May) £000
71,699	ETE	40,483	-	0.0%	415,047	-
97,156	CFA	92,921	0	0.0%	543,222	6,419
378	Corporate Services	324	-	0.0%	645	-
15,457	LGSS Managed	14,765	31	0.2%	165,851	-2,003
1,104	LGSS Operational	618	-	0.0%	1,704	-
185,794	**Total Service Capital Spending**	**149,111**	**32**	**0.0%**	**1,126,469**	**4,416**



Note: The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted.

6.2 In response to the Council's historical underachievement of capital expenditure against planned budgets, the Council has created a Capital Programme Board (CPB) to provide support and challenge with respect to both the creation of an initial budget for a capital scheme and also the deliverability and ongoing monitoring of the programme. For the first reporting period, Services were asked to review the budgets set in the 2016-17 Business Plan and amend them for any additional information that has been provided since the Business Plan was set at the start of the year. This includes rolling forward additional in-year underspends from the 2015-16 budget, as well as rephasing of 2016-17 and future year spend.

6.3 This has result in roll-forwards of £15.8m being brought forward to 2016-17, rephasing of -£31.5m in 2016-17 and suggested increased costs over the whole ten-year programme of £9.7m. Approval of the 2016-17 element of these increased costs is requested in section 6.9; approval for increases in later years will be sought as part of the 2017-18 Business Planning process. Services were asked to provide justification for these changes and the CPB challenged and suggested amendments as required. For further detail of these changes, please see sections 6.9 for roll forwards and rephasing and section 6.7 for changes to total scheme costs. The detail of all these changes is also outlined in Appendix 3.

6.4 In light of the significant slippage experienced in recent years due to deliverability issues with the programme, and the impact this has on the revenue financing of the related debt for the programme, the CPB has also recommended that a 'Capital Programme Variations' line be included for each Service which effectively reduces the programme budget. This is allocated service-wide rather than against individual schemes as it is not possible to identify in advance which particular schemes will be affected by land-purchase issues, environmental factors etc. which create the slippage. This budget is forecast to be fully achieved at the start of the financial year (and in this report), but as forecast underspends start to be reported, these will be net off against the forecast outturn for the variation budget, resulting in a forecast balanced budget up until the point if/when slippage exceeds the variation budget. The allocations for these negative budget adjustments have been calculated as follows, based on slippage that each service has achieved in previous years, taking into account specific circumstances that have led to those variations:

Service	**Variation %**	**Budget £000**	**Variation Calculation £000**
Economy, Transport and Environment	20%	52,502	10,500
Children, Families and Adults	10%	102,820	10,282
Corporate Services	20%	405	81
LGSS Managed	20%	19,048	3,810
LGSS Operational	20%	773	155
TOTAL		**175,548**	**24,828**

6.5 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.5m or greater are identified below.

6.5.1 **Economy, Transport and Environment:** a balanced budget is forecast at year end. There are no exceptions to report this month.

6.5.2 **Children, Families and Adults:** a balanced budget is forecast at year end. There are no exceptions to report this month.

6.5.3 **Corporate Services:** a balanced budget is forecast at year end. There are no exceptions to report this month.

6.5.4 **LGSS Managed:** +£0.031m (0.2%) overspend is forecast at year-end. There are no exceptions to report this month.

6.5.5 **LGSS Operational:** a balanced budget is forecast at year end. There are no exceptions to report this month.

6.6 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.5m or greater are identified below:

6.6.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month.

6.6.2 Children, Families and Adults: +£6.4m (1%) total scheme overspend is forecast.

	£m	**%**
• **Basic Need – Primary**	5.1	(2%)

- Fulbourn Primary; £1.1m increase. Further planning has indicated cost of project will be £0.1m higher than originally anticipated. There is also a further £1.0m increase relating to future years costs.

- Melbourn Primary; £2.1m increase. Increased project scope includes replacement of two temporary classroom structures causing increase of £0.2m. There is also a further £1.9m increase relating to future years costs.

- Wyton Primary; £2.3m increase. Project now in 2 phases due to delays in housing development - phase 1 - replacement of existing 1 form entry primary school; phase 2 - new 2 form entry primary school. Due to the delay in phase 2 costs are now anticipated to be £2.3m higher for the whole project.

- **Adult Social Care**

	£m	%
• £0.2m increase in costs on Equipment Spend previously headed as Better Care Fund moved from Strategic Investments. £1.6m additional Disabled Facilities Grant expenditure per year for 5 years (total £7.8m) to reflect increased grant settlement. • -£0.4m cost reduction in Strategic Investment and Enhanced Frontline to reflect anticipated 2016/17 spend priorities.	1.3	(6%)

For further details please see Appendix 3.

6.6.3 Corporate Services: a total scheme balanced budget is forecast. There are no exceptions to report this month.

6.6.4 LGSS Managed: -£2.0m (-1%) total scheme underspend is forecast.

	£m	%
• **EPAM Fenland** - As reported in 2015/16, a reduction in the estimated cost of final retention payments for the Awdry House site has increased the predicted total scheme underspend to £1.1m. This work is expected to be completed in 2016/17.	-1.1	(-17%)
• **Carbon Reduction Scheme** - The works planned under the Carbon Reduction scheme were reviewed in 2014/15 and a new schedule was agreed. As reported in 2015/16, the agreed work plan is expected to deliver a total scheme underspend of £0.65m. This work is expected to be completed in 2016/17.	-0.7	(-39%)

6.6.5 LGSS Operational: a total scheme balanced budget is forecast. There are no exceptions to report this month.

6.7 A breakdown of the changes to funding has been identified in the table below:

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding [1] £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	20.5	0.2	-1.7	1.0	**20.0**	20.0	-
Basic Need Grant	3.8	-	-	-	**3.8**	3.8	-0.0
Capital Maintenance Grant	4.6	-	-	0.1	**4.7**	4.7	-
Devolved Formula Capital	1.1	0.9	-	-0.0	**1.9**	1.9	-0.0
Specific Grants	21.1	3.6	-12.7	1.6	**13.7**	13.7	-
Section 106 Contributions & Community Infrastructure Levy (CIL)	30.3	1.1	-3.7	-	**27.7**	27.7	-
Capital Receipts	10.3	-	-	-	**10.3**	6.2	-4.0
Other Contributions	10.7	0.2	-8.8	0.1	**2.2**	2.2	-
Prudential Borrowing	83.4	9.7	-29.5	1.1	**64.8**	68.9	4.0
Total	**185.8**	**15.8**	**-56.3**	**3.8**	**149.1**	**149.1**	**0.0**

[1] Reflects the difference between the anticipated 2015/16 year end position, as incorporated within the 2016/17 Business Plan, and the actual 2015/16 year end position.

6.8 Key funding changes (of greater than £0.5m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Rolled Forward Funding	All Services	£15.8	The Capital Programme Board has reviewed overspends and underspends at the end of 2015/16, and many of these are a result of changes to the timing of expenditure, rather than variations against total costs. As such, this funding is still required in 2016/17 to complete

			projects. Of the £15.8m funding to be carried forward, £9.7m relates to prudential borrowing, however as this only relates to a shift in funding of one year there is no significant impact on the Debt Charges budget as a result. **General Purposes Committee is asked to approve the carry forward of £15.8m of funding to 2016/17 and beyond.**
Revised Phasing	All Services	-£24.8	The Capital Programme Board has recommended that a 'Capital Programme Variations' line be included for each Service, which effectively reduces the capital programme budget. The overall capital variation budget is recommended to be held at £24.8m. **General Purposes Committee is asked to approve the -£24.8m revised phasing of funding relating to the capital programme variations budget.**
Revised Phasing	ETE	-£30.3	The following schemes require their funding to be rephased as they are now due to incur these costs in 2017/18: • Ely Crossing -£11.8m • Kings Dyke -£9.1m • Soham Station -£4.5m • Guided Busway -£1.6m • Huntingdon West of Town Centre Link Road -£1.5m • Highways Maintenance -£1.5m • Connecting Cambridgeshire -£1.1m • Cambridge Cycling Infrastructure -£0.9m • Cycling City Ambition Fund -£0.8m Other schemes that are below the de-minimis reporting limit of £0.5m total +£2.5m rephasing for 2016/17, giving the net total rephasing requirement of -£30.3m. **General Purposes Committee is asked to approve the -£30.3m rephasing of ETE's funding for these schemes.**
Additional/Reduction in Funding (Specific Grants)	ETE	£1.0	Cambridgeshire County Council has received £0.973m of grant funding from DfT for the purpose of permanently removing potholes, either through permanent patching repairs or preventative resurfacing works. **General Purposes Committee is asked to**

			approve that the Pothole Action Fund and Highways Maintenance Grant of £0.973m be allocated in full to ETE
Additional/Reduction in Funding (Other Contributions)	ETE	£0.1	£0.100m of residual capital funding from previous years' unused Integrated Transport Block funding is required to fund scheme development, design and implementation work for the A14 scheme in 2016/17. **General Purposes Committee is asked to approve the use of £0.1m of residual capital funding to support this work.**
Additional/Reduction in Funding (Prudential Borrowing)	LGSS Managed	£0.5	£0.512m additional funding is required for the Renewable Energy Soham scheme because of increased costs due to currency changes relating to solar panels and additional grid connection costs. **General Purposes Committee is asked to approve the increase of £0.512m to the Prudential Borrowing requirement in 2016/17.**
Revised Phasing	CFA	-£1.0	The following schemes require their funding to be rephased as they are now due to incur these costs in 2017/18: • Burwell Primary -£1.2m • Little Paxton -£0.7m • Wisbech Primary -£1.0m • Sawtry Primary -£1.2m • Hatton Park +£0.7m • The Shades +£1.5m • Hampton Gardens +£0.8m Other schemes that are below the de-minimis reporting limit of £0.5m total +£0.1m rephasing for 2016/17, giving the net total rephasing requirement of -£1.0m. **General Purposes Committee is asked to approve the -£1.0m rephasing of CFA's funding for these schemes.**
Additional/Reduction in Funding (Specific Grants)	CFA	£1.6	Cambridgeshire County Council has received an additional £1.566m in Disabled Facilities Grant for capital schemes. **General Purposes Committee is asked to approve that this additional grant be allocated in full to CFA.**

Additional/Reduction in Funding (Prudential Borrowing)	CFA	£0.5	The following schemes require additional funding in 2016/17 above what was allocated in the Business Plan: • The Shades +£1.200m • Huntingdon Primary +£0.205m Other schemes that are below the de-minimis reporting limit of £0.5m will require reduced funding in 2016/17, giving the net total of £0.5m additional Prudential Borrowing requirement. For additional information, please see Appendix 3. **General Purposes Committee is asked to approve the increase of £0.5m to the Prudential Borrowing requirement in 2016/17.**
Additional/Reduction in Funding (Specific Grants)	CFA	£0.1	Fulbourn Primary requires £0.130m additional funding in 2016/17 above what was allocated in the Business Plan. This is to be met from grant funding. Additional funding will also be required in future years, but this will be dealt with as part of the Business Planning process. For additional information, please see Appendix 3. **General Purposes Committee is asked to approve the use of £0.130m grant funding to support this scheme in 2016/17.**

6.9 Capital receipts for 2016/17 are currently forecast to be £4.0m less than originally budgeted. Any changes to this position will be reported throughout the year. Any shortfall in capital receipts will need to be met with additional prudential borrowing, which General Purposes Committee will be asked to approve as part of the 2016/17 outturn report.

7. GRANT ALLOCATIONS 2016/17

7.1 Where there has been a material change in 2016/17's grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require SMT discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. he agreed approach for each grant will then be presented to the General Purposes Committee (GPC) for approval.

Staying Put Implementation Grant

This is a revenue grant that local authorities will receive in 2016/17, with Cambridgeshire County Council's allocation being £162,713.

The Children and Families Act 2014 introduced a new duty on local authorities to support people to continue to live with their former foster carers once they turn 18. This duty came into force in May 2014. The purpose of the grant is to provide support to local authorities towards expenditure incurred in respect of a young person aged 18 and their former foster carer to continue to live together in a 'Staying Put' arrangement.

This funding has not been budgeted for. To ensure that this funding is spent in line with expectation the General Purposes Committee is asked to approve that the Staying Put grant of £162,713 is allocated in full to CFA.

<u>Special Educational Needs and Disability (SEND) Implementation Grant</u>

The SEND Implementation Grant is a one-off revenue grant for 2016/17 to be received from the Department for Education (DfE). Cambridgeshire County Council's allocation is £406,677, to be received in four quarterly instalments, which was not originally budgeted to be received. This is an un-ringfenced grant, although it is intended to provide support for costs incurred by local authorities in implementing the national SEND Reforms, including transferring children and young people from statements and young people in further education or training who had Learning Difficulty Assessments to Education, Health and Care plans (EHCPs).

Approximately £200k of the grant is required to support continuing SEND Reform work throughout 16/17 and 17/18, with the remaining balance being used to partially offset the in-year CFA pressure, particularly within Learning Disabilities (LD) and Looked After Children (LAC).

General Purposes Committee is therefore asked to approve that the grant is allocated in full to CFA.

7.2 The below grants are deemed to be non-material changes and are therefore for information purposes only:

<u>Local Reform and Community Voices Grant</u>

For 2016/17 £313,079 was budgeted in the Business Plan. However, Cambridgeshire County Council's allocation for 2016/17 has been announced as £317,728. The additional £4,649 of funding will be treated as a general resource and is therefore shown in the "Financing Items" section of this report.

<u>New Homes Bonus Returned Funding</u>

This funding is allocated by Government as part of the New Homes Bonus. For 2016/17 £141,351 was budgeted in the Business Plan. However, Cambridgeshire County Council's 2016/17 allocation has been finalised as £136,313, leaving a shortfall of £5,038.

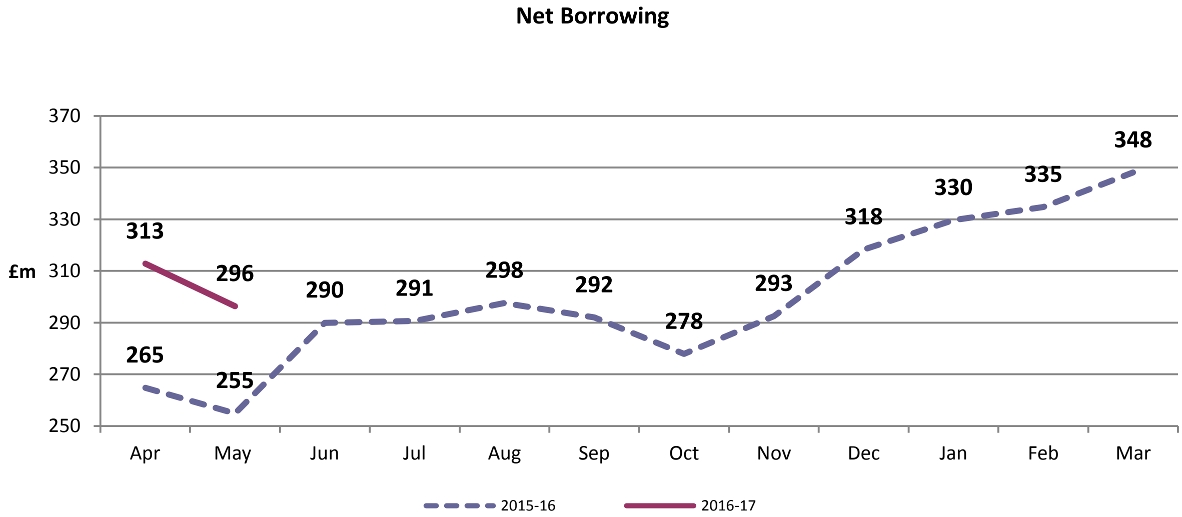
This shortfall will therefore be met from corporate reserves at year end.

8. BALANCE SHEET

8.1 A more detailed analysis of balance sheet health issues is included below:

Measure	Year End Target	Actual as at the end of May
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£1.2m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£2.1m
Invoices paid by due date (or sooner)	97.5%	99.7%

8.2 The graph below shows net borrowing (investments less borrowings) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of May were £61.8m and gross borrowing was £358.1m.



8.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2016-17 TMSS was set in February 2016, it was anticipated that net borrowing would reach £479m at the end of this financial year. Net borrowing at the beginning of this year (£348m) started at a lower base than originally set out in the TMSS (£417m). As a result the outturn projection is forecast to be substantially lower than originally expected, currently £425m.

8.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.

8.5 Although there is link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.

8.6 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.

8.7 Key exceptions are identified below:

Key exceptions	**Impacts and actions**
Less borrowing activity than planned –original net borrowing forecast was £479m. Actual net borrowing at 31st May was £296m.	At this early stage in the year, no outturn variance is factored in for the forecast for Debt Charges. The impact of lower borrowing on the Debt Charges budget will be included in next month's report, when a detailed assessment of the savings will be established. The Council is continually reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances (where possible) and undertaking shorter term borrowing which could potentially generate savings next year, subject to an assessment of the interest rate risks involved.

8.8 A schedule of the Council's reserves and provisions can be found in appendix 2.

8.9 The reserves schedule incorporates 2015/16 service underspends into service general reserve balances. May Service Committees endorsed proposals for the use of these underspends by services, however, these proposals now require approval by General Purposes Committee.

General Purposes Committee is asked to consider and approve the use of service underspends, as set out in Appendix 4.

9. ALIGNMENT WITH CORPORATE PRIORITIES

9.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

9.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

9.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

10. SIGNIFICANT IMPLICATIONS

10.1 Resource Implications

This report provides the latest resources and performance information for the Council and so has a direct impact.

10.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

10.3 Equality and Diversity Implications

There are no significant implications within this category.

10.4 Engagement and Consultation Implications

No public engagement or consultation is required for the purpose of this report.

10.5 Localism and Local Member Involvement

There are no significant implications within this category.

10.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
There are no source documents for this report	1st Floor, Octagon, Shire Hall, Cambridge

APPENDIX 1 – transfers between Services throughout the year (only virements of £1k and above (total value) are shown below)

	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	LGSS Operational	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	242,563	182	59,952	34,206	4,674	8,720	9,589	5,355
Adjustment LGSS Managed and Operational						10	-10	
LGSS property virement					10		-10	
Licenses budget from LGSS Op. to CS					17	-17		
Contact Centre budget from CFA to CS	-77				77			
CPFT NHS accommodation budget from CFA to LGSS Man.	-10					10		
Reablement budget from CFA to LGSS Op.	-113						113	
Current budget	**242,363**	**182**	**59,952**	**34,206**	**4,778**	**8,724**	**9,682**	**5,355**
Rounding	1	0	0	0	0	0	0	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2016	2016-17		Forecast Balance 31 March 2017	Notes
		Movements in 2016-17	Balance at 31 May 16		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	18,921	0	18,921	19,445	
- Services					
1 CFA	1,623	0	1,623	-	
2 PH	1,138	0	1,138	638	
3 ETE	3,386	0	3,386	0	
4 CS	1,218	-1,501	-283	-283	
5 LGSS Operational	1,013	0	1,013	1,013	
subtotal	27,299	-1,501	25,798	20,813	
Earmarked					
- Specific Reserves					
6 Insurance	2,864	0	2,864	-	
subtotal	2,864	0	2,864	0	
- Equipment Reserves					
7 CFA	782	0	782	-	
8 ETE	218	0	218	250	
9 CS	57	0	57	57	
subtotal	1,057	0	1,057	307	
Other Earmarked Funds					
10 CFA	4,097	-94	4,003	-	
11 PH	2,020	0	2,020	1,450	
12 ETE	6,631	-55	6,576	5,019	Includes liquidated damages in respect of the Guided Busway.
13 CS	1,274	0	1,274	1,274	
14 LGSS Managed	382	23	405	405	
15 LGSS Operational	130	0	130	130	
16 Transformation Fund	9,891	0	9,891	9,891	Savings realised through change in MRP policy
subtotal	24,425	-126	24,299	18,169	
SUB TOTAL	**55,645**	**-1,627**	**54,018**	**39,289**	
Capital Reserves					
- Services					
17 CFA	2,428	16,096	18,524	2,364	
18 ETE	29,482	27,203	56,685	43,572	
19 LGSS Managed	652	80	732	0	
20 Corporate	39,388	-277	39,111	17,189	Section 106 and Community Infrastructure Levy balances.
subtotal	71,950	43,102	115,052	63,125	
GRAND TOTAL	**127,594**	**41,475**	**169,070**	**102,414**	

[1] CFA's forecast balance for reserves as at 31 March 2017 is currently unavailable, pending GPC approval of the use of reserve balances.
[2] 2015/16 service underspends are incorporated into services' general reserve balances. GPC approval is required for the use of these underspends

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Fund Description	Balance at 31 March 2016	2016-17		Forecast Balance 31 March 2017	Notes
		Movements in 2016-17	Balance at 31 May 16		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 ETE	712	0	712	0	
2 CS	1,312	0	1,312	1,312	
3 LGSS Managed	5,595	0	5,595	5,595	
subtotal	7,619	0	7,619	6,907	
- Long Term Provisions					
4 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	**11,232**	**0**	**11,232**	**10,520**	

APPENDIX 3

CHANGE IN FIGURES

Offsets | Partial offsets

Scheme Ref.	Scheme Name	EXPENDITURE Up to 2015-16 (£k)	2016-17 (£k)	2017-18 (£k)	2018-19 (£k)	2019-20 (£k)	2020-21 (£k)	Later Yrs (£k)	TOTAL (£k)	FUNDING Grants (£k)	Dvp Cont. (£k)	Other Cont. (£k)	Capital Receipts (£k)	Borrow-ing (£k)	Reason for Change in Spend / Rephasing	Is there a detailed plan for spend in place? Y/N
A/C.01.002	Brampton Primary	-59	59	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.003	Cavalry Primary	31	-31	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.01.005	Fawcett Primary	-349	349	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.006	Hardwick Primary Second Campus (Cambourne)	1,999	361	-	-	-	-	-	2,360	-	-	-	-	2,360	2015/16 slippage and also two Hardwick schemes amalgamated (A/C.01.015)	Y
A/C.01.007	Huntingdon Primary	-61	61	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.008	Isle of Ely Primary	-640	600	-	-	-	-	-	-40	-	-	-	-	-40	2015/16 slippage & reduction for scheme underspend for contingencies and risk register not used.	Y
A/C.01.009	Millfield Primary	-28	28	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.010	Orchards Primary	11	-11	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.01.011	Swavesey Primary	170	-170	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend and £20k scheme overspend.	Y
A/C.01.012	Alconbury Weald 1st primary	-607	607	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.013	Fourfields, Yaxley	-102	102	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.014	Grove Primary	-32	32	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.015	Hardwick Second Campus (Cambourne)	-2,282	-78	-	-	-	-	-	-2,360	-	-	-	-	-2,360	2015/16 slippage and also two Hardwick schemes amalgamated (A/C.01.015)	Y
A/C.01.016	Huntingdon Primary	47	188	-30	-	-	-	-	205	-	-	-	-	205	2015/16 Accelerated Spend & slight increase	Y
A/C.01.017	King's Hedges Primary	18	-18	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.01.018	Northstowe 1st primary	-46	-254	-	-	-	-	-	-300	-	-	-	-	-300	2015/16 slippage & £300k reduction for unused contingencies	Y
A/C.01.019	Westwood Primary	275	-275	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.01.020	Bearscroft primary (Godmanchester Bridge)	110	-110	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.01.021	North West Cambridge (NIAB site) primary	-98	98	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.022	Burwell Primary	-80	1,898	2,132	50	-	-	-	4,000	800	-	-	-	3,200	Amalgamating two schemes A/C.01.022 & A/C.01.023. Also 2015/16 slippage. Removal of S106 assumptions - email 13th May	Y
A/C.01.023	Burwell Expansion Phase 2	-200	-2,850	-900	-50	-	-	-	-4,000	-800	-2,950	-	-	-250	Amalgamating two schemes A/C.01.022 & A/C.01.023.	Y
A/C.01.024	Clay Farm / Showground primary	-96	96	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.025	Fordham Primary	4	-4	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.01.026	Little Paxton Primary	8	-708	700	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend on design and feaibility, scheme start on site slipped later into 2016-17.	Y
A/C.01.027	Wisbech primary expansion	-66	-1,100	1,166	-	-	-	-	-	-	-	-	-	-	2015/16 slippage. Phasing based onOctober 16 start, this hasnow slipped to January17 start.	Y
A/C.01.028	Fulbourn Phase 2	-20	150	500	500	-	-	-	1,130	2,000	-	-	-	-870	2015/16 slippage, Increased project costs and accelerate start requirement of April 17. Reduction inborrowing to reflect additional school conditions an grant (£65k) 2016-17 and Basic Need grant 2018-19.	Y
A/C.01.029	Sawtry Infants	-	-1,000	1,000	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.01.031	Hatton Park	-	660	850	-1,450	-50	-	-	10	-	-	-	-	10	Additional costs associated with the move to and from Northstowe school	Y
A/C.01.033	St Ives, Eastfield / Westfield / Wheatfields	31	-130	-1,801	1,000	830	70	-	-	-	-	-	-	-	Scheme pused back - awaiting strategic decision from schools on amalgamation before project commences	Y

APPENDIX 3

CHANGE IN FIGURES

Offsets | Partial offsets

		EXPENDITURE								FUNDING					Reason for Change in Spend / Rephasing	Is there a detailed plan for spend in place? Y/N
Scheme Ref.	Scheme Name	Up to 2015-16 (£k)	2016-17 (£k)	2017-18 (£k)	2018-19 (£k)	2019-20 (£k)	2020-21 (£k)	Later Yrs (£k)	TOTAL (£k)	Grants (£k)	Dvp Cont. (£k)	Other Cont. (£k)	Capital Receipts (£k)	Borrow-ing (£k)		
A/C.01.034	St Neots, Wintringham Park.	-	-250	-5,885	-2,265	5,760	2,500	140	-	-	-	-	-	-	Scheme slipped backwards - anticipated housing development has had planning permission refused	Y
A/C.01.035	The Shade Primary	31	2,620	-781	-620	-50	-	-	**1,200**	-	-	-	-	1,200	Increased cost due to desiign changes, accelerated spend as demgraphic need for places sooner than orginally anticipated.	Y
A/C.01.036	Pendragon, Papworth	-	-	-	-	-	-	-	-	1,400	-	-	-	-1,400	Reduction in borrowing to reflect 2018-19 increase in Basic Need Grant	Y
A/C.01.039	Wyton Primary	-	-	-150	-5,200	-2,400	-	-	**-7,750**	3,563	-7,750	-	-	-3,563	Project now in 2 phased due to delays in housing development. Phase 1 - replacement og exsisting 1FE primary school. (Reduced c0sts and removal of Developer contribution) Reduced borrowing to reflect 2018-19 Basic need grant increase	Y
A/C.01.045	Melbourn Primary	-	150	3,200	800	-1,370	-700	-30	**2,050**	-	-	-	-	2,050	Accelerated scheme and increased scope to 4 classrooms. (Two additional places, 2 replacing mobiles)	Y
A/C.02.001	Southern Fringe secondary (Trumpington Community College)	-1,196	1,196	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.02.003	Littleport secondary and special	-2,103	2,103	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.02.004	Bottisham Village College	20	-20	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend.	Y
A/C.02.005	Hampton Gardens	1,706	-936	-770	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.02.006	Northstowe secondary	95	24	-119	-	-	-	-	-	6,180	-	-	-	-6,180	2015/16 slippage & reduction in borrowing to reflect 2018-19 basic need grant increase	Y
A/C.02.008	Cambridge City secondary	461	-800	339	-	-	-	-	-	1,841	-	-	-	-1,841	2015/16 slippage & reduction in borrowing to reflect 2018-19 basic need grant increase	Y
A/C.02.010	Cambourne Village College	95	-95	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.03.001	Orchard Park Primary	9	-300	-339	610	20	-	-	-	-	-	-	-	-	2015/16 slippage due to scheme being placed on	Y
A/C.03.002	St. Neots, Loves Farm - Early Years provision	-	-	-	-	-	-	-	-	-	-	480	-	-480	Increased scheme cost and increased contributions	Y
A/C.04.001	Hauxton Primary	6	-6	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.04.002	Dry Drayton Primary	-7	7	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.04.003	Holme Primary	200	-200	-	-	-	-	-	-	-	-	-	-	-	2015/16 Accelerated Spend	Y
A/C.04.004	Morley Memorial Primary	36	83	-119	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.06.003	BSF ICT for Fenland	-144	144	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.07.001	School Devolved Formula Capital	-850	812	-38	-38	-38	-38	-38	**-228**	-228	-	-	-	-	Reduction in DFC grant	Y
A/C.08.001	Trinity School Hartford, Huntingdon	-290	290	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage	Y
A/C.11.005	CFA Management Information System IT Infrastructure	-350	350	-	-	-	-	-	-	-	-	-	-	-	2015/16 slippage on tender process	Y
A/C.12.001	Strategic Investments	-365	-122	91	-	-	-	-	**-396**	-396	-	-	-	-	Rephased for c/F and to reflect BCF grant cessation	Y
A/C.12.002	Provider Services and Accommodation Improvements	-43	-	-	-	-	-	-	**-43**	-597	-	-	-	554	Rephased for c/F and to reflect BCF grant cessation	Y
A/C.12.003	Better Care Fund (BCF) Capital Allocation	-	160	-1,294	-1,294	-1,294	-1,294	-	**-5,016**	-5,016	-	-	-	-	Revised Grant funding - Notified Feb 2016 - Grant ended	Y
A/C.12.004	Disabilities Facilities Grant	-	1,556	1,556	1,556	1,556	1,556	-	**7,780**	7,780	-	-	-	-	Revised Grant funding - Notified Feb 2016	Y
C/C.1.001	Essential CCC Business Systems Upgrade	-189	27	123	39	-	-	-	-	-	-	-	-	-	Rephasing per Dan Horrex	

APPENDIX 3

CHANGE IN FIGURES

Offsets | Partial offsets

Scheme Ref.	Scheme Name	EXPENDITURE								FUNDING					Reason for Change in Spend / Rephasing	Is there a detailed plan for spend in place? Y/N
		Up to 2015-16 (£k)	2016-17 (£k)	2017-18 (£k)	2018-19 (£k)	2019-20 (£k)	2020-21 (£k)	Later Yrs (£k)	TOTAL (£k)	Grants (£k)	Dvp Cont. (£k)	Other Cont. (£k)	Capital Receipts (£k)	Borrowing (£k)		
C/C.2.001	Optimising the benefits of IT for Smarter Business Working	62	488	-550	-	-	-	-	-	-	-	-	-	-	Bring forward the 17/18 budget to support accelerated delivery of the mobile device rollout element of the smarter business progreamme. Overspend against	
C/C.2.003	IT Infrastructure Investment	-12	12	-	-	-	-	-	-	-	-	-	-	-	This scheme continues the delivery of upgrades / refresh of the core IT software and hardware systems that underpin use of IT across the Council. Projects have been delivered at a slower than anticipated pace in 2015/16 due to operational and supplier constraints, pushing design and delivery into future years. Specifically, this funding forms part of the project to enhance Citrix delivery capacity to support new projects such as Agresso and the CCC cloud solution.	
C/C.2.102	Renewable Energy - Soham	-1,458	1,974	-	-	-	-	-	516	-	-	-	-	516	No spend in 15/16 as grid connection was delayed. Increase in total relates to currency change re solar panels (c.£400k) and additional grid connection costs (c.£120k)	
C/C.2.103	Local Plans - representations	-130	-	-	-	-	-	-	-130	-	-	-	-	-130	No carry forward required	
C/C.2.104	Burwell Newmarket Road 350 Homes Invest to Save	-203	203	-	-	-	-	-	-	-	-	-	-	-	SC on leave. C fwd underspend from Housing Provision scheme	
B/C.1.009	Major Scheme Development & Delivery	-	-200	-200	-200	-200	-200	-	-1,000	-1,000	-	-	-	-	Transfer of budget to Local Infrastructure improvements	Y
B/C.1.011	Local Infrastructure improvements	-	200	200	200	200	200	-	1,000	1,000	-	-	-	-	Transfer of budget from Major Scheme development	Y
B/C.1.019	Delivering the Transport Strategy Aims	-735	390	345	-	-	-	-	-	-	-	-	-	-	S106 funded schemes carried forward	Y
B/C.2.001	Carriageway & Footway Maintenance including Cycle Paths	-250	258	-	-	-	-	-	8	8	-	-	-	-	S106 funded schemes carried forward	Y
B/C.2.004	Bridge strengthening	-200	200	-	-	-	-	-	-	-	-	-	-	-	Great Whyte bridge funded by other contribution	Y
B/C.3.001	Highways Maintenance (carriageways only from 2015/16 onwards)	-1,519	-	1,519	-	-	-	-	-	-	-	-	-	-	Routes 6, 11 & 12 cycle scheme - St.Ives plus other schemes not completed in 15/16	Y
B/C.3.101	Development of Archives Centre premises	-838	-362	1,200	-	-	-	-	-	-	-	-	-	-	Delays due to changes in the scope of the scheme	Y
B/C.3.106	New Community Hub / Library Service Provision Cambourne	-151	151	-	-	-	-	-	-	-	-	-	-	-	Scheme not scoped in 15/16	N
B/C.3.107	New Community Hub / Library Provision Clay Farm	-229	229	-	-	-	-	-	-	-	-	-	-	-	Scheme to be competed in 16/17	Y
B/C.4.001	Ely Crossing	-2,564	-9,250	10,397	1,417	-	-	-	-	-	-	976	-	-976	Awaiting Business case agreement from DfT prior to purchasing land. Residual capital used to reduce borrowing.	Y
B/C.4.006	Guided Busway	-	-1,610	1,610	-	-	-	-	-	-	-	-	-	-	Revised profile	N
B/C.4.014	Huntingdon West of Town Centre Link Road	-821	-636	850	-	-	-	-	-607	-	-607	-	-	-	Awaiting final land deals - scheme underspent	Y
B/C.4.017	Cambridge Cycling Infrastructure	-203	-727	-	930	-	-	-	-	-	-	-	-	-	Rephased to match likely programme of work	Y
B/C.4.021	Abbey - Chesterton Bridge	-33	33	-	-200	-	-	-	-200	-200	-	-	-	-	Adjusted to match available funding	Y
B/C.4.022	Cycling City Ambition Fund	-	-780	577	-	-	-	-	-203	-203	-	-	-	-	Rephased to match likely programme of work	Y
B/C.4.023	King's Dyke	-421	-8,644	8,570	491	-	-	-	-4	-	-	-	-	-4	Planning issues led to rephasing of spend	Y
B/C.4.024	Soham Station	-28	-472	-	-	-	-	1,000	500	-	-	500	-	-	£1m required to complete Grip 3 work	Y
B/C.4.028	A14	-	100	100	-	-	-	-	200	-	-	200	-	-	Design work for A14	Y
B/C.4.031	Growth Deal - Wisbech Access Strategy	-172	172	-	-	-	-	-	-	-	-	-	-	-	Rephasing of scheme costs	Y

APPENDIX 3

CHANGE IN FIGURES

Offsets | Partial offsets

Scheme Ref.	Scheme Name	EXPENDITURE Up to 2015-16 (£k)	2016-17 (£k)	2017-18 (£k)	2018-19 (£k)	2019-20 (£k)	2020-21 (£k)	Later Yrs (£k)	TOTAL (£k)	FUNDING Grants (£k)	Dvp Cont. (£k)	Other Cont. (£k)	Capital Receipts (£k)	Borrow-ing (£k)	Reason for Change in Spend / Rephasing	Is there a detailed plan for spend in place? Y/N
B/C.5.002	Investment in Connecting Cambridgeshire	-	-1,100	1,100	-	-	-	-	-	-	-	-	-	-	Revised programme spend in 2015/16	Y
D/C.1.001	Next Generation Enterprise Resource Planning (ERP) solution	515	-331	-	-	-	-	-	184	-	-	-	-	184	Invoiced 15/16 whereas ERP budget was in 16/17; also carry fwd R12 u/spend from 15/16 of £184k - therefore this is not actually an increae but movement in budget	
CF 2	EPAM - Fenland	-20	20	-	-	-	-	-	-	-	-	-	-	-	Old scheme - Tree planting work £20k outstanding - per Kathy Sutherland	
C/C.1.008	Other Committed Projects (EPAM)	-60	87	-	-	-	-	-	27	-	-	-	-	27	Old scheme - 37k bal Libs Distribution Centre WiFi tbc; 50k Property Management System all committed	
C/C.2.011	CCC Contribution to Carbon Reduction & Improved Efficiency	-214	214	-	-	-	-	-	-	-	-	-	-	-	15/16 underspend - works to be completed early 16/17	
CF 6	CPSN	-33	33	-	-	-	-	-	-	-	-	-	-	-	15/16 underspend - funds required early 16/17	
C/C.2.007	Achieve wireless across CCC sites	-87	87	-	-	-	-	-	-	-	-	-	-	-	15/16 underspend - funds required early 16/17	
B/C/1	Pothole funding	-	973	-	-	-	-	-	973	973	-	-	-	-	New DfT grant funding announced March 2016	Y
B/C.3.011	Waste - St.Neots reuse centre	-159	159	-	-	-	-	-	-	-	-	-	-	-	Work was expected to be done in March 2016, to be completed early 2016/17	Y
B/C.5.003	Heritage Lottery fund contribution for Wisbech	-200	200	-	-	-	-	-	-	-	-	-	-	-	Scheme originally in 2015/16. Joint bid being made by the Heritage lottery fund in June 2016.	Y
A/C1	Wyton - Phase 2	-	-	-	-	-	-	10,000	10,000	-	7,750	-	-	2,250	New 2FE Primary school - Phase 2 of Wyton project.	Y
A/C2	UIFSM	-10	10	-	-	-	-	-	-	-	-	-	-	-	Carryforward from grant	Y
A/C3	Youth Services	-127	127	-	-	-	-	-	-	-	-	-	-	-	Carryforward from previous years allocations	N
A/C4	Early Years Basic Need Provision	-592	592	-	-	-	-	-	-	-	-	-	-	-	Scheme added in as Planning delays have resulted in C/F to 2016-17	
N/A	R12 convergence	-184	-	-	-	-	-	-	-184	-	-	-	-	-184	Underspend on old scheme which has been identified for use on the NG ERP project	
		-16,016	-11,857	25,149	-3,724	2,964	2,094	11,072	9,682	17,105	-3,557	2,156	-	-6,022		

Proposal Title	Investment Amount £'000	Notes
Continuing CFA Reserves (Including Trading Unit Replacement Reserves and Equalisation Reserves)		
Changing the cycle (SPACE/repeat referrals)	£67	Project working with mothers who have children taken into care - to ensure that the remaining personal or family needs or issues are resolved before the mother becomes pregnant again. This project continues into 2016/17.
IT for Looked After Children (LAC)	£178	Replacement reserve for IT for Looked After Children (2 years remaining at current rate of spend).
Independent Reviewing Officers (IRO) and Care Planning (CP) Chairperson	£28	Increase in IRO capacity to provide effective assessment which will safeguard the YP as per statutory guidance under the Care Planning Regulations Children Act 1989 – (Remaining balance will support for 1 post for 6 month period)
Adaptations to respite carer homes	£14	Committed for adaptations to respite carer homes.
Building Schools for the Future (BSF)	£141	Reserve to support ongoing IT risk associated to BSF schools which continue into 2016/17. Current contracts end in August 2016.
Statutory Assessment and Resources Team (START)	£10	Previously agreed fixed term staff – contracts due to end in 2016/17
Home to School Transport Equalisation reserve	£253	Reserve to amend the budget for number of days in the school year. There are 197 days (7 more than the average) in 2016/17.
Time Credits	£74	2016/17 is the third (and final) year of the ongoing Time Credits commitment.
Disabled Facilities	£127	Funding to support housing adaptations for disabled children. To be reviewed in-year.
Commissioning Services – Children's Placements	£13	Previously agreed fixed term Resource Officer posts – contracts due to end in 2016/17.
Multi-Systemic Therapy (MST) Standard	£182	2-year investment in the MST service (£182k in 2015/16 & 2016/17) to support a transition period whilst the service moves to an external model, offering services to CCC and other organisations on a traded basis.

MST Child Abuse & Neglect	£78	Whilst the MST CAN project ended in 2015/16, the posts of MST Program Manager and Business Support Manager who support all of the MST teams have been retained and will transfer to the MST Mutual CIC. Funding is required until the MST Mutual commences.
Youth Offending Team (YOT) Remand (Equalisation Reserve)	£250	Equalisation reserve for remand costs for young people in custody in Youth Offending Institutions and other secure accommodation. There is now no other revenue funding for remands as the remand budget is funding shortfall in Youth Justice Board grant. Rebalanced to £250k.
All Age Lead Professional	£40	Trialling an all age locality lead professionals. Ongoing trial into 2016/17.
Equipment Replacement Reserve	£604	Replacement reserve to support ongoing equipment replacement within the (Education) ICT Service.
Cambridgeshire Culture/Art Collection	£87	Ongoing reducing reserve to support cultural activities for children and young people. (Created from ring-fenced Trust Fund)
Discretionary support for LAC education	£182	Additional support for LAC. Final balance increased by £48k to reflect grant substitution.
ESLAC Support for children on edge of care	£50	Children in Need Support Worker continuing into 2016/17 and 2017/18.
CCS (Cambridgeshire Catering and Cleaning Services)	£119	CCS Reserve to make additional investment in branding, marketing, serveries and dining areas to increase sales and maintain contracts. Also includes bad debt provision following closure of Groomfields Grounds Maintenance Service.
Information Advice and Guidance	£20	Reserves were used to delay the saving from the Information Advice and Guidance teams by one year (from 15/16 to 16/17). £240k of an existing £320k reserve were used in 15/16 and £20K will be used in 16/17 to cover the salaries of 6 remaining post holders who will leave by redundancy on 11th May 2016.
Total existing schemes	**£2,517**	**Continuing earmarked reserves**

Proposal Title	Investment Amount £'000	Description	Associated Saving / Benefits
New proposed schemes funded from earmarked CFA reserves			
Develop 'traded' services	£57	£30k for Early Years and Childcare Provider Staff Development: To buy additional functionality into the Child Assessment System for Early Years. This will be a package that early Years providers can buy which will support them with managing their staff training, supervision and development	This will deliver an additional part-year saving from 2017/18 of approximately £15k per annum
		£27k for the transition to fully traded Youth Development Coordinators: Two 0.5 fte Youth Development Co-ordinators were retained in the Early Help Review (phase1) and it is proposed these posts become fully traded. This funding will support the transition to a fully funded offer.	This investment enables us to support the youth element of the Community Resilience Strategy which will become self-sustaining financially
Reduce the risk of deterioration in school inspection outcomes	£60	Adviser for Accelerating Achievement of Vulnerable Groups: A fixed term post to support the development and implementation of the revised 'Narrowing the Gap' strategy	Narrowing the gap is our key school improvement priority. This investment will reduce the risk of savings leading to an increase in schools being judged as 'requires improvement'
Improve the recruitment and retention of Social Workers (these bids are cross-cutting for adults, older people and children and young people)	£85	£40k for a fixed term post to implement the virtual College of Social Work: A fixed term post to improve the recruitment and retention of social workers	This dedicated capacity will deliver on reducing recruitment costs and will reduce payments for agency workers to meet the business planning savings target of -£502k in 2016/17
		£45k for recruitment and retention capacity (Social Work): Additional recruitment and retention capacity in LGSS for one year to help coordinate the Recruitment and Retention Strategy and manage two recently recruited Recruitment Support Officers via LGSS People.	

Maximise resources through joint commissioning with partners	£14	This post seeks to coordinate the Area Partnership's work, ensuring that local needs are identified and met in relation to children's services by bringing together senior managers of local organisations in order to identity and develop priorities and commission local services. Work will continue in 2016/17 to seek sustainable solution to the shortfall in funding on a permanent basis.	
Independent Domestic Violence Advisors	£24	To continue to provide a high level of support to partner agencies via the Multi-agency safeguarding hub, and through the multi-agency risk assessment conference process, by supporting high-risk victims of domestic abuse.	
Reduce the cost of home to school transport	£60	Independent travel training for children with SEND: An independent travel training scheme to work with young people with SEND so they can develop skills to travel independently post-16. Funding is for a centrally based ITT co-ordinator post and a bank of travel trainers on zero hours contracts to either directly deliver travel training to young people or support schools	11% (24) of young people 16+ with SEND will be successfully travel trained in the first full year, achieving a saving of £128k in one year. This will become a permanent saving and is likely to increase year on year as independent travel training becomes a standardised approach to post-16 transport for SEND young people. Young people will develop life skills that will support them to prepare for adulthood and enable greater independence.
Prevent children and young people becoming Looked After	£57	£25k for re-tendering of Supporting People contracts: A part-time post on a fixed term contract for one year to support and undertake the activities to review all Supporting People contracts across the Council and retender them.	Without this review, we may suffer reduction in resources and capacity or face incidences of supported housing provider failure and an increase in homelessness (increasing the number of Looked After Children), along with significant risks to the Council's reputation if services for homeless young people and adults are not provided.

		£32k to extend the SPACE programme pilot: Extend the SPACE Programme pilot for post-October to 2016/17 year-end to enable a full year of direct work to be evaluated for impact	Avoid 7 babies being taken into the care system per year, resulting in a 6 month investment saving of £155k.
Reduce the cost of placements for Looked After Children	£184	Looked After Children Commissioning Strategy - £60k for adaptation and refurbishment of a number of Council owned properties: Three properties owned by Cambridgeshire County Council have become vacant, or are becoming vacant over the coming months. Funding some adaptations and refurbishment of these properties presents an opportunity to increase the in-county accommodation capacity for children who are looked after.	15 extra in-county placements resulting in a saving of £1,679k per year compared to placements currently being funded for these young people
		Looked After Children Commissioning Strategy - £50k to adapt Havilland Way: A one off investment of £50k to adapt an annex at Havilland Way to make it suitable for use as an emergency placements for children and young people with learning disabilities	Based on recent numbers of young people requiring emergency placements (4 per year), there would be an annual saving of £243k for an investment of £50k, plus savings from young people being placed in Cambridgeshire rather than out of county as is the case now
		Looked After Children Commissioning Strategy - £74k to increase the capacity of in-house foster caring: An investment to support the implementation of the in-house fostering action plan. Targets are extremely challenging, particularly the early years. Dedicated resource to drive forward the action plan and to increase the resources available for marketing and recruitment activities is needed to establish momentum.	Increase number of 52 week in-house foster care placements by 56.92 in 2016/17, resulting in a saving of -£1,976k
Child Sexual Exploitation (CSE) Service	£250	Voluntary sector support to undertake missing interviews and to provide an intensive support service for young people at greatest risk of CSE.	
Total new bids	**£791**	New proposed schemes funded from earmarked CFA reserves	
Total CFA bids	**£3,308**		

Proposal Title	Area of Service	Investment Amount £'000	Description
Continuing ETE reserves			
Carry forward of Flood Risk grant funding for Kings Hedges Flood Risk management project.	Growth & Economy	42	CCC contribution to Environment Agency scheme due to be spent in 16/17. Not spending it would mean we lose the opportunity to improve flood protection for homes in Kings Hedges and the County Council may be expected to repay the grant.
Carry forward of Community Transport residual (balance of £500k) that was allocated at Full Council in February 2014 Combined with CFT allocation.	Passenger Transport	346	Residual funding allocated to develop alternative community transport models of operation. If approved by E&E Committee, £125K of this will be allocated to offset for one year only the saving to non-statutory concessionary fares (B/R 6.204).
Cambridgeshire Future Transport (CFT) - carry forward of 2014/15 underspend. Combined with Community Transport allocation.	Passenger Transport	216	Residual funding allocated to develop alternative community transport models of operation.
Cleaning of archive material	Community & Cultural Services	65	Funding necessary prior to relocation of the archive to Ely. This is not part of the capital expenditure of relocation.
Cambridgeshire County Council contribution to the Joint Strategic Planning Unit for Cambridgeshire.	Growth & Economy	15	£14,850 is needed to fund the County Council's contribution to the JSPU in future years. This delivers joint work on infrastructure and other strategic planning for the County Council and 5 district councils.
Investment to ensure delivery of ETE savings in the Business Plan	Policy & Business Development	75	To cover the costs of two posts in 16/17, to lead on transformation of key areas of ETE to deliver Business Plan savings. Two officers are already in post.

Project support for Library Review	Community & Cultural Services	71	To achieve Business Plan savings. Combined costs for staff supporting the Library Service Transformation over a two year period, including consultant fees, Project Support Officer and Transformation Manager. This will achieve over £1m year on year savings.
Community Hub Programme Manager	Community & Cultural Services	36	This role is the continuation of the Community Hubs Programme Manager role. Delivers corporate objectives.
Waste PFI	Assets & Commissioning	300	Legal and technical advice for the Waste PFI contract
Renewal of Highways Services contract	Assets & Commissioning	80	Specialist consultancy services to support the development of the future Highways services contract to achieve improved service outcomes and future financial savings.
Development of LED lighting options for street lighting	Assets & Commissioning	200	Until recently, it has not been cost effective to install LED lanterns to lighting columns. The cost of LEDs has now reduced significantly and this one year funding is required to deliver LED lighting on appropriate columns.
Transport Strategy Modelling, Analysis & Development	Transport Infrastructure Policy & Funding	60	Transport Modelling, analysis, strategy development plus consultation to support development of district wide Strategies and local plans for Huntingdonshire and East Cambs
Lane rental implementation costs	Local Infrastructure & Street Management	150	To achieve future Business plan proposals, which are expected to generate income in excess of £1m.
Highways Records Digitisation	Assets & Commissioning	45	This will complete the delivery of digitalisation of our highways asset records, improving efficiency and customer access to information. Currently approximately 2/3 complete.
Total existing schemes		**1,701**	

Proposal Title	Area of Service	Investment Amount £'000	Description
New Bids			
Sawston Library – costs of temporary Library	Community & Cultural Services	24	Scheme delayed resulting in a longer period until the new hub is built.
Asset Management	Assets & Commissioning	100	Work required to be able get from level 2 to level 3 rating to achieve £1m additional funding
Modify Park & Ride (Cambridge) ticket machines to wave and pay	Passenger Transport	135	Existing chip and pin credit/debit card units will require replacement as existing units are becoming obsolete. Upgrading 27 ticket machines to accept wave and pay and chip would speed up transaction times for passengers.
Strategic Transport Corridor Feasibility Studies	Transport Infrastructure Policy & Funding	200	To undertake early stage feasibility studies to build on the Long Term Transport Strategy and identify options to address those parts of the strategic highway network where lack of capacity is restricting continued economic prosperity. The priorities to be set and work overseen by Economy and Environment Committee
Cromwell Museum – Replacement of air conditioning unit	Community & Cultural Services	21	Outstanding commitment to replace the air conditioning unit to ensure the new trust gets off to a good start rather than starting with a debt.
Winter Maintenance – investment to achieve future savings	Local Infrastructure & Street Management	171	Brine tank work to bring the tanks up to specification make them more secure from any misuse and that the liquid brine they output is fit for purpose. Weather forecast Stations; new one at Warboys so that the domain forecasting to create savings can be initiated ready for this winter season, and upgrade/renew weather forecast stations at Littleport and A141 Ringsend, which are both twenty years old and at end of serviceable life.
Smart energy grids – Park & Ride sites	Growth & Economy	100	Cost of feasibility and business case development for energy generation and storage projects on two park and ride sites. This work will look to draw down £2.3million ERDF grant and will be repaid through the revenues generated by the project, if successful.
Total new bids		**751**	
Total ETE bids		**2,452**	

APPENDIX 5 – BUDGET VIREMENTS WITHIN CFA

A number of suggested budget transfers between different areas of the CFA directorate were shared with Service Committees in May.

There are some areas where a recurrent or structural underspend has been identified and confirmed since the Business Plan for 2016/17 was developed. Consideration has been given to transferring this budget away from the underspent service area to alleviate pressures arising in other areas. In this way resources can be moved to where they are needed. This review of year-end variances forms part of the “finance and budget” theme within the Corporate Transformation Programme.

General Purposes Committee is asked to consider and approve the budget virements between services within CFA, as set out below.

Area	Budget increase £’000	Budget decrease £’000	Reasoning
Older People’s Services		-£950	Care spending and client contribution levels are significantly ahead of the target as at April 2016, due to forecast improvements in the final quarter of 2015/16. There are around 100 fewer Older People receiving domiciliary care than when the business plan model was set. Higher levels of client contributions were collected from Older People in 2015/16 than had been anticipated at the time the Business Plan was set, making this budget decrease possible.
Looked After Children Placements	£950		Starting position in April 2016 reflects higher demand than anticipated when the budget was set
ASC Practice & Safeguarding: Mental Capacity Act – Deprivation of Liberty Safeguards		-£200	Commitments following budget build suggest there is surplus budget in 2016-17, ahead of planned timing of reduction.
Learning Disability Partnership	£200		Anticipated pressure against delivery of care plan savings level, which cannot be met through alternative measures within the LDP. Alternative measures have identified additional underspends through regulating price increases for the living wage and anticipated staffing vacancies, however this is less than the £1.4m pressure (requiring this virement and leading to a forecast overspend) we anticipated on the level of savings achievable through care reassessment and renegotiated (target is £5.2m).
Home to School Transport Mainstream		-£310	Starting position in April 2016 reflects lower demand than anticipated when the budget was set
Children’s Social Care, SENDIAS and Youth Offending	£310		New services pressures confirmed after the Business Plan was set.
Subtotal	**£1,460k**	**-£1,460k**	

DETAILED BUSINESS CASE FOR THE DEVELOPMENT OF AN AGENCY COMPANY WITH CAMBRIDGESHIRE COUNTY COUNCIL

To:	**General Purposes Committee**
Meeting Date:	**26 July 2016**
From:	**LGSS Director of People, Transformation and Transactions and LGSS Head of Procurement**
Electoral division(s):	**All**
Forward Plan ref:	**2016/032** *Key decision:* **Yes**
Purpose:	**This report sets out the business case for working with Suffolk County Council (via Opus People Solutions) on the future arrangements for the supply of agency resources.**
Recommendation:	**The Committee is recommended to:**

a) Authorise the LGSS Managing Director, in consultation with the Chairman of the General Purposes Committee and Section 151 Officer, to enter into an agreement with Suffolk County Council (Via Opus People Solutions) to supply Agency Workers to Cambridgeshire County Council (CCC) from the1st of January 2017;

b) Authorise the LGSS Managing Director, in consultation with the Chairman of the General Purposes Committee and Section 151 Officer, to also negotiate a longer term agreement with Suffolk County Council (Via Opus People Solutions) whereby CCC and other potential strategic partners agree a "sharing in success" business model which would result in future increased savings to CCC and the wider partners;

c) Approve the extension of the current Agency Worker contract with Guidant until 31 December 2016 to enable the implementation of the arrangements with Opus People Solutions; and

d) Authorise the LGSS Managing Director, in consultation with Chairman of General Purposes Committee and Section 151 Officer, to negotiate and execute all the necessary documents to extend the existing contract with Guidant and set up all the joint arrangements and appropriate company structures with Opus People Solutions including those with the extended supply chain.

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1. BACKGROUND

1.1 Agency workers are currently provided by Guidant, who as a Managed Service Provider (MSP), secure agency resources from a wide range of agency companies that they manage on our behalf. This contract expires on 31/8/2016 although an extension option is built into the current contract.

1.2 This contract was awarded in 2014 and benefits from the economies of scale of being with the same supplier as other LGSS Partners and has delivered savings to CCC compared to the previous standalone alone contract arrangements.

1.3 The projected £4.25m annual cost in CCC for agency resource is made up of two main elements, the pay to the individual, which represents approximately 85% of the cost, with the remaining 15% being paid as a fee to the supply chain for providing the agency resource. This paper focuses on the options to reduce the 15% of supply chain costs that equate to circa £0.65m annually in CCC. It should be noted that the £0.65m supply chain costs cover the staffing, system, overheads and profits of both Guidant as the MSP and the agencies within the wider supply chain.

1.4 Agency workers are used across the Council to cover vacancies that are often for statutory services and services which require minimum staffing levels. In addition agency workers are used where additional resource is needed on an interim basis. The main spend area is social workers, with other areas including care workers and professional and administrative resources.

1.5 LGSS Human Resources will continue supporting CCC to exploit further opportunities to reduce their reliance on agency workers i.e. the 85% of the cost incurred through improving targeted recruitment and retention strategies and wider workforce planning interventions with the aim of building a more sustainable permanent workforce for the future.

2. MAIN ISSUES

2.1 The Committee asked Officers to explore further the opportunity to enter into an arrangement with Opus People Solutions (Opus) who are owned by Suffolk County Council (SCC) and who currently supply agency workers to SCC. Since this was discussed at Committee, officers have met with the Chairman and Operations Director of Opus People Solutions to explore the opportunities for CCC to utilise this model, with the aim of reducing the 15% supply chain costs which CCC currently incurs through the Guidant contract. Officers have also explored the potential for further savings through expanding this arrangement to others partners such as Peterborough (PCC), Northamptonshire (NCC) and Milton Keynes (MKC) with a "sharing in success" business model. Discussions have been held with PCC, NCC and MKC, all of whom have expressed an interest in this wider partnership model. However, their current provider contracts do not end until later in 2017 so this paper outlines a recommendation for a two-staged approach.

2.2 Stage one, which could be effective from 1st January 2017, would involve working with Opus who would supply CCC with all their agency worker requirements either directly or through the wider supply chain set up to cover demand that Opus cannot satisfy directly. Having discussed this with Opus we are confident that this would bring immediate savings to CCC estimated to be in the region of £0.45m over the first three years of operation, over and above any anticipated set up costs and by circa £1m over a full five year period. The model assumes Opus increasing over time the percentage of agency workers provided by direct supply versus those supplied via the wider supply chain. These assumptions have been modelled on the basis of evidenced experience of Opus now providing nearly 25% of agency social workers via direct supply into SCC having started to supply agency social care workers in November 2015.

2.3 Stage two would involve negotiating a wider "success in growth" partnership model with Opus and some or all of the interested parties referred to in paragraph 2.1. This model, if agreed, would bring further savings to CCC estimated to be in the region of £0.5m over the full five year period should all the other parties join. The further estimated savings in Stage 2 are based on the further economies of scale gained and the gradual increase in the percentage of agency workers provided directly by Opus.

2.4. The proposal to work with Opus is based on achieving three primary objectives:

- To have greater influence over the wider issues including the quality and pay of agency workers in specific categories such as social workers as well as to support the overall workforce strategy;
- To provide financial savings by reducing the £0.65m annual supply chain costs associated with securing agency staff;
- To ensure continuity of supply of agency workers, who are often required at short notice in key roles.

2.5 A table showing a summary of the estimated financial benefits to CCC of the approach compared to current costs both for a scenario where only CCC participates (Stage 1) and also in a scenario (Stage 2) where other authorities also participate from August 2017 at the end of their current contracts, is attached as **Appendix 1**. The assumptions upon which these figures have been based on are shown within **Appendix 2** and these have been reviewed and validated with the Head of Finance and Performance on behalf of the S151 Officer.

2.6 The alternative of CCC creating their own Agency Company was discounted as it would take longer to set up and become fully effective, would not have the same economies of scale and would be less attractive for agency workers to sign up to. The other alternative would be for CCC to simply go out to procurement for a replacement managed service provider similar to the current Guidant model. However, it is unlikely as a single stand alone authority that CCC could command the buying power it currently demands through its joint arrangements with other LGSS partners as CCC only represents circa 20% of the overall spend of the current contract. Other LGSS partners already have existing contracts or have extended their current arrangements until August 2017 and have indicated that they would be unlikely to enter into a similar framework agreement going forward, expressing a desire to explore the partnership model with Opus.

2.7 It is estimated that the re procurement option would take approximately 4 months to complete from the date of the decision to proceed i.e. July 2016 and potentially longer if the supplier changed from Guidant as part of that process.

2.8 To minimise the risk of any continuity of supply of agency workers during the move to the new arrangements we propose a four month extension to the Guidant contract from 31 August 2016 (its current end date) to the 31st of December 2016. Below is an outline of the implementation plan and timescales to demonstrate why such an extension would be required. Opus has advised us that this is the shortest possible time to implement this arrangement, based on their previous implementation experience with Suffolk.

Table 1 – High Level Implementation Plan

Step	**Start & Completion date**
Configure recruitment software including business workflows, loading role types and rates, setting up hierarchies for approvals and cost structures for reporting	1/8/16 – 30/11/16
Set up the appropriate arrangements with Opus	1/8/16 – 31/12/16
Communicate with and sign up extended supply chain to provide roles Opus cannot fill directly	1/8/16 – 31/12/16
Communicate changes with hiring managers and supply chain	On-going
Training of hiring managers on new arrangements including use of new software to enable self service	1/12/16 –24/12/16
Recruit two locally based recruitment specialists who will be responsible for signing up agency workers to enable direct supply	1/8/16 – 30/11/16
Go live with Opus for new agency worker bookings	1/1/17

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

The proposal is aimed at improving the quality of agency workers used and supporting the creation of a more able and capable workforce who will directly support and protect vulnerable people. The development of this option will be linked to the recruitment and retention strategy for social care services.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

Based on the assumptions of future agency worker usage it is anticipated that the proposal will deliver savings of circa £0.45m over the first three years from full implementation and circa £1m over the first five years. In the event that other Local Authorities also choose to participate as detailed in 2.1 the benefits to CCC would increase from the increased economies of scale and the likelihood of achieving a higher level of direct supply by more agency workers signing up.

4.2 Statutory, Risk and Legal Implications

This proposed short term contract extension with Guidant will follow the relevant Procurement and Financial Regulations of the Council. Appropriate advice will be taken in relation to any future partnership or new company structure arrangements with Opus to ensure any risk or legal implications are addressed.

Details of the risks identified and proposed mitigations are detailed in Appendix 2.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	**Location**
Report to General Purposes Committee relating to Recruitment and Retention Strategy Social Care Services	FINAL Recruitment and Retention Strat
Appendix 1 – Summary of Estimated Financial Benefits	Appendix 1 GPC Agency 26 July.xlsx
Appendix 2 – Assumptions on which Business Case has been developed and risks and proposed mitigations associated with this proposal	Appendix 2 - GPC 26 July Agency.docx

Draft Summary of Estimated Financial Benefits compared to Managed Service Provider (MSP) Contract.					**Appendix 1**	
CCC Current Position via MSP (Via Guidant) agreement using projected 16/17 Agency Worker Usage	**Current Annual Costs**					
Pay to Individual Agency Worker	£3,600,000	N/A	N/A	N/A	N/A	
Total Supply Chain Costs to CCC (includes MSP fee and extended supply chain fees)	£648,000	N/A	N/A	N/A	N/A	
Total Cost to CCC (using projected 16/17 agency usage)	£4,248,000	N/A	N/A	N/A	N/A	
Option 1 Re Procure new MSP for CCC only	**Year 1 Costs**	**Yr 2 Costs**	**Yr 3 Costs**	**Yr 4 Costs**	**Yr 5 Costs**	**Total**
Pay to Individual Agency Worker	£3,600,000	£3,600,000	£3,600,000	£3,600,000	£3,600,000	£18,000,000
Total Supply Chain Costs to CCC (includes MSP fee and extended supply chain fees)	£648,000	£648,000	£648,000	£648,000	£648,000	£3,240,000
Total Cost to CCC	£4,248,000	£4,248,000	£4,248,000	£4,248,000	£4,248,000	£21,240,000
Projected Saving to CCC	£0	£0	£0	£0	£0	£0
Option 2 Partnership with Opus (CCC only) Stage 1	**Year 1 Costs**	**Yr 2 Costs**	**Yr 3 Costs**	**Yr 4 Costs**	**Yr 5 Costs**	**Total**
Pay to Individual Agency Worker	£3,600,000	£3,600,000	£3,600,000	£3,600,000	£3,600,000	£18,000,000
Total Supply Chain Costs to CCC (includes Opus fee and extended supply chain fees)	£635,400	£437,040	£396,720	£361,440	£361,440	£2,192,040
Total Cost to CCC (using projected 16/17 agency usage)	£4,235,400	£4,037,040	£3,996,720	£3,961,440	£3,961,440	£20,192,040
Projected Saving to CCC Compared to MSP Model	**£12,600**	**£210,960**	**£251,280**	**£286,560**	**£286,560**	**£1,047,960**
Option 2 Partnership with Opus incl CCC with MKC, NCC joining Aug 17 - Stage 2*.	**Year 1 Costs**	**Yr 2 Costs**	**Yr 3 Costs**	**Yr 4 Costs**	**Yr 5 Costs**	**Total**
Pay to Individual Agency Worker	£3,600,000	£3,600,000	£3,600,000	£3,600,000	£3,600,000	£18,000,000
Total Supply Chain Costs to CCC (includes Opus fee and extended supply chain fees)	£556,440	£340,351	£300,031	£259,711	£259,711	£1,716,244
Total Cost to CCC (using projected 16/17 agency usage)	£4,156,440	£3,940,351	£3,900,031	£3,859,711	£3,859,711	£19,716,244
Projected Saving to CCC Compared to MSP Model	**£91,560**	**£307,649**	**£347,969**	**£388,289**	**£388,289**	**£1,523,756**

Note * - The projected benefits to CCC under Stage 2 are based on current forecast agency usage in MKC and NCC that may change that could alter the additional benefits to CCC. The additional benefits to CCC are based on the increased economies of scale gained and slightly higher assumptions on the level of direct supply into CCC

Appendix 2

1.0 Business Case Assumptions

The Business Case has been developed in collaboration with Opus and the key assumptions are detailed in the table below:

Table 1 – Assumptions used in development of Business Case

Assumption	Comment
The proposal is based upon Opus being able to sign up and provide agency workers directly to CCC. The financial savings are based on the assumptions on the share of direct supply detailed in Table 2 below. The % figures used for direct supply of social workers are slightly lower than those achieved in SCC to reflect the fact that Opus were already an established brand in Suffolk which will not be the case in Cambridgeshire	The figures are based on the experience of Suffolk CC over several years for agency workers for admin and professional staff and in the case of social workers since November 2015. As at June 2016 nearly 25% of new social worker placements are being made via direct placements. The proposal includes Opus recruiting two recruitment specialists based in Cambridgeshire to support the sign up of agency workers The assumptions include the scenario of only CCC participating, as well as the scenario under stage 2 where more authorities join, that will make the agency (Opus) more attractive for agency workers to sign up to.
The assumptions on the extra staff required to manage the additional agency requirements from CCC have been provided by Opus. Any potential TUPE implications from existing Guidant staff will also need to be considered.	The basis of the proposal is to have a small local presence in Cambridgeshire as described above with other back office functions being performed in Suffolk to minimise costs. It is not envisaged there will be any TUPE implications under Stage 1 but this may be a consideration under Stage 2
The working assumption is that bookings for agency staff will be made on- line with only occasional bookings be being made via phone as is the case in Suffolk	In the event that CCC make the majority of bookings being made via phone this will require additional back office resource at Opus that will reduce annual savings by up to £30,000 p.a.
The assumptions on future agency spend are based on current spend levels less existing committed reductions in the use of social workers and therefore any further reduction in agency numbers will reduce the supply chain savings detailed.	In the event that agency usage/spend falls within CCC the benefits outlined in this paper would fall although the overall costs to CCC will fall directly as a result of using less agency staff. The approach with a number of other partners reduces the risks associated with a reduction or increase in demand by any individual authority

The figures for stage 2 are based on MKC and NCC participating. Whilst this is supported at Officer level it does require Cabinet approval in each authority and the future assumptions on agency numbers may change particularly in NCC. Discussions are also underway with Peterborough but at this stage their volumes have not been included in the assumptions in Appendix 1. It is anticipated however that this would only make a marginal difference to the benefits for CCC.	MKC Officer and Cabinet Member briefed. Will require Cabinet approval that will be sought by the end of 2016. The current contract arrangements in MKC end on 31/8/17. NCC Cabinet approved the extension of the Guidant Contract until August 17. Commitment to take back business case based on working in partnership with Suffolk by the end of November 16.
The implementation will require support from HR, Finance, Procurement, IT and service users	Dialogue and input has already been sought and this will continue

Table 2 – Assumptions on the % share of agency workers provided directly by Opus over five year period

Average % of agency workers provided direct by Opus (Start Jan 17) under Opus Model CCC only – Stage 1	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Social Workers (c70% of value)	10%	30%	40%	45%	45%
Others (c30% of value)	25%	60%	65%	75%	75%
Average % of agency workers provided direct by Opus (Start Jan 17) should participation from MKC and NCC also be agreed from August 2017- Stage 2 Case	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Social Workers (c70% of value)	12%	35%	45%	55%	55%
Others (c30% of value)	28%	66%	75%	80%	80%

The assumption of the increase in direct supply under stage 2 is based on the Agency being more attractive to agency workers to sign up to as they will be able to work across multiple authorities.

2.0 Benefits and Risks associated with Proposal

The major advantages of the proposed two stage approach with Opus are:

- Opus has been operating successfully for a number of years and supply c£10m annually of professional and admin agency workers and have now extended this to include social workers into Suffolk CC from November 2015. They have established systems and processes in place that will enable implementation and the benefits to be realised earlier than a standalone implementation;
- By entering into an agreement with Opus and a wider range of partners under stage 2 we will secure greater economies of scale both from a staffing perspective and system costs;
- An Agency company covering multiple partners will be more likely to attract candidates to sign up for the agency thereby increasing the lower cost direct supply especially for areas where candidates are prepared to travel such as social workers and professional staff;
- An agency involving other partners across a wide geographical region is more likely to be able to influence the market forces of supply and demand which are driving up hourly rates and the cost of agency worker pay, as well as shaping wider issues associated with recruitment and retention;
- In the event that more partners and customers join, CCC will benefit directly from a lower unit cost being achieved via the proposed share in success business model;
- The approach of working with other partners is more viable than a 'standalone' agency for a single local authority.

Table 3 Risks identified and proposed mitigation are:

Risk	Proposed Mitigation
The business case is based on a number of assumptions including the gradual increase of agency workers being supplied directly by Opus. This is also based on assumed CCC demand levels for agency workers remaining static over the next 5 years.	All the assumptions have been developed and tested with Opus based on their direct experience with Suffolk CC. The assumptions have also been reviewed with and validated by the Head of Finance and Performance. The arrangement will include KPI's based on the assumptions and if the targets are not met then CCC would have the option of looking at alternative arrangements. The assumptions on CCC demand levels have taken account of CCC plans to reduce the use of agency workers during 2016/17.
The current contract arrangement with Guidant and their extended supply chain generally provides security of supply for agency workers who are often required at short	The proposed arrangement is based on Opus securing and providing agency workers directly where possible, with the balance being supplemented by an extended supply chain. Opus have a robust framework in place with the extended supply chain

notice. In addition suppliers from the existing supply chain managed by Guidant will not sign up to the new arrangements and will try to increase their margins as they will be getting a smaller share of the market in future.	already that includes a vetting process to ensure the suppliers meet the quality standards required. It is possible that some of our existing supply chain will not sign up but given the range of market providers it is felt there will be sufficient suppliers prepared to sign up to maintain supply. Opus currently have over 100 suppliers signed up.
The proposed approach will reduce the supply chain costs associated with securing agency staff but will not directly change either the demand for agency workers or the direct pay they receive	LGSS HR will continue to support CCC to exploit further opportunities to reduce their reliance on agency workers through the overall workforce strategy including the targeted recruitment and retention strategies and improved workforce planning. LGSS HR have also worked with the service to benchmark CCC pay levels against the market and make appropriate adjustments to ensure CCC remains an employer of choice.
The proposed approach involves Opus signing up agency workers to work in CCC and utilising support contracts procured by Suffolk CC to cover demand Opus cannot satisfy and this approach does carry some procurement risk	Assurance will be required that the external contracts that CCC will benefit from are available for CCC to use and if this is not the case, CCC will need to procure and contracts for these services directly and assign these contracts, if necessary. Appropriate joint arrangements will need to be put in place with Opus that may include the creation of a jointly owned Agency Company that could be expanded upon in Stage 2.
Anticipated that the proposal will deliver both financial and non financial benefits but these are dependent upon the assumptions used being correct.	It is proposed that the Stage 1arrangement with Opus has specific targets relating to savings and performance and in the event that these are not met the agreement will include the option of CCC terminating the arrangements with Opus.
The anticipated benefits under Stage 2 are subject to current assumptions on agency numbers in MKC/NCC and them joining the arrangement and successfully negotiating an agreement with all parties that will require Cabinet approval in those authorities.	If the Stage 2 arrangements do not materialise then CCC would have the option of terminating or continuing with the Stage 1 arrangement. The agency numbers in MKC and NCC have been forecast based on current estimates but particularly in NCC may change in the future that could impact forecast savings.

Agenda Item No: 7

TOTAL TRANSPORT PROPOSAL

To:	**General Purposes Committee**
Meeting Date:	**26 July 2016**
From:	**Executive Director: Economy, Transport and Environment**

Electoral division(s): **Those divisions substantially affected by the proposal are:**

- **Ely North & East**
- **Ely South & West**
- **Haddenham**
- **Littleport**
- **Soham & Fordham villages**
- **Sutton**

In addition a small number of individual residents of the following divisions may be affected, in so far as transport to Highfield Special School is referred to within the proposal and some pupils reside outside of the pilot area. Additionally a small number of adult social care users travel from outside of the pilot area into day centres in Ely.

- **Burwell**
- **Chatteris**
- **Cottenham, Histon & Impington**
- **Forty Foot**
- **King's Hedges**
- **March East**
- **March West**
- **Romsey**
- **Somersham & Earith**
- **Waldersey**
- **Waterbeach**
- **Willingham**
- **Woodditton**

Forward Plan ref: **2016/038** *Key decision:* **Yes**

Purpose: **The Committee is asked to consider the revised proposals arising from the Total Transport pilot project in the northern half of East Cambridgeshire. The original model which was discussed at the Committee's meeting on 15 March 2016 has been reviewed in light of a public consultation, a formal procurement exercise, and further discussion with both the Total Transport Member Steering Group and Group Leaders.**

Recommendation: **It is recommended that the Committee:**

a) notes that revised school bus networks will be introduced in the pilot area from September 2016, along with smartcard technology, and instructs officers to continue to maximise the efficiency of these networks based on the principles set out in this report;

b) supports the implementation of a new Flexible Minibus Service in the pilot area from January 2017, replacing existing contracts/grants for day centre minibuses, dial-a-ride and once-a-week local bus services;

c) approves the award of the contract(s) necessary to achieve recommendation (b);

d) agrees that discounts for concessionary pass holders on the Flexible Minibus Service should be the same as the discounts funded by the County Council on community transport services; and

e) requires a report to be presented to this Committee (and shared with Adults Committee, for information) by the end of 2016, setting out the results of a detailed assessment of the costs and benefits of altering day care session times to allow transport provision to be integrated with special needs school transport.

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1. BACKGROUND

1.1. In 2015 the County Council was awarded central government funding of £460,000 to research, design, implement and evaluate a Total Transport service in a pilot area.

The Total Transport Concept

1.2. The question posed to authorities implementing a Total Transport service is whether a better value model can be created by reviewing all transport together and establishing an integrated approach to planning and delivery. The Council is required to report back on this to the Department for Transport by March 2017.

1.3. Currently, the Council issues separate contracts for different transport services, and pays for each on a standalone basis. A minibus may therefore be booked with one company to undertake a school journey at full price, with a second company being contracted by the Council's social care team to do a nearby journey, also at full price. Different levels of integration are possible – from using a single (larger) vehicle to transport both groups at the same time, to amending journey times so that one vehicle can do the second trip straight after the first, to simply issuing a tender for both routes together and seeking economies of scale in the pricing.

1.4. In rural areas in particular, integrating the provision of transport could allow scarce resource to be used more efficiently. This could provide some protection for services despite financial pressures. This is particularly important in light of the reduction in the public transport budget set out in the business plan, which will see funding reduced to around one third of its current level by April 2018.

Preparing This Proposal

1.5. The proposals made in this report have been developed from the initial paper considered by the Committee on 15 March 2016. Since then, a public consultation and a procurement process have been undertaken. There have also been further meetings of the Total Transport Member Steering Group, to which those members local to the pilot area have additionally been invited.

1.6. The discussion originally scheduled for the Committee's meeting on 31 May was deferred, to ensure that all the necessary information was available prior to a decision being taken.

1.7. The headline results of the consultation are set out in **Appendix 2**.

1.8. The cost of the proposed Total Transport service is set out in confidential **Appendix 4**.

2. MAIN ISSUES

2.1 There were four elements to the original Total Transport proposal presented in March: a flexible minibus service; fixed bus routes; a social car scheme; and a booking & information centre. As a result of the public consultation and in light of the amended timescale for the project, a phased implementation is now proposed, with an initial focus on fixed bus routes from September 2016, and on the flexible minibus service from January 2017.

Fixed Bus Routes

2.2 Approximately half of the County Council's transport spend, whether in the pilot area or county-wide, is on mainstream home-to-school transport.

2.3 As part of the Total Transport project, a significant amount of time has been invested in reviewing the networks around Ely College, Soham Village College and Witchford Village College. The focus has been on changing routes to improve efficiency and on combining contracts wherever possible (if necessary this may require vehicles to arrive at or depart from schools slightly earlier/later than at present, but still within a 20 minute window).

2.4 The revised networks which will be implemented from September 2016 offer a financial saving of around 10%; more data is provided in Appendix 4. This compares with a 2.5% saving secured last year by the standard review process. The conclusion of this element of the project is that providing sufficient resource and suitable tools for rescheduling is likely to deliver a good return on investment. The purchase of an additional module for the ONE package from Capita in early 2017 is being funded from the Total Transport grant and is expected to support this work for September 2017.

2.5 The work referred to in 2.3 has still been based on the assumption that most eligible pupils travel each day; a small number of routes have more pupils allocated than seats, however across the three networks the load factor is expected to be around 94%. As an additional strand of Total Transport, smartcards are being introduced on school buses in the pilot area from September to record actual passenger numbers. If this data confirms that a consistent percentage of eligible pupils do not travel, then it would be possible to reduce the network capacity with minimal risk. This issue has been actively discussed at the Home to School Project Board since December 2015, and has the potential to be applied beyond the pilot area from September 2017.

2.6 The possibility of merging current local bus routes and school bus services was raised in the public consultation. Mixed opinions were expressed, with 56% supportive and 39% disagreeing. This approach has therefore not been applied as a matter of principle across the network, but the option has been taken up where there is a specific reason for doing so. This will initially result in a small overload on the school bus from Little Downham to Ely College being allocated to public bus service 125, and in a local discussion about whether the Ely Zipper timetable can be amended to incorporate Witchford Village College.

Flexible Minibus Service

2.7 The flexible minibus service (FMS) would be a new way of delivering door-to-door journeys to all members of the community. It would combine the resource currently committed to: day centre minibuses; dial-a-ride grants; once-a-week local bus services; and one route to Highfield Special School. Passengers would book in advance, based on either recurring or one-off journeys. The vehicles would then be scheduled as efficiently as possible, collecting passengers travelling for different reasons at the same time, if their journeys overlap.

2.8 An initial fleet of four minibuses would be allocated to the FMS in the northern half of East Cambridgeshire. The costs are set out in Appendix 4; this is considered confidential as it includes tender prices submitted through the formal procurement process, which is still live.

2.9 By using wheelchair-accessible minibuses crewed by a driver and a passenger assistant, a high level of service would be provided. Those residents requiring assistance that is not always available on a standard bus or taxi would be able to travel on the same service as their neighbours. It would be designed to be open and accessible to all members of the community.

2.10 By opening up the vehicles to all members of the community in this way, and by focusing on accepting as many bookings as possible, the situation would not arise where seats are empty even though people want to travel, just because certain eligibility criteria are not met. The focus of the service would be on helping as many people to travel as possible – so it could include residents or tourists travelling from Ely out to places like Wicken Fen; the current services are only really designed for travel to Ely.

2.11 By making the FMS a pre-booked service, and by using modern scheduling software to help plan journeys, there could be confidence that vehicles would only be sent where they are needed and that duplication would be avoided. Although booking in advance is a different way of doing things for some users, it would help ensure vehicles are scheduled efficiently, avoiding wasted fuel, emissions and time.

2.12 By doing all of these things, a service could be developed that meets the needs of as many residents as possible, by getting the maximum benefit from an agreed number of vehicles. Priority would be given to adult social care users and Highfield Special School pupils, followed by those with limited mobility who would be less able to use other types of transport.

2.13 This principle of building a service around adult social care/special school journeys (which the County Council will need to continue providing), and then opening that service more widely, will help maintain access for residents without a bus route – noting that the planned reductions to the passenger transport budget are likely to increase the number of people falling into the latter category.

2.14 The fully integrated Flexible Minibus Service originally proposed on 15 March 2016 would also include all special educational needs (SEN) school transport to Highfield School. This would require immediate changes to day centre times; the public consultation indicated this would cause significant issues. Pending the report proposed in 2.15 below, it is intended that only one SEN route will be included in the initial FMS, but that contractual arrangements for the remainder will be such that future incorporation into the FMS is possible.

2.15 A full assessment of the costs and benefits of changing day centre session times should be undertaken, exploring the question of what additional support would be required to minimise the impact on service users, and establishing whether it offers a net overall benefit. It is suggested that a report to this Committee is required at either the September or November meeting.

2.16 The proposed approach is therefore for phased implementation, with a new contract issued for four vehicles to be allocated to the FMS from January 2017. This would represent a partial award of the tender issued in April 2016; such a decision is in accordance with the County Council's procurement process, and all bidders have confirmed their willingness to accept a contract on this basis, if offered.

Social Car Scheme

2.17 The Social Car Scheme currently provided by Voluntary & Community Action East Cambridgeshire (VCAEC) is considered to be an important part of the transport mix in the pilot area. The County Council would therefore commit to continue funding the scheme and to working with VCAEC to develop its capacity.

Booking & Information Centre / Scheduling Software

2.18 In order to create efficient schedules, it is necessary to bring as many journey requests as possible together in one place, with skilled staff then using appropriate tools to allocate work.

2.19 The original proposals envisaged a dedicated Booking & Information Centre, delivered by an external contractor. The subsequent changes to the proposals (reducing the initial scope) and the procurement of a modern scheduling software package mean that the intention is now to undertake that role within the County Council. This represents a more affordable and flexible solution for the first phase of the project.

Concessionary Passes

2.20 The County Council is required to make a discretionary decision as to whether holders of English National Concessionary Travel Scheme passes should be accepted on the Flexible Minibus Service. The arrangements on each of the services it will replace are different – passes are not accepted on day centre transport; a 50% discount is given on community transport; and free travel is available on weekly bus routes.

2.21 The selected approach must be one that could apply county-wide if the Flexible Minibus Service were subsequently extended. In order to balance financial pressures and fairness, it is proposed that the policy on the FMS is set and kept in line with that on community transport. At the launch of the service, that would mean passholders paying 50% of the standard fare; this discount may be removed from April 2017 as a specific part of the business plan, and if so it is expected that the discount on the FMS would also cease.

Project Targets

2.22 The success of the Total Transport service would be judged against three criteria: the impact on the Council's total spending on transport in the pilot area, as set out in Appendix 4; the number of trips undertaken; and the satisfaction of service users. It is not necessarily expected that the number of trips would increase, however if the current patronage is maintained (whilst spending is reduced) this would be considered successful.

2.23 It is anticipated that once the Total Transport service in the pilot area is established and has been evaluated, options for rolling out this model across the county will be considered. It is, however, noted that new tenders for both ASC and SEN transport are being issued for January 2017; this may limit the potential for Total Transport principles to be applied more widely until the following retender of these services

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The following bullet points set out details of implications identified by officers:

- The Flexible Minibus Service may help younger residents access apprenticeships, jobs or training placements. This would benefit both individuals and businesses, by supporting access to a wider pool of employees or apprentices, including those for whom the cost and/or unavailability of transport are currently prohibitive. The revised proposals in this paper (compared with March 2016) include less scope for this, due to the focus on day centre journeys; in order to maximise these new opportunities, it will be important to broaden out the FMS as soon as concerns regarding changes to day centre times are resolved.

- Increased ability to travel to local shops and service providers may support the economy of East Cambridgeshire, by allowing residents to purchase from local businesses rather than relying on internet shopping or simply being unable to access town and village centres. Residents of Pymoor, for example, would gain an entirely new public transport service, whilst those in Wicken, Barway, Black Horse Drove, and other areas where there is only one return journey per week would now be able to travel on any weekday.

3.2 Helping people live healthy and independent lives

The following bullet points set out details of implications identified by officers:

- The Flexible Minibus Service would help residents to access services, including healthcare, social activities, work, education and day-to-day facilities (e.g. supermarkets). This would assist in reducing both the practical and emotional effects of isolation, particularly in remote rural areas. Benefits would apply across age ranges and levels of need.

- Existing services (including traditional dial-a-ride and patient transport) can achieve some of the same benefits. However eligibility criteria can act as a barrier to these services, and there will always be individuals who fall just the wrong side of the line. The flexible minibus service would remove these barriers, empowering all residents to access the services they need.

- Providing a transport service for all local residents (i.e. not segregated by age or mobility, for example) would support community cohesion and resilience. It may add value through increasing awareness of different needs, and supporting local solutions (both as a result of this awareness and by providing the means to access any new activities).

- Reducing duplication of journeys would minimise unnecessary vehicle emissions, offering a positive environmental and health benefit.

3.3 Supporting and protecting vulnerable people

The following bullet points set out details of implications identified by officers:

- Developing a sustainable model of integrated transport provision would help to protect access to services in the face of financial constraints.

- Focusing on a smaller number of contracts and services would increase the opportunity for a consistent standard of delivery, including accessibility and training requirements. Further, the scheduling software envisaged would allow needs and resources to be matched accurately, in a way that is not always possible with existing systems.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The following bullet points set out details of significant implications identified by officers:

- Appendix 4 sets out the forecast cost of the proposals.

- In order to administer Total Transport in an efficient manner in the long term, it will be necessary to create a new pooled budget, drawing on the separate funding currently held for education transport, social care transport, etc. This would represent a cross-service approach, demonstrating that solutions can be found to administrative issues, in order to allow practical changes to be made that cut across service areas.

- Integrating services would deliver best value for money, by avoiding duplication of journeys for purely administrative or eligibility reasons.

- The resources needed to implement Total Transport prior to March 2017 would be funded from the central government grant allocated to the County Council. The long-term structure would be built into the existing Passenger Transport Service, with a specific business case produced for any additional resource.

4.2 Statutory, Risk and Legal Implications

The following bullet points set out details of significant implications identified by officers:

- The Council has statutory obligations to provide certain types of transport, for example home to school transport for eligible pupils. The proposed services would continue to meet these legal obligations, with changes only being made to the method of delivery.

- Changing transport provision may generate criticism from some residents. The consultation work undertaken has identified many of these opinions in advance, and some respondents may be satisfied by the changes made to the original proposals. Others will continue to have negative views, which may or may not be changed by their actual experiences if the new services are introduced.

- Total Transport is a national initiative, and the Council would therefore be implementing a model that is in line with current Department for Transport expectations.

4.3 Equality and Diversity Implications

The following bullet points set out details of significant implications identified by officers:

- A Community (Equality) Impact Assessment was carried out for the 15 March report; this has now been updated in light of the revised proposals. This identifies broadly positive impacts, subject to the decision on concessionary fares and accepting that some residents will still consider the changes to be negative. This is included in Appendix 1.

4.4 Engagement and Consultation Implications

The report above sets out details of significant implications in Appendix 2.

4.5 Localism and Local Member Involvement

The report above sets out details of significant implications in 1.5, 2.6 and in Appendix 2.

4.6 Public Health Implications

The following bullet points set out details of significant implications identified by officers:

- The 2015 Transport and Health Joint Strategic Needs Assessment (JSNA) report identified that access to healthcare required particular attention. The new services, particularly the flexible minibus service, would provide new travel options for local residents needing to travel to their GP or the Princess of Wales Hospital, for example. Those with mobility issues, those living in rural areas, and those without access to private transport would benefit in particular.

- The commitment of the Clinical Commissioning Group (CCG) to support the provision of patient transport through the flexible minibus service represents a positive starting point for greater cooperation and integration between the Council and the CCG in respect of transport.

Source Documents	Location
Cambridgeshire County Council: Home to School/College Travel Assistance Policy (July 2015)	Room 020, Shire Hall, Cambridge www.cambridgeshire.gov.uk
Department for Education: Home to School Travel and Transport Guidance (July 2014)	Room 020, Shire Hall, Cambridge
Cambridgeshire Joint Strategic Needs Assessment (Transport and Health)	Room 020, Shire Hall, Cambridge www.cambridgeshireinsight.org.uk/jsna
Cambridgeshire County Council: Report to General Purposes Committee on Total Transport (15 March 2016)	Room 020, Shire Hall, Cambridge www.cambridgeshire.gov.uk

APPENDIX 1 - COMMUNITY (EQUALITY) IMPACT ASSESSMENT

Directorate / Service Area

CFA and ETE

Service / Document / Function being assessed

Total Transport *(note this is a pilot project, replacing existing school/college transport, social care transport, community transport and passenger transport services in a defined area)*

Officer undertaking the assessment

Name:	Toby Parsons
Job Title:	Transport Policy and Operational Projects Manager
Contact details:	01223 743787

Aims and Objectives of Service / Document / Function

To meet the Council's statutory and policy commitments in supporting the travel requirements of those needing to access services (including education, social care and healthcare) and of those wishing to travel for general purposes from rurally isolated areas. The intention is to support interventions that are already needed, and to take preventative steps that reduce the likelihood that future interventions will be needed (e.g. supporting individuals to maintain their independence).

What is changing?

The Council currently supports different types of transport service to meet specific needs, for example distinct home to school transport contracts and specific community transport grants. The current focus is on the needs of one group of service users; neither the planning nor the delivery of services is integrated across different groups.

The new service will consider all transport needs together and will seek to deliver an integrated model that improves efficiency. This may allow the impact of reduced budgets on the level of service to be softened.

From a practical perspective, the core of the proposal is to introduce revised networks of fixed bus routes; and replace a number of current small vehicle services with a new flexible minibus service. Following the consultation undertaken from March to May 2016, no significant changes to the times of day centre provision is proposed for the implementation phase of the project; this represents a change from the original proposals.

Who is involved in this impact assessment?

The assessment has been prepared by the Total Transport team, based on feedback received from service users (through surveys undertaken in January 2016 and a full consultation exercise from 18 March to 13 May 2016) and in anecdotal format via email or phone. It is underpinned by an analysis of the data relating to current transport.

What will the impact be?

Age	Neutral (balance of positive and negative)
Disability	Neutral (balance of positive and negative)
Gender reassignment	Neutral
Marriage and civil partnership	Neutral
Pregnancy and maternity	Positive
Race	Neutral
Religion or belief	Neutral
Sex	Neutral
Sexual orientation	Neutral
Rural isolation (local requirement)	Positive
Deprivation (local requirement)	Neutral

What are the positive impacts?

For the four categories identified above (age; disability; pregnancy and maternity; and rural isolation) the main positive impact is increased opportunity to access flexible door-to-door services. A greater choice of times would exist than at present, with more flexibility as to possible destinations. This would support journeys to social and support activities (lunch clubs; parent and toddler groups; activity sessions; etc), as well as assisting with affordable transport to work or volunteering placements. The phased implementation that is now proposed, following the consultation undertaken from March to May 2016, will mean that the initial level of resource available for these opportunities will be lower than originally intended, but with the potential for this to be increased over time.

The establishment of a service open to all local residents would assist with community cohesion, by raising awareness of different needs and interests. Both this greater understanding of what takes place in the local community and the increased ability to access new activities and groups may support the development of local ways of meeting need.

What are the negative impacts?

From an objective point of view, the only specific negative impact is the introduction of a 50% charge for holders of concessionary bus passes. This charge may act as a disincentive to travel for some residents.

It should be noted that, whilst the assessment is that a comparable or improved service would be provided, there would undoubtedly be residents who would continue to be opposed to the replacement of their local bus service and who would therefore consider the proposals to have a negative impact.

What issues or opportunities need to be addressed?

The flexible minibus service and the social car scheme, in particular, could be developed over time. The ability to plot all journeys in one place would improve efficiency and would allow demand to be reviewed as a whole, rather than in a fragmented way. It would be important that sufficient resource were in place to maximise the benefits available; close involvement with service users, community groups, local members, etc would be needed, all of which requires time.

What is the impact on community cohesion?

There is potential for a positive impact on community cohesion, as set out above (i.e. greater awareness of needs within local communities, and increased ability to access new groups and activities). Continued engagement with service users, community groups and local members would be important.

The intention to establish user groups for the Ely Zipper and route 125 would encourage genuine local debate about the future of public transport in those areas, against the background of the financial challenges that are faced.

APPENDIX 2 – CONSULTATION

Background

The consultation was launched online on 18 March, and closed on 13 May 2016. The link to the survey was distributed via the Ely Schools Partnership, to Parish Councils, and to those groups and individuals who have been added to the Total Transport mailing list during the project; it was also available on the Council website. Survey forms were also printed and distributed via libraries, operators of current services, day centres, and by post to registered school transport users.

Four drop-in sessions were held, at Ely, Littleport and Soham libraries, and at Little Downham book café. These generated considerable in-person discussion. In addition presentations were made to Haddenham and Wilburton Annual Parish Meetings, Soham Town Council, City of Ely Council and the East Cambridgeshire Access group.

Consultation Results

The results to each question are shown below; not all respondents answered every question, and for question 5 additional analysis has been included, filtered by those who identified themselves as users of the current 117, 125 and 129.

(1) We propose reserving the flexible minibus service for special school pupils only from 7:30am to 9am and from 3pm to 4:30pm.

			Response Percent	Response Total
1	Strongly agree		19.88%	68
2	Agree		33.33%	114
3	Neutral		28.95%	99
4	Disagree		7.60%	26
5	Strongly disagree		10.23%	35

(2) Would the limited availability of transport from 7:30am to 9am and from 3pm to 4:30pm cause you particular problems?

			Response Percent	Response Total
1	Yes		17.31%	58
2	No		82.69%	277

(3) We propose opening the flexible minibus service to all members of the community when it is not being used for school journeys; this means that it will carry mixed passenger groups.

		Response Percent	Response Total
1	Strongly Agree	21.93%	75
2	Agree	40.35%	138
3	Neutral	24.27%	83
4	Disagree	6.73%	23
5	Strongly disagree	6.73%	23

(4) We believe that the flexible minibus service will provide new opportunities to access local services and amenities.

		Response Percent	Response Total
1	Strongly agree	19.53%	67
2	Agree	37.90%	130
3	Neutral	30.03%	103
4	Disagree	5.54%	19
5	Strongly disagree	7.00%	24

(5) We propose replacing routes 117, 125 and 129 with the flexible minibus service.
Answers based on all respondents

		Response Percent	Response Total
1	Strongly Agree	5.26%	18
2	Agree	15.50%	53
3	Neutral	54.68%	187
4	Disagree	9.06%	31
5	Strongly disagree	15.50%	53

(5) We propose replacing routes 117, 125 and 129 with the flexible minibus service.
Answers based on those who identified themselves as using these services

		Response Percent	Response Total
1	Strongly Agree	5.45%	3
2	Agree	3.64%	2
3	Neutral	25.45%	14
4	Disagree	16.36%	9
5	Strongly disagree	49.09%	27

(6) On some routes we propose mixing primary and secondary age pupils.				
			Response Percent	Response Total
1	Strongly agree		2.83%	10
2	Agree		18.70%	66
3	Neutral		23.23%	82
4	Disagree		21.81%	77
5	Strongly disagree		33.43%	118

(7) Where a community will have no other bus service, and there is local support, we propose opening the school service to other passengers.				
			Response Percent	Response Total
1	Strongly agree		14.86%	52
2	Agree		31.43%	110
3	Neutral		15.14%	53
4	Disagree		14.29%	50
5	Strongly disagree		24.29%	85

(8) We propose that some buses will arrive/leave up to 20 minutes before/after the start of the school day.				
			Response Percent	Response Total
1	Strongly agree		7.20%	25
2	Agree		37.75%	131
3	Neutral		28.82%	100
4	Disagree		11.24%	39
5	Strongly disagree		14.99%	52

(9) Comments If you'd like to add general comments, please use the space below.			
		Response Percent	Response Total
1	Open-Ended Question	100.00%	145

Question 10 invited users to provide their own comments. The full text is available, however summaries have been pulled together under the following headings. Please note that most respondents who made a comment also answered questions 1 to 9, so their views will also have been captured statistically in the above graphs.

<u>Public transport</u>
20 comments were made about public transport; of these 11 focused on the network (lack of services to certain areas, or the need to change bus), whilst 7 referred to the

level of service (most commonly the lack of an evening of Sunday services). 1 comment suggested that there is currently excess capacity and proposed reducing frequencies. The remaining comment noted that buses were not accessible.

Mixing age groups
22 comments were made about mixing age groups; of these 8 referred generally to behaviour, with 5 focusing on bad language and 3 on bullying. 2 made general points about supervision and safety, whilst 4 related to safe-guarding concerns, e.g. noting that a 17 year old may be a "threat" to a younger child even though they are not technically an adult.

Mixing pupils and public
20 comments were made about mixing pupils and the public; of these 15 referred to child protection in general, with a further 3 specifically questioning DBS commitments. 1 respondent queried whether sufficient capacity would be available. The remaining comment was that behaviour might improve if members of the public were travelling on the same vehicle.

Mixing adult social care users
4 comments were received; 2 of these focused on the need for those with learning difficulties to have their own tailored service, with the remaining 2 advising there would be significant impact if timings were changed.

School bus times
5 comments were made about changing times, by allowing a 20 minute window at the start and end of the school day. 3 of the comments related to the need for shelter in the event of bad weather; the other 2 questioned supervision arrangements.

Post-16 transport
4 comments were made about the (lack of) availability of transport to and from post-16 education facilities, particularly colleges in Cambridge.

Flexible minibus service
3 comments were made regarding the difficulty for some users in having to pre-book journeys on the proposed flexible minibus service.

Other comments
3 other comments were made; 1 noted that bus services are important in maintaining friendships. A second considered the cost of discretionary school transport (i.e. for those not attending their designated school) to be too expensive; and the final one proposed the introduction of parking charges in Ely.

(11) Thinking about the punctuality and overall quality of service, do you agree with the statement that current transport in the Ely area meets your needs?

			Response Percent	Response Total
1	Strongly agree		8.80%	30
2	Agree		31.38%	107
3	Neutral		37.24%	127
4	Disagree		11.44%	39
5	Strongly disagree		11.14%	38

Questions 12 and 13 asked respondents where they live and which services, if any, they currently use.

Email Submissions

In addition to the statistical results above, specific emails were received during the consultation period from six groups/organisations, as well as a late submission from Soham Town Council (after the paper for the Committee's meeting on 31 May had been submitted).

The full text of the responses is available, however the follow summaries are provided;

- City of Ely Council – broadly supportive of the proposals.
- East Cambridgeshire Access Group – noted the need for affordable, accessible transport in rural areas in particular, but also highlighted safe-guarding concerns in mixed user groups.
- Ouse Washes Landscape Partnership – emphasised the opportunities for widening and creating access to the countryside.
- Prickwillow Engine Museum – supportive of a new service if it improves access to/from rural areas for all residents, including those with disabilities.
- Wicken Fen Nature Reserve – encourages better services for visitors to area who don't have a car.
- Haddenham Parish Council – broadly supportive of the proposals, particularly the fact the Ely Zipper is proposed to continue.
- Soham Town Council – strongly against most aspects of the proposals, believing they will not save any money and will not offer an improvement in service.

Carers' Group Meeting

The following note was made by the Total Transport Project Officer, following a discussion with a group of carers at Ely Community Centre.

The group seemed very resistant to changing travel times, saying that this would have a negative impact on: personal care; routine; centre activities; and centre staff. The group suggested that there would be a negative impact on family members who need to get to work and additional care costs if transport changes.

Service users are sensitive to and would be upset by any change to their routine. One parent explained that her for her son going to Larkfield is "like his job" and that he would be "devastated" by any change.

It was thought that later arrival times would reduce the time available for activities in the morning, especially for service users whose routine is defined by medical treatment. The view of the group appeared to be that not only would service users lose out on morning activities, but that this represents a threat to the continued viability of the centre. The argument being that if activities are reduced, users will stop attending; the centre would close; staff would lose their jobs; and, there would be an increase in care costs because the centre wasn't there.

There was a strong sense that the group think that adult social care is a “Cinderella” service, that’s always under threat and is first in line for cuts or changes. One question asked was why schools can’t change their times? There were several suggestions that we could look at earlier travel times, or having some of the flexible minibus fleet based at Ely Community Centre.

There was some recognition of positive aspects of the flexible minibus service; if tighter scheduling meant shorter journey times this would be a good thing (but also some scepticism about whether there could be any improvement). It was suggested by others in the group that one lady could use the flexible minibus to see her daughter, who is in residential care, more frequently – although her preference is to visit at weekends.

Members of the group also expressed a desire to attend / be represented at GPC when Members discuss proposals so that Members are left in no doubt about the strength of feeling against possible change.

APPENDIX 3 – IMPACT ON DIFFERENT GROUPS

The proposed Total Transport services are intended to deliver a more comprehensive service within the financial constraints facing the Council. They involve changes to existing services and to the way in which resources are used; there is no injection of new funding or capacity.

The following table therefore gives specific examples of how different service users and local residents might be affected, both positively and negatively.

Secondary school pupil with free home to school bus pass from Pymoor to Ely College	Journeys would be at a similar time to now; there would be the possibility of a joint service for primary and secondary school pupils in the afternoon. Those wishing to stay late at school would be able to book a flexible minibus journey at a later time, subject to capacity and paying any required fare.
Primary school pupil with free home to school bus pass from Wicken to St Andrew's	Journeys would be at a similar time to now, but in the afternoon the bus would be shared with pupils from Soham Village College. A passenger assistant would be present to monitor behaviour, and options such as having separate primary and secondary areas on the vehicle would be considered.
SEN pupil with place on taxi from Stretham to Highfield	Journeys may be with a different operator from January 2017 (although once a new routine is established, this would be kept as consistent as possible). More pupils would travel on a slightly larger vehicle, as minibuses would be used rather than taxis wherever possible.
Local resident in Prickwillow, using bus 129 to Ely each Thursday	The current Thursday-only bus service would stop after December 2016. Residents would also be able to use the flexible minibus service, offering more choice of times and days, but requiring booking in advance.
Adult with social care transport from Littleport to Bedford House (day centre)	Journeys would be at similar times to now, but would be on the flexible minibus service from January 2017; this would potentially carry other residents, for example travelling to shops or healthcare.
Resident of Coveney who uses community transport (dial-a-ride) to the shops	The flexible minibus service would offer a very similar way of travelling, but with greater choice of times (not just one journey per day).
Resident of Haddenham who travels on Ely Zipper to town	The Ely Zipper would continue largely unchanged, other than some small adjustments to the timetable (for example, to include a school journey). A user group would be set up to support the service actively in the local communities, to help it become more sustainable.
Young adult from Isleham wanting to start part-time job locally	The flexible minibus service would be able to provide journeys to and from work, subject to capacity and payment of the appropriate fare (noting that no evening or weekend service is anticipated).

CITIZEN FIRST, DIGITAL FIRST – OUTLINE BUSINESS CASE

To:	**General Purposes Committee**		
Meeting Date:	**26th July 2016**		
From:	**Corporate Director: Customer Service and Transformation**		
Electoral division(s):	**All**		
Forward Plan ref:	**2016/017**	*Key decision:*	**Yes**
Purpose:	**This report sets out the Outline Business Case for investment in technology to enable Cambridgeshire County Council to deliver its refreshed Customer Services' strategy.**		
Recommendation:	**The Committee is recommended to:**		

a) Agree the approach set out in the Outline Business Case;

b) Approve the investment of £1,995.2K revenue from the Transformation Fund to enable the approach set out in the Outline Business Case; and

c) Agree that tranches of finance to support each element of the Outline Business Case will only be drawn down following agreement with the Section 151 Officer in consultation with the Chairman of General Purposes Committee.

	Officer contact:
Name:	Sue Grace
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Tel:	01223 715 680

1. BACKGROUND

1.1 One of the themes identified as part of the Transformation Programme for Cambridgeshire County Council relates to Citizen First, Digital First: our strategy for engaging with the citizens of Cambridgeshire.

1.2 The Executive Summary of the Outline Business Case (**Appendix One**) and Outline Business Case (Appendix **Two**) provide an overview of the funding that we consider is required for Phase One of this strategy so that we can invest in the technology that will deliver this approach.

1.3 This work builds on informal discussions with GPC members at a workshop on 19 May 2016 where we highlighted that significant improvements could be made to our website; to system integration to take out multiple re-keying from one system into another; and in other areas through investment in a suite of technologies that will improve our efficiency such as a more robust e-payments system.

1.4 The principle underpinning the Citizen First, Digital First strategy is that we will put Cambridgeshire's citizens at the heart of everything that we do.

1.5 Applying this principle will mean that :

- Residents will only record their details once, avoiding form filling by different departments each time they contact us.
- Residents will have their concerns dealt with at the earliest point in the system.
- Residents will be given clear timescales in which their issues will be dealt with, and these will be monitored and adhered to avoiding unnecessary chasing and dissatisfaction.
- Digitally disadvantaged residents will not be disadvantaged by this approach as alternative channels and support will be available.
- Online systems will be functionally superior to other methods of engagement.

1.6 This Outline Business Case provides an overview of the funding that we consider is required for phase one of this strategy so that we can invest in the technology that will deliver this approach.

2. MAIN ISSUES

2.1 The analysis that has been completed to support the Outline Business Case is based on methodologies that have been tested and implemented in other local authorities. This methodology has then been applied to Cambridgeshire County Council data. The work on the Outline Business Case indicates that taking our proposed approach could generate annual savings of between £0.9 and £1.6 million per year, with a five-year saving of between £3.7 and £6.6 million.

2.2 The variance between the lower and higher annual savings figures is because different levels of take up have been applied within the model ranging from the more pessimistic to the more optimistic. For example, we have modelled the move within the Council to an improved on-line payments system from a 56 per cent take up at the lower end to a take up of 90 per cent at the upper end. Similarly we have applied different take up rates to citizen's use of online transactions and opportunities for on-line self-assessments. Throughout this analysis we have built in an expectation of a much lower take up rate whenever we are dealing with a more vulnerable client group.

2.3 The lower / higher annual savings will also be affected by the tapering of take up year on year as we understand that it will take time for these changes to take effect. All assumptions about proportions of take up within different demographic groups are based on national research.

2.4 We are currently in the process of carrying out an appraisal of these indicative savings with colleagues in key services so we can get into more detail about exactly which areas of service and which budgets this work would have an impact on. This 'reality check' will feed into the development of both detailed Business Cases and implementation plans for each element of this programme which together will identify where, when and how savings will be able to be realised.

2.5 All this reveals this is a complex programme of work. However we have sufficient confidence in the analysis that we have done to support the Outline Business Case to ask General Purposes Committee to commit to an investment of £1,995,200 over five years. Further detail underpinning the Outline Business Case is available for Members if required. Given the complexity we suggest that we draw down this investment in tranches that will be triggered by more detailed work that needs to be signed off by the Section 151 Officer in consultation with the Chairman of GPC.

2.6 The investment of £1,995,200 comprises the revenue costs of the project and the revenue cost of the capital that we require for the project – the majority of the required investment will be capital.

2.7 Making this investment will enable us to get the technology in place as this is required for us to be able to drive out these savings. Through this work we expect to be able to reduce the base revenue costs of the organisation by between £1.8 and £4.6 million over the next five years – the lower and upper savings estimates minus the investment. Based on current analysis this gives a return on investment of between £1.88 and £3.32 for every £1.00 that we invest from the Transformation Fund. We will be in a stronger position to confirm the return on investment as this project develops. We have taken a prudent approach at this early stage; however, we recognise that as we start to roll out these technologies we will have a better understanding of other areas where they can be applied across the Council.

2.8 We are intending to have a workshop with colleagues from Peterborough City Council as they are further ahead with this type of work through their Customer Services' programme so we want to learn from their experience and benefit from their expertise.

2.9 We will report back to General Purposes Committee on a regular basis keeping the committee informed of progress both in implementing the required technology and delivering the associated savings as well as highlighting any issues that we may be facing.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

The following bullet points set out details of implications identified by officers:

- Ensuring that our website is even more effective in enabling people to engage with us and our partners to find information and advice will help people to lead healthy and independent lives, ensuring that we meet our statutory requirements as set out in the Care Act and supporting the demand management savings targets that are already within the Council's Business Plan.

- This approach will free up capacity in our Contact Centre leading to improved performance and enabling our staff there to focus on supporting people to live healthy and independent lives rather than working as a 'gateway' for our statutory services.

3.3 Supporting and protecting vulnerable people

The following bullet points set out details of implications identified by officers:

- Developing transactional 'end-to-end' processes will enable our specialist staff to focus their efforts on supporting and protecting vulnerable people.

- This approach will also free up capacity in our Contact Centre to enable our staff to ensure that vulnerable people receive the responses that they need the first time they get in touch with us.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications in Paragraphs 2.1, 2.2 and 2.3.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

See paragraphs 3.2 and 3.3.

Source Documents	Location
Citizen First, Digital First Outline Business Case – Phase One – Technical Infrastructure	Room 106, Shire Hall, Cambridge

Transformation Fund Bid: Executive Summary of the Outline Business Case

Citizen First Digital First – our strategy for engaging the citizens of Cambridgeshire

Summary of funding required and anticipated savings

Request to Transformation Fund	£1,995,200 over five years
Reduction to base Revenue costs for the County Council	£1.8 and £4.6 million over the next five years

Summary of Return on Investment

Taking capital and revenue costs together the Outline Business Case represents ***a Return of Investment of between £1.88 and £3.32*** for every £1.00 that we invest, with the investment predicted to break even in Year 3.

Making this capital investment, supported by ongoing revenue costs, will enable us to reduce the base revenue costs of the organisation by between £1.7 and £4.6 million over the five year period. The cumulative savings and costs are set out in the following table.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Cumulative Savings						
Saving	£386.9 to £609.6	£1,134.5 to £1,892.5	£2,000.5 to £3,445.7	£2,876.8 to £5,036.0	£3,753.1 to £6,626.3	**£3,753.1 to £6,626.3**
Cumulative Costs						
Total Costs	£135.2	£446.5	£862.1	£1,379.2	£1,995.2	£1,995.2
Net Saving	**£573.3 to £1,158.9**	**£1,542.5 to £3,179.8**	**£2,550 to £5,354.5**	**£3,456.0 to £7,427.5**	**£4,263.1 to £9,401.7**	**£1,757.9 to £4,631.1**

Annual and Cumulative Costs and Savings

Summary of Project

The technology that we require to deliver these savings falls into three broad categories.

- **Ensuring our digital presence is engaging and easy to use** – digital services that are straightforward and convenient to all those who can use them whilst not excluding those who can't. Investment in a new Content Management System to manage information on our website and look at how we engage with people through our digital services.
- **Integrating our systems –** Investment in technology that will directly integrate our various systems to improve the customer experience and drive costs by reducing the inefficiencies of our current fragmented approach.
- **Enabling the Citizen First, Digital First approach** – investment in a number of tools that will support the delivery of our services in an integrated, end-to-end digital manner.

The financial benefits that will accrue from this investment will come from three distinct areas:

- **Transactional Costs** – moving our transactional processes online will mean we are able to make savings both within the Contact Centre and within the services that ultimately fulfil the transaction.
- **Online Self-Assessments** – introducing online self-assessments for social care will enable us to manage demand more effectively when people first contact us, as well as improving the efficiency with which we are able to verify the information that people provide if, following a self-assessment, they need some support from us.
- **Online Payments** – introducing an organisation-wide online payments system will reduce the costs of processing financial transactions which currently fall within both the LGSS Transactions team and the various services, such as the Older People's Service.

Appendix Two

Citizen First, Digital First

Outline Business Case

Phase One – Technical Infrastructure

One of the themes identified as part of the Transformation Programme for Cambridgeshire County Council relates to Citizen First, Digital First: our strategy for engaging with the citizens of Cambridgeshire.

The principle underpinning the Citizen First, Digital First strategy is that we will put Cambridgeshire's citizens at the heart of everything that we do.

We will use this principle to transform the organisation '*from the outside in*' by:

- Designing how we operate from the perspectives of our citizens and involving them in the design process; and
- Using technology to support this approach.

This Outline Business Case provides an overview of the funding that we consider is required for Phase One of this strategy so that we can invest in the technology that will enable us to deliver this proposed approach. We are investing in this technology to ensure we are operating as efficiently as possible and to deliver some tangible improvements for our citizens. These technology developments are summarised in the diagram below.

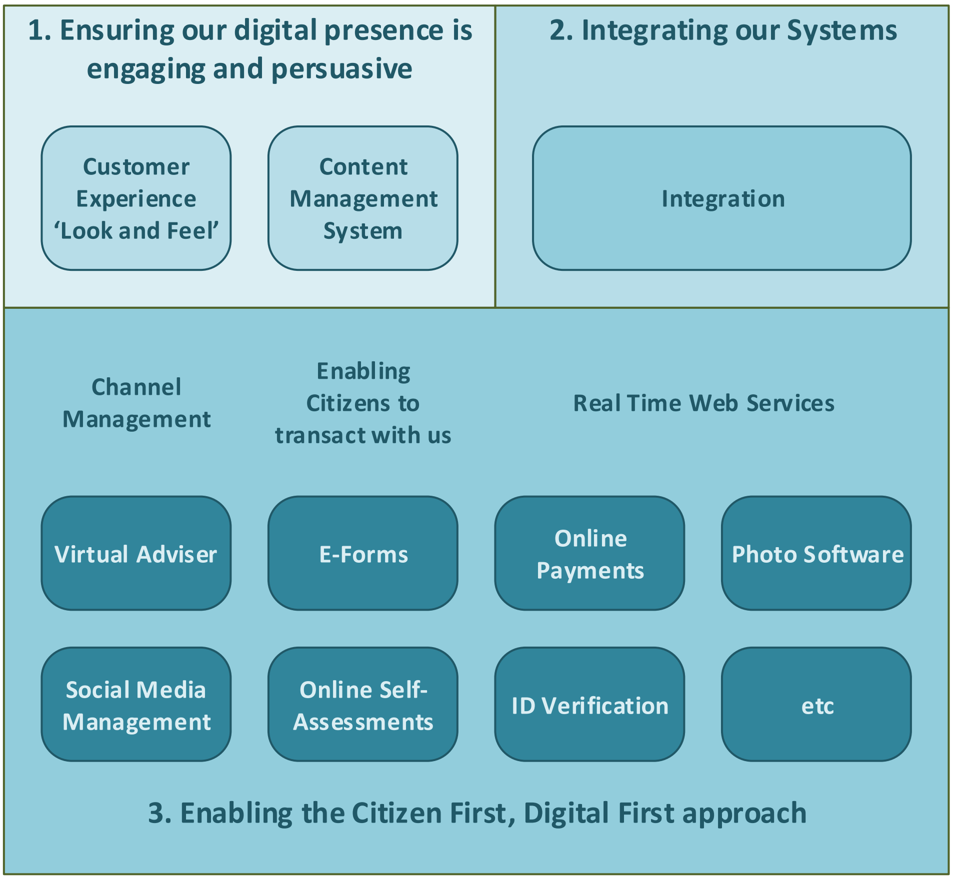


Diagram One: Technology requirements

The technology that we require falls into three broad categories:

1. **Ensuring our digital presence is engaging and easy to use** – if we want to become a truly digital organisation then we need to ensure that people will want to engage with us through our digital channels whether they want to complete a transaction with us, or are looking for information and advice. Equally, our digital channels will be the way in which we communicate and engage with the people of Cambridgeshire.

   We therefore need to ensure that our digital services[1] are so straightforward and convenient that all those who can use them will choose to do so, whilst those who can't are not excluded. We will do this by investing in a new Content Management System to manage the information on our website as well as looking at how we engage with people through our digital services.

2. **Integrating our systems -** To our customers we may appear to be an organisation that is embracing the opportunities that digital technologies present – for instance when they complete a form online to transact with us – but behind the scenes there is still a reliance on multiple systems leading to manual re-keying of information, hand-offs between services and duplication throughout the system.

   We therefore want to invest in technology that will enable us to directly integrate our various systems, to both improve the customer experience of transacting with us, by providing quicker and clearer processes and enabling customers to track progress themselves, but also driving costs out from across the organisation by reducing the inefficiencies of our current fragmented approach.

3. **Enabling the Citizen First, Digital First approach** – We have identified a number of tools that will support the delivery of our services in an integrated, end-to-end digital manner. These tools are grouped into three categories:
   a. **Enabling citizens to transact with us** – these are those tools such as e-forms that enable our citizens to carry out a service transaction which integrates with our existing systems;
   b. **Real Time Web Services** – these are tools which integrate into e-forms to enable specific tasks – such as completing a payment or verifying people's personal details – to be completed seamlessly as part of the online process.

[1] Throughout this Outline Business Case we use 'digital' to refer to our online presence, whether this be through our website or through other channels such as our Twitter and Facebook feeds, or even any Apps that we may develop to support particular groups of the population.

c. **Channel Management** – these are tools which will help us to encourage people to contact us through the most appropriate channels.

Previously we would have considered these requirements on a service-by-service or transaction-by-transaction basis and procured a solution accordingly sometimes procuring multiple systems with the same functionality. We are now planning on implementing tools that we will be able to use and re-use across the whole organisation for all of our transactions. Taking this approach will take out these duplications and give our transactional services a consistent look and feel for our customers.

Benefits

The analysis that has been completed to support this Outline Business Case indicates that taking this approach could generate annual savings of between £0.9 and £1.6 million per year, with a five-year saving of between £3.7 and £6.6 million.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Annual Savings	£386.9 to £609.6	£747.6 to £1,282.9	£866.0 to £1,553.2	£876.3 to £1,590.3	£876.3 to £1,590.3	**£3,753.1 to £6,626.3**
Cumulative Savings	£386.9 to £609.6	£1,134.5 to £1,892.5	£2,000.5 to £3,445.7	£2,876.8 to £5,036.0	£3,753.1 to £6,626.3	

Table One: Annual and Cumulative Savings

Our analysis has indicated that financial benefits will accrue from three distinct areas:

- **Transactional Costs** – moving our transactional processes online will mean we are able to make savings both within the Contact Centre, which acts as a first point of contact and assisted digital channel for a number of transactions, and within the services that ultimately fulfil the transaction.

- **Online Self-Assessments** – introducing online self-assessments for social care will enable us to manage demand more effectively when people first contact us as well as improving the efficiency with which we are able to verify the information that people provide if, following a self-assessment, they need some support from us.

- **Online Payments** – introducing an organisation-wide online payments system will reduce the costs of processing financial transactions which currently fall within both the LGSS Transaction teams and the various services, such as the Older People's Service.

The possible savings identified to date associated with each of these areas are set out in the following table.

	Savings (£,000's)					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Transactions	£280.3 to £438.3	£504.5 to £788.9	£560.6 to £876.5	£560.6 to £876.5	£560.6 to £876.5	**£2,466.6 to £3,856.7**
Self-Assessments	-	£51.3 to £185.7	£92.3 to £334.2	£102.6 to £371.3	£102.6 to £371.3	**£348.8 to £1,262.5**
Online Payments	£106.6 to £171.3	£191.8 to £308.3	£213.1 to £342.5	£213.1 to £342.5	£213.1 to £342.5	**£937.7 to £1,507.1**
Total	**£386.9 to £609.6**	**£747.6 to 1,282.9**	**£866.0 to £1,553.2**	**£876.3 to £1,590.3**	**£876.3 to £1,590.3**	**£3,753.1 to £6,626.3**

Table Two: Indicative Five Year Savings

It should be noted that there are further possible savings that could be made as a result of taking this approach. For example:

- Self-Assessments could be introduced in a number of areas of children's services – including for special educational needs and family work assessments;
- Extending the self-assessment approach to enable service users to have online access to their own account so they can continue to amend their records – be in dialogue with the social work team, confirm consent, approve changes and similar remotely and at whatever time is convenient – could potentially save a large number of social work visits;
- The online payments savings relate primarily to savings that can be achieved in the teams managing financial transactions. The introduction of the system will also lead to a reduction in service-based front-end costs such as time spent raising invoices or follow-up costs such as assisting in debt recovery process.

Further work on identifying and quantifying the savings outlined in this business case will continue to be undertaken as detailed Business Cases are developed and as systems are implemented.

Our proposed approach has a number of further benefits including:

- Development of truly digital 'end-to-end' processes designed around our citizens that are cost efficient and time efficient;
- Providing our citizens with a more coherent view of their transactions including the ability to track progress with clear timescales for fulfilment;
- An opportunity to work with partners to create a single customer view across public sector organisations to support our work in prevention, enabling us to offer help early to people who need it reducing the pressure on high cost services;

- Development of a digital platform that links up all of our key IT systems providing us with a view of where and how citizens are engaging with us across the council and enabling us to bring this data together to inform the wider transformation of our services;
- Removal of duplication and double-keying and identification of service improvements that will enable us to take out costs within the organisation whilst improving our services;
- Improved insight into how our citizens interact with us that will inform the development of policy, strategy and service re-design;
- Ensuring that our website is even more effective in enabling people to engage with us and our partners to find information and advice, to receive direct communications around key services and to improve our transactional services.

Costs

To release these savings we need to invest £1,995 Revenue over the next five years.

(£,000's)	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Staff						
Revenue	35	55	55	55	55	255
Total Staff	**35**	**55**	**55**	**55**	**55**	**255**
Non-Staff						
Revenue	60	5	5	5	5	**80**
Revenue – Annual Financing Costs	40	251	355	457	556	**1,660**
Total Non-Staff	**100**	**256**	**360**	**462**	**561**	**1,740**
Total Costs						
Staff	**35**	**55**	**55**	**55**	**55**	**255**
Non-Staff	**100**	**256**	**360**	**462**	**561**	**1,740**
Total Costs	**135**	**311**	**415**	**517**	**616**	**1,995**

Table Three: Total Costs

The non-staff costs can be broken down as follows.

(£,000's)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IT / Digital						
Revenue	-40	5	5	5	5	**-20**
Total IT / Digital	**-40**	**5**	**5**	**5**	**5**	**-20**
Other						
Revenue	100	-	-	-	-	100
Total Other	**100**	**-**	**-**	**-**	**-**	**100**
Total Non-Staff						
Total Non-Staff	**60**	**5**	**5**	**5**	**5**	**80**

Table Four: Total Non-Staff Costs – Capital and Revenue

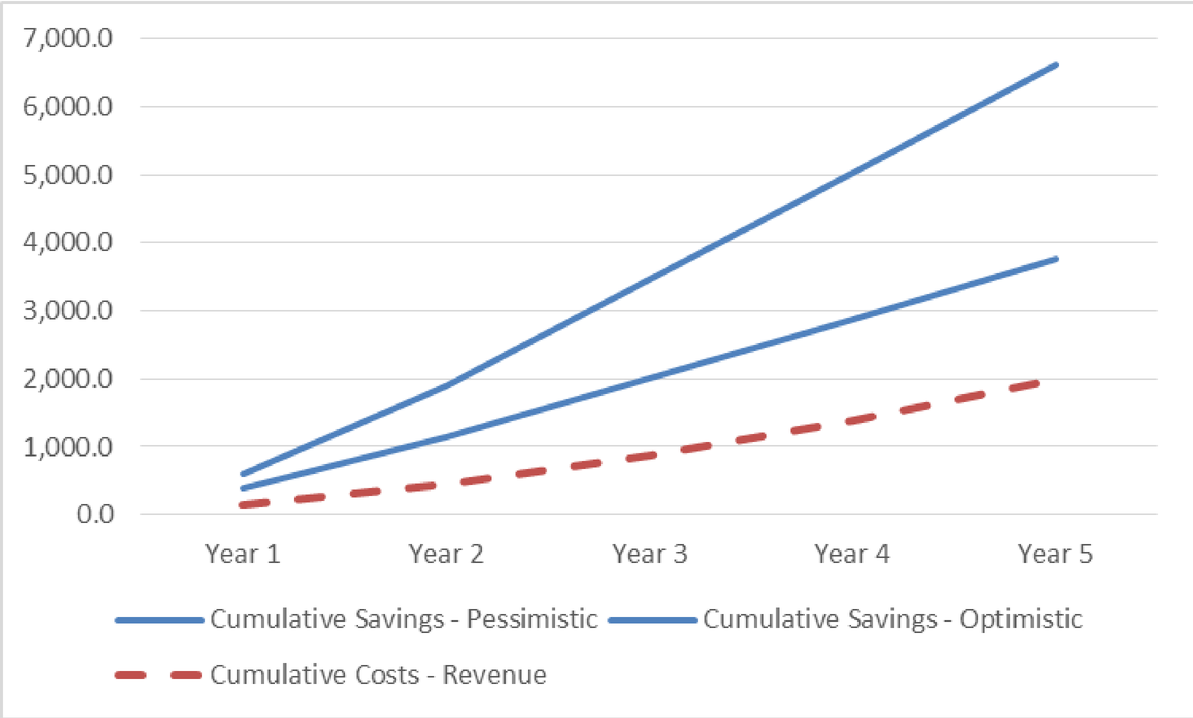
Return on Investment

Taking capital and revenue costs together this Outline Business Case represents a Return of Investment of between £1.88 and £3.32 for every £1.00 that we invest, with the investment predicted to break even in Year One.

Making this capital investment, supported by ongoing revenue costs, will enable us to reduce the base revenue costs of the organisation by between £1.8 and £4.6 million over the five year period. The cumulative savings and costs are set out in the following table.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Cumulative Savings						
Saving	£386.9 to £609.6	£1,134.5 to £1,892.5	£2,000.5 to £3,445.7	£2,876.8 to £5,036.0	£3,753.1 to £6,626.3	**£3,753.1 to £6,626.3**
Cumulative Costs						
Total Costs	£135.2	£446.5	£862.1	£1,379.2	£1,995.2	£1,995.2
Net Saving	**£251.7 to £474.4**	**£688.0 to £1,446.0**	**£1,138.4 to £2,583.6**	**£1,497.6 to £3,656.8**	**£1,757.9 to £4,631.1**	**£1,757.9 to £4,631.1**

Table Five: Annual and Cumulative Costs and Savings



Graph One: Return on Investment

The following diagram shows where savings can be made across the organisation by investing this sum through the Transformation Programme.

	Funding	Savings by Service: 1. Adult Services	2. Children's Services	3. Environment, Transport and Economy	4. LGSS & CCC	5. Public Health	Total Savings
Citizen First, Digital First (Phase One)	£1,995K Revenue	£577 to £899K	£423 to £598K	£1,201 to £2,014K	£263 to £343K	£2 to £4K	£2,466 to £3,858K
		£349 to £1,263K					£349 to £1,263K
		£804 to £1,293K	£72 to £115K	£33 to £53K	£17 to £27K	£12 to £19K	£938 to £1,507K
	Total Savings	£1,730 to £3,455K	£495 to £713K	£1,234 to £2,067K	£280 to £370K	£14 to £23K	£3,753 to £6,628K

Key: Transactional Costs (first row) · Online Self-Assessments (second row) · Online Payments (third row)

Diagram Two: Savings by Service

It should be noted that the apportionment of savings includes all of the costs to deliver that service and it not just focussed on each Directorate. For example for Adults Services, as well as including the savings that can be achieved in in the relevant CFA Directorates, the figures also include possible savings in the Contact Centre and the LGSS Financial Transactions team who form an integral part of the delivery of the relevant services.

As we develop the detailed Business Cases and start the implementation of the systems, we will further test these savings and apportion them to the most appropriate budgets.

Approval and 'Call-off' Arrangements

Through this Outline Business Case we are asking General Purposes Committee for approval for an investment of £1,995.2K revenue from the Transformation Fund to enable us to take this approach.

For each of the elements included within this funding bid, we will complete a detailed Business Case which we will share with the Chairman of the General Purposes Committee and the Section 151 Officer to enable them to provide assurance to the committee on the rigour of our approach. Tranches of finance to support each element will only be drawn down when the Section 151 Officer, in consultation with the Chairman, are content that the business case is robust.

We will report back to General Purposes Committee on a regular basis keeping the committee informed of progress both in implementing the required technology and delivering the associated savings as well as highlighting any issues that we may be facing.

Agenda Item No:9

TRANSFORMATION PROGRAMME

To:	**General Purposes Committee**		
Meeting Date:	**26 July 2016**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**N/a**	*Key decision:*	**No**

Purpose: **To set out the Council's approach to developing and managing a corporate transformation programme.**

Recommendation: **It is recommended that General Purposes Committee: -**

a) Notes the progress on developing the Council's corporate transformation programme;

b) Endorses the process for agreeing investment proposals from the Transformation Fund as set out in paragraph 5.2;

c) Notes the approach adopted for engaging external support to assist in developing the programme; and

d) Notes the mechanism for integrating the Transformation Programme within the business planning process.

	Officer contact:
Name:	Chris Malyon
Post:	Chief Finance Officer
Email:	Chris.malyon@cambridgeshire.gov.uk
Tel:	01223 699796

1. BACKGROUND

1.1 The Council has for some time recognised that the traditional method of developing budgets and savings targets through departmental based cash limits was unsustainable in the long term. As a consequence the Council agreed to a new approach that would result in the Council developing an outcome focussed approach to business planning.

1.2 The Chief Executive joined the Council in October 2015 and immediately recognised that the Council would need to inject greater pace and transparency into the transition. It was also recognised that to deliver the financial savings required within the Medium Term Financial Strategy the Council would need to invest significant sums in order to deliver cross-cutting savings through transforming the way that the Council does its business.

1.3 Given the level of efficiencies that have already been implemented over the last few years, the remaining options have become relatively straightforward – we can transform service delivery, and the size of the organisation, or we can implement significant cuts to the services we provide. The focus must therefore be on driving real transformation across the Council.

1.4 As a consequence it was agreed that the Council would need to establish a fund that could be used to supplement base budgets and thereby act as a pump priming resource to support this programme. This ensures that finance is not seen as a barrier to the level and pace of transformation that can be achieved. Within the 2016/17 Business Planning process a proposal was put forward that changed the basis for defraying the Council's debt. This was approved and this decision enabled the establishment of a Transformation Fund of nearly £20m.

2. CORPORATE PROGRAMME

2.1 A series of workshops has been established for GPC in order that Members of the Committee are both fully engaged on progress but are also able to directly shape the Transformation Programme. Not every Member of the Committee was able to attend the workshop that was held in March but the slides used and the notes taken of the round table discussions have been circulated. A further workshop was held on 19 May that set out how the Transformation Programme had developed in the intervening period and highlighted that officers were pursuing six areas as a priority.

2.2 It is important for the Council to have a single overarching programme. In order to avoid duplication, to ensure opportunities are shared across the organisation, that expertise is used for the benefit of all, and that resources can be prioritised. As a result all proposals, be they existing Business Plan proposals or new transformational projects, will be captured in a single Transformation Programme.

2.3 The Corporate Transformation Programme covers 11 themes and these are set out in the chart below. Of these 11 themes, five are departmental focussed and six are cross-cutting. The Council's approach to business planning in previous years has been for the vast majority of activity to be contained within the vertical themes – this is sometimes referred to as the ‘silo’ approach as it drives a departmental, rather than an organisational, focus.

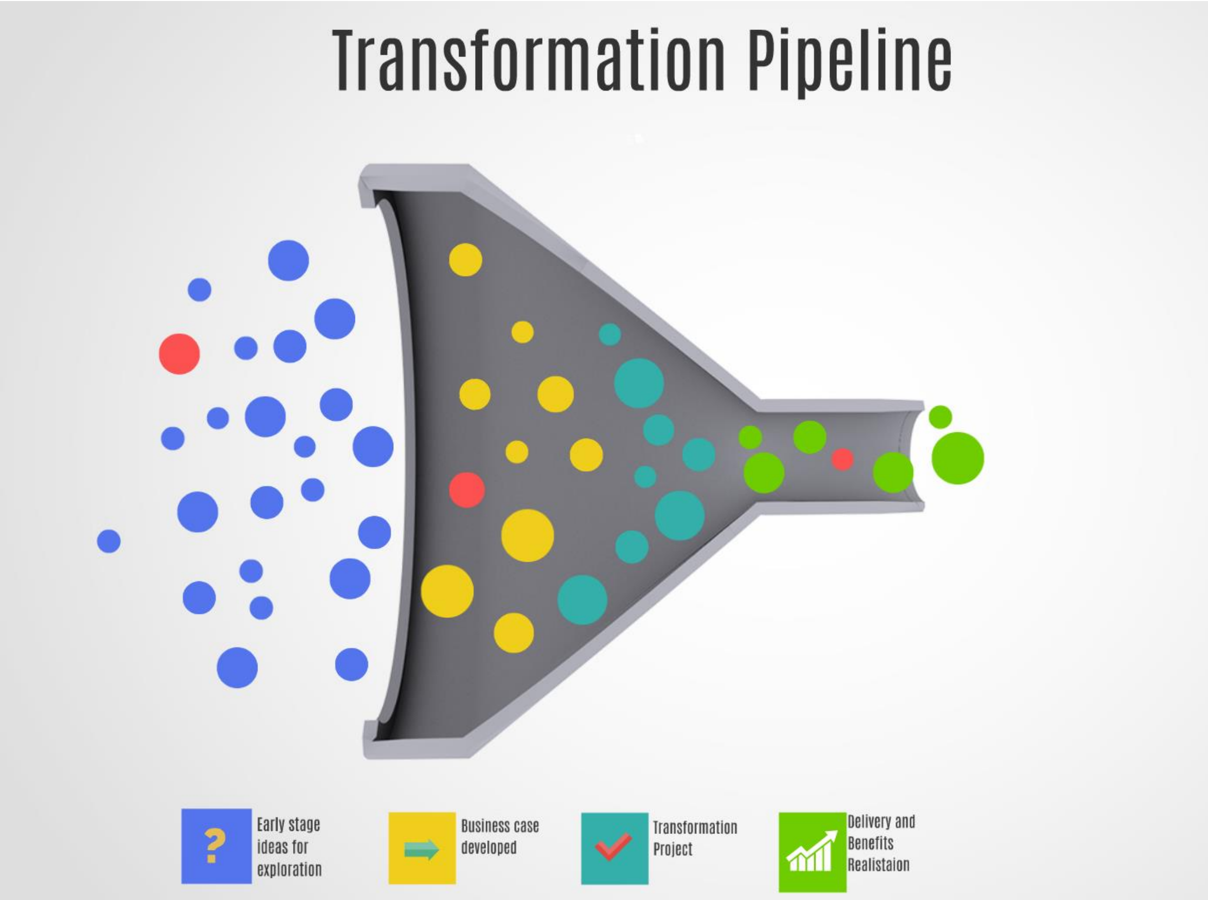
CROSS CUTTING PROGRAMMES (6-11)	VERTICAL PROGRAMMES (1-5)				
	1. Adult services	2. Children's services	3. Environment, transport & economy	4. LGSS & CCC Phase 1 – IT & digital	5. Public health
6. Finance & budget review	✓	✓	✓	✓	✓
7. Customers & communities	✓	✓	✓	✓	✓
8. Assets, estates & facilities management	✓	✓	✓	✓	✓
9. Commissioning	✓	✓	✓	✓	✓
10. Contracts, commercial & procurement	✓	✓	✓	✓	✓
11. Workforce planning & development	✓	✓	✓	✓	✓

2.4 As the Council moves towards outcome based business planning more and more of the Transformation Programme, and therefore the Business Plan itself, will be driven through cross-cutting proposals. As more of the Council’s approach to transformation and efficiency is driven through the cross-cutting themes, less will be required through the traditional departmental approach. Whilst not specifically labelled as such, the nature of cross-cutting projects is such that the Council’s core outcomes are at the heart of proposals and therefore this is a significant step towards developing outcome based budgets.

3. PROGRESS

3.1 Although we are still in the very early stages of transformation the degree of pace, energy, and enthusiasm that has been demonstrated to date across the Council is significant. Officers have been working hard to establish a clear pathway, robust processes for both capturing and developing ideas, and the development of proposals.

3.2 The mechanism by which we intend to capture the ideas and thoughts of staff individually, services collectively, partners and stakeholders was explained during the recent GPC workshop. The tools that we will use will be a key development priority for the new corporate service once it has been established. However, the following diagram was used at the workshop to demonstrate how the process will operate.



3.3 Members of the Committee were presented with many, but not all, of the ideas that had been identified at that point. Since that point many other proposals have been identified as potential opportunities and many of these are being developed into outline business cases.

3.4 A key outcome from that workshop was to receive feedback from GPC Members on whether the Programme was tackling the areas that they were expecting, and in a way that gave them confidence that the Council is putting itself in the best position to meet the challenges set out in the Business Plan.

3.5 The contents of the workshop were well received and positive feedback was received from a number of Members that attended. There was also some very helpful positive challenge to a number of issues and this helped to continue to develop, refine and improve the approach. Some of those challenges are addressed in this report but further and continuous feedback from the Committee is required in order to ensure the outcomes of the Programme meet Member aspirations.

3.6 In order to introduce a degree of pace into the transformation process Strategic Management Team agreed a number of key priorities. These areas were chosen as those that might give a proportionately higher level of return on the investment made. Furthermore these areas could be delivered in a relatively shorter time frame than many of the other opportunities under consideration.

3.7 The priority areas chosen were as follows: -

- Asset utilisation
- Follow the money and data analytics
- Workforce development
- Procurement, contracts, and purchasing
- Customer First and Digital First
- Partnership and stakeholder engagement

As you might expect there is a high correlation between these activities and the cross-cutting themes within the Transformation Programme.

3.8 During the workshop some provisional savings were allocated to these priority areas. There was however a health warning attached to those projections because:

- Some are very embryonic ideas and therefore the projections need further work
- Some of the proposals overlap with savings that are already in the Business Plan
- Many do not include the investment costs of delivery

3.9 The Committee was briefed more fully on the nature and content of these priority areas at the workshop that was held on 19 May. As a result that detail is not replicated here. A briefing paper has also been distributed to all GPC Members that sets out some of the detail of these themes and a high level assessment of the savings that could be realised.

4. DEVELOPING SKILLS AND CAPACITY

4.1 Our transformation programme is extensive and far reaching and the Council needs to ensure that it has the right skills and capacity to deliver the programme. This is a key and significant challenge. The transformation programme needs to be viewed as a whole Council programme, however currently our capacity and staff resources are spread across the organisation. The Corporate Capacity Review is designed to bring together all those skills into one service to bring focus and pace to the delivery of transformation. This approach is in line and recommended by the peer review conducted by peers from the Local Government Association in 2013. Consultation on the new service commenced on 4 July 2016 and, alongside developing a new and essential service for our transformation programme, it will create significant savings by removing duplication in the many roles that are currently found across the Council.

4.2 Whilst it is recognised that building internal capability and capacity is a vital component of the transformation programme, so too is building the skills of our workforce whose talent and capability have not been developed to its full potential yet. The scale of skills and staff development, required to support our information programme, will not happen overnight. Whilst this is being addressed, given the financial pressures facing the council, it was critical to the success of the transformation programme to start this work swiftly. Therefore, following a benchmarking and capability review, we have been working with specialist efficiency and skills company V4 services to both drive the initial stage of the transformation programme and to bring together a transformation team of internal staff, led by the newly appointed Head of Transformation to provide this capacity for the future. This work has been very successful and has enabled a series of work programmes to be established, the internal team to be pulled together and a series of successful workshops with members and senior officers. The pace of this change must be maintained of the coming months to meet all of our transformation objectives.

4.3 We are now moving beyond the initial phase of the programme so we need to be selective about the support we commission as our projects move to do delivery stage where more specialist support is required. It is therefore intended to test the market for a managed service provider who will be able to access an extensive resource of specialisms that can support the Council's individual programmes in a responsive and agile manner. This will avoid the Council losing the momentum of the programme through the need to procure specialist support through individual contract negotiations. Each project will be covered by a specific work's package that will set out clear expectations and outcomes required, including timeline and skills transfer provisions. As has already occurred through the services of V4, we will expect any managed service provider to transfer skills and expertise into our own workforce to ensure that the talent in our organisation is properly nurtured and developed.

4.4 Whilst this tender process is being undertaken it is intended to continue using the services of V4 and depending on the outcome of the tender processes there may have to be a transition process between the successful bidder and the current provider. Care will be taken in this transition process to ensure that the momentum is not disrupted. The aim of the Council's approach is to blend external expertise with our new in-house teams so that the Council can continue the momentum and pace of its transformation programme and at the same time develop a versatile, agile and multi-skilled in-house workforce to drive and sustain our transformation programme for many years to come.

5. INVESTMENT TO SAVE PROCESS

5.1 The Council has started to introduce a more robust and business-like approach to the development of proposals for investments and savings. For the first time all proposals contained within the 2016/17 Business Plan were supported with individual business cases. Although some of these lacked detail and substance it was a significant step forward. This approach has been developed further during 2016 and all proposals that seek funding from the Transformation Fund will be supported by robust business cases. We have agreed with Group Leaders to only present executive summaries of these to the Committee. However we also intend to add links to the supporting detail for those Members who may wish to scrutinise the proposal in more depth.

5.2 Attached at **Appendix A** is a high-level process map of how it is proposed that the system will operate. It is however not intended to operate a minimum investment requirement. As a result it is possible that a significant number of small-scale proposals could come forward that would create a significant burden on the General Purposes Committee agendas. Having discussed this matter with Group Leaders it is proposed that any proposals that require investments of less than £50,000 will be delegated to the Chief Finance Officer in consultation with the Chairman of GPC or other specific committee member where this is appropriate. An example of this is the Community Resilience bid that is to be agreed in consultation with Councillor Criswell. The Committee will however receive regular reports on the standing of the Fund and the projects that are being supported.

6. IMPROVED MONITORING

6.1 The Business Plan, approved by Full Council, sets out the revenue and capital budgets for each forthcoming financial year. Having agreed those budgets operational delivery is then delegated to officers. Reports on progress are highlighted within the respective Service Committee Finance and Performance Reports, and summarised within the Integrated Performance and Resources Report.

6.2 As the Transformation Fund falls under the financial stewardship of the General Purposes Committee it is this Committee that will retain the responsibility and management of the Fund even after investments have been approved. Therefore regular reporting on activity and progress will be presented to GPC throughout the year. In addition to the formal monitoring process officers have developed a tracker tool, which was demonstrated at the last workshop, which will enable Members to access progress on any of the projects throughout the year.

6.3 Every saving proposal for the 2016/17 financial year is now included within the overarching Transformation Programme. Although many of the current year savings are not transformation projects officers felt it important that all savings should be monitored as a single process to ensure that the total picture can be viewed at the same time.

7. MANAGING THE FUND

7.1 The Council has established the Fund in order to support a level of up-front funding in investments and support that could not be supported through the Council's base revenue budget for the year. The benefits of that investment may of course accrue over a number of years and it is not clear at this stage how much demand there will be for support from the Fund.

7.2 The Council has been able to establish the Fund through agreeing a change in policy in the way that existing debt is defrayed to revenue. This created a revenue benefit, compared to the base position, for the financial year ending 31st March 2016, over the next 14 years albeit on a diminishing basis. Thereafter the costs charged to revenue start to increase, again compared to the 2015/16 base position, and therefore place an additional revenue pressure until the point at which the debt is fully defrayed. The decision to change the policy on debt was therefore not taken lightly and the Committee will want to ensure that the investments made will result in placing the Council in a far more financially robust and sustainable position for the long term.

7.3 It must be highlighted that although the Council has set aside this Fund over two financial years it does not necessarily prevent further investments being made beyond the £20m sum through the following funding sources:-

- It is expected that many proposals may involve capital investments which could be included within the capital programme.
- The Government has, for the last number of years, permitted the capitalisation of revenue expenditure where it is required for transformation purposes.
- Smaller investments could be funded from within the revenue budget by offsetting investment costs against the saving in the year of implementation.
- The minimum revenue provision policy change will continue to accrue revenue benefits over a number of years that are not yet reflected in the business planning projection. This resource could therefore be used to replenish the Fund as required.
- The Council could use the Fund as a loans pool and require services to repay the funding over an agreed period. This would retain the value of the Fund at its current level over the longer term.

7.4 There is no immediate decision required but some Members have raised the challenge of ensuring that the Council not adopt a first come first served approach to the Fund. The above options provide a range of solutions that can sustain a sizable fund for the foreseeable future. However, the Council must ensure that it reviews the size of the Fund on a regular basis. It is not in the Council's interest to hold a significant resource on the balance sheet if it is not required.

8. OPERATING MODEL AND BUSINESS PLANNING

8.1 The Council adopted the principle of moving towards an outcome based approach to budgeting as part of its 2015/16 business planning process. It also recognised that this would take time and would be an evolution rather than a revolution. Implementing a corporate transformation programme will help to expedite the delivery of this approach as all proposals are being developed against a backcloth of multi-service disciplines rather than the traditional single service approach. This has already generated significantly improved collaboration and joined up thinking across the organisation with the Council's key outcomes being at the heart of the service redesign proposals that are coming forward.

8.2 This is demonstrated in many proposals such as proposed redesign of the customer front door, developing community resilience to support independent living, community hubs to provide more integrated support in localities, market interventions in care provision to create additional market capacity, highways outcome based procurement to name a few.

8.3 Whilst the financial challenges facing the Council have been well articulated, if the Transformation Programme delivers the outcomes to which we aspire the Council will be in a much better position than would otherwise have been the case. There are of course many proposals that will not deliver to the level that we hope for, or possibly not at all, but we are building a plethora of proposals which will enable us to manage those projects within the pipeline that are not deliverable in whole or in part.

8.4 There has, understandably, been much criticism of the silo approach to cash limits. Indeed this was a key driver for developing both the operating model and the Transformation Programme. A key outcome that we are expecting to come out of this programme is that the Council is able to move away from a departmental cash limit process. Obviously the level of proposals that come forward will turn this from an aspiration to a reality and it may take some years before we reach this position.

8.5 The following simple table sets out how the Transformation Programme will integrate with the Business Planning process. We will develop the detail that supports this approach but in essence the more that can be derived from within the Transformation Programme the fewer savings that will need to be met from the traditional service approach. The Council must embrace this as a corporate approach and therefore avoid any proposals being delayed, or at worst not delivered, due to lack of agreement on where the benefit of the saving should be attributed.

Base Budget		Year 1
Review of outturn		
Corporately agreed changes to:	Inflation	X
	Demography	X
	Capital Financing	X
	Service Pressures	X
Base budget		Year 2
Projected Resource Envelope		A
Savings Challenge		Y2 – A= B
Transformation Programme		
Customer and Communities	X	
Assets, Estates and Facilities Management	X	
Commissioning	X	
Contracts, Commercial and Procurement	X	
Workforce, Planning and Development	X	
Single service proposals	X	
Total Transformation Proposals		C
Revised Savings Challenge		B-C=D
Savings Challenge Allocated by Cash Limit		E

8.6 As we are aiming high the ultimate aspiration must be to achieve a programme that is so transformational and efficiency-driven that it will provide the financial capacity for the Council to consider investing in new service areas to improve the quality of life for our residents.

9. ALIGNMENT WITH CORPORATE PRIORITIES

9.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

9.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

9.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

10. SIGNIFICANT IMPLICATIONS

10.1 Resource Implications

The resources required to deliver the Transformation Programme will largely be considered on a project by project basis with individual proposals being considered by this Committee. The short term support that the Council has commissioned, as set out within this report, are covered within the operational budgets of the individual services that have agreed specific work packages and the provisions as contained within the year-end financial report considered elsewhere on this agenda.

10.2 Statutory, Risk and Legal Implications

The key risk for the Council if the Council incurs delay in the delivery of the Transformation Programme will be an inability to deliver a balanced budget for 2017/18 without drawing upon the General Fund Reserve.

10.3 Equality and Diversity Implications

There are no significant implications for this priority.

10.4 Engagement and Consultation Implications

Each project within the Programme will have specific engagement and consultation processes appropriate to that project.

10.5 Localism and Local Member Involvement

There are no significant implications for this priority.

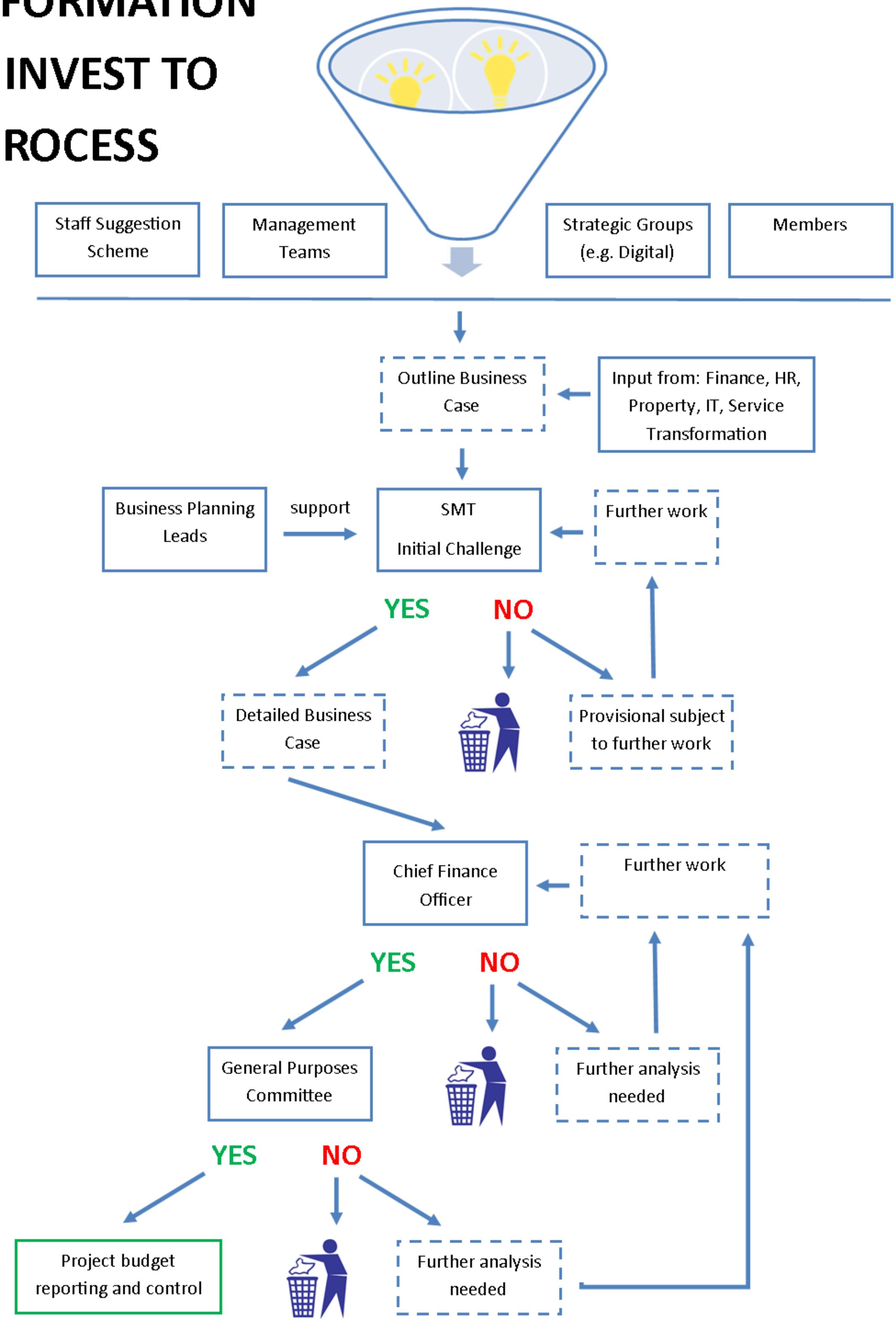
10.6 Public Health Implications

There are no significant implications for this priority.

Source Documents	Location
None	Box number - OCT1114 Shire Hall Cambridge

Appendix A

TRANSFORMATION FUND: INVEST TO SAVE PROCESS



MEDIUM TERM FINANCIAL STRATEGY

To:	**General Purposes Committee**
Meeting Date:	**26th July 2016**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**This report sets out the Council's draft Medium Term Financial Strategy for the next five years. The strategy is updated annually at the commencement of the business planning process but is refined during the process as the financial climate and the Council's approach to its finances gain greater clarity. The final Strategy is adopted at the Council meeting in February that agrees the Business Plan and the revenue and capital budgets. Its core purpose is to provide a financial framework within which individual service proposals can develop before Council approves the budget and the Business Plan in February.**
Recommendation:	**It is recommended that General Purposes Committee:**

a) Acknowledges the indicative departmental cash limits and the move towards transformation;

b) Confirms, in light of the move towards a more corporate approach to Business Planning, the policy for 2016-21 on whether any additional savings requirement arising from service pressures and investments be:
- **allocated directly to the relevant services; or**
- **allocated corporately and redistributed on the basis of services' budget size; and**

c) Recommends the Draft Medium Term Financial Strategy to Council for approval subject to the above recommendations.

	Officer contact:
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1. BACKGROUND

1.1 The Council has for a number of years adopted an integrated approach to service planning and budget setting. It does this through the business planning process that culminates annually with the Council agreeing the Business Plan in February.

1.2 The Business Plan covers a five year timeline and integrates policy objectives, resource allocations, and performance targets. The General Purposes Committee has a responsibility in owning and overseeing this process (as well as being the Service Committee on behalf of Corporate and LGSS Managed Services).

1.3 This year, the Council has replaced its traditional approach to developing Business Plan proposals with a Transformation Delivery Model focussed on six cross organisation priority programmes and five traditional service based programmes. Every saving proposal will fall in to at least one of these eleven Transformation Workstreams. As a consequence, the Council has created a significant transformation resource in order that it can re-shape the Council in to one that is leaner, more efficient, more cross cutting, and focused on outcomes.

1.4 A combination of continuing reductions in grants, population and demographic increases and inflation means we will have significantly less money available in the coming years than we need to deliver the same services in the same ways as we currently do. This is on the back of substantial efficiency, service cuts and increased charging that has already been implemented as part of the austerity measures.

1.5 The Council were offered the opportunity to agree a fixed four year settlement as part of the Comprehensive Spending Review. At this point we do not know whether the ‘Brexit’ vote will have any impact on public spending projections albeit, as a result of the vote, the Chancellor has stated that he does not believe that getting the UK public finances in to a surplus position by 2020 is a deliverable target. The £236.4m savings that the Council identified between 2011-12 and 2016-17 were achieved by making efficiencies, cutting services and raising charges. The opportunity to make further efficiencies is minimal.

1.6 The Council’s scope to make wholesale service cuts is constrained by the statutory responsibility it has to deliver some services. The key areas where budgets are becoming unsustainable are care package budgets which cover a wide range of users from older people through to learning disabilities, SEN and looked after children. We do not have the option to simply stop providing services in these areas or to provide less than the statutory requirements. The users of these services are vulnerable people and we cannot relinquish our statutory responsibilities for their care.

1.7 The Council’s ability to make on-going service reductions in the way that it has in the past is very restricted. The only real answer therefore is to manage demand particularly those that are budgets of high areas of spend. This means a combination of preventing the need for Council support in the first place or reducing the level of support provided.

1.8 Consequently, the Council has changed the way it approaches these challenges, moving towards the development of transformational and innovative proposals. The Council still has to make some stark and unpalatable choices but we are in a much better position to mitigate the implications of the financial environment than we were this time last year.

1.9 A key component of the Business Plan is the Medium Term Financial Strategy, which sets the financial framework that services should adopt in the construction of their budget proposals at the start of the business planning process. The MTFS and the Business Plan, including departmental cash limits, are the sole responsibility of Council. GPC recommends budget proposals to Council but this is in the form of a recommendation which Council must agree, or not, as part of the budget setting decision making process. The draft 2017-22 MTFS can be found in **Appendix B**. The financial estimates underpinning the draft MTFS, including inflation, demography, pressures and funding forecasts, are provisional and will be refined during this year's business planning process prior to consideration by Council in February.

2. PURPOSE AND KEY DEVELOPMENTS

2.1 One of the major functions of the MTFS is to set out the Council's projected resources for the next five financial years. It also establishes a framework for the construction of the detailed budget proposals. It does not set out these detailed budgets and the individual savings proposals as these are contained elsewhere in the Business Plan. These proposals will be considered by service committees throughout the Autumn and Winter before being finally approved by Council in February. A more detailed summary of the Business Planning timetable is included as **Appendix A.**

2.2 The MTFS does however establish a guide and a context to support services in this work and agrees a number of corporate methodologies for this process.

2.3 The Committee will be aware that the Council has previously managed the budgeting process through the allocation of cash limits. These cash limits, issued on a service block basis, set the resource envelope within which services must operate.

2.4 While the traditional incremental cash limit model has been at the core of the Council's Business Plan approach for many years, the Council is moving to a budget where the transformation programme is at the heart of its construction. As a consequence the Council is now taking a significant step away from the previous methodology. Although the base budget is predicated on the cash limit model, and therefore it will take some time to completely remove it from our financial model, any changes that arise on an on-going basis will, where possible, be funded through the cross cutting approach to transformation.

2.5 The Transformation Delivery Model is an alternative, cross-cutting, approach being developed to support the 2017-22 business planning process. It is designed to ensure we maximise the opportunities across the Council and with partners to deliver services in a different way.

2.6 Given that this is the first year the Business Plan has been developed using the Transformation Delivery Model it was felt appropriate to include a section within the MTFS outlining the vision.

2.7 The Business Plan recommended to Council in February will still contain cash limits for individual services, but these will be arrived at in a much more cross-cutting, holistic, way that will flex cash limits determined using the traditional incremental approach to accommodate the outcome-based proposals generated through the transformation workstreams.

2.8 At this point in the business planning process cash limits should be regarded as provisional as there will be a number of factors that affect the final allocations. Such changes will arise from flexing to reflect the proposals brought forward through the transformation workstreams, as well as changes that could arise from the next Spending Review, changes to legislation, or unforeseen service pressures.

2.9 The Transformation Delivery Model, whilst providing a more realistic opportunity for producing a balanced budget in the medium term cannot be seen as a panacea to the challenges. The Council will still have to make very difficult decisions over service levels, income generation and asset utilisation. These decisions will affect real people in real communities and, regrettably, are a direct consequence of inadequate funding.

3. SAVINGS TARGETS

3.1 Savings targets are agreed as part of the Business Plan, on a five year rolling basis updated to take account of changes to funding and expenditure, including projections on demography, inflation, and service pressures.

3.2 It is important for the Business Plan to reflect a realistic assessment of likely changes in cost due to inflation, demography and other service pressures as this ensures that the Council considers how it will realistically balance its budget by setting out a clear plan to achieve this through savings proposals.

3.3 The following table sets out the current savings requirement for the organisation as a whole, summarising the factors giving rise to the savings. Note that the overall savings requirement and other figures outlined below will be refined during the course of the business planning process as pressures are identified, assumptions around inflation and demand refreshed, and funding levels published by government.

Reason for Savings	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Loss (+) / Gain (-) of funding	7,015	461	-8,765	-7,645	-5,342	-14,276
Inflation	7,820	8,791	9,023	9,481	9,479	44,594
Demand	6,582	6,208	6,269	6,313	6,313	31,685
Pressures and investments	-3,942	5,847	7,039	6,988	6,849	22,781
Capital	3,303	795	-264	-330	-	3,504
Reserves	2,932	-2,016	1,963	133	-6,843	-3,831
Other	22	-40	-38	-36	-68	-160
Total	**23,732**	**20,046**	**15,227**	**14,904**	**10,388**	**84,297**

3.4 The inclusion of service pressures, and other budgetary changes, within the financial model affects the overall level of savings. During last year's business planning process this Committee recommended that savings arising from service pressures and investments should be assigned to the specific services to which the pressures and investments relate.

3.5 Given the advent of the new Transformation Delivery Model, with its strong focus on cross-organisation Business Planning, the Committee is asked whether the approach implemented last year is still applicable. Members are therefore asked to recommend the approach to be followed this year as we commence a move away from the old silo based approach to Business Planning:

- Option 1: continue to allocate savings arising from service pressures and investments directly to the individual services to which the pressures and investments relate; or
- Option 2: allocate savings arising from service pressures and investments corporately.

3.6 The published 2016-21 Business Plan contains a significant proportion of unidentified savings. As part of this year's business planning process Services have reviewed existing 2016-21 Business Plan proposals to allow quantification of the scale of the savings yet to be identified.

3.7 The following table sets out the current savings requirement for the Council and indicates the level of savings yet to be identified. Identified savings exclude all savings proposed through transformation workstreams.

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Identified savings	18,295	12,186	8,104	8,260	2	**46,847**
Unidentified savings	5,437	7,860	7,123	6,644	10,386	**37,450**
Total	**23,732**	**20,046**	**15,227**	**14,904**	**10,388**	**84,297**

3.8 The most pressing focus for this year's business planning process is, naturally, to ensure that the Council has a balanced budget for the forthcoming year. However, the Transformation Delivery Model approach has a strong focus on redesigning the Council's delivery of services, operating with a real term reduction in resource. Consequently, this business planning process will seek to address unidentified savings across the full five years of the Business Plan by setting out an achievable phased transition to that future Council, although it is expected that the detail of proposals will be most fully developed for 2017-18.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

This report sets out the provisional revenue cash limits and a proposed capital programme for all service areas. Whilst not a direct result of this report there could be impacts associated with the local economy from the detailed proposals that will arise from the aforementioned allocations.

4.2 Helping people live healthy and independent lives

This report sets out the provisional revenue cash limits and a proposed capital programme for all service areas. Whilst not a direct result of this report there could be impacts associated with the people living healthy and independent lives from the detailed proposals that will arise from the aforementioned allocations.

4.3 Supporting and protecting vulnerable people

This report sets out the provisional revenue resource and a proposed capital programme for all service areas. Whilst not a direct result of this report there could be impacts associated with supporting and protecting vulnerable people from the detailed proposals that will arise from the aforementioned allocations.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

This report sets out the provisional revenue resource and a proposed capital programme for all service areas. The final resource allocation will be approved by Council as part of the Business Plan in February 2017.

5.2 Statutory, Risk and Legal Implications

This report sets out provisional revenue resource and a proposed capital programme for all service areas. Whilst not a direct result of this report there will be risks associated with implementation of the detailed savings proposals that will come forward as part of the Business Plan.

5.3 Equality and Diversity Implications

This report sets out provisional revenue resource and a proposed capital programme for all service areas. Whilst not a direct result of this report there could be equality and diversity implications arising from the detailed proposals and these will be identified in the individual equality and impact assessments of associated with each proposal.

5.4 Engagement and Consultation Implications

There will be a public consultation and engagement process that will support the final Business Plan proposals and these will support the development of the Business Plan to be considered by the Council in February.

5.5 Localism and Local Member Involvement

There are no issues directly arising from this report.

5.6 Public Health Implications

There are no issues directly arising from this report.

Source Documents	Location
Draft Medium Term Financial Strategy 2017-22	Octagon First Floor Shire Hall Cambridge
Council Business Plan 2016-21	http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2016_to_2017

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Finance	Drafting MTFS & capital strategy				Inflation process				Members' alternative budget proposals reviewed by Officers		
		Issue 'in principle' cash limits			Issue final cash limits						
Research		Demography reviewed and refined			Consultation process undertaken						
General Purposes Committee				MTFS, Capital Strategy & cash limits agreed			Consider capital prioritisation		Consider full draft plan (all sections)	BP for Council agreed	
Service Committees				Consider/challenge initial update & early savigns plans		Consider draft capital proposals, fees & charges report	Consider full draft revenue proposals and CIAs	Review final draft budget tables, final CIAs			
Transformation Programmes	Workstreams assigned SMT sponsors	Development of ideas, plans and options into an agreed long-list of SMT business planning proposals by mid-July		Proposals are developed in more detail and tested with Members in advance of October Service Committees							
Informal Workshops		GPC/SMT Workshop		GPC/SMT Workshop		GPC/SMT Workshop		GPC/SMT Workshop		GPC/SMT Workshop	
Full Council							Capital strategy agreed				Final BP agreed

Section 2 – Medium Term Financial Strategy **Appendix B**

Contents

1) Executive summary

The constituent elements of this Strategy set out the financial picture facing the Council over the coming five years. When the Council considered the MTFS last year there was significant uncertainty regarding the potential outcome of the forthcoming Comprehensive Spending Review (CSR). As part of that CSR, councils were offered the opportunity to agree to a fixed four year settlement figure bringing greater certainty to the grant settlement.

The vote to exit the European Union does of course bring this commitment in to question. Prior to the vote the Chancellor of the Exchequer stated that were the electorate to vote in favour of 'Brexit' then an emergency budget would be required in the autumn in order to stabilise the economy. It is not possible to say at this point whether this will transpire and if it does what the outcome of that will be. There is however no doubt that the decision has de-stabilised markets with significant value being wiped off share values across the globe and the value of the pound has deteriorated significantly as a consequence. Uncertainty was always going to have such an effect. Markets will recover from this turbulence but this may take some time and they may not recover to their position prior to the vote.

The outlook for public finances remains relatively bleak. The Council has operated for a number of years within a very constrained financial environment. As a result, the Council has had to make relatively tough decisions over service levels and charging for services during this period. As we progress through the period covered by the MTFS those decisions become even more challenging.

Whilst the Council's financial environment has not improved over the last twelve months, the way in which it approaches the challenge has. Since agreeing the MTFS in 2015 the Council have agreed a change in the way that it bears the cost of borrowing. This has reduced, in the short term at least, the impact of capital financing costs on the Council's budget which has enabled the establishment of a Transformation Fund in the sum of almost £20m. The Council has developed a strategic approach to the creation of transformation and innovation proposals. It has also brought the various skills and resources that were dispersed across the Council under a single line management structure to ensure that all proposals and thoughts are captured and turned from suggestions into realities.

The Council still has to make some stark and unpalatable choices but we are in a much better position to mitigate the implications of the financial environment than we were this time last year. The Council has a statutory responsibility to set a balanced budget each financial year and the proposals that are already within the Business Plan for 2017/18 do still contain some very unpalatable proposals.

Some service reductions are unfortunately still inevitable however we do expect these to be far less than otherwise would have been the case, had the Council not embarked upon this transformation journey. The Council will continue to seek to shape proposals so that the most vulnerable are the least affected. Nonetheless, there will be a direct impact on local communities: on libraries and roads, on social care and transport, on learning and public health.

This strategy sets out the issues and challenges for the next five financial years and creates a framework within which the detailed budgets will be constructed. Increasingly, the Council will work across service, organisation, and sector boundaries to find ways in which the shrinking resource of the wider public sector can be best used to achieve the outcomes we strive for. The key elements of this Strategy are set out below. A key point to note is that the Council Tax assumptions have been reduced to 0% for the period of the Strategy. This was in light of the debate that took place in February 2016 when setting the budget for the current financial year:

- A 0% council tax increase for the period of the Strategy;
- The Adult Social Care Precept of 2%, will be accepted for the remaining three years that it is available;
- The strategic approach to developing savings and transformation proposals that support the business plan continue to evolve for incremental implementation from 2017-18;
- For the financial year 2017-18 the base budget will use the existing cash limit budgets built into the existing Business Plan but that any variations will be managed, where possible, through the transformation work-streams that will bring forward cross-Council and multi-agency proposals;
- Funding for invest to save schemes will be made available via the Transformation Fund as part of the Business Planning process, or from the Council's General Reserve, subject to robust business cases;
- The Council will continue to adopt a more commercial focus in the use of its assets (both human and infrastructure) looking for opportunities to generate income in order to protect frontline services;
- The General Reserve will be held at approximately 3% of expenditure (excluding schools expenditure);
- Fees and charges will be reviewed annually in line with the Council's fees and charges policy;
- The capital programme will be developed in line with the framework set out in the Capital Strategy where prudential borrowing will be restricted and any additional net revenue borrowing costs would need Council approval;
- All savings proposals will be developed against the backcloth of the Council's new outcome-based approach to Business Planning;
- All opportunities for cross-sector and organisational working that drive end to end efficiencies and/or improvements in service delivery will be pursued as part of the outcome-based approach;
- Business rates pooling will be fully explored with district council's where there is a mutual financial benefit to so do;
- Consideration will also be given as to whether to trigger the use of a referendum in order to raise the Council Tax beyond that deemed excessive by the Secretary of State. The Business Plan is predicated on a 0% increase each year;
- The Council Tax assumption and forecasts are reviewed each year and updated if necessary;
- The Council will continue to lobby central government for fairer funding, and in particular for a fairer deal for Cambridgeshire's schools.

2) National and local context

The Council's business planning takes place within the context of both the national and local economic environments, as well as government's public expenditure plans. This chapter of the Medium Term Financial Strategy explores that backdrop.

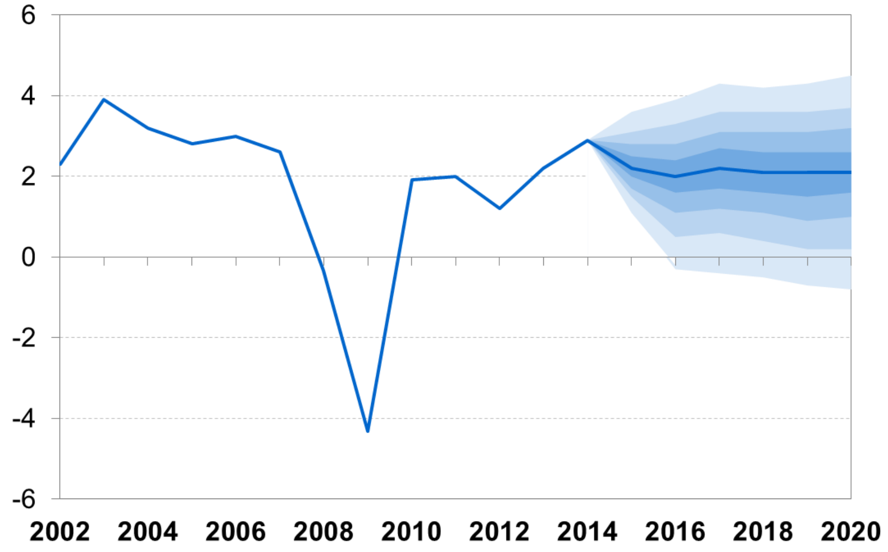
National economic outlook

The economic downturn of 2008 has been followed by a particularly protracted recovery, with the UK experiencing a relatively erratic period of GDP growth between 2010 and 2012. Since the end of 2012 a more sustained recovery has been evident, fuelled both by household consumption and business investment. The UK economy performed more strongly than initially expected during 2013, with GDP growing by 1.7% and surpassing its 2008 pre-crisis peak in the third quarter of 2013. The economy continued to improve during 2014, with growth of 3.0% - the fastest in the G7.

Growth is expected to remain at similar levels during 2016, with the OBR forecasting GDP growth of between 2% and 3% over the medium term.

However, labour productivity remains weak, with the Office of National Statistics estimating that output per hour during 2015 was little changed from 2014. Despite the absorption of slack in the labour market, wage growth remains weak and with productivity remaining well below pre-crisis levels, this may take some time to be absorbed. The International Monetary Fund has warned low productivity is a key risk to the UK's future economic health.

Figure 2.1: GDP Growth (Source: OBR, March 2016)

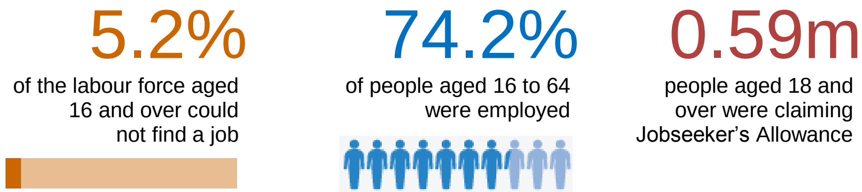


The downturn in the housing and property market after the credit crunch initially caused development to slow and land values have subsequently been struggling to recover. Over the last few years this has negatively affected the ability of the Council to fund capital investment through the sale of surplus land and buildings, or from contributions by developers. Although this situation still exists for the north of the County, recent indications continue to suggest that in south Cambridgeshire the market is showing goods signs of recovery. This is particularly true for the city of Cambridge, where values are starting to rise over and above pre-credit crunch levels. This has led to increased viability of development once again and, therefore greater developer contributions in these areas.

The government has set a target of 2% for the underlying rate of inflation as measured by the Consumer Price Index. During 2014 inflation fell below this level for the first time since late 2009, reaching -0.1% in April 2015 as a result of reductions in the price of oil and food. However, there are some signs that pay growth may be picking up and the anticipated rise in wages will have the opposite effect, fuelling inflation. During 2015-16, CPI inflation rose to 0.5% (March 2016) but remains well below the 2% target. Sterling's appreciation is likely to put temporary downward pressure on inflation for the next couple of years and inflation is forecast to rise slowly to the 2% target level over the medium term.

Figure 2.2: CPI Inflation (Source: OBR, March 2016)

The latest unemployment rate is 5.2%; with 1.67m people aged 16 to 64 not employed but seeking work. Unemployment fluctuated around 8% since the financial crisis, but began to fall in the second half of 2013 and is now at its lowest level since 2005. As at April 2016, the number of people claiming Jobseekers Allowance was 0.59m, or 2.1%. In total, 30.40m people were in employment (74.2% of the population aged 16-64).



Current OBR forecasts expect unemployment to stabilise at between 5% and 6% over the medium term.

Unemployment is currently below the Bank of England's 7% threshold, above which the Monetary Policy Committee would not consider varying the current 0.5% Base Rate of interest. The Bank of England has indicated that an interest rates rise is on the horizon, but that it will be gradual and limited, while the Office for National Statistics is assuming a reduction in the Base Rate in the short term, rising to 0.75% in 2019 and 1.1% by the end of the medium term.

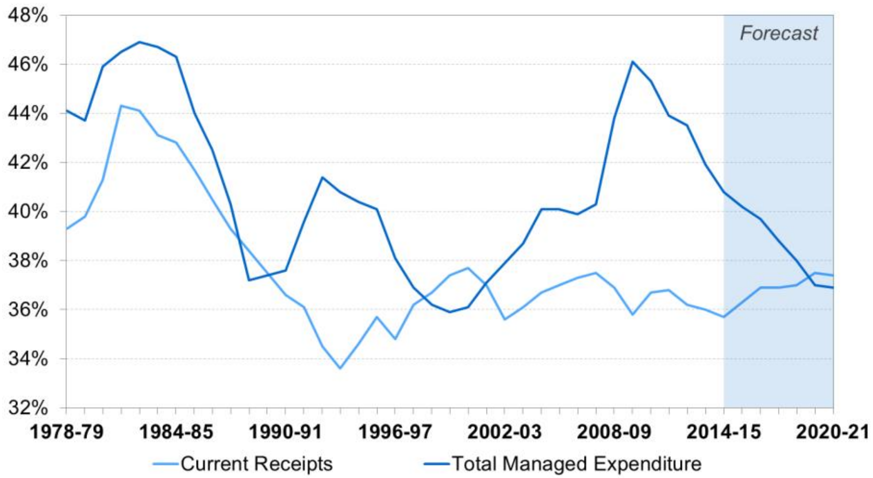
The continued sluggish growth in the Eurozone and the slowing-down of the Chinese economy may have a significant impact on the UK's position.

Public Sector spending

The government's economic strategy, set out by the Chancellor in July's Summer Budget and the Comprehensive Spending Review in November 2015, and reconfirmed in the March Budget 2016, remains committed to rebalancing the economy through a programme of austerity. The cyclically-adjusted budget deficit was halved during the last Parliament and the Chancellor has confirmed that deficit reduction will continue at a similar rate of around 1.1% of GDP per year. The latest forecast from the OBR expects the deficit to be replaced with a surplus of £10.4 billion by 2019-20.

Public sector net debt is expected to have peaked at 83.7% of GDP in 2015-16 and is forecast to fall to 74.7% of GDP by 2020-21. At its peak, debt will have increased by around 40% of GDP since 2007-08 – a figure that highlights the long-term challenge, facing this and future governments, of returning the UK's public finances to a sustainable position.

Figure 2.3: Total public sector spending and receipts

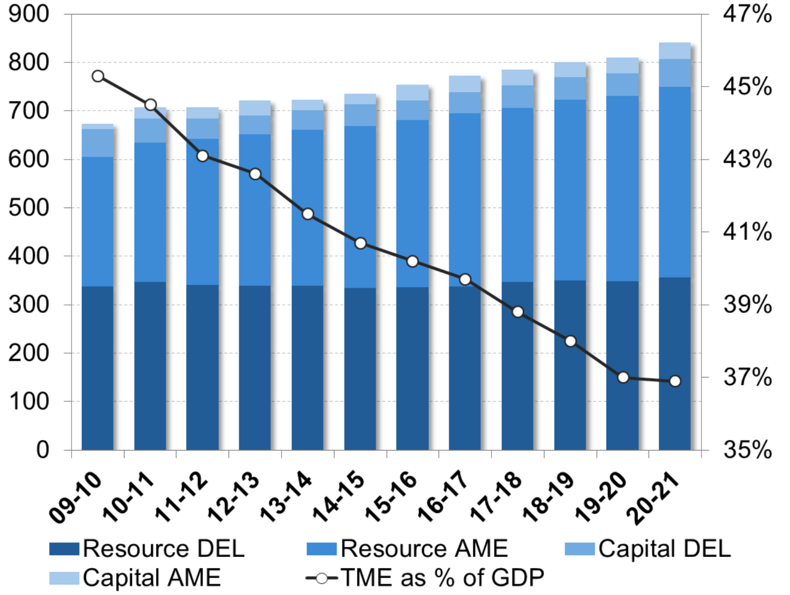


The government plans to eliminate the deficit by a mixture of spending and fiscal consolidation. Current estimates indicate that Total Managed Expenditure will be reduced from 40% of GDP in 2016-17 to 37% of GDP by 2019-20 and remain at that level in 2020-21.

Total Managed Expenditure is the total amount that government spends. It is split into amounts allocated to individual government departments (known as Departmental Expenditure Limits, or DEL) and spending that is not controlled by government departments (known as Annually Managed Expenditure, or AME). AME covers spending on areas such as welfare, pensions and debt interest.

HM Treasury's forecast for TME over the next five years, as shown in Figure 2.4, indicates an overall reduction in revenue Departmental Expenditure Limits until 2018-19, at the expense of increases in Annually Managed Expenditure. Departmental Expenditure Limits are expected to increase from 2019-20 and match GDP growth in 2020-21.

Figure 2.4: Total Managed Expenditure



Detailed government spending plans for individual departments were announced for 2016-17 in the 2015 Spending Review.

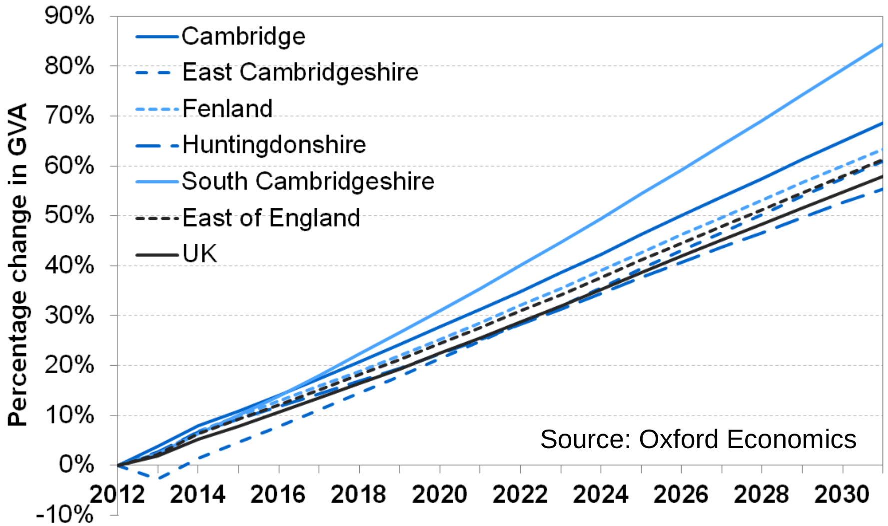
By far the majority of the Department for Communities and Local Government's DEL is allocated to individual local authorities. Our internal modelling of future cuts prudently assumes a similar level of reductions to those seen in 2015-16 over the next five years, as set out below, which has been confirmed by the 2015 Spending Review.

Local economic outlook

Cambridgeshire has a relatively resilient economy, compared to the national picture, as demonstrated by its above average levels of job creation between 2001 and 2011. In the aftermath of the financial crisis increases in hi-tech firm size were evident between 2008 and 2010. The East of England remained the third-highest exporting region by value in 2012, with a particularly strong pharmaceutical industry.

Economic productivity is measured by Gross Value Added (GVA). Calculated on a workplace basis, Cambridgeshire's GVA was £16,529 million in 2013, a 1.2% increase from 2012. Per head of population, GVA was £26,150 in 2013, 19% above the East of England average of £21,897 per head, and 9% above the England average of £24,091 per head.

Figure 2.5: GVA growth forecasts for Cambridgeshire by district



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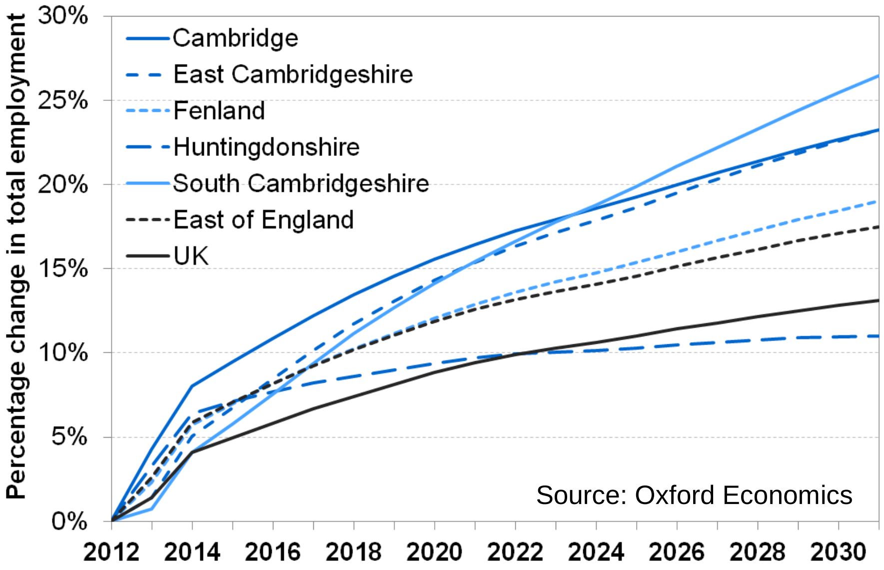
Cambridgeshire's GVA per head of population is above the regional and national averages, predominantly due to high value added activity in South Cambridgeshire and a high jobs density in Cambridge City, which push up the county average. Productivity is highest in South Cambridgeshire, reflecting the concentration of high value industry in this district. Cambridgeshire's GVA is forecast to grow by 65% between 2013 and 2031, with the most significant increase in South Cambridgeshire, where GVA is expected to increase by 80%. Enterprise births relative to population have increased for the second year in a row, although this is still below the regional and national enterprise birth rate. All five Cambridgeshire districts have seen an increase in the number of business start-ups during 2013. Retail growth in most district town centres continues to provide an important source of employment to support the broader market town business base.

Figure 2.6: Employment growth forecasts for Cambridgeshire by district



Cambridgeshire's higher than average employment rate and forecasts for continued employment growth across all districts present a key opportunity for the county. Cambridgeshire has seen a 2.4% rise in the number of private sector jobs during 2013, and a 4.0% rise in public sector jobs in the same period. From an historical perspective, job creation has previously been uneven, with Fenland and Cambridge only seeing limited growth between 2001 and 2011; however both Fenland and Cambridge have seen significant growth during 2013. A significant proportion of Cambridgeshire's jobs are in manufacturing and education.

Cambridge City is seeing rising demand for skilled workers in manufacturing and production sectors due to a rise in orders, although there is a noticeable skills gap developing for the increasing number of vacancies. The low proportion of Cambridgeshire residents qualified to an intermediate skills level (NVQ Level 3) despite the high demand for people with these skills levels within the county is another key employment issue. The county is seeking to address this through school and college business initiatives such as the Fenland Enterprise in Education, CAP Employer Project and the University Technical College at Cambridge Regional College. These initiatives allow business to be directly involved in improving employment prospects for young people.

The new free Wi-Fi network covering central Cambridge has been launched by Connecting Cambridgeshire, as the first step in improving public access to Wi-Fi across the county. Better connectivity is expected to improve productivity.

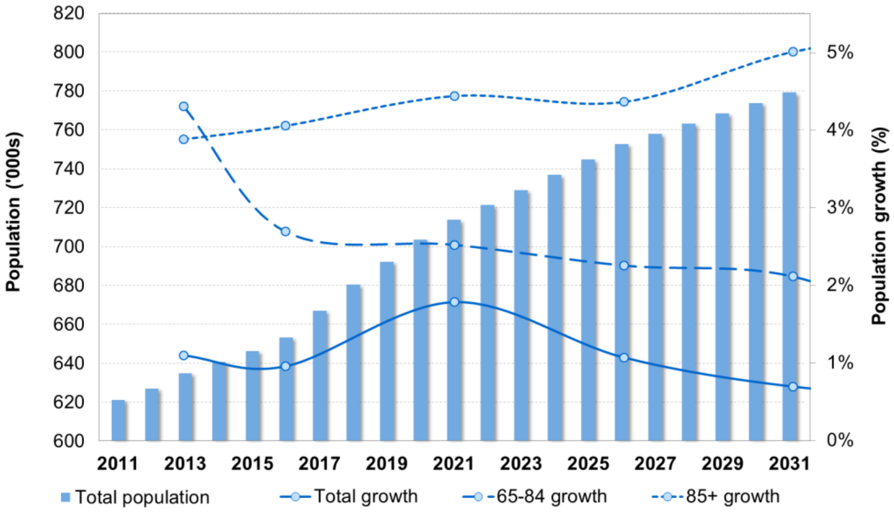
As part of the Budget 2014, Central Government announced their agreement for a Greater Cambridge City Deal which will deliver a step change in investment capability; an increase in jobs and homes with benefits for the whole County and the wider LEP area. The agreement provides a grant of up to £500 million for new transport schemes. However, only £100 million of funding has initially been guaranteed with the remaining funding dependent on the achievement of certain triggers. The deal has resulted in a changed set of governance arrangements for Greater Cambridge, allowing the County, Cambridge City Council and South Cambridgeshire District Council to pool funding and powers through a Joint Committee. This is helping to deliver a more joined-up and efficient approach to the key economic issues facing this rapidly-growing city region.

Cambridgeshire's growing population

Cambridgeshire is the fastest growing county in the UK, as confirmed by the 2011 census, which showed the county's population as having increased by 68,500 between 2001 and 2011 to 621,200. This equates to a growth rate of 12% over the ten year period. A growing county provides many opportunities for development and is a general sign of economic success. However, it also brings with it significant additional demand for services driven by increased demography. When this is combined with the Government's austerity drive it creates what has been described as the "perfect storm". Being able to balance our resources will become increasingly more challenging as we progress through the period of this strategy.

Our forecasts show that the county's population is expected to grow by 23% over the next 20 years. The pattern of growth will not be evenly spread, with most of it occurring in the southern half of the county around Cambridge and South Cambridgeshire. As well as increased numbers of people living in the area the population structure is also changing. The number of people aged 65 and over is forecast to continue to increase over the next 20 years, from 118,700 in 2016 to 195,200 in 2036, placing unprecedented demand on social care services for the elderly. It is also anticipated that there will be more people with care needs such as learning disabilities within the population.

Figure 2.7: Population forecasts for Cambridgeshire



3) Transformation

The Business Plan sets out how the Council intends to deliver its priority outcomes. With real term reduction in resources and pressures of demographic growth, maintaining the level of funding for the key activities that deliver these outcomes becomes increasingly challenging. The reduced funding available means the Council must focus on those things that it sees as essential to support the delivery of these priority outcomes.

The Council has recognised that the traditional approach that has taken on developing the Business Plan in previous years was unsustainable. As a consequence the Council has created a significant transformation resource in order that it can re-shape the Council in to one that is leaner, more efficient, more cross cutting and one that is focussed on outcomes.

The Council is still in the early days of what will become the modus operandi of the Council's future arrangements. The 2017/18 Business Plan will be a transition year in which the transformation programme starts to be integrated in to the traditional Business Planning arrangements. It is important that Business Planning and the Transformation Programme are not seen as different programmes as there are intrinsically linked. They will be developed as one, they will be managed as one, and therefore they are one.

The traditional approach to developing Business Plan proposals is being replaced through thematic, cross organisation/sector priority programmes: -

:

Asset Utilisation – making better use of buildings and assets we have to save money and bring in more resources for the Council.

Following the money and Data Analytics – using intelligence and data to better understand our services, who needs them and how we might better provide them.

Procurement, Contracts and Purchasing – 70% of our expenditure is on goods and services procured from external organisations. We are looking at how we can do this better across the whole Council.

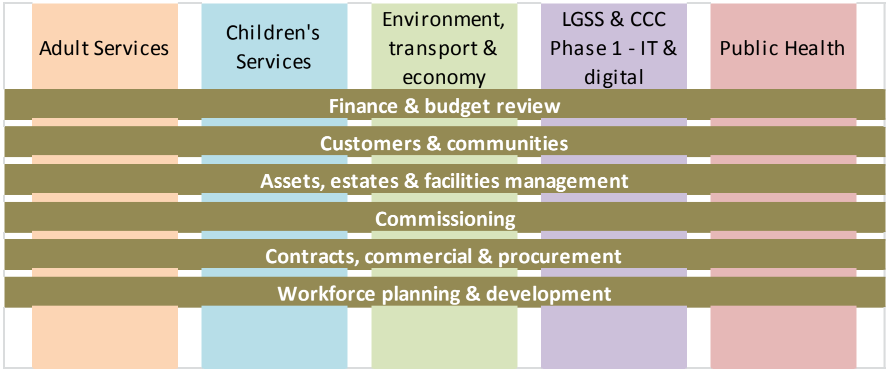
Customer First, Digital First – we are making sure that when our residents contact us they get what they need the first time and, if they do need more than this, they get to see/speak to someone who is the right person to help them.

Partnership and Stakeholder Engagement – we want to explore how others, like the voluntary sector or other councils, can help us provide services in different ways than we have done before.

The activities behind these priority areas are linked to at least one of 11 Transformation Workstreams. The workstreams prioritise cross Council working and innovative thinking and are arranged into 5 vertical 'directorates' and 6 cross cutting themes:

- Adult services
- Children's services
- Environment, Transport & Economy
- LGSS & CCC Phase 1 – IT & Digital
- Public Health

- Finance & budget review
- Customers & communities
- Assets, estates & facilities management
- Commissioning
- Contracts, commercial & procurement
- Workforce planning & development



The 11 Transformation workstreams represent what the Council plans to do, with each service making a contribution to achieving planned outcomes either through direct service provision, commissioning, or working with partners. Each workstream is a Council priority and, as such, will be delivered by services working collaboratively with each other.

As part of the process leading to the creation of this Business Plan, the Council has considered what it needs to look like in 2021-22 in order to deliver its outcomes in the context of a significant reduction in available resource. A Transformation Delivery Model has been created that sets out what this future Council will look like and how we will get there. Members and Officers have worked together across all Council services to design an organisation that focuses on the outcomes we want most for our communities and that works together to achieve these.

This longer term approach to transformation will allow the Council to redesign services more effectively and intelligently, aligning our enabling activities, alongside our partners, to achieve our outcomes. Transformation of the Council's services in line with these workstreams will be phased over the next five years and will reflect our available revenue and capital resources.

The Council has adopted many common approaches to the increasing financial challenges it faces through:

- Doing all we can to support economic growth and revenue.
- Focusing on managing demand through a targeted approach, emphasising prevention, early intervention and short-term progressive support.
- Enabling local communities to become less dependent upon the Council.
- Continuing to drive efficiencies through changes to the way the Council works through exploiting new

technology, consolidation of buildings and services, and the automation of processes.

- Withdrawing from some areas of service provision to focus on the Council's unique contribution.

We will need to build further on these underlying approaches going forward. We will need to become less risk adverse and we will need to maximise the utilisation of our asset base.

The Transformation Delivery Model is not a panacea but an approach to ensure we maximise the opportunities across the Council and with partners to deliver services in a different way. It is intended to mitigate the impact of a reducing resource pool rather than to eradicate it. The Council will still have to make very difficult decisions over service levels, income generation and asset utilisation. These decisions will affect real people in real communities and, regrettably, are a direct consequence of inadequate funding.

Although the Council considered the MTFS prior to the whole Business Plan, it is still an integral part to the Business Plan and should always be seen as such. The MTFS is of course supported by other strategic documents some of which are also part of the Business Plan and some of which are not. This includes service based strategies support delivery of the outcomes that are to be achieved within the resource envelope provided through the MTFS.

4) Strategic financial framework

The Council's strategic financial framework is comprised of three distinct, but interdependent, strategies set out within this Business Plan:

- Medium Term Financial Strategy (Section 2)
- Capital Strategy (Section 6)
- Treasury Management Strategy (Section 7)

As well as outlining the Council's revenue strategy, this Medium Term Financial Strategy includes the organisation's Fees and Charges Policy (see chapter 7) and Reserves Policy (see chapter 8).

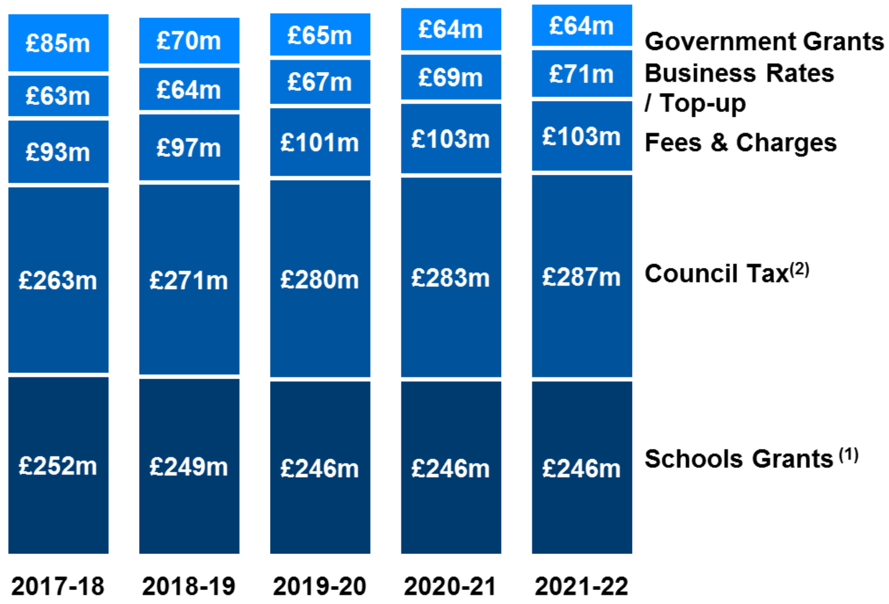
The Council's revenue spending is shaped by our Transformation Delivery Model, influenced by levels of demand and the cost of service provision, and constrained by available funding.

Funding forecast

Forecasting our financial resources over the medium term is a key aspect of the revenue strategy, allowing us to understanding the context in which the Council must operate. We have carried out a detailed examination of the revenue resources that are available to the Council. Revenue funding comes from a variety of national and local sources, including grants from Central Government and other public agencies, Council Tax, Business Rates and other locally generated income.

In 2017-18, Cambridgeshire will receive £544m of funding excluding grants retained by its schools. The key sources of funding are Council Tax, for which a provisional increase of 0% on the base and 2% for the Adult Social Care precept has been assumed, and Central Government funding (excluding grants to schools), which will see a like-for-like reduction of 7.8% compared to 2016/17.

Figure 4.1: Medium term funding forecast



(1) This includes Schedule 2 Dedicated Schools Grant, retained by the County Council under regulation to support schools and education functions, and grant funding used to purchase traded services from the County Council

(2) This includes Adult Social Care Precept funding with a provisional increase of 2% per year, up to and including 2019-20, and 0% Council Tax increase.

As is evident from Figure 4.1, the Council will continue to face a challenging funding environment over the next three years (0.4% reduction in overall gross budget, excluding schools, or 0.4% reduction on a like-for-like basis), before beginning to see a change from 2019-20. The parameters used in our modelling of incoming resources are set out below along with the assumptions we have applied.

Table 4.1: Parameters used in modelling future funding

Funding Source	Parameters
Business Rates	• Cambridgeshire Rateable Value (prudent assumption of zero real growth) • National RPI inflation (2.07% in 2017-18, rising to 3.05% by 2021-22, as per OBR forecasts)
Top-up	• National RPI inflation (2.07% in 2017-18, rising to 3.05% by 2021-22, as per OBR forecasts)
Council Tax	• Level set by Council (0% in all years) • Occupied Cambridgeshire housing stock (1.2%-1.7% annual increase, as per District Council forecasts)
Adult Social Care Precept	• Level set by Council (2% in years 2017-18 to 2019-20)
Revenue Support Grant	• DCLG Departmental Expenditure Limit (-13.2% in all years)
Other grants	• Grants allocated by individual government departments (overall decrease of 10.2% by 2021-22)
Fees & charges	• Charges set by Council (overall 0%-4.9% annual increase)

Our analysis of revenue resources highlights the implications of a number of government policies designed to shape the local authority funding environment. The continued reduction in government grants, to the degree where this effects a real terms reduction in overall Council funding, is a potent driver for reducing the range of service provision once any remaining efficiencies have been made.

The Business Rates Retention Scheme introduced in April 2013 continues to have a significant impact on incentives. Linking an element of local authority income to a share of the Business Rates collected in their area was designed to encourage Councils to promote economic growth. For county councils, a lower share reduces the incentive somewhat but provides vital stability against the variability of Business Rates. Nevertheless, our 9% share of Cambridgeshire's Business Rates remains a key driver towards growth.

In his April 2015 Budget, the Chancellor announced a pilot scheme allowing a small number of authorities, including the Council, to retain 100% of additional growth in business rates. The scheme is intended to incentivise local authorities to encourage business growth and will allow the Council to retain an additional 9% of any growth in business rates above an agreed "stretch target". Whilst the County Council has a key role in creating the appropriate environment to stimulate economic growth it is not the planning authority and will therefore continue to work closely with district partners in order to create this growth. While the increased devolution represented by the pilot is to be welcomed, the financial benefit for the Council is expected to be fairly small.

The dwindling Revenue Support Grant no longer tracks changes in relative need between local authorities, but is instead set at 2012-13 levels until the system is reset in 2020. This creates a contradictory disincentive towards population growth and has an adverse effect on growing counties like Cambridgeshire, which as far as RSG allocations are concerned still has a population of 635,900 in 2016-17, rather than 656,850. In reality, this is mitigated somewhat by the New Homes Bonus, which acts as a clear promoter of housing growth.

The government limits the general increase in Council Tax to 1.99% per year, but has provided additional flexibility for local authorities with Adult Social Care responsibility to raise Council Tax by a further 2%, which this Business Plan assumes that the Council will take whilst freezing Council Tax increases. The provisional local government finance settlement issued in December 2015 indicated that these arrangements would remain in place through to 2019-20.

Based on the funding environment created by these policies the Council's response is to pursue the following guiding principles with regards to income:

- to promote growth;
- to diversify income streams; and
- to ensure a sufficient level of reserves due to increased financial risk.

Our ability to raise income levels by increasing Council Tax and charges for services remains limited. Therefore our annual review of Council Tax and fees and charges ensures that the Council makes a conscious decision not to increase these rather than this being the default position.

Spending forecast

Forecasting the cost of providing current levels of Council services over the medium term is the second key aspect of our revenue strategy. This allows us to assess the sustainability of current service provision. Our cost forecasting takes account of pressures from inflation, demographic change, amendments to legislation and other factors, as well as any investments the Council has opted to make.

Inflationary pressures

We have responded to the uncertainty about future inflation rates relating to our main costs by making a prudent assessment of their impact. Our policy of maintaining reserves to cover such uncertainties provides further protection.

There is not a direct link between the inflation we face and nationally published inflation indicators such as the Consumer Price Index (CPI) due to the more specific nature of the goods and services that we have to purchase. Estimates of inflation have been based on indices and trends, and include specific pressures such as inflationary increases built into contracts. Our medium term plans assume inflation will run at around 1% above Treasury CPI forecasts, having taken account of the mix of goods and services we purchase. The table below shows expected overall inflation levels for the Council:

Table 4.2: Inflationary pressures

	2017-18	2018-19	2019-20	2020-21	2021-22
Inflationary cost increase (£000)	7,820	8,791	9,023	9,481	9,479
Inflationary cost increase (%)	1.7%	1.9%	2.0%	2.1%	2.0%

Demographic pressures

Demography is a term used to include all demand changes arising from increased numbers (e.g., clients served, road kilometres), increased complexity (e.g., more intensive packages of care as clients age), and any adjustment for previous years where demography has been under/overestimated. Expected cost increases from demography are shown below, after accounting for the effects of planned actions to reduce demographic pressures:

Table 4.3: Demographic pressures

	2017-18	2018-19	2019-20	2020-21	2021-22
Demographic cost increase (£000)	6,582	6,208	6,269	6,313	6,313
Demographic cost increase (%)	1.4%	1.4%	1.4%	1.3%	1.3%

These figures compare with an underlying population growth of around 1.4% per year (a total increase of 9.0% between 2015-16 and 2020-21). The difference is due to faster growth in certain client groups; changes in levels of need and catch up from previous years.

Other pressures

We recognise that there are some unavoidable cost pressures that we will have to meet. The County Council has considered whether we should fund these from available resources, or whether we should require services to find additional savings themselves to cover these pressures.

Investments

The Council recognises that effective transformation often requires up-front investment and has considered both existing and new investment proposals that we fund through additional savings during the development of this Business Plan. To this end a Transformation Fund has been created, through a revision to the calculation of the Council's minimum revenue provision (MRP).

Financing of capital spend

All capital schemes have a potential two-fold impact on the revenue position, due to costs of borrowing and the ongoing revenue impact (pressures, or savings / additional income). Therefore to ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the revenue budget planning process. Both the borrowing costs and ongoing revenue costs/savings of a scheme are taken into account as part of a scheme's Investment Appraisal and, therefore, the process for prioritising schemes against their ability to deliver outcomes.

In addition, the Council is required by CIPFA's Prudential Code for Capital Finance in Local Authorities 2011 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, at the start of each Business Planning Process Council determines what proportion of revenue budget is spent on services and the corresponding maximum amount to be spent on financing borrowing. This is achieved by setting an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. This in turn can be translated into a limit on the level of borrowing included within the Capital Programme (this limit excludes ultimately self-funded schemes).

Once the service programmes have been refined, if the amalgamated level of borrowing and thus debt charges breaches the advisory limit, schemes will either be re-worked in order to reduce borrowing levels, or the number of schemes included will be limited according to the ranking of schemes within the prioritisation analysis.

Due to the Council's strategic role in stimulating economic growth across the County through infrastructure investment, any capital proposals able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement are excluded from contributing towards the advisory borrowing limit. These schemes are called Invest to Save or Invest to Earn schemes and will be self-funded in the medium term. Any additional savings or income generated over the amount required to fund the scheme will be retained by the respective Service and will contribute towards their revenue savings targets.

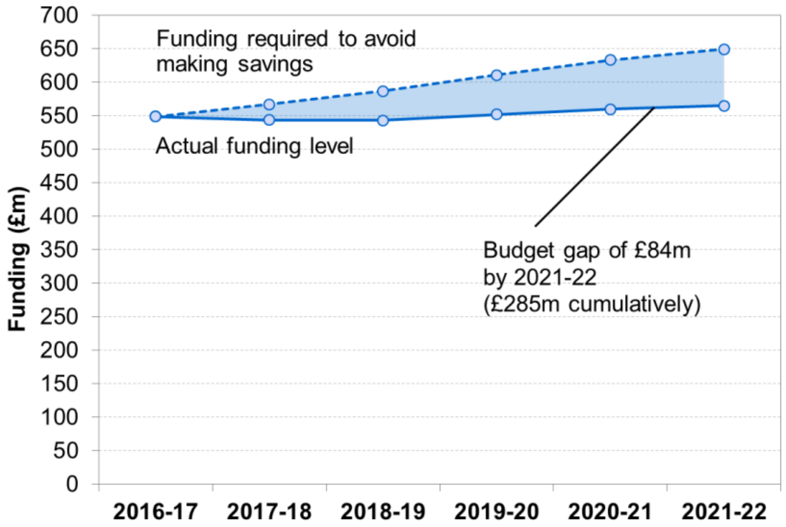
Allocating our resources to address the shortfall

Inevitably, cost pressures are forecast to outstrip available resources, given the rising costs caused by inflation, growth and associated demographic pressures combined with significantly reduced levels of funding. Consequently, we will need to make significant savings to close the budget gap.

What we have does not go as far: inflation will cost us £45m.
There are more people in the county, with more complex needs: demography will cost another £32m.
We need to invest in the infrastructure of our growing county: borrowing to fund capital projects will increase by £4.5m.

We need to find **£84m** savings

Figure 4.2: Budget gap



Achieving these £88m of savings over the next five years will mean making tough decisions on which services to prioritise. During the last few years services have made significant savings through increasing efficiency and targeting areas that are not our highest priority with the aim of minimising the impact on our service users. With no respite from the continuing cuts to our funding, we are now in an environment where any efficiencies to be made are minimal. We must accept therefore that more and more of the budget challenge will be met through service reductions.

In some cases services have opted to increase locally generated income instead of cutting expenditure by making savings. For the purpose of balancing the budget these two options have the same effect and are treated interchangeably. The following table shows the total amount of savings / increased income necessary for each of the next five years, split according to the factors which have given rise to this budget gap.

Table 4.4: Analysis of budget gap 2017-18 to 2021-22

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Loss (+) / Gain (-) of funding	7,015	461	-8,765	-7,645	-5,342	-14,276
Inflation	7,820	8,791	9,023	9,481	9,479	44,594
Demand (1)	6,582	6,208	6,269	6,313	6,313	31,685
Pressures & Investments	-3,942	5,847	7,039	6,988	573	16,505
Capital	3,303	795	-264	-330	-	3,504
Reserves	2,932	-2,016	1,963	133	-567	2,445
Other	22	-40	-38	-36	-68	-160
Total	**23,732**	**20,046**	**15,227**	**14,904**	**10,388**	**84,297**
Cumulative	**23,732**	**67,510**	**126,515**	**200,424**	**284,721**	

(1) This figure for the demographic pressure assumes that demand will be managed so as to reduce the pressure from the figure in table 4.3. Details can be found in table 3, part A of section 3 of the Business Plan

Capital

The Council's Capital Strategy can be found in full in Section 6 of this Business Plan. It represents an essential element of the Council's overall Business Plan and is reviewed and updated each year as part of the Business Planning Process.

The Strategy sets out the Council's approach towards capital investment over the next ten years and provides a structure through which the resources of the Council, and those matched by key partners, are allocated to help meet the outcomes outlined within the Council's Strategic Framework. It is also closely related to, and informed by, the Cambridgeshire Public Sector Asset Management Strategy. It is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding.

To assist in delivering the Business Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'), which are defined as those that have an economic life of more than one year. Capital expenditure is financed using a combination of internal and external funding sources, including grants, contributions, capital receipts, revenue funding and borrowing.

Capital funding

Developer contributions have not only been affected in recent years by the downturn in the property market, but moving forward has, and will continue to be impacted by the introduction of Community Infrastructure Levies (CIL). CIL is designed to create a more consistent charging mechanism but complicates the ability of the Council to fund the necessary infrastructure requirements created by new development due to the changes in process and the involvement of the city and district councils who have exclusive legal responsibility for determining expenditure. The Council also expects that a much lower proportion of the cost of infrastructure requirements will be met by CIL contributions. In addition, since April 2015 it is no longer to possible to pool more than five developer contributions together on any one scheme, further reducing funding flexibility.

Central Government and external capital grants have also been heavily impacted during the last few years, as the Government has strived to deliver its programme of austerity. However, as part of the Autumn Statement 2014 the Government reconfirmed its commitment to prioritise capital investment over day-to-day spending for the next few years, in line with the policy of capital investment to aid the economic recovery. The Spending Review 2015 confirmed this and announced plans to increase Central Government capital spending by £12 billion over the next 5 years. As such the Business Plan anticipates as a general principle that overall capital grant allocations will remain constant from 2016-17 onwards.

In the last two years, the Department for Education has developed new methodology in order to distribute funding for additional school places, as well as to address the condition of schools. Unfortunately, the new methodology used to distribute Basic Need funding did not initially reflect the Government's commitment to supply funding sufficient to enable authorities to provide enough school places for every child who needs one and the allocation of £4.4m for 2015-16 and 2016-17 was £32m less than the Council had estimated to receive for those years based on our level of need. Given the growth the County is facing, it was difficult to understand these allocations and, as such, the Council has continued to lobby the Department for Education (DfE) for a fairer funding settlement that is more closely in line with the DfE's commitment.

The Council has also sought to maximise its Basic Need funding going forward by establishing how the new funding allocation model works and seeking to provide data to the DfE in such a way as to maximise our allocation. This resulted in a significantly improved allocation of £32.4m for 2017-18 and £25.0m for 2018-19. This goes some way to reduce the Council's shortfall, but still does not come close to covering the costs of all of the Council's Basic Need schemes. The DfE have also recently revised the methodology used to distribute condition allocations, in order to target areas of highest condition need. A floor protection has been put in place to ensure no authority receives more than a 20% cut in the level of funding until 2018. The £1.2m reduction in allocation for Cambridgeshire in 2015-16 has hit this floor; therefore from 2018 it is expected that the Council's funding from this area will reduce further.

However, as part of the Spending Review 2015 the Government has announced investment of £23 billion in school buildings, opening 500 new free schools, creating 600,000 school places, rebuilding and refurbishing over 500 schools and addressing essential maintenance needs. The Council awaits further detail on how this will be allocated and whether it will improve the Council's current funding situation with respect to schools.

The mechanism of providing capital funding has also changed significantly in some areas. In order to drive forward economic growth, Central Government announced in 2013 that it would top-slice numerous existing grants, including transport funding, education funding and revenue funding such as the New Homes Bonus, in order to create a £2 billion Single Local Growth Fund (SLGF) which Local Enterprise Partnerships (LEPs) can bid for. In line with this announcement, the Council's Integrated Transport allocation was reduced from £5.7m in 2014-15 to £3.2m in 2015-16.

Although this reduction was disappointing, as part of the Autumn Statement 2014 the Department for Transport (DfT) announced indicative Highways Maintenance funding for the following six years which included an increase of £5m for the Council for 2015-16, and an additional £2m - £3m for each of the following five years (over the original base). This is not, however, all additional funding, as the increase will in part replace one-off in-year allocations of additional funding that the Council has received in recent years for aspects such as severe weather funding. However, having up-front allocations provides significant benefit to the Council in terms of being able to properly plan and programme in the required work.

In addition to the Highways Maintenance formula allocation, the DfT have created an Incentive Fund element to help reward local highway authorities who can demonstrate they are delivering value for money in carrying out asset management to deliver cost effective improvements. Each authority has to score themselves against criteria that determines which of three bands they are allocated to (Band Three being the highest performing). The Council is currently in Band 2, however for 2016/17 this provides the same level of funding (£833k) as for Band 3. From 2017/18 onwards, the difference between Band 2 and Band 3 funding gradually widens, therefore the intention is for the Council to achieve a Band 3 score by the next submission date, which is anticipated as being in November 2016.

The Greater Cambridge / Greater Peterborough LEP submitted a funding bid into the 2015-16 SLGF process, the results of which were announced in July 2014. A number of proposals put forward by the LEP were approved, including £5m for the Council's King's Dyke Crossing scheme. The LEP subsequently submitted a bid to the 2016-17 SLGF, which the Government announced in January 2015 was successful and the LEP received an additional £38m. The LEP agreed to allocate £16m of this funding to the Council's Ely Crossing scheme, in addition to a further £1m for work on the Wisbech Access Strategy. This was a new scheme, added into the 2015-16 Capital Programme.

Capital expenditure

The Council operates a ten year rolling capital programme. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.

New schemes are developed by Services (in conjunction with Finance) in line with the outcomes contained within the Strategic Framework. At the same time, all schemes from previous planning periods are reviewed and updated as required. An Investment Appraisal of each capital scheme (excluding schemes with 100% ringfenced funding) is undertaken / revised, which allows the scheme to be scored against a weighted set of criteria such as strategic fit, business continuity, joint working, investment payback and resource use. This process allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its targeted priority outcomes.

The Council has introduced a Capital Programme Board which scrutinises the programme and prioritisation analysis, and asks officers to undertake any reworking and/or rephasing of schemes as required to ensure the most efficient and effective use of resources deployed. The Capital Programme Board then recommends the programme to Service Committees; it is then subsequently agreed by General Purposes Committee (GPC), who recommend it to Full Council as part of the overarching Business Plan.

A summary of the Capital Programme can be found in the following chapter of this Section, with further detail provided by each Service within their individual finance tables (Section 3).

5) Financial overview

Funding summary

The Council's revenue spending is funded from a range of sources, both national and local. A summary of forecast funding levels over the next five years is set out in Table 5.1 below.

Table 5.1: Total funding 2017-18 to 2021-22

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Business Rates plus Top-up	62,909	64,839	66,880	68,958	70,915
Council Tax	261,991	270,772	279,736	283,111	286,530
Revenue Support Grant	15,311	3,919	0	0	0
Other Unringfenced Grants	15,519	38,673	36,976	36,819	36,819
Dedicated Schools Grant (DSG)	238,678	235,448	232,219	232,219	232,219
Other grants to schools	13,434	13,434	13,434	13,434	13,434
Better Care Funding	13,148	13,148	13,148	13,148	13,148
Other Ringfenced Grants	41,993	15,047	15,047	15,047	15,047
Fees & Charges	93,394	97,402	100,807	103,185	103,185
Total gross budget	**756,377**	**752,682**	**758,247**	**765,921**	**771,297**
Less grants to schools (1)	-252,112	-248,882	-245,653	-245,653	-245,653
Schedule 2 DSG plus income from schools for traded services to schools	39,135	39,145	39,156	39,167	39,167
Total gross budget excluding schools	**543,400**	**542,945**	**551,750**	**559,435**	**564,811**
Less Fees, Charges & Ringfenced Grants	-187,670	-164,742	-168,158	-170,547	-170,547
Total net budget	**355,730**	**378,203**	**383,592**	**388,888**	**394,264**

(1) The Dedicated Schools Grant (DSG) and other grants to schools are received by the Council from Government but are ringfenced to pass directly on to schools. Therefore, this plan uses the figure for "Total budget excluding schools".

Local Government Finance Settlement

In November 2015 the Government published a Spending Review covering 2016-17. This set out detailed grant allocations for individual local authorities which was then confirmed by the Local Government Finance Settlement announced by the Government in December 2015.

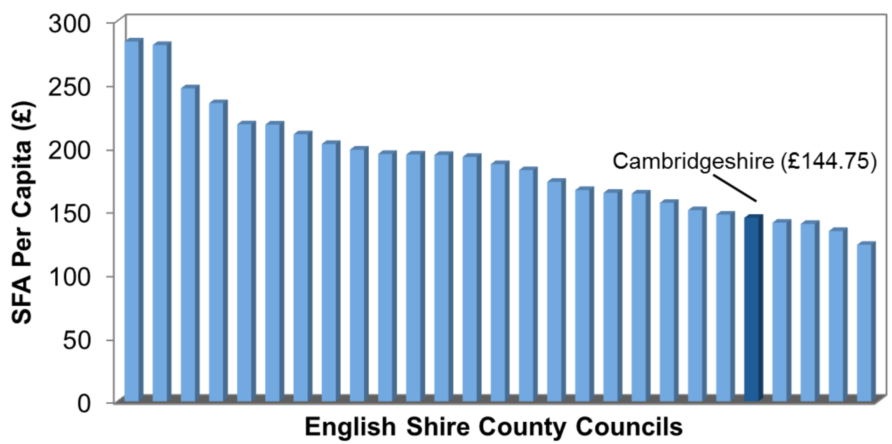
The headline position for Cambridgeshire County Council is a 20% reduction in the main settlement revenue funding from government in 2016-17. The overall change in government funding when specific grants are included is a reduction of 7.8%.

Table 5.2: Comparison of Cambridgeshire's 2016-17 and 2017-18 overall Government funding

	2016-17 £000	2017-18 £000
Business Rates plus Top-up	60,190	62,909
Revenue Support Grant	33,347	15,311
Other Unringfenced Grants	11,212	15,519
Better Care Funding	13,148	13,148
Other Ringfenced Grants	42,947	41,993
Government Revenue Funding (excluding schools)	**160,844**	**148,880**
Difference		**-11,964**
Percentage cut		-7.4%

The Council's core government revenue funding is described as its Settlement Funding Assessment (SFA) and comprises Revenue Support Grant, Business Rates and Top-up grant. - For 2017-18 Cambridgeshire's SFA award per head of population was the fifth lowest of all shire county councils, at only £144.75 compared to the average of £186.90.

Figure 5.2: County Council SFA per Capita 2017-18



Revenue Support Grant

Within this overall reduction, the cuts to Revenue Support Grant (RSG) are the most severe with the Council's allocation reducing by 54% in 2017-18. We are forecasting continued significant cuts to make this an obsolete source of funding by 2019-20. These reductions are based on cuts of 13.2% in the Local Government Spending Control Totals.

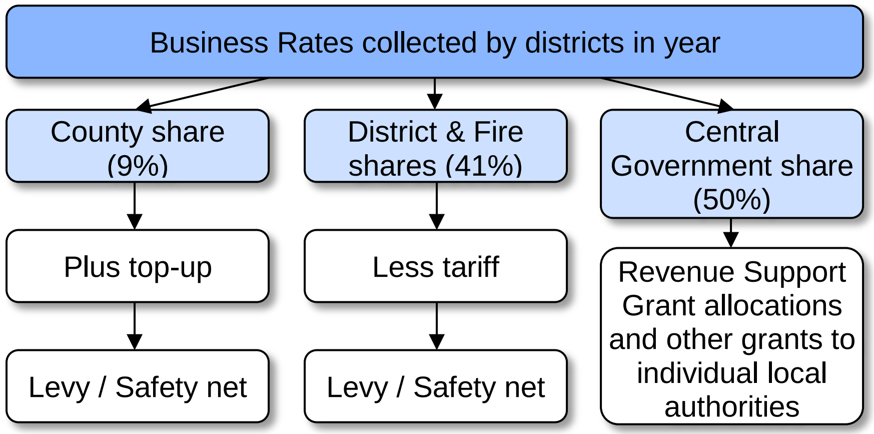
The Spending Control Total has two elements: business rates and RSG. Since business rates are forecast to increase, the cuts to the Spending Control Total must fall entirely on RSG, giving rise to the pronounced reductions illustrated.

Business Rates Retention Scheme

The Business Rates Retention Scheme replaced the Formula Grant system in April 2013. Part of the Government's rationale in setting up the scheme was to allow local authorities to retain an element of the future growth in their business rates. Business rates collected during the year by billing authorities are split 50:50 between Central Government and Local Government. Central Government's share is used to fund Revenue Support Grant (RSG) and other grants to Local Government.

Figure 5.1 illustrates how the scheme calculates funding for local authorities. Government decided that county councils will only receive 9% of a county's business rates. Although this low percentage has a beneficial effect by insulating the Council from volatility, it also means we see less financial benefit from growth in Cambridgeshire's business rates.

Figure 5.1: Business Rates Retention Scheme



On top of their set share, each authority pays a tariff or receives a top-up to redistribute business rates more evenly across authorities. The tariffs and top-ups were set in 2013-14 based on the previous 'Four Block Model' distribution and are increased annually by September RPI inflation. A levy and 'safety net' system also operates to ensure that a 1% increase in business rates is limited to a 1% increase in retained income, with the surplus funding any authority whose income drops by more than 7.5% below their baseline funding.

In the years where the 50% local share is less than Local Government spending totals, the difference is returned to Local Government via RSG. This is allocated pro-rata to local authorities' funding baseline.

Despite moving to a new funding framework the new model locks in elements of the previous system which are a concern. The relative allocation of top-up and RSG is effectively determined by the 2012-13 Four Block Model distribution. Cambridgeshire County Council has long been concerned about the use of the Four Block Model, particularly in reflecting accurately the costs and benefits of growth as well as the relative efficiency of local authorities and the pockets of deprivation in some areas of Cambridgeshire. The Business Rates Retention Scheme does allow for a welcome re-assessment of areas every seven years, however, the first reset is not due until 2020 at the earliest.

From 2015-16 the Council also benefits from inclusion in a pilot scheme allowing it to retain 100% of growth in business rates within Cambridgeshire above an agreed baseline. The baseline for the pilot scheme is Cambridgeshire's forecast business rates for 2015-16 plus a 0.5% "stretch target". From 2016-17, the baseline has been increased by 0.5% each year and adjusted to reflect the annual change in the small business rates multiplier.

We have used modelling undertaken by Cambridgeshire billing authorities (City and District Councils) to forecast our share of business rates. However, there is a significant risk to the accuracy of these forecasts due to the number of appeals facing the billing authorities and the significant backlog at the Valuation Office.

Council Tax

Cambridgeshire County Council starts the Business Planning Process with a Council Tax rate slightly below the average for all counties. As a consequence of chronic underfunding by Central Government, the Council has been forced to maximise the income it raises from Council Tax in recent years.

The previous Government first announced Council Tax Freeze grants as part of its Emergency Budget in 2010, which offered a grant equivalent to a 2.5% increase in Council tax for 2011-12 if those councils agreed to freeze Council Tax at 2010-11 levels for one year, with the added protection of offsetting the foregone tax for three more years, to prevent authorities from having to make sharp increases or spending cuts in following years – called the 'cliff edge' effect.

We took advantage of the Council Tax Freeze Grant in 2011-12 but decided not to take up the offers of subsequent grants for a lower level (1%) that do not offer further protection, with the choice being made to set Council Tax at 2.95% in 2012-13, 1.99% in 2013-14, 2014-15 and 2015-16, and 0% in 2016-17. These figures were below forecast inflation levels at the time of setting the budget and were close to the Treasury's long-term expected inflation rate. Our decisions over the last five years to increase Council Tax will avoid the need for sharp increases in precepts in the future.

No further council tax freeze grant has been announced for 2016-17 onwards.

In previous years the County Council has carried out an extensive consultation exercise to inform decisions on Council Tax. The results have consistently indicated general acceptance from taxpayers of the need for small increases in Council Tax. Based on this consistent message, combined with the general improvement in the economy, this year's consultation focuses our limited resources on understanding the public's views on the Council's new outcomes instead. More information about the consultation and its results can be found in Section 5 of the Business Plan.

Adult Social Care Precept

Announced in the Spending Review in November 2015, local authorities responsible for adult social care ("ASC authorities") were granted permission to levy an additional 2% on their current Council Tax referendum threshold to be used entirely for adult social care. This was in recognition of demographic changes which are leading to growing demand for adult social care, increasing pressure on council budgets.

Council Tax Requirement

The current Council Tax Requirement (and all other factors) gives rise to a 'Band D' Council Tax of £1,190.43. This is an increase of 2% on the actual 2016-17 level due to levying the Adult Social Care Precept and maintaining current Council Tax levels. This figure reflects information from the districts on the final precept and collection fund.

Table 5.3: Build-up of recommended Council Tax Requirement and derivation of Council Tax precept 2016-17

	2017-18 £000	% Rev. Base
Adjusted base budget	**756,048**	
Transfer of function	-335	
Revised base budget	**755,713**	
Inflation	7,820	1.0%
Demography	6,582	0.9%
Pressures	3,952	0.5%
Investments	5,414	0.7%
Savings	-31,772	-4.2%
Change in reserves/one-off items	8,668	1.1%
Total budget	**756,377**	**100.1%**
Less funding:		
Business Rates plus Top-up	62,909	8.3%
Revenue Support Grant	15,311	2.0%
Dedicated Schools Grant	238,678	31.6%
Unringfenced Grants (including schools)	28,445	3.8%
Ringfenced Grants	55,141	7.3%
Fees & Charges	93,332	12.4%
Surplus/deficit on collection fund	1,077	0.1%
Council Tax requirement	**261,991**	34.7%
District taxbase	220,081	
Band D	**1,190.43**	

Taxes for the other bands are derived by applying the ratios found in Table 5.5. For example, the Band A tax is 6/9 of the Band D tax.

Table 5.4: Ratios and amounts of Council Tax for properties in different bands

Band	Ratio	Amount £	Increase on 2016-17 £
A	6/9	793.62	15.54
B	7/9	925.89	18.13
C	8/9	1,058.16	20.72
D	**9/9**	**1,190.43**	**23.31**
E	11/9	1,454.97	28.49
F	13/9	1,719.51	33.67
G	15/9	1,984.05	38.85
H	18/9	2,380.86	46.62

The increase on 2016-17 is due to the 2% Adult Social Care Precept.

Unringfenced grants

Previous Business Plans had assumed that the Public Health Grant would be unringfenced from 2016-17 onwards. The Spending Review in 2015, however, announced that the grant would remain ringfenced until 2018-19. This has resulted in a shift in savings ask to Public Health Grant funded expenditure in order match the level of grant funding available. Planning collaboratively across directorates on an outcomes basis should enable the Council to reach a position where the presence or absence of the ringfence becomes less important. However there may be a risk that when the ringfence is removed, Public Health England will require achievement of performance and activity targets which require more funding to deliver than we are currently allocating.

Table 5.5: Unringfenced grants for Cambridgeshire 2017-18

	2017-18 £000
RSG Transitional Support	3,170
New Homes Bonus	4,254
Education Services Grant	2,728
Returned New Homes Bonus Topslice	1,690
Other	3,677
Total unringfenced grants	**15,519**

Ringfenced grants

The Council receives a number of government grants designated to be used for particular purposes. This funding is managed by the appropriate Service Area and the Council’s ringfenced grants are set out within part 7 of Table 3 of the relevant Service Area in Section 3 of the Business Plan.

Major sources of ringfenced funding include the Better Care Fund. This pooled fund of £3.8bn nationally took full effect in 2015-16, and is intended to allow health and social care services to work more closely in local areas.

In line with the Secretary of State's announcement as part of the Local Government Finance Settlement and the concomitant announcement by the Department of Health, we have assumed that we will receive all sources of funding due to the Council. This includes Better Care Funding for Adult Social Care, routed via Clinical Commissioning Groups (CCGs) and the Local Health and Wellbeing Board.

Fees and charges

A significant, and increasing, proportion of the Council's income is generated by charging for some of the services it provides. There are a number of proposals within the Business Plan that are either introducing charging for services for the first time or include a significant increase where charges have remained static for a number of years. The Council adopts a robust approach to charging reviews, with proposals presented to Members on an annual basis.

Dedicated Schools Grant

The Council receives the Dedicated Schools Grant (DSG) from the Government and it is therefore included in our gross budget figures in table 5.1. However, this grant is ringfenced to pass directly on to schools. This plan therefore uses the figure for "total budget excluding grants to schools". The Business Plan assumes the funding for 2017-18 remains the same on a per pupil basis as 2016-17. However, DSG funding arrangements for 2017-18 are currently subject to a national review and as such future funding rates are unknown at this stage. Further consultation is expected during the summer term with final announcements in the autumn. The impact on individual schools and centrally retained services funded from the DSG will be dependent on the outcome of any national changes.

Service budgets

We have combined the funding analysis set out in preceding chapters with a detailed review, looking at the costs involved in providing services at a certain level and to specific performance standards. This was used to propose the following changes to cash available over the next five years:

Table 5.6: Changes to service net budgets 2016-17 to 2021-22

	Revised Net Budget 2016-17 (1) £000	Proposed % cash change 2016-17 to 2021-22
Children, Families and Adults Services (CFA)	242,601	4.9%
Economy, Transport and Environment (ETE)	60,126	4.6%
Corporate & Managed Services (CS)	13,394	7.0%
Financing Debt Charges	32,766	-1.4%
LGSS - Cambridge Office (LGSS)	9,589	-11.1%
Public Health	673	N/A (2)
Environment Agency (EA) Levy	381	2.4%
Total budget	**359,530**	**9.1%**

(1) 2016-17 budget has been revised so that it is comparable to the 2017-18 budget.

(2) Due to the change in ringfencing arrangements for the Public Health Grant and its impact on that directorate's cash limit, it is not meaningful to analyse the change in net budget over the period.

In light of these changes, services have been set the following cash limits (Table 5.7). The cash limit is the amount of money for each of the next five years that services can spend. Within these limits, the budget will balance.

These cash limits include assumptions about the impact of inflation and demographic growth, any developments and the savings we intend to make. Cash limits for each directorate and the policy areas in the above services are shown in the detailed financial tables of Section 3.

Table 5.7: Service net budgets 2017-18 to 2021-22

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
CFA	234,643	240,016	244,229	249,817	254,494
ETE	60,150	59,955	60,628	61,801	62,913
CS	14,271	14,800	14,874	14,593	14,328
Financing Debt Charges (1)	27,838	27,415	26,271	25,448	32,292
LGSS	9,591	9,329	8,982	8,765	8,522
Public Health	185	19,650	19,605	19,326	19,420
EA Levy (2)	384	386	388	390	390
Net movement on reserves (3)	8,668	6,652	8,615	8,748	1,905
Total budget	**355,730**	**378,203**	**383,592**	**388,888**	**394,264**
% Change in budget	-2.2%	6.3%	1.4%	1.4%	1.4%

(1) Financing debt charges refers to the net cost of interest and principal payments on existing and new loans.
(2) EA Levy refers to the contribution to the Environment Agency for flood control and flood mitigation.
(3) Net movement on reserves reflects use of the various reserve funds (see chapter 7).

Capital programme spending

The 2016-17 ten year capital programme worth £990.0m is currently estimated to be funded through £558.5 of external grants and contributions, £201.6m of capital receipts and £230.0m of borrowing (Table 5.8). This is in addition to previous spend of £377.6m on some of these schemes, creating a total Capital Programme value of £1.4 billion. Despite the increase in size of the Programme, the Council has managed to reduce the related revenue budget to fund capital borrowing. This revenue budget is now forecast to spend £34.0m in 2016-17, increasing to £32.3m by 2020-21. Table 5.8 shows a summary of available funding for the capital programme.

Table 5.8: Funding the capital programme 2016-17 to 2025-26

	Prev. years £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	Later years £000	Total £000
Grants	146,153	51,119	66,885	40,301	35,048	35,545	103,407	**478,458**
Contributions	81,189	41,005	44,713	26,477	32,817	44,169	36,981	**307,351**
General capital receipts	9,617	10,268	3,189	2,704	2,727	9,020	173,649	**211,174**
Prudential borrowing	103,839	78,117	61,890	31,987	34,815	14,006	50,014	**374,668**
Prudential borrowing (repayable)	36,778	5,285	-3,185	40,392	20,237	5,939	-109,559	**-4,113**
Total funding	**377,576**	**185,794**	**173,492**	**141,861**	**125,644**	**108,679**	**254,492**	**1,367,538**

Section 6 later in the Business Plan sets out the detail of the 2016-17 to 2025-26 capital schemes which are summarised in the tables below. Total expenditure on major new investments underway or planned includes:

- Providing for demographic pressures regarding new schools and children's centres (£550m)
- Housing Provision (£194m)
- City Deal schemes (£100m)
- Major road maintenance (£90m)
- Ely Crossing (£36m)
- Rolling out superfast broadband (£31m)
- A14 Upgrade (£25m)
- King's Dyke Crossing (£14m)
- Renewable Energy (£10m)
- Cycling City Ambition Fund (£8m)
- Better Care Fund (£8m)
- Soham Station (£6m)
- Cambridgeshire Public Services Network Replacement (£6m)
- Cambridge Cycling Infrastructure (£5m)

- Abbey – Chesterton Bridge (£5m)
- Waste Facilities – Cambridge Area (£5m)
- MAC Joint Highways Depot (£5m)

Table 5.10 summarises schemes according to start date, whereas Table 5.11 summarises capital expenditure by service. These tables include schemes that were committed in previous years but are scheduled to complete from 2016-17 onwards.

Table 5.9: Capital programme for 2016-17 to 2025-26

	Prev. years £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	Later years £000	Total £000
Ongoing	60,785	38,102	40,219	44,283	44,607	44,143	107,513	**379,652**
Commitments	315,679	138,328	66,674	9,000	1,889	370	5,070	**537,010**
New starts:	-	-	-	-	-	-	-	
2016-17	200	6,704	10,080	2,832	450	-	-	**20,266**
2017-18	412	1,600	44,309	69,281	47,341	11,105	382	**174,430**
2018-19	500	1,060	12,160	15,155	12,467	27,231	10,812	**79,385**
2019-20	-	-	50	1,310	18,750	21,430	7,460	**49,000**
2020-21	-	-	-	-	140	4,000	29,160	**33,300**
2021-22	-	-	-	-	-	400	10,850	**11,250**
2022-23	-	-	-	-	-	-	22,580	**22,580**
2023-24	-	-	-	-	-	-	27,590	**27,590**
2024-25	-	-	-	-	-	-	33,075	**33,075**
2025-26	-	-	-	-	-	-	-	**-**
Total spend	**377,576**	**185,794**	**173,492**	**141,861**	**125,644**	**108,679**	**254,492**	**1,367,538**

Table 5.10: Services' capital programme for 2016-17 to 2025-26

Scheme	Prev. years £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	Later years £000	Total £000
CFA	130,303	97,156	88,882	60,602	58,106	63,836	139,423	**638,308**
ETE	234,085	71,699	51,343	26,993	24,946	24,057	44,427	**477,550**
CS & Managed	13,188	15,835	33,267	54,266	42,592	20,786	70,642	**250,576**
LGSS	-	1,104	-	-	-	-	-	**1,104**
Total	**377,576**	**185,794**	**173,492**	**141,861**	**125,644**	**108,679**	**254,492**	**1,367,538**

The capital programme includes the following Invest to Save / Invest to Earn schemes:

Table 5.11: Invest to Save / Earn schemes for 2016-17 to 2025-26

Scheme	Total Investment (£m)	Total Net Return (£m)
Housing provision (primarily for rent) on CCC portfolio	4.6	-[1]
Renewable Energy	12.0	6.2
MAC Market Towns (March)	17.5	16.5
Disposal / Relocation of Huntingdon Highways Depot	1.6	3.6
County Farms Investment	1.8	7.8

(1) Scheme expected to break-even, however additional returns are not yet quantifiable.

6) Transformation and savings identification

Every local authority is required, under legislation, to set a balanced budget every year. It is the Chief Finance Officer's statutory responsibility to provide a statement on the robustness of the budget proposals when it is considered by council.

The Business Planning process is a rolling five year assessment of resource requirements and availability, providing clear guidance on the level of resources that services are likely to have available to deliver outcomes over that period. Obviously projections will change with the passage of time as more accurate data becomes available and therefore these projections are updated annually. This process takes into account changes to the forecasts of inflation, demography, and service pressures such as new legislative requirements that have resource implications.

There are a number of methodologies that councils can adopt when developing their budget proposals. These methodologies, to a lesser or greater extent, fall into two fundamental approaches. The first is an incremental approach that builds annually on the budget allocations of the preceding financial year. The second is built on a more cross-cutting approach based on priorities and opportunities. There are advantages and disadvantages with both approaches.

The Council is moving to a budget where the transformation programme is at the heart of its construction. As a consequence the Council is now taking a significant step away from the traditional service block cash limit approach.

The traditional incremental cash limit model that has been at the core of the Council's Business Plan approach for many years will be used as a process of last resort. Although the base budget is predicated on this model, and therefore it will take some time to completely remove it from our financial model, any changes that arise on an on-going basis will where possible be funded through the cross cutting approach to transformation. The five-blocks of the cash limit model is however set out below for information:

- Children, Families and Adults
- Economy, Transport and Environment
- Corporate and Managed Services
- Public Health
- LGSS Cambridge Office

To support the delivery of this new approach (the Transformation Delivery Model) the Council has established a Transformation Fund. Furthermore the transformation resources that exist across the Council have been identified and brought together under a single management structure. This will facilitate the integrated cross cutting approach that the Council has recognised as an essential ingredient to delivering the new culture and approach within the organisation. Recognising that effective transformation often requires up-front investment the Council has created a significant Transformation Fund and has introduced a mechanism by which base funding priorities are reviewed and re-aligned where there is a clear rationale to do so.

During the first phase of the process, proposals were developed across the whole Council reflecting the six cross-cutting Transformation Workstreams for delivering services by 2021-22 with a real term reduction in resource. This was driven forward by Strategic Management Team and cross-Directorate groups, each responsible for specific Transformation Workstreams. The proposals were phased for implementation over the five-year period of the Business Plan.

It is intended that savings and efficiency proposals evolving from work on cross-cutting themes will sufficiently manage the cost of service delivery to within the financial envelope. In this period of transition, insufficient savings were forthcoming through cross-cutting workstreams, and savings requirements were fed through the cash limit allocation methodology, giving each block an individual target.

Detailed spending plans for 2017-18, and outline plans for later years, are set out within Section 3 of the Business Plan.

7) Fees and charges policy

Fees and charges are a very important source of income to the council, enabling important services to be sustained and provided. As the overall cost of service provision reduces the proportion costs that are recovered through fees and charges is likely to grow. Indeed to sustain the delivery of some services in the future this revenue could become essential.

The MTFS aims to ensure that fees and charges are maintained or, preferably, increased as a proportion of gross expenditure through identifying income generating opportunities, ensuring that charges for discretionary services or trading accounts cover costs and ensuring that fees and charges keep pace with price inflation and/or competitor and comparator rates.

In recent years the consumer price index has been increasing by over 3% per annum whilst the Council had applied a standard rate of 2% within its Business Plan assumptions. Over time this difference has been hard to sustain. In some areas there has not been a consistent review mechanism to ensure that the Council considers how income generated through fees and charges can support the delivery of outcomes. A key purpose of the inclusion of a Policy within the Medium Term Financial Strategy is to provide a framework for this process and to deploy a mechanism that requires fees and charges to be reviewed annually.

The Council receives revenue income for the provision of services from a very diverse range of users. These range from large corporate organisations to individual residents.

Some charges are set at the total discretion of the Council whereas other charges are set within a strict national framework.

Overall, however, fees and charges income is both an invaluable contribution to the running costs of individual services and a tool for assisting the delivery of specific service objectives. Either way, it is important for the level of charges to be reviewed on an annual basis. This will not necessarily result in an increase but to not do so should be as result of a conscious decision rather than as an oversight. Detailed schedules of fees and charges will be reviewed by the relevant Service Committees during September 2016:

- CFA schedule of fees and charges
- CS schedule of fees and charges
- ETE schedule of fees and charges

For business planning purposes all fees and charges are increased in line with the Council's standard inflation rate, which this year has been set at between 1.2% and 2% for each of the years covered by the Business Plan. Therefore, even if a decision is taken to not increase some fees and charges the budget shortfall that this creates will need to be bridged through other operational savings. Conversely, if charges are increased above inflation this can contribute to departmental savings targets.

When considering increases services must take into account elasticities of demand. Whilst the majority of Council services are unaffected by market factors there will be some price sensitivities in all of the services that are provided, albeit many of these may only be short term.

8) Reserves policy

Need for reserves

We need reserves to protect and enhance our financial viability. In particular, they are necessary to:

- maintain a degree of in-year financial flexibility
- enable us to deal with unforeseen circumstances and incidents
- set aside monies to fund major developments in future years
- enable us to invest to transform and improve service effectiveness and efficiency
- set aside sums for known and predicted liabilities
- provide operational contingency at service level
- provide operational contingency at school level

Reserve types

The Council maintains four types of reserve:

- **General reserve** – a working balance to cushion the impact of uneven cash flows. The reserve also acts as a contingency that we can use in-year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or in the Council's control. The reserve also provides coverage for grant and income risk.
- **Earmarked reserves** – reserves we have set aside to meet known or predicted liabilities e.g. insurance claims, or that we set aside for specific and designated purposes.
- **Schools reserves** – we encourage schools to hold general contingency reserves within advisory limits.
- **Transformation Fund** – an earmarked reserve created as a result of changes to the Minimum Revenue Provision, set aside to support innovative projects across the Council that will deliver savings in future years.

Level of reserves

We need to consider the general economic conditions, the certainty of these conditions, and the probability and financial impact of service and business risks specific to the Council in order to calculate the level of reserves we need to hold.

There are risks associated with price and demand fluctuations during the planning period. There is also continued, albeit reducing, uncertainty about the financial impact of major developments currently in progress.

At the operational level, we have put effort into reducing risk by improving the robustness of savings plans to generate the required level of cash-releasing efficiencies and other savings.

Table 8.1: Estimated level of reserves by type 2017-18 to 2021-22

Balance as at:	31 March 2017 £m	31 March 2018 £m	31 March 2019 £m	31 March 2020 £m	31 March 2021 £m	31 March 2022 £m
General reserve	16.4	16.4	16.4	16.4	16.4	16.4
Office Reserves	3.6	3.6	3.6	3.6	3.6	3.6
Earmarked reserves	25.6	25.5	24.2	25.4	27.2	29.1
Schools reserves	21.9	21.9	21.9	21.9	21.9	21.9
Transformation Fund*	19.1	19.1	19.1	19.1	19.1	19.1
Total	**86.6**	**86.5**	**85.2**	**86.4**	**88.2**	**90.1**
General reserve as % of gross non-school budget	3.0%	3.0%	3.0%	3.0%	2.9%	2.9%

*The Transformation Fund has been created as a result of a revision to the calculation of the Council's minimum revenue provision (MRP). The figure included above is the adjustment for 2015-16 and 2016-17. There are further adjustments for 2017-18 onwards.

Adequacy of the general reserve

Greater uncertainties in the Local Government funding environment, such as arise from the Business Rates Retention Scheme and localisation of Council Tax Benefit, increase the levels of financial risk for the Council. As a result of these developments we have reviewed the level of our **general reserve** and have set a target for the underlying balance of no less than 3% of gross non-school spending.

We have paid specific attention to current economic uncertainties and the cost consequences of potential Government legislation in order to determine the appropriate balance of this reserve. The table below sets out some of the known risks presenting themselves to the Council. There will inevitably be other, unidentified, risks and we have made some provision for these as well.

We consider this level to be sufficient based on the following factors:

- Central Government will meet most of the costs arising from major incidents; the residual risk to the Council is just £1m if a major incident occurred.
- We have identified all efficiency and other savings required to produce a balanced budget and have included these in the budgets.

Table 8.2: Target general reserve balance for 2017-18 to 2021-22

Risk	Source of risk	Value £m
Inflation	0.5% variation on Council inflation forecasts.	0.6
Demography	0.5% variation on Council demography forecasts.	0.6
Interest rate change	0.5% variation in the Bank of England Base Rate.	0.1
Council Tax	Inaccuracy in District taxbase forecasts to the same degree as previous year.	2.3
Business Rates	Inaccuracy in District taxbase forecasts of County share of Business Rates to the value which triggers the Safety Net.	2.0
Unconfirmed specific grant allocations	Value of as yet unannounced specific grants different to budgeted figures.	2.2
Academy conversions higher than expected	Impact on Education Services Grant from increase in academy conversions.	0.0
Deliverability of savings against forecast timescales	Savings to deliver Business Plan not achieved.	4.1
Additional responsibilities	Uncertainty around adequate funding of new Care Act responsibilities in the longer term	0.0
Non-compliance with regulatory standards	E.g., Information Commissioner fines.	0.5
Major contract risk	E.g., contractor viability, mis-specification, non-delivery.	2.1
Unidentified risks	n/a	1.9
Balance		**16.4**

9) Business Plan roles and responsibilities

The Business Plan is developed through the Council's committee structure. It is therefore beneficial to clarify the respective roles and responsibilities of committees within this process. These are defined in the Constitution but are set out below in order.

Full Council

Council is the only body that can agree the Council's budget and the associated Council Tax to support the delivery of that budget. It discharges this responsibility by agreeing the Business Plan in February each year. In agreeing the Business Plan the Council formally agrees the cash limits for the service blocks (currently based on a departmental structure). The Business Plan includes both revenue and capital proposals and needs to be a 'balanced' budget. The following is set out within Part 3 of the Constitution – Responsibility for Functions.

Council is responsible for:

"(b) Approving or adopting the Policy Framework and the Budget

(c) Subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 4 of this Constitution, making decisions about any matter in the discharge of a committee function which is covered by the Policy Framework or the Budget where the decision-making body is minded to make it in a manner which would be contrary to the Policy Framework or contrary to, or not wholly in accordance with, the Budget

(d) Approving changes to any plan or strategy which form part of the Council's Policy Framework, unless:

i. that change is required by the Secretary of State or any Government Minister where the plan or strategy has been submitted to him for approval, or

ii. Full Council specifically delegated authority in relation to these functions when it approved or adopted the plan or strategy"

General Purposes Committee

GPC has the responsibility for the delivery of the Business Plan as agreed by Council. It discharges this responsibility through the service committees. In order to ensure that the budget proposals that are agreed by service committees have an opportunity to be considered in detail outside of the Council Chamber, those proposals will be co-ordinated through GPC, though Full Council remains responsible for setting a budget. GPC does not have the delegated authority to agree any changes to the cash limits agreed by Council save for any virement delegations that are set out in the Constitution.

The following is set out within Part 3 of the Constitution – Responsibility for Functions.

"The General Purposes Committee (GPC) is authorised by Full Council to co-ordinate the development and recommendation to Full Council of the Budget and Policy Framework, as described in Article 4 of the Constitution, including in-year adjustments."

"Authority to lead the development of the Council's draft Business Plan (budget), to consider responses to consultation on it, and recommend a final draft for approval by Full Council. In consultation with relevant Service Committees"

"Authority for monitoring and reviewing the overall performance of the Council against its Business Plan"

"Authority for monitoring and ensuring that Service Committees operate within the policy direction of the County Council and making any appropriate recommendations"

GPC is also a service committee in its own right and, therefore, also has to act as a service committee in considering proposals on how it is to utilise the cash limit allocated to it for the delivery of services within its responsibility.

Service Committees

Service committees have the responsibility for the operational delivery of the Business Plan as agreed by Council within the financial resources allocated for that purpose by Council. The specific functions covered by the committee are set out in the Constitution but the generic responsibility that falls to all is set out below:

"This committee has delegated authority to exercise all the Council's functions, save those reserved to Full Council, relating to the delivery, by or on behalf of, the County Council, of services relating to…"

10) Risks

In providing budget estimates, we have carefully considered financial and operational risks. The key areas of risk, and the basic response to these risks, are as follows:

- **Containing inflation to funded levels** – we will achieve this by closely managing budgets and contracts, and further improving our control of the supply chain.
- **Managing service demand to funded levels** – we will achieve this through clearer modelling of service demand patterns using numerous datasets that are available to our internal Research Team and supplemented with service knowledge. A number of the proposals in the Business Plan are predicated on averting or suppressing the demand for services.
- **Delivering savings to planned levels** – we will achieve this through SMART (specific, measurable, achievable, relevant and timely) action plans and detailed review. All savings – efficiencies or service reductions – need to be recurrent. We have built savings requirements into the base budget and we monitor these monthly as part of budgetary control.
- **Containing the revenue consequences of capital schemes to planned levels** – capital investments sometimes have revenue implications, either operational or capital financing costs. We will manage these by ensuring capital projects do not start without a tested and approved business case, incorporating the cost of the whole life cycle.
- **Responding to the uncertainties of the economic recovery** – we have fully reviewed our financial strategy in light of the most recent economic forecasts, and revised our objectives accordingly. We keep a close watch on the costs and funding sources for our capital programme, given the reduced income from the sale of our assets and any delays in developer contributions.
- **Future funding changes** – our plans have been developed against the backcloth of continued reductions in Local Government funding.

Uncertainties remain throughout the planning period in relation to the above risks. In line with good practice, we intend to reserve funds that we can use throughout and beyond the planning period. Together with a better understanding of risk and the emerging costs of future development proposals, this will help us to meet such pressures.

CAPITAL STRATEGY

To:	**General Purposes Committee**		
Meeting Date:	**26th July 2016**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**Not applicable**	*Key decision:*	**No**

Purpose: **The Council's Capital Strategy details all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding. The Strategy has been revised as part of the 2017-18 business planning process, with respect to the Transformation Delivery Model.**

Recommendation: **General Purposes Committee are asked to review and recommend to Council:**

a) Revisions to the Capital Strategy to align it with the Transformation Delivery Model and reflect the introduction of a Capital Programme Board.

b) Whether the advisory limit on the level of debt charges (and therefore prudential borrowing) should be kept at existing levels, which are higher than the level of debt charges approved in the 2016-21 Business Plan.

c) That borrowing related to Invest to Save/Earn schemes should continue to be excluded from the advisory debt charges limit.

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1. BACKGROUND

1.1 The Council's Capital Strategy is revised each year to ensure it is up to date and fully comprehensive. This year, it is recommended that some amendments are made in order to align the existing capital process with the new Transformation Delivery Model.

1.2 For the 2017-22 business planning process, the Council has refocused its approach to strategic planning in order to find new ways of meeting the needs of Cambridgeshire's communities. The Council's Transformation Delivery Model has been established as a different way to approach the challenges the organisation faces by developing transformational and innovative proposals to manage demand for Council budgets, in the context of a significant reduction in available resource.

2. APPROACH TO CAPITAL

2.1 The Council will continue to follow the approach utilised in previous years. Any Invest to Save schemes generated through the transformational work in order to deliver revenue savings will continue to be reviewed and assessed through the existing approach for developing and prioritising capital schemes.

2.2 There has been a significant change during the last year regarding the governance of the Capital Programme through the creation of an officer-led Capital Programme Board. This board has the remit to scrutinise all aspects of the Capital Programme from initial development of proposals as part of the Business Planning process, through monitoring of schemes once in progress to post implementation reviews of significant schemes. The Capital Strategy (**Appendix A**) has been updated to reflect these improved governance arrangements, as well as the introduction of the new Assets and Investment Committee.

3. SETTING PRUDENTIAL BORROWING LEVELS

3.1 In its role of recommending the final budget to Council, General Purposes Committee (GPC) is responsible for ensuring that the level of borrowing arising from the capital programmes proposed by Service Committees is prudential. Ultimately, if GPC does not consider borrowing levels to be affordable and sustainable it has the option not to recommend the Business Plan to Council.

3.2 In 2014 GPC recommended the introduction of an advisory debt charges limit to effect greater control over the Council's borrowing costs. GPC agreed that it should be reviewed annually towards the beginning of the business planning process, along with the corresponding borrowing limits, and should be amended if required.

3.3 In January 2016 GPC agreed to amend the way that Council defrays the cost of financing capital expenditure. This has had the impact of reducing the amount of debt charges expenditure required in order to borrow the same amount of money. Therefore, the advisory limit has been restated in order to take this change into account as shown in the table below:

Advisory debt charges limit	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
Original advisory limit	40.2	44.6	45.4	45.9	46.0	46.0
Restated advisory limit	36.5	41.1	42.0	42.1	41.3	41.3

3.4 Acknowledging the Council's strategic role in stimulating economic growth across the County, e.g., through infrastructure investment, it is recommended that any new, or changes to existing, capital proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement continue to be excluded from contributing towards the advisory limit. Any capital proposals generated through the Transformation Delivery Model work will be on an Invest to Save/Earn basis and therefore meet this criterion. In line with the approach set out in the Capital Strategy last year, GPC will still need to review the timing of the repayment, in conjunction with the overall total level of debt charges when determining affordability.

3.5 In reviewing the current advisory limit on debt charges, GPC is asked to consider whether to keep the limit at the level previously set (restated for the change in Minimum Revenue Provision (MRP) policy). This level is higher than the level of debt charges approved for the 2016-17 Business Plan (restated for change in MRP policy), allowing scope for additional schemes to be added if they are required and can justify their inclusion via the capital prioritisation process.

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Restated advisory limit	35.3	36.8	37.9	38.6	39.2	39.7
2016-17 Business Plan debt charges*	23.5	29.3	32.4	34.6	35.3	-

* Restated for change in MRP policy

3.6 The corresponding levels of prudential borrowing available as a result of this advisory limit was originally set as follows. Borrowing levels can fluctuate across the years with little effect on the debt charges, as long as the total level of borrowing is not breached. Therefore, the Capital Strategy sets borrowing limits in three-year blocks, to provide flexibility with funding. However, the actual level of borrowing available over time does vary due to changes in factors such as internal cash flow, long-term interest rates and in particular, previous levels of borrowing.

	2015-16 £m	2016-17 £m	2017-18 £m	Block 1 TOTAL £m	2018-19 £m	2019-20 £m	2020-21 £m	Block 2 TOTAL £m
Prudential borrowing	100.6	56.1	20.0	**176.7**	20.0	20.0	20.0	**60.0**

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

The following bullet points set out details of implications identified by officers:

- Reducing the advisory limit on debt charges would inevitably have an impact on the Council's ability to drive forward investment in the local economy. However, it is recommended that any capital proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement are excluded from contributing towards the advisory limit.

4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

This report provides details minor amendments to the process of planning for capital schemes, which has a direct impact on both capital and revenue (through financing costs). Reviewing the advisory debt charges limit will ensure that resources are targeted efficiently, effectively and equitably, and will provide Value for Money.

5.2 Statutory, Risk and Legal Implications

The revised process will ensure that statutory obligations will be met and will help to minimise the risk of borrowing in an unaffordable and unsustainable manner.

5.3 Equality and Diversity Implications

Reviewing the advisory debt charges limit will help and controlling the level of borrowing will help reduce the intergenerational inequality that can be created through undertaking high levels of unsustainable borrowing.

5.4 Engagement and Consultation Implications

There are no significant implications within this category.

5.5 Localism and Local Member Involvement

There are no significant implications within this category.

5.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
Draft Capital Strategy 2017-18	Octagon First Floor Shire Hall Cambridge
Council Business Plan 2016-21	http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2016_to_2017

Section 6 – Capital Strategy

Contents

1: Introduction

This Capital Strategy describes how the Council's investment of capital resources in the medium term will optimise the ability of the authority to achieve its overriding vision and priorities. It represents an essential element of the Council's overall Business Plan and is reviewed and updated each year as part of the Business Planning Process.

The Strategy sets out the approach of the Council towards capital investment over the next ten years and provides a structure through which the resources of the Council, and those matched by key partners, are allocated to help meet the priorities outlined within the Council's Strategic Framework. It is also closely aligned with the remit of the Assets & Investment (A&I) Committee, and will be informed by the Council's Asset Management Strategy. It is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding.

2: Vision and outcomes

The Council achieves its vision of *"Making Cambridgeshire a great place to call home"* through delivery of its Business Plan which targets key priority outcomes. To assist in delivering the Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'), which are defined as those that have an economic life of more than one year.

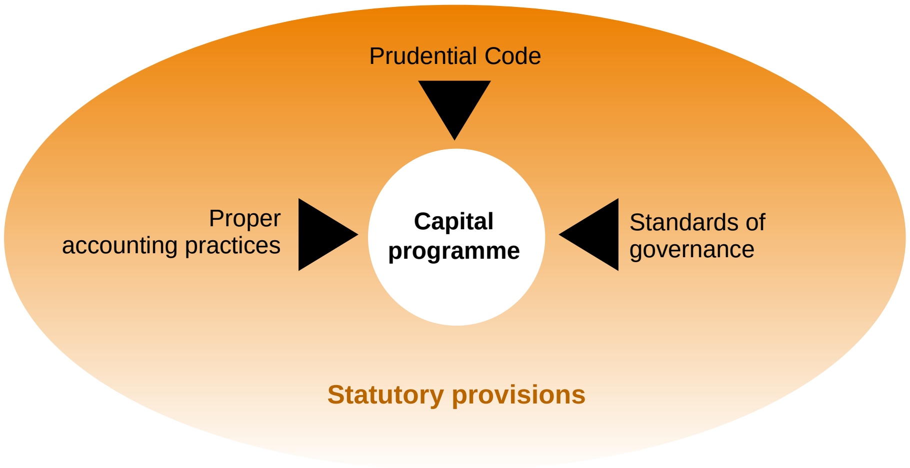
Expenditure on these long term assets is categorised as capital expenditure, and is detailed within the Capital Programme for the Authority. Fixed assets are shaped by the way the Council wants to deliver its services in the long term and they create future financial revenue commitments, through capital financing and ongoing revenue costs.

3: Operating framework

Local Government capital finance is governed and operates under the Prudential Framework in England, Wales and Scotland. The Prudential Framework is an umbrella term for a number of statutory provisions and professional requirements that allow authorities largely to determine their own plans for capital investment, subject to an authority following due process in agreeing these plans and being able to provide assurance that they are prudent and affordable.

The framework is based on the following foundations:

Prudence



4: Capital Expenditure

Capital expenditure, in accordance with proper practice (as defined by CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2015-16) results in the acquisition, creation or enhancement of fixed assets with a long term value to the Council. If expenditure falls outside of this scope[1], it will instead be charged to revenue during the year that the expenditure is incurred. It is therefore crucial that expenditure is analysed against this definition before being included within the Capital Programme to avoid unexpected revenue charges within the year. A guide to what can and cannot be included within the definition of capital expenditure is provided in Appendix 1.

The Council applies a self-determined de minimis limit of £20,000 for capital expenditure. Expenditure below this limit should be expensed to revenue in the year that it is incurred. However, as the de minimis is self-imposed, the Code does allow for it to be overridden if the authority wishes to do so.

All capital expenditure should be undertaken in accordance with the financial regulations; the Scheme of Financial Management, the Scheme of Delegation included within the Council's Constitution and the Contract Procedure Rules.

[1] In addition, expenditure can be classified as capital in the unlikely scenario that:

- It meets one of the definitions specified in regulations made under the 2003 Local Government Act;
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

Further, detailed guidance can also be found in the Council's Capital Guidance Notes (currently in draft format).

5: Capital funding

Capital expenditure is financed using a combination of the following funding sources:

Earmarked Funding	Central Government and external grants
	Section 106 (S106), Community Infrastructure Levy (CIL) and external contributions
	Private Finance Initiative (PFI) / Public Private Partnerships (PPP)
Discretionary Funding	Central Government and external grants
	Prudential borrowing
	Capital receipts
	Revenue funding

Explanation of, and further detail on these funding sources is provided in Appendix 2.

The Council will only look to borrow money to fund a scheme either to allow for cashflow issues for schemes that will generate payback (via either savings or income generation), or if all other sources of funding have been exhausted but a scheme is required. Therefore in order to facilitate this, the Council will re-invest 100% of all capital receipts received (after funding costs of disposal up to the allowable limit of 4% of receipt) back into the Capital Programme.

6: External environment

The Council uses a mixture of funding sources to finance its Capital Programme. The downturn in the housing and property market after the credit crunch initially caused development to slow and land values have subsequently been struggling to recover. In previous years this has negatively affected the ability of the Council to fund capital investment through the sale of surplus land and buildings, or from contributions by developers. Although this situation still exists for the north of the County, recent indications continue to suggest that in south Cambridgeshire the market is recovering to pre-2008 levels. This is particularly true for the city of Cambridge, where values have risen over and above pre-credit crunch levels. This has led to increased viability of development once again and therefore greater developer contributions in these areas.

Developer contributions have also been impacted by the introduction of Community Infrastructure Levies (CIL). CIL works by levying a charge per net additional floorspace created on all small-scale developments, instead of requiring developers to pay specific contributions towards individual projects as per the current developer contribution process (Section 106, which is set to continue for large developments). Although this is designed to create a more consistent charging mechanism, it also complicates the ability of the Council to fund the necessary infrastructure requirements created by new development due to the changes in process and the involvement of the city and district councils who have exclusive legal responsibility for determining expenditure. The Council also expects that a much lower proportion of the cost of infrastructure requirements will be met by CIL contributions. Huntingdonshire and East Cambridgeshire District Councils are currently the only districts within Cambridgeshire to have adopted CIL – Cambridge City Council and South Cambridgeshire were originally due to implement in April 2014, but this is now more likely to be Summer 2017, and Fenland District Council has decided not to implement at present. In addition, since April 2015 it is no longer possible to pool more than five developer contributions together on any one scheme, further reducing funding flexibility.

Central Government and external capital grants have also been heavily impacted during the last few years, as the Government has strived to deliver its programme of austerity. However, as part of the Autumn Statement 2014 the Government reconfirmed its commitment to prioritise capital investment over day-to-day spending over the next few years, in line with the policy of capital investment to aid the economic recovery. The Budget 2015 confirmed public sector gross investment will be held constant in real terms in 2016-17 and 2017-18, and increase in line with GDP from 2018-19. The Spending Review 2015 provided more detail to this, with plans to increase Central Government capital spending by £12 billion over the next 5 years. The Government has set out how it intends to do this in the National Infrastructure Delivery Plan 2016-2021, published in March 2016. This brings together for the first time the Government’s plans for economic infrastructure with those to support delivery of housing and social infrastructure. It includes the new Pothole

Action Fund for 2016-17, for which the Council has been allocated an additional £1.0m, specific large-scale schemes such as up to £1.5bn to upgrade the A14 between Cambridge and Huntingdon, as well as potential development of both the A1 East of England and the Oxford to Cambridge Expressway. It also acknowledges the development of Northstowe as a major housing site.

While the Council waits for further specific details to be released regarding the allocation of funding towards the priorities included within the Delivery Plan, and what Cambridgeshire's specific share of the funding will be, the Business Plan anticipates as a general principle that overall infrastructure grant allocations will at least remain constant from 2016-17 onwards.

Alongside the Local Government Finance Settlement for 2014-15, the then Minister of State for Schools announced capital funding to provide for the increasing numbers of school-aged children to enable authorities to make sure that there are enough school places for every child who needs one. He also announced that longer-term capital allocations would be made in order to aid planning for school places. Unfortunately, the new methodology used to distribute funding for additional school places did not initially reflect this commitment as although Cambridgeshire's provisional allocation for 2014-15 was as anticipated, the allocation of £4.4m across the period 2015-16 to 2016-17 was £32m less than the Council had estimated to receive for those years according to our need. Almost all of this loss relates to funding for demographic pressures and new communities, i.e., infrastructure that we have a statutory responsibility to provide, and therefore we have limited flexibility in reducing costs for these schemes.

Given the growth the County is facing, it was difficult to understand these allocations and as such, the Council has continued to lobby the Department for Education (DfE) for a fairer funding settlement that is more closely in line with the DfE's commitment to enable the Council to provide all of the new places required in the County. The DfE did acknowledge one error in their calculations which resulted in the Council receiving an additional £3m on top of the original allocation for these years.

In addition to lobbying the DfE, the Council has also sought in the meantime to maximise its Basic Need funding going forward by establishing how the new funding allocation model works and seeking to provide data to the DfE in such a way as to maximise our allocation. This resulted in a significantly improved allocation of £32.4m for 2017-18 and £25.0m for 2018-19. This goes some way to reduce the Council's shortfall, but still does not come close to covering the costs of all of the Council's Basic Need schemes.

The DfE have also recently revised the methodology used to distribute condition allocations, in order to target areas of highest condition need. A floor protection has been put in place to ensure no authority receives more than a 20% cut in the level of funding until 2018. The £1.2m reduction in allocation for Cambridgeshire for 2015-16 has hit this floor; therefore from 2018 it is expected that the Council's funding from this area will reduce even further.

The National Infrastructure Delivery Plan commits to investment of £23bn over 2016 to 2021 to deliver 500 new free schools, over 600,000 additional school places, rebuild and refurbish over 500 schools and address essential maintenance needs. However it is not clear whether this will increase future allocations for Cambridgeshire, and if so whether it will be sufficient to fully fund demographic need.

The mechanism of providing capital funding has also changed significantly in some areas. In order to drive forward economic growth, Central Government announced in 2013 that it would top-slice numerous existing grants, including transport funding, education funding and revenue funding such as the New Homes Bonus, in order to create a £2 billion Local Growth Fund (LGF) which Local Enterprise Partnerships (LEPs) can bid for. In line with this announcement, the Council's Integrated Transport allocation was reduced from £5.7m in 2014-15 to £3.2m in 2015-16. However, the Government has confirmed its commitment to the LGF fund until 2020-21, and the National Infrastructure Delivery Plan commits £12bn between 2015-16 and 2020-21.

Although the reduction in the Integrated Transport allocation was disappointing, as part of the Autumn Statement 2014 the Department for Transport (DfT) announced indicative Highways Maintenance funding for the next six years which includes an increase of £5m for the Council for 2015-16, and an additional £2m - £3m for each of the following five years (over the original base).

This is not, however, all additional funding, as the Highways Maintenance increase in part replaces one-off, in-year allocations of additional funding that the Council has received in recent years for aspects such as severe weather funding. However, having up-front allocations provides significant benefit to the Council in terms of being able to properly plan and programme in the required work.

In addition to the Highways Maintenance formula allocation, the DfT have created an Incentive Fund element to help reward local highway authorities who can demonstrate they are delivering value for money in carrying out asset management to deliver cost effective improvements. Each authority has to score themselves against criteria that determines which of three bands they are allocated to (Band Three being the highest performing). The Council is currently in Band 2, however for 2016/17 this provides the same level of funding (£833k) as for Band 3. From 2017/18 onwards, the difference between Band 2 and Band 3 funding gradually widens, therefore the intention is for the Council to achieve a Band 3 score by the next submission date, which is anticipated as being in November 2016.

Irrespective of the external funding position, the County's population continues to grow. This places additional strain on our infrastructure through higher levels of road maintenance, increased pressure on the transport network, a rise in the demand for school places, a shortage of homes and additional need for libraries, children's centres and community hubs.

As part of the Budget 2014, Central Government announced their agreement for a Greater Cambridge City Deal which will deliver a step change in investment capability; an increase in jobs and homes with benefits for the whole County and the wider LEP area. The agreement provides a grant of up to £500 million for new transport schemes. However, only £100 million of funding has initially been guaranteed with the remaining funding dependent on the achievement of certain triggers.

Despite this deal, as with the revenue position, the external operating environment poses a significant challenge to the Council as it determines how to invest in order to meet its outcomes, whilst facing increasing demands on its infrastructure that are not necessarily matched by an increase in external funding.

7: Working in partnership

The Council is committed to working with partners in the development of the County and the services within it. There are various mechanisms in place that provide opportunities to enhance the investment potential of the Council with support and contributions from other third parties and local strategic partners.

The Making Assets Count (MAC) programme is one of the key partnerships in relation to the overarching Capital Strategy, and allows partners, including the district councils, health partners and the emergency services, to effectively collaborate on strategic asset management and rationalise the combined operational property estate within the County. MAC has successfully led bids to Wave 3 of DCLG's One Public Estate programme, securing up to £500,000 in funding to bring forward major projects for joint asset rationalisation and land release.

The Local Transport Plan is a key document and is produced in partnership with the city and district councils. There has been a strong working relationship for many years in this area, which has succeeded in bringing together the planning and transport responsibilities of these authorities to ensure an integrated approach to the challenges facing the County.

The Council continues to work with partners and stakeholders to secure commitment to delivery, as well as funding contributions for infrastructure improvements, in order to support continued economic prosperity. For example, the Council has been working with the Greater Cambridge / Greater Peterborough Local Enterprise Partnership (LEP) plus the New Anglia LEP and the South East Midlands LEP, as well as neighbouring local authorities, the city and district councils and the Department for Transport to agree a funding package for improvements to the A14 between Cambridge and Huntingdon, which has now been secured with work due to start in Autumn 2016. The Council will continue with this approach where infrastructure improvements are shown to have widespread benefits to our partners.

The Council is also in discussions in conjunction with various other local authorities and partners with Central Government regarding a devolution deal. An original deal was signed by council leaders in March for authorities and LEPs across Cambridgeshire, Norfolk and Suffolk, but is currently being renegotiated. This deal could deliver £5.2bn of investment to the region; a full public consultation will take place in Summer 2016 to allow local people and businesses to have their say on the plans.

The Greater Cambridge / Greater Peterborough Local Enterprise Partnership (LEP), is now a key mechanism for distributing Central Government and European funding in order to drive forward and deliver sustainable economic growth, through infrastructure, skills development, enterprise and housing. The LEP strives to do this in partnership with local businesses, education providers and the third sector, as well as the public sector including the Council. The LEP has developed a Strategic Economic Plan in order to bid on an annual basis for a share of the Local Growth Fund (LGF). The LEP submitted a bid to the 2015-16 process, the results of which were announced in July 2014. A number of proposals put forward by the LEP were approved, including £5m for the Council's King's Dyke Crossing scheme. The LEP subsequently submitted a bid to the 2016-17 SLGF, which the Government announced in January 2015 was successful and from which the LEP received an additional £38m. The LEP agreed to allocate £16m of this funding to the Council's Ely Crossing Scheme, in addition to a further £1m for work on the Wisbech Access Strategy. This was a new scheme, added into the 2015-16 Capital Programme.

The Council has worked closely with Cambridge City Council, South Cambridgeshire District Council, Cambridge University and the LEP to negotiate the City Deal with Central Government. This has resulted in a changed set of governance arrangements for Greater Cambridge, allowing the County, Cambridge City Council and South Cambridgeshire District Council to pool a limited amount of funding and powers through a Joint Committee. This is helping to deliver a more joined-up and efficient approach to the key economic issues facing this rapidly-growing city region.

Due to the introduction of the Community Infrastructure Levy (CIL) on all but large scale developments, the Council will also be working more closely with the city and district councils on the creation of the new infrastructure needed as a result of development. CIL is at the discretion of the Local Planning Authority i.e. the city and district councils, who are responsible for setting the levy and have the final decision on how the funds are spent. However as the County Council has responsibility for the provision of much of the infrastructure resulting from development, it is imperative that it is involved in the CIL governance arrangements of the city and district councils, and that it works closely with these authorities to ensure that it is able to influence investment decisions that affect the Council's services.

Examples of specific capital schemes currently being delivered in partnership include;

- Rolling out and exploiting better broadband infrastructure across the County; with Peterborough City Council, the district councils, the Local Enterprise Partnership, local businesses and the universities;
- Creation of a new school at Hampton Gardens, in conjunction with Peterborough City Council; and
- MAC projects, being delivered in conjunction with MAC partners, including potential care provision at the Hinchingbrooke Hospital site in Huntingdon, and Ida Darwin Hospital site in Fulbourn, Cambridge, and the creation of a shared Highways Depot at Swavesey.

8: Asset management

The Council's Capital Strategy inevitably has strong links to the Council's Asset Management Strategy, which provides detail on the framework for operational asset management; this includes defining the principles which guide asset management, its role in supporting service delivery, why property is retained, together with the policies, procedure and working arrangements relating to property assets.

The Council's Asset Management Strategy is currently under review and will be developed under the guidance of the new A&I Committee. The Strategy will continue to focus on the key objectives of:

- Reducing costs
- Co-locating front and/or back-office services
- Reducing carbon emissions
- Increasing returns on capital
- Opening up investment opportunities
- Improving service delivery to communities
- Taking advantage of lease breaks

There will also be a comprehensive review of existing policy and strategy, and in particular a strengthening of the Corporate Landlord model and its links into corporate strategies such as Community Hubs, Older Persons' Accommodation, and the Smarter Business Programme. Specific property initiatives include;

- The Property Portfolio Development Programme, moving the Council towards becoming a developer of its own land, principally for housing, through a wholly-owned Company. This will require significant capital investment through loans to the company for development purposes, but will generate ongoing revenue streams for the Council;

- The County Farms Estate Strategy is under review and will feed into both the Asset Management Strategy and the Development Programme;

- A review of the Shire Hall complex and the potential for alternative approaches to the provision of back office accommodation;

- Renewable Energy Soham, to maximize potential revenue from Council land holdings, helping to secure national energy supplies and helping Government meet carbon reduction targets.

The Capital Strategy also has strong links with the Council's Local Transport Plan (LTP), adopted in March 2011 and refreshed in 2014, covering the period 2011-2031. The Plan sets out the existing and future transport issues for the County, and how the Council will seek to address them.

The LTP demonstrates how the Council's policies and plans for transport contribute towards the vision of the Council, whilst setting a policy framework to ensure that planned, large-scale development can take place in the County in a sustainable way, as well as enabling the Council to take advantage of opportunities that may occur to bring in additional or alternative funding and resources.

The Plan highlights the following eight challenges for transport, as well as the strategy for addressing them:

- Improving the reliability of journey times by managing demand for road space, where appropriate and maximising the capacity and efficiency of the existing network
- Reducing the length of the commute and the need to travel by private car
- Making sustainable modes of transport a viable and attractive alternative to the private car
- Future-proofing the Council's maintenance strategy and new transport infrastructure to cope with the effects of climate change
- Ensuring people – especially those at risk of social exclusion – can access the services they need within reasonable time, cost and effort wherever they live in the County
- Addressing the main causes of road accidents in Cambridgeshire
- Protecting and enhancing the natural environment by minimising the environmental impact of transport
- Influencing national and local decisions on land-use and transport planning that impact on routes through Cambridgeshire

9: Meeting statutory obligations to provide school places

The majority of the schools' Capital Programme, which makes up a significant proportion of the Council's total Capital Programme, is generated in direct response to the statutory requirement to provide sufficient school places to meet demand. There is therefore a limit to the amount of flexibility that can be used to curtail, or reduce the costs for these schemes.

The Education Organisation Plan is refreshed every year and sets out the What, How and Why in relation to planning and delivering the additional school capacity required to meet current and forecast need, including information on how the schools' Programme is prioritised.

Although the geographical areas where places are required is driven by the populations of those areas, the Council still has an element of choice or influence over how it develops its Programme to meet those needs as follows:

- **General costs of construction**

The Council seeks to minimise construction costs on all projects and builds to the latest Government area guidelines that set out accommodation schedules. These detail the specification and size of building required for a given number of pupils. The Council's contractor framework seeks best value for money and mini competition between framework partners helps to ensure this.

- **Quality of build**

In general, the Council aims to build at mid-point in terms of quality. This balances the need to ensure that the materials the Council uses are robust and fit for purpose in respect of both an adequate life cycle for the asset and also maintenance requirements that are not overly burdensome to the end user or operator, but whilst at the same time providing Value for Money in terms of initial capital investment.

- **Future proofing**

The Council aims to build in the most efficient manner possible in order to minimise financial risk and also to avoid future disruption to schools. In some cases building a school or extension in phases may be the best option; in other situations where it is possible that the need for places will come forward, it may be more cost effective overall to build in one phase (even if this costs more in the short term). Early during the review process for each scheme, a recommendation is made as to the most suitable solution; however the Council also tries to be flexible if circumstances change.

- **Temporary accommodation**

The Council uses temporary 'classroom' accommodation when it is felt that this provides a suitable short-term solution in addressing a need. Such cases include meeting a temporary bulge in population, filling a gap prior to completion of a permanent solution or in an emergency.

- **Home to School Transport**

If the Council has some places available within the County overall, then it has the option of using Home to School Transport (funded by revenue) to transport children from oversubscribed areas to locations where schools do have capacity. The Council tries to minimise the use of this, as it is often an expensive solution. It is also not ideal to require children to travel longer distances to school and is not a sustainable option in the longer-term.

- **Location (within the geographical area of need)**

In many cases there may be a choice available between two or more schools in order to deliver the additional places for a certain geographical area of need. In these circumstances, a full appraisal is carried out, taking into consideration costs, the opinion and endorsement of the schools, the child forecasts, and the premise and site constraints.

- **Type – extension or new build**

The type will be dependent on a full appraisal of the situation.

- **Planning stipulations**

National and local planning policies and high aspirations of local members, planners and schools – especially Academy Trusts – to provide a higher specification than is statutorily required can cause costs to increase. Cambridge City Council and South Cambridgeshire District Council also require public art which can add an additional cost of up to 1% of the construction budget. All new schools also have to go through the Design Quality Panel, which adds an additional step into the planning process and extends the design phase and is funded by the project. Finally, some of the requirements of a S106 can have an impact on the levels of external funding available – for example, an increased requirement for affordable housing will reduce the amount available to fund education schemes for a development.

10: Development of the Capital Programme

The Council operates a five year rolling revenue budget, and a ten year rolling capital programme. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.

The process of developing the Programme during each planning cycle has varied over the last few years, influenced by the external environment and the Strategic Framework priorities of the period. As part of the 2014-15 planning process, the Council implemented a structured framework within which to develop the Capital Programme, which is not influenced by these factors (but instead allows them to be taken into account during development of the Programme).

New schemes for inclusion in the Programme are developed by Services (in conjunction with Finance) in line with the outcomes of the Strategic Framework. As stated in the financial regulations, any new capital scheme costing more than £160,000 is appraised as to its financial, human resources, property and economic consequences. The justification and impacts, as well as the expenditure and funding details of these schemes are specified in a Capital Investment Proposal (see pro forma in Appendix 3), which includes an outline level Business Case (see Appendix 4). At the same time, all schemes from previous planning periods are reviewed and updated as required.

All schemes, whether existing or new, are scrutinised and challenged where appropriate by officers to verify the underlying costs and/or establish whether alternatives methods of delivery have been investigated in order to meet the relevant needs and outcomes of the Council.

An Investment Appraisal of each capital scheme (excluding schemes with 100% ring-fenced funding) is undertaken / revised as part of the Investment Proposal, which allows the scheme to be scored against a weighted set of criteria such as strategic fit, business continuity, joint working, investment payback and resource use (see Appendix 4 for specific details of the criteria). This process allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its targeted priority outcomes.

In light of significant slippage experienced in recent years due to deliverability issues with the in-year Capital programme, a Capital Programme Board (CPB) was established in the latter part of 2015 in order to provide support and challenge with respect to both the creation of an initial budget for a capital scheme and also the deliverability and ongoing monitoring. The Terms of Reference require the CPB to ensure that the following outcomes are delivered:

- Improved estimates for cost and time of capital projects;
- Improved project and programme management and governance;

- Improved post project evaluation; and
- Improved prioritisation process across the programme as a whole.

The CPB scrutinises the programme before it is sent to Committees, and officers undertake any reworking and/or rephasing of schemes as required to ensure the most efficient and effective use of resources deployed. The Board will also ensure that all schemes included within the Business Plan under an initial outline business case are further developed and reviewed before final recommendation is given to start the scheme.

Service Committees and the A&I Committee review the prioritisation analysis and the Capital Programme is subsequently agreed by General Purposes Committee (GPC), who recommends it to Full Council as part of the overarching Business Plan.

Appendix 6 provides a diagram that outlines the governance arrangements that have been put in place for the Capital Programme.

As part of the 2017-18 Business Planning cycle, the Council is also extending the cross-cutting approach to delivering the Business Plan introduced for the 2016-17 process, which operated alongside the traditional process. The Transformation Delivery Model is an alternative cross-cutting approach, designed to ensure we maximise the opportunities across the Council and with partners to deliver services in a different way. For further detail on this approach, please see the Strategic Framework (Section 1).

In time, it is expected that this approach could have significant implications for the Capital Programme, for example, through the generation of additional Invest to Save schemes.

A summary of the Capital Programme can be found in the Medium Term Financial Strategy section of the Business Plan (Section 2), with further detail provided by each Service within their individual finance tables (Section 3).

11: Revenue implications

All capital schemes have a potential two-fold impact on the revenue position, due to:

- the cost of borrowing through interest payments and repayment of principal (called Minimum Revenue Provision), or through the loss of investment income; and
- the ongoing revenue impact of the scheme (such as staff salaries, utility bills, maintenance, administrative costs etc.), or revenue benefits (such as savings or additional income).

To ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the revenue budget planning process, partly through the operating model process. Both the borrowing costs and ongoing revenue costs/savings of a scheme are taken into account as part of a scheme's Investment Appraisal, and therefore, the process for prioritising schemes against their ability to deliver outcomes.

In addition, the Council is required by CIPFA's Prudential Code for Capital Finance in Local Authorities 2011 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, towards the start of each Business Planning Process, Council determines what proportion of revenue budget is spent on services and the corresponding maximum amount to be spent on financing borrowing. This is achieved by setting an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. This in turn can be translated into a limit on the level of borrowing included within the Capital Programme (this limit excludes ultimately self-funded schemes).

In order to afford a degree of flexibility from year to year, changes to the phasing of the borrowing limits is allowed within any three-year block, so long as the advisory aggregate limit remains unchanged. Blocks refer to specific three-year periods, starting from 2015-16, rather than rolling three-year periods. The advisory limit on debt charges and the corresponding limit on borrowing are reviewed each year by GPC to ensure that changing factors such as the level of interest rates, or the external funding environment are taken into account when setting both.

During the 2015-16 Business Planning process, the following debt charges limits and borrowing limits for three-year blocks were set:

	2015-16 (£m)	2016-17 (£m)	2017-18 (£m)	2018-19 (£m)	2019-20 (£m)	2020-21 (£m)	2021-22 (£m)	2022-23 (£m)	2023-24 (£m)
Debt Charges Limits	40.2	44.6	45.4	45.9	46.0	46.0	46.0	46.0	46.0
Three-Year Borrowing Limits	176.7			60.0			60.0		

However, due to the change in the Minimum Revenue Provision policy, agreed by Full Council in February 2016, these debt charge limits have been restated as follows.

	2015-16 (£m)	2016-17 (£m)	2017-18 (£m)	2018-19 (£m)	2019-20 (£m)	2020-21 (£m)	2021-22 (£m)	2022-23 (£m)	2023-24 (£m)
Restated Debt Charges Limits	-	35.3	36.8	37.9	38.6	39.2	39.7	40.3	40.8
Three-Year Borrowing Limits	176.7			60.0			60.0		

Once the service programmes have been refined, if the amalgamated level of borrowing and thus debt charges breaches the advisory limit, schemes will either be re-worked in order to reduce borrowing levels, or the number of schemes included will be limited according to the ranking of schemes within the prioritisation analysis.

Due to the Council's strategic role in stimulating economic growth across the County through infrastructure investment, any capital proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement are excluded from contributing towards the advisory borrowing limit. These schemes are called Invest to Save or Invest to Earn schemes and will be self-funded in the medium term.

However, there will still be a revenue cost to these schemes, as with all other schemes funded by borrowing. Therefore, GPC will still need to review the timing of the repayments, in conjunction with the overall total level of debt charges to determine affordability of the Capital Programme, before recommending the Business Plan to Full Council.

Invest to Save and Invest to Earn schemes for all Services are expected to fund any revenue pressures, including borrowing costs, over the life of the asset. However any additional savings or income generated in addition to this repayment will be retained by the respective Service and will contribute towards their revenue savings targets.

12: Managing the Capital Programme

The Capital Programme is monitored in year through monthly reporting, incorporated into the Integrated Resources and Performance Report. Services monitor their programmes using their monthly Finance and Performance reports, which are reviewed by the Service Committees and A&I Committee. These feed into the Integrated Report which is scrutinised by the CPB, submitted to the Strategic Management Team, then is subsequently reviewed by GPC. The report identifies changes to the Capital Programme to reflect and seek approval for;

- new / updated resource allocations;
- slippage or brought forward programme delivery;
- increase / reduction in overall scheme costs; and
- virements between schemes to maximise delivery against the priorities of the Council.

It is inevitable that new demands and pressures will be identified by the Council on an ongoing basis, however as far as is possible addressing these requirements is undertaken as part of the next Business Planning Process, in line with Regulation 6.4 of the Scheme of Financial Management.

Therefore, all new capital schemes should be approved via the Business Plan unless there is an urgent need to seek approval that cannot wait until the next planning process (i.e. because the scheme is required to start within the current financial year, or the following financial year if it is too late to be included within the current Business Plan).

In these situations, any supplementary capital request will be prepared in consultation with, and with the agreement of, the Chief Finance Officer. The report will, where possible, be reviewed by the CPB before being taken to the Strategic Management Team by the relevant Director and the Chief Finance Officer, before any request for a supplementary estimate is put to GPC or the A&I Committee. As part of this report, in line with the Business Planning process, any new schemes costing more than £160,000 will be appraised as to the financial, human resources, property and economic consequences before detailed estimate provision is made.

New demands and pressures and changes to estimated costs and funding for ongoing schemes will also potentially result in the need for virements between schemes. All virements should be carried out in line with the limits set out in Appendix I of the Scheme of Financial Management, up to the upper limit of £250,000 by the Chief Finance Officer. Anything above this limit will be dealt with in line with the process for new schemes, and will be taken to GPC or A&I Committee for approval as part of the monthly Integrated Resources and Performance Report. Any over spends, whether in year or in relation to the whole scheme, once approved will be funded using applicable external sources and internal, non-borrowing sources first, before using borrowing as a last resort.

Once a project is complete, The CPB also now requires a post-implementation review to completed on any significant schemes (over £500k) in order to ensure the Council learns from any issues encountered and highlights and follows best practice where possible.

13: Summary of the 2016-17 Capital Programme

Total expenditure on major new investments underway or planned includes:

- Providing for demographic pressures regarding new and improved schools and children's centres (£550m)
- Housing Provision (£194m)
- City Deal schemes (£100m)
- Major road maintenance (£90m)
- Ely Crossing (£36m)
- Rolling out superfast broadband (£31m)
- A14 Upgrade (£25m)
- King's Dyke Crossing (£14m)
- Renewable Energy (£10m)
- Cycling City Ambition Fund (£8m)
- Better Care Fund (£8m)
- Soham Station (£6m)
- Cambridgeshire Public Services Network Replacement (£6m)
- Cambridge Cycling Infrastructure (£5m)
- Abbey - Chesterton Bridge (£5m)
- Waste Facilities – Cambridge Area (£5m)
- MAC Joint Highways Depot (£5m)

The 2016-17 ten-year Programme, worth £990.0 million, is budgeted to be funded through £558.5 million of external grants and contributions, £201.6 million of capital receipts and £230.0 million of borrowing. This is in addition to an estimated previous spend of £377.6m on some of these schemes, creating a total Capital Programme value of £1.4

billion. The related revenue budget to fund capital borrowing is forecast to spend £34.0 million in 2016-17, increasing to £32.3 million by 2020-21.

The 2016-17 Capital Programme includes the following Invest to Save / Invest to Earn schemes:

Scheme	Total Investment (£m)	Total Net Return (£m)
Housing Provision	194.2	148.6
Renewable Energy	9.8	8.2
County Farms Investment	2.6	3.1
MAC Market Towns Project	1.5	2.6
Energy Efficiency Fund	1.0	0.6
MAC Joint Highways Depot	5.2	0.2

Appendix 1: Allowable capital expenditure

Financial regulations proscribe certain costs from being capitalised, in particular administrative and other general overheads, together with employee costs not related to the specific asset (such as configuration and selection activities). Authorities are also required to write off any abnormal costs that arose from inefficiencies (such as design faults, theft of materials etc.).

The following table provides some examples of what can and cannot be capitalised. The examples should be regarded as illustrative rather than definitive – interpretation of accounting rules requires some subjective judgement that will be affected by the specific circumstances of each project.

Item of expenditure	Capital or Revenue?	
Feasibility studies	**Revenue**	Until a specific solution has been decided upon, costs cannot be directly attributable to bringing an asset into working condition. This includes all costs incurred whilst deliberating on any issues, scoping potential solutions, choosing between solutions and assessing whether resources will be available to finance a project. However, feasibility studies can be capitalised if they occur after a decision has been made to go ahead with a particular option i.e. if they are directly attributable in bringing an asset closer to a working (or enhanced) condition.
Demolition of an existing building	**Capital**	Demolition would usually be an act of destruction that would be charged to revenue; however if the costs incurred are necessary in preparing a site for a new scheme, it can be argued that they are an integral part of the new works.
Costs of buying out sitting tenants of existing building	**Capital**	Similar to demolition costs, this would help prepare a site in its existing condition for the new works.
Initial delivery and handling costs	**Capital**	Required to bring the asset closer into working condition.
Costs of renting alternative accommodation for staff during building works	**Revenue**	All costs incurred in carrying out the regular business of the authority whilst construction is underway make no direct contribution to the value of the asset.
Site security during construction	**Revenue**	Although this activity protects the investment during construction, it does not enhance it.
Installation and assembly costs	**Capital**	Required to bring the asset closer into working condition.
Testing whether the asset is functioning properly	**Capital**	Required to bring the asset closer into working condition.

Rectification of design faults	**Capital**	Required to bring the asset closer into working condition. However, the previous expenditure incurred on the defective work would need to be written off to revenue.
Liquidated Damages	**Revenue**	Paying out damages as compensation for breaching a contract does not enhance the value of the asset.
Furniture and fittings	**Capital – but often revenue for CCC**	Items required to bring an asset into working condition are often capitalised as part of the overall cost of the scheme, even if such items fall below the de minimis limit of the authority. However, the Council's policy is to not capitalise equipment, therefore if the purchase is outside of an overarching property scheme, then the costs will be revenue. The downside of capitalisation is that it will not be possible to justify future replacement of furniture and fittings as being capital.
Training and familiarisation of staff	**Revenue**	The asset will be regarded as being in working condition, irrespective of whether anyone in the authority can use it.
Professional fees	**Capital**	But only to the extent that the service provided makes a contribution to the physical fabric of the new construction (e.g. architecture design) or the work required to bring the property into working condition for its intended use (e.g. legal advice in preparation of building contracts).
Finance and Internal Audit staff costs	**Revenue**	These costs are generally incurred for governance reasons, rather than enhancing the value of the asset.

Appendix 2: Sources of capital funding

Central Government and external grants
Grant funding is one of the largest sources of financing for the capital programme. The majority of grants are awarded by Central Government departments including the Department for Education (DfE) and the Department for Transport (DfT). In addition, the Council receives grants from various external bodies, including lottery funded organisations. Grants can be specific to a scheme or have conditions attached, including time and criteria restrictions.

Capital receipts
The sale of surplus or poor quality capital assets as determined by the Asset Management Strategy generates capital receipts, which are reinvested in full in order to assist with financing the capital programme.

Section 106 (S106), Community Infrastructure Levy (CIL) and external contributions
S106 contributions are provided by developers towards the provision of public infrastructure (normally highways and education) required as a result of development. Capital schemes undertaken in new development areas are currently either completely or mostly funded by the S106 agreement negotiated with developers. The Community Infrastructure Levy (CIL) is a new levy that local authorities can choose to charge on new developments in their area that will replace a large proportion of S106 agreements once it comes into force. Other external contributions are made by a variety of organisations such as district councils, often contributing towards jointly funded schemes.

Private finance initiative (PFI) / Public private partnerships (PPP)
The Council makes use of additional government support through PFI and PPP and has dedicated resource to manage schemes that are funded via this source. Previous schemes that have been funded this way include Waste, Street Lighting and Schools. The Coalition Government has announced that this form of capital finance will be redesigned to provide improved value for money.

Borrowing (known as prudential borrowing)
The Council can determine the level of its borrowing for capital financing purposes, based upon its own views regarding the affordability, prudence and sustainability of that borrowing, in line with the CIPFA Prudential Code for Capital Finance. Borrowing levels for the capital programme are therefore constrained by this assessment and by the availability of the revenue budget to meet the cost of this borrowing, considered in the context of the overall revenue budget deliberations. Further information is contained within the Treasury Management Strategy Statement (Section 7 of the Business Plan).

Revenue Funding
The Council can use revenue resources to fund capital projects on a direct basis. However, given the general pressures on the revenue budget of the Council, it is unlikely that the Council will often choose to undertake this method of funding.

Appendix 3: Investment Proposal (abbreviated)

Reference	
Title	
Proposal Description	
Active/Rejected Proposal	Active Rejected
Planning Cycle	2012-13 2013-14 2014-15 2015-16 2016-17
Responsible Officer	
Lead Portfolio Holder	
Service Area	CFA DSG ETE CS Financing Debt Charges LGSS Public Health
Committee	Adults Adults, C&YP C&YP E&E E&E, H&CI GPC Health H&CI LGSS JC

Status	New Existing Modified
Budget Type	Revenue Capital
Proposal Type	Technical Finance Adjustment Inflation Demography and Demand Pressures Investments Savings Fees, Charges & Ring-Fenced Grants Funding
Justification	
Supporting Information Link	
Supporting Information Link 2	
Internal Impact	
External Impact	
:: FINANCE SECTION ::	
Capital Scheme Category	CFA – Basic Need – Primary CFA – Basic Need – Secondary CFA – Basic Need – Early Years CFA – Adaptions

	CFA – Condition & Maintenance CFA – Building Schools for the Future CFA – Schools Managed Capital CFA – Specialist Provision CFA – Site Acquisition & Development CFA – Temporary Accommodation CFA – Children Support Services CFA – Adults Social Care CS – Corporate Services CS – Managed Services ETE – Integrated Transport ETE – Operating the Network ETE – Infrastructure Management & Operations ETE – Strategy & Development ETE – Other Schemes ETE – Libraries, Archives & Information ETE – City Deal LGSS – LGSS Operational
Capital Scheme Start Year	Committed Ongoing 2016-17 2017-18 2018-19 2019-20 2020-21 2021-22 2022-23 2023-24 2024-25 2025-26
16-17 Capital Investment	
17-18 Capital Investment	

18-19 Capital Investment	
19-20 Capital Investment	
20-21 Capital Investment	
21-22 Capital Investment	
23-24 Capital Investment	
24-25 Capital Investment	
25-26 Capital Investment	
Later Years Capital Investment	
Link to Capital Funding Template	
Link to Capital Investment Appraisal	
Link to Revenue Proposal	

Appendix 4: Business Case

Savings reference:		Title:	
Investment reference:			
Proposal Status:			
Primary Transformation workstream:			
Directorate:		Sponsoring Director:	
Service Area:			
Committee:		Responsible Officer:	

FINANCE £'000

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 0
Investment	Staff	0	0	0	0	0	0
	Non-staff	0	0	0	0	0	0
	Resources	0	0	0	0	0	0
	IT/Digital	0	0	0	0	0	0
	Assets/Property	0	0	0	0	0	0
	Other	0	0	0	0	0	0
	Revenue impact of capital	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0
Saving / income total		0	0	0	0	0	
Net saving / income		0	0	0	0	0	

	Q1	Q2	Q3	Q4	
Please phase Year 1 gross savings: *(negative figures in round thousands)*	0	0	0	0	OK

Summary

Options

Scope

Approach (including corporate requirements) & timescales

Key milestones

1	
2	
3	
4	

Link to detail for SMT (if applicable)

Links & dependencies

Assumptions & risks

Proposal appraisal - how likely is it to work?

Consultation (including timescales)

Appendix 5: Capital Investment Appraisal

Scheme Reference:	B/C.4.001
Scheme Title:	**Ely Crossing**
Service Area:	Economy, Transport and Environment Services
Capital Scheme Category:	ETE - Strategy & Development
Committee:	E&E
Responsible Officer:	Bob Menzies

The 100 available points have been allocated to the criteria below in an attempt to "weight" them in terms of their relative priority to the Council

Criteria	Explanation	Weighting	Scoring (points in brackets)	Score	Justification
Strategic:					
1. Meets Outcomes and Enablers	Based on the number of Strategic Framework Themes that the project meets	12	Number of outcomes addressed: (4) points per outcome up to a maximum of	**8**	n/a
2. Bold Economic Investment	A Bold Economic Investment is a major scheme of importance in Cambridge and Cambridgeshire, particularly in respect to economic growth	15	No (0); Yes (15)	**15**	The Ely level crossing is on the A142 Newmarket - Ely - March Road which is the main link road to East Cambridgeshire and Fenland from the A14 and east coast ports. Delays at the level crossing are a major constraint on the economic development of Ely, East Cambridgeshire and Fenland. Five railway lines that meet at Ely and almost all of the trains require the crossing to be closed. Network Rail are increasing the capacity of the rail junction which will lead to a substantial increase in the number of trains. There will therefore be a significant increase in delays if no action is taken. A major expansion of housing is also planned for Ely. There will therefore be a significant economic disbenefit if no action is taken.

Risk Management / Continuity of Service:

3. Complies with Asset Management Strategy	Projects in accordance with the KEY asset management principles detailed in the Cambridgeshire Public Sector Asset Management Strategy adopted by CCC Cabinet 25 October 2011	5	No (0); Yes (5)	**5**	n/a
4. Urgency of investment in order to meet statutory obligations (e.g. Accessibility, Health & Safety, Education Act, NHS and Community Care Act, etc.)	Projects that will help to meet and address a statutory obligation, including Health and Safety and emergency repairs	15	< 2 years (15); 2 - 5 years (10); > 5 years (5); No statutory obligation (0)	**0**	0
5. Mitigating current / avoiding future business interruption, including service delivery	Based on the level of risk from failure to implement the project and mitigate current business / service interruption or risk of future interruption	10	Risk Assessed as: Red (10); Yellow/Brown (5); Green (0)	**10**	0

Promotes Partnership / Joint Working:

6. External, cross-cutting partnership benefits - with public, private or voluntary sector	Projects to be carried out in partnership with other agencies or departments	5	No (0); Yes (5)	**5**	The project has been developed in partnership with Network Rail and ECDC. It will mitgate the impact of train service improvements on the highway network, support growth in Ely and more directly by removing through traffic from the area and facilitate ECDC proposed Ely gateway enhancement project.

Adequacy of Planning:

7. Business Case	The more detailed plans are available, the more likely that the project will be delivered to specification, timetable and budget.	4	Basic SharePoint Proposal (0); Clear statement of need exists (2); Outline Business Case exists (4)	**2**	

Financial:

8. Life of the Asset	Based on the life of the asset that will be created by the project	7	Asset Life: < 5 years (0); 5 - 10 years (3); 11 - 25 years (5); > 25 years (7)	**7**	n/a
9. Value for money - produces revenue savings / generates revenue income	Where investment in the project qualifies as an Invest to Save or Invest to Earn Initiative, a measure of the estimated revenue savings / income generation (including impact on debt charges of any capital receipts)	15	Net annual savings or income as % of total capital cost: 0% (0); <100% (5); 100% - 200% (10); > 200% (15)	**0**	0
10. Is part or fully funded from either externally generated resources (e.g. grants) or capital receipts from disposals	Based on the proportion of funding for the project from non-borrowing sources	12	Percentage of capital cost funded by non-borrowing: <5% (0); 5 - 79% (Proportional); 80% + (12)	**5**	0

Total	**100**		55

Additional Information:

Timing Flexibility	n/a
Alternative Methods of Delivery	n/a
Details of Alternative Methods of Delivery	n/a

Appendix 6: Capital Programme governance

Development of revenue implications

Development of initial proposals

Progression of schemes from non-CPB approved to approved

Investment Appraisals (IAs) and Project Initiation Documents (PIDs)

Onedocument completed in two phases to avoid duplication (IA then PID)

Strategic Framework
Vision and Outcomes drive priorities for capital expenditure

Directorate
Develops proposals - scheme outlines, risks, business cases, robustness, financial considerations
IA

Finance Support
Assesses revenue implication of proposals, following review of all funding streams. Assists in building proposals & acts as a critical friend ensuring proposals and Investment Appraisals are robust

SMT / Service/I&A Committee / GPC (BP)
Reviews proposals, prioritisation of schemes and revenue impact of proposed Capital Programme to recommend to Full Council

Full Council
In February, approves strategy, funding parameters, and schemes due to start in year 1 as recommended by the CPB. Approves in principle schemes for years 2 – 10

New schemes to be included in year 1 need to go via CPB route

Directorate
Detailed Business Case
PID

Finance Support
Assists in building detailed business cases & acts as a critical friend ensuring the PID is fit for CPB submission

Capital Programme Board (CPB)
Reviews IA and PID to ensure schemes to start in year 1 are ready for delivery and funding is available. Can also review schemes to start in subsequent years. Reviews already approved schemes to remove barriers and/or advise on next steps

Monthly IR&PR
Monitors the capital programme as reported on by the CPB. Requests approval of CPB recommended additional schemes or changes of existing schemes outside of officer delegation limits

Not Recommended – requires further development

Service/I&A Committee / GPC (IR&PR)
Takes advice/recommendation from the CPB and approves new or changes to existing capital schemes if required outside of the budget setting process

May - February

Mid May
CPB reviews roll forwards and rephasing (for current year schemes)
May to Mid-August
Services review all existing schemes in programme and develop new bids, inc. IAs
Mid-August
CPB reviews capital IAs and PIDs (Yr 1 schemes)
End August
SMT reviews whole programme
September
Service committees review programme
CPB reviews prioritisation of whole programme
October
GPC reviews prioritisation
November & December
Service committees review relevant parts of the revised programme
January
GPC reviews whole BP and recommends to Full Council
February
Full Council agrees BP

ONGOING

Year 1 schemes not yet approved via CPB – see above timescales

Year 2+ schemes reviewed by CPB as and when developed as part of monthly meetings

CPB monitors capital programme monthly

PIDs for new / changed schemes sent to CPB before approval is requested by service committee / in monthly IR&PR

Agenda Item No: 12

COUNTY COUNCIL CONSULTATION STRATEGY (INCLUDING THE APPROACH TO BUSINESS PLAN 2017/18 CONSULTATION)

To: **General Purposes Committee**

Meeting Date: **26th July 2016**

From: **Executive Director: Customer Services & Transformation**

Electoral division(s): **The business plan consultation applies to the whole of the County Council's Area**

Forward Plan ref: **N/A** *Key decision:* **No**

Purpose: **To seek approval for the approach to be taken to the business plan consultation for 2016/17.**

Recommendations: **General Purposes Committee is recommended to:**

a) approve the approach to Business Plan 2017/18 consultation as laid out in this paper; and

b) approve the consultation questions as laid out in Appendix One.

	Officer contact:
Name:	Michael Soper
Post:	Research Group Manager
Email:	Michael.Soper@Cambridgeshire.gov.uk
Tel:	01223 715312

1. BACKGROUND

1.1. The organisation's consultation strategy was approved by General Purposes Committee (GPC) in May 2016. At this point GPC also approved the general approach to be taken with the County Council's approach to Business Plan (2017/18) consultation. As part of the discussion on this GPC asked for the questions for the formal consultation to be brought back to the July committee for approval.

2. BUSINESS PLAN CONSULTATION

2.1 Methodology

GPC has already approved the following methodology:

- There will be a paid for, household survey of approximately 1,300 residents so the results will be significant at a County level. The sample with be a stratified, random sample. That is to say participants will be randomly selected within the criteria of having a final sample that reflects the age / location structure of the County's population. The survey would be competitively tendered with a guide price of about £25,000.

- As with previous years there will be accompanying digital / on-line consultation.

- As more detailed proposals emerge ready for committee, together with supporting narratives; these will be communicated to the public and a second round of consultation will begin.

- Both consultation strands will be supported by consistent communication messages regarding the overall financial position of the County Council.

- The planned time-scale is for the survey to take place during September 2016 with initial results available during the week beginning the 24th October.

2.2 Development of consultation questions

The proposed questions for the household survey have been developed with the Member Working Group for Consultation (the group met on the 7th July to consider the content).

The initial thinking for developing the questions as laid out in appendix one was as follows:

- The survey should be relatively short and simple to participate in; taking no more than 10 minutes.

- The first part of the survey should introduce the context.

- The main questions should ask about the public's attitude to council tax increases with four options being presented.

- Appropriate parallels will be drawn between possible increases and cash amounts per month together with comparable items from household budgets.

- Additional questions will ask about the respondent's reasoning behind their choice and establish the context for their decision e.g. which services the respondent currently uses.

- Finally, respondents will then be offered the chance to provide their e-mail details in order to participate further in consultation and additional demographic questions will be gathered to support analysis.

2.3 Supporting Work

In addition to the formal survey outlined above it is proposed that the broad strategy for the County Council's Business Plan consultation takes in the following points

- Part of the premise of the approach is to communicate the on-going level of pressure and challenge faced by the organisation. A key theme will be '**bridging the gap'** between the County Council's income and the cost of services as they are currently organised.

- Members have indicated approval for last year's approach in terms of the visual illustration and key messages. We will build on this demonstrating that we were **listening** to people's responses at the time and feeding back what we learnt and actions taken since then. E.g. *'79% of all respondents last year felt that it was appropriate to ask residents to become more involved in their own communities and 41% of respondents were prepared to give more of their time to their local community.'*

- There will be a continuation of last year's theme of **celebrating** how much **communities** achieve for themselves and showing where greater community involvement in services is working e.g. at a Parish Council level or with Time-banking.

2.4 Additional activities

In addition to the formal survey outlined in section 2.1 it is proposed that the additional activities will be an on-line survey to complement the household survey; attendance by County Council staff to community events around the County during September and the delivery of a social media / media package including simple 'infograms' to address the themes covered in section 2.3 above.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The commissioned survey is being competitively tendered with a guide price of about £25,000.

Other consultation activity proposed would be met within the County Council's existing staffing / resources.

4.2 Statutory, Risk and Legal Implications

The County Council has a broad duty to consult in regard to major decisions such as the development of the Business Plan.

4.3 Equality and Diversity Implications

Effective consultation is one of the ways the County Council can meet its equality and diversity obligations.

4.4 Engagement and Consultation Implications

This is the core subject of the paper.

4.5 Localism and Local Member Involvement

There is a role for elected members to support the business plan consultation as described here.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
General Purposes Committee 31 May 2016 – Report and Minutes	https://cmis.cambridgeshire.gov.uk/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/47/Committee/2/SelectedTab/Documents/Default.aspx

APPENDIX 1 – PROPOSED QUESTIONS FOR THE BUSINESS PLAN CONSULTATION.

Household Survey – Version Three

Please note the following:

The layout shown here is indicative. The appointed contractor will be responsible for the final layout of the survey for completion on the doorstep.

In addition to the questions asked here each of the contractor's interviewers will ask qualifying questions to achieve appropriate sample size / age group representation.

Introduction

"Cambridgeshire County Council is currently reviewing its annual business plan which includes looking at the authority's priorities and deciding our budget for next year, including setting the level of council tax.

Due to increased demand and inflation coupled with cuts in funding, the County Council needs ***to save £xxx over the next xxx years, with £xx.x million to save next year****.* Last year the County Council saved ***£xxx and over the last five years the County Council has had already saved £xxx.*** **[Figures to be inserted in consultation with finance colleagues]**

This inevitably means we (along with all other local authorities) will need to make significant changes to the services we provide."

Initial Questions:

1. Before taking part in this survey, how aware were you of the scale of the financial challenges facing the county council?

Very aware	❑
Aware	❑
Not aware	❑
Not at all aware	❑
Unsure / don't know	❑

2. How do you feel about the continuing financial challenges faced by the County Council?

Very worried	❑
Worried	❑
Not Worried	❑
Not at all worried	❑
Unsure / don't know	❑

3. a. On a scale of 1 to 10, with 10 being 'very important' and 1 being 'not at all important', how important do you think each of the following **outcomes** are that County Council services are working to achieve?

	10 Very Important	9	8	7	6	5	4	3	2	1 Not at all important
Older people live well independently	❑	❑	❑	❑	❑	❑	❑	❑	❑	❑
People with disabilities live well independently	❑	❑	❑	❑	❑	❑	❑	❑	❑	❑
children are helped to reach their full potential	❑	❑	❑	❑	❑	❑	❑	❑	❑	❑
The Cambridgeshire economy prospers to the benefit of all residents	❑	❑	❑	❑	❑	❑	❑	❑	❑	❑
People lead a healthy lifestyle and stay healthy for longer	❑	❑	❑	❑	❑	❑	❑	❑	❑	❑
People live in a safe environment	❑	❑	❑	❑	❑	❑	❑	❑	❑	❑
People at risk of harm are kept safe	❑	❑	❑	❑	❑	❑	❑	❑	❑	❑

4. **B.** Is there anything else that is important to you that you think we've missed?

If yes, please tell us what this is?

Council Tax

5. Do you or someone in your household pay council tax?

Yes ❑	No ❑	Don't Know ❑

6. Do you know which Council Tax Band your property is in?

A ❑	B ❑	C ❑	D ❑
E ❑	F ❑	G ❑	H ❑
Don't Know ❑			

7. Which of the following **four options** for the **County Council's part** of Council tax do you support (other parts of council tax also go to pay for police, fire, parish and district council services)

❑	Not increasing council tax.
❑	**Just** raising the Adult Social Care Precept of 2%. An average band D property would pay an extra 45p per week (£23.34 a year) This would raise an additional **£x million** from across the County to be spent on **just on** Adult Social Care. *The Adult Social Care Precept (ASCP) is an amount the Council is allowed to increase council tax by specifically to pay for care for adults, particularly the elderly.*
❑	**Just** having a general increase council tax of 1.99%. An average band D property would pay an extra 45p per week (£23.34 a year). This would raise an additional **£x million** from across the County to be spent on **a wide range of services**.
❑	**Raising both** the Adult Social Care Precept of 2% **and** increasing council tax by a further 1.99%. This would raise an additional £x million from across the County to be spent on Adult Social Care **and** a further £x million to be spent on other services. An average band D property would pay an extra 90p per week (£46.72 a year)

8. Can you please tell us why you chose this option for Council tax?

Free text question.

Experience of County Council Services

9. Do you or a member of your close family **regularly use** any of these specific County Council Services?

Service	Service used	Service	Service used
Children's Centres	❑	Support services for disabled **adults** including adults with learning disabilities	❑
Support services for disabled **children** including children with learning disabilities	❑	Care services for older people	❑
Education Support Services	❑	Adult Learning	❑
Youth services	❑	Libraries	❑
Support with living a healthier lifestyle	❑	Subsidised Public Transport or community transport schemes	❑
Support for mental health and well-being	❑	Other (please state)	

10. Is there any part of County Council services that you particularly value?

If yes, please tell us what this is?

11. The County Council would like to offer you the opportunity to remain in touch by e-mail and from time to time send you links so you can take part in further consultation surveys.

Would you like to participate?

❑ Yes ❑ No

12. **Please can you provide your email address?**

											@										

Demographic Questions

[Location, including district to be coded by interviewer, added to on-line version]

Q12. How do you describe your gender?

❑ Male ❑ Female ❑ Other

Q13. What is your age?

❑ 18-24 ❑ 25-34 ❑ 35-44

❑ 45-54 ❑ 55-64 ❑ 65-84

❑ 85+

Q15. Do you have any long-standing illness, disability or infirmity that limits your activities in any way?

❑ Yes ❑ No

Q16. Do you have children of school age living in the household?

❑ Yes ❑ No

Q17. Are you a Carer?
Do you look after, or give any help or support to family members, friends, neighbours or others because of either:
- they have long-term physical or mental ill-health or disability
- they have problems related to old age?

❑ Yes ❑ No

Q17. To which of these groups do you consider you belong to?

❑ White British	❑ Black or Black British: Caribbean	❑ Asian or Asian British: Indian
❑ White: Irish	❑ Black or Black British: Other	❑ Asian or Asian British: Pakistani
❑ White: Gypsy and Traveller		❑ Asian or Asian British: Bangladeshi
❑ White: Eastern European	❑ Mixed Raced	❑ Asian or Asian British: Chinese
❑ White: Other		❑ Asian or Asian British: Other
		❑ Any other ethnic background

COUNTY COUNCIL ELECTIONS 2017

To:	**General Purposes Committee**		
Meeting Date:	**26 July 2016**		
From:	**Director, Customer Service and Transformation**		
Electoral division(s):	**All**		
Forward Plan ref:	**N/A**	*Key decision:*	**No**
Purpose:	**The Committee is asked to note the timetable of activity required to prepare for the County Council elections in 2017 and approve funding in order to carry the elections out.**		
Recommendation:	**The Committee is asked to:**		

a) Support the County Returning Officer to work with Deputy County Returning Officers across Cambridgeshire to plan for the 2017 County Elections; and

b) Note that funding will be built into the 2017/18 budget to administer the 2017 County Elections.

	Officer contact:
Name:	Sue Grace
Post:	Director, Customer Service and Transformation
Email:	Sue.grace@cambridgeshire.gov.uk
Tel:	01223 715680

1. BACKGROUND

1.1 Full County Council elections are held every four years across the whole country and are due again for this Council in May 2017. At this point the Council's current term will end, all Council seats will be subject to an election, and as a result a new Council term will begin.

1.2 This is a significant exercise for the Council to undertake because of its importance to local democracy, its profile, and also its cost. General Purposes Committee is therefore asked to note at this early stage the impact of preparing for this election and to note the allocation of necessary funding to undertake it.

2 DETERMING A TIMETABLE OF ACTIVITY

2.1 Although the election is not held until May 2017 there is a significant programme of activity required from this point forwards to ensure that it is delivered successfully.

2.2 A meeting of the County Returning Officer and Deputy County Returning Officers (District and City based) will be held over the summer to determine a detailed timetable for the year ahead, which will be made up of:

- Agreeing a Memorandum of Understanding for all partners involved
- Communications Strategy and website arrangements
- Training needs of officers
- Agreeing standard documentation across the county
- Briefings for Election Agents and Candidates
- Identifying suppliers of election materials (e.g. poll cards, ballot papers)
- Confirming polling station details
- Processes for verifying and counting votes
- Declaration details
- Arrangement following the election, e.g. Member Inductions

2.3 The County Returning Officer, Sue Grace, will liaise with Group Leaders throughout the year to update on progress and raise any issues that arise.

3 BOUNDARY COMMISSION REVIEW

3.1 The electoral division boundaries are currently being reviewed by the Local Government Boundary Commission (LGBC). The review is in its final stage with the last period of consultation closing on the 20th May. The final recommendations will be published by the commission on the 6th September.

4 COST OF IMPLEMENTATION

4.1 The County Council election is administered on a district by district basis, which means that the County Council calls upon District Councils and the City Council to undertake the election for all County Divisions within their areas.

4.2 Following consultation with District and City Councils the cost estimates below have been provided. Each year the County Council allocates a budget for elections which makes allowance for by-elections within that year. The funding from these years that is not called upon is then pooled for use against the full County Council election every four years.

4.3 Cambridgeshire County Council has recently moved to a new committee management system called CMIS (Committee Management Information System). This system is also used by the Council's LGSS partners – Northamptonshire County Council and Milton Keynes Council. CMIS has an election results module and the company which owns CMIS has established a demand to build upon the existing functionality in order to provide an enhanced elections results module. Cambridgeshire County Council, along with the other partners, has been invited to be part of the development process for this enhanced module. This would mean we would be able to publish the results online quickly and more effectively than in previous years.

Funds held from annual election budget:	£
Brought forward	-180,496
15-16 contribution	-144,779
16-17 budget	-165,078
17-18 budget	-167,049
Total available	-657,402
Cost estimates for 2017 election: provided by partners:	
CCC	110,000
ECDC	160,000
FDC	205,000
HDC	250,500
SCDC	245,000
Total	970,500
Cost for software to administer the election	TBC
Total cost (including 5% contingency)	**£1,019,025**
Shortfall to be built into 2017/18 budget	£361,623 *

*plus the cost for software to administer the election

4.4 Based upon all the above, General Purposes Committee is asked to note the funding that will be built into the 2017/18 budget to administer the County Election.

4.5 The Council is currently engaged in discussions with local partners and Government around a potential devolution deal. Depending on the outcome of these discussions, there is a possibility that Mayoral elections for a combined authority would be taking place in May 2017 also. If that were the case, then the Council would work with relevant local partners to establish levels of contribution to administer these aspects of the May 2017 elections.

5 ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

5.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

5.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

The resource implications of the May 2017 elections are detailed within the content of this report, particularly in paragraph 4.3.

6.2 Statutory, Risk and Legal Implications

The report above outlines that there are potentially a number of statutory, risk and legal implications of administering the May 2017 elections, and these will be detailed as part of the project that will be established,

6.3 Equality and Diversity Implications

There are no significant implications for this area.

6.4 Engagement and Consultation Implications

There are no significant implications for this area.

6.5 Localism and Local Member Involvement

There are no significant implications for this area.

6.6 Public Health Implications

There are no significant implications for this area.

Source Documents	Location
None	Box Number SH1102 Shire Hall Cambridge

FINANCE AND PERFORMANCE REPORT – OUTTURN 2015-16

To:	**General Purposes Committee**		
Meeting Date:	**26th July 2016**		
From:	**Director of Customer Service and Transformation** **Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**N/A**	*Key decision:*	**No**
Purpose:	**To present to General Purposes Committee (GPC) the Outturn 2015/16 Finance and Performance Report for Corporate Services and LGSS Cambridge Office; this details their performance for the 2015/16 financial year.**		
Recommendation:	**The Committee is asked to review, note and comment upon the report.**		

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1. BACKGROUND

1.1 General Purposes Committee receives the Corporate Services and LGSS Cambridge Office Finance and Performance Report at all of its meetings, where it is asked to both comment on the report and potentially approve recommendations, to ensure that the budgets and performance indicators for which the Committee has responsibility, remain on target.

2. MAIN ISSUES

2.1 Attached as **Appendix A**, is the Outturn 2015-16 Finance and Performance report.

2.2 Corporate Services (including LGSS Managed and Financing Costs) ended the 2015/16 financial year with an underspend on revenue of £12,979k, £9,800k of which was due to the change in the Minimum Revenue Provision policy.

2.3 The LGSS Operational budget ended the 2015/16 financial year with an overspend of £103k after equalisation with Northamptonshire. This element of the budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.

2.4 There are two new significant forecast outturn variances by value (over £100,000) to report for Corporate Services / LGSS Managed.

IT Managed was underspent by £844k in 2015/16. This reflected the writing back of £893k from reserves, comprising all existing IT equipment replacement funds. This figure included the £475k write-back previously approved as part of the LGSS Managed recovery plan.

The Authority-wide Miscellaneous budget had an underspend of £149k. This reflected the following year-end adjustments:

- Transfer of funds from the Winter Maintenance replacement fund (£396k)
- Transfer to revenue of the costs of the EPAM – East Barnwell Community Hub capital scheme which Members decided should not proceed in 2015-16 as originally planned. Total costs were £74k, comprising £31k relating to 2014-15 and £43k relating to 2015-16.
- Transfer of funds to provisions in respect of Community Resilience (£100k) and Transformation Fund consultancy support costs (£250k).

2.5 An overall underspend of £12.7m has been achieved for Financing Costs for 2015/16. Of this total, £9.8m was directly attributable to a change in Minimum Revenue Provision (MRP) policy approved and implemented during the year. The variation in capital financing costs for the year (£2.8m) arose as a result of some significant slippage in the capital programme for the year and the effective management of the cash available to the Council.

2.6 The year-end position for Corporate and LGSS Managed capital spend was an underspend of £9.0m.

2.7 The year-end position for LGSS Operational capital was an overspend on capital of £0.3m in 2015-16.

2.8 Corporate Services / LGSS have eleven performance indicators for which data is available. Nine indicators ended the year at green status, and two at amber.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This report sets out details of the overall financial position for Corporate Services / LGSS and this Committee.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
There are no source documents for this report	1st Floor, Octagon, Shire Hall, Cambridge

Appendix A

Corporate Services and LGSS Cambridge Office

Finance and Performance Report – Outturn 2016

1. SUMMARY

1.1 Finance

Previous Status	Category	Target	Current Status	Section Ref.
Green	Income and Expenditure	Balanced year end position	Green	2.1 – 2.4
Green	Capital Programme	Remain within overall resources	Green	3.2

1.2 Performance Indicators – Current status: (see section 4)

Monthly Indicators	Red	Amber	Green	Total
March (Number of indicators)	0	2	9	11

2. INCOME AND EXPENDITURE

2.1 Overall Position

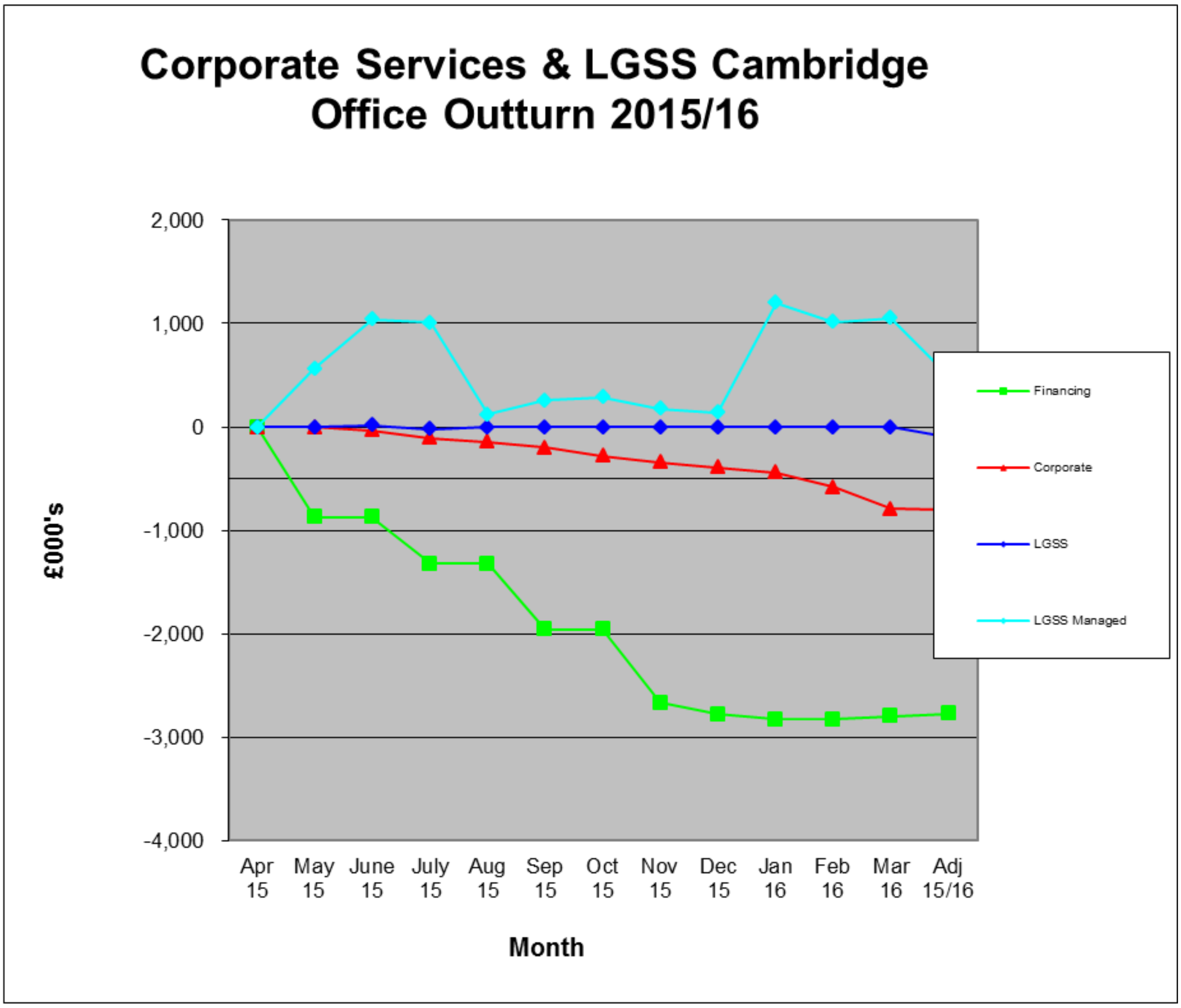
Original Budget as per BP [1] £000	Directorate	Current Budget £000	Forecast Variance - Outturn (Mar) £000	Outturn Variance £000	Outturn Variance %
5,672	Corporate Services	4,355	-792	-801	0
9,145	LGSS Managed	201	1,050	488	243
35,460	Financing Costs (excluding MRP)	35,461	-2,800	-2,775	-8
50,277	**Sub Total**	**40,017**	**-2,542**	**-3,088**	
0	Minimum Revenue Provision (MRP)	0	0	-9,891	0
50,277	**Adjusted Sub Total**	**40,017**	**-2,542**	**-12,979**	
9,864	LGSS Cambridge Office	-400	0	-103	26
60,141	**Total**	**39,616**	**-2,542**	**-3,190**	

[1] The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

The service level budgetary control report for Corporate Services, LGSS Managed and Financing Costs for year-end 2015/16 can be found in CS appendix 1.

The service level budgetary control report for LGSS Cambridge Office for year-end 2015/16 2016 can be found in LGSS appendix 1

Further analysis of the results can be found in CS appendix 2 and LGSS appendix 2



2.2.1 Significant Issues – Corporate Services

- The overall position for Corporate Services for 2015/16 was an underspend of £801k.
- There were no new exceptions to report at year-end.

2.2.2 Significant Issues – LGSS Managed

- The overall position for LGSS Managed for 2015/16 was an overspend of £488k.
- IT Managed was underspent by £844k in 2015/16. This reflected the writing back of £893k from reserves, comprising all existing IT equipment replacement funds. This figure included the £475k write-back previously approved as part of the LGSS Managed recovery plan.

- The Authority-wide Miscellaneous budget had an underspend of £149k. This reflected the following year-end adjustments:

  - Transfer of funds from the Winter Maintenance replacement fund (£396k)
  - Transfer to revenue of the costs of the EPAM – East Barnwell Community Hub capital scheme which Members decided should not proceed in 2015-16 as originally planned. Total costs were £74k, comprising £31k relating to 2014-15 and £43k relating to 2015-16.
  - Transfer of funds to provisions in respect of Community Resilience (£100k) and Transformation Fund consultancy support costs (£250k).

2.2.3 Significant Issues – Financing Costs

- The variation in capital financing costs for the year (£2.8m) arose as a result of some significant slippage in the capital programme for the year and the effective management of the cash available to the Council. As this has been a recurring outcome over recent years the Committee will recall that the financial benefits of this have been projected into 2016/17 and therefore this position will not re-occur in the future.
- In addition, the year-end adjustment to reflect the approved updated approach to MRP creates a further underspend of £9.891m

2.2.4 Significant Issues – Year-end Adjustments

General Purposes Committee will be asked to approve the following year-end adjustment as part of the Integrated Resources and Performance Report. These adjustments have been included in the reported figures.

- A provision to the value of £50k in respect of consultancy support in setting up a Housing Developer Special Purpose Vehicle.
- A provision to the value of £100k in respect of Community Resilience.
- A provision to the value of £250k in respect of Transformation Fund consultancy costs.

2.2.5 Significant Issues – LGSS Cambridge Office

- The overall position for LGSS Cambridge Office for 2015/16 was an underspend of £103k after equalisation.

- The year-end deficit / surplus on LGSS operational budgets is subject to a sharing arrangement with Northamptonshire County Council (NCC). The consolidated year-end position resulted in a £103k outturn equalisation payment to CCC from NCC.

- Professional Finance was underspent by £211k in 2015/16. This was due to an underspend on the CIPFA trainee as trainees took up substantive posts, further vacancies and reduced costs following the Finance Team restructure, and additional income generated from a secondment to East Cambridgeshire DC. The outturn position also takes into account redundancy costs within the team.

- There was an underspend of £123k on HR Business Partners Partners due to staffing vacancies and delays in recruitment.

- LGSS Programme Team had an underspend of £98k. A 2015-16 budget reduction was made on the assumption that reductions to the ERP contract could be negotiated with Fujitsu, but given the new shared service solution this is unlikely to be achieved. £25k has been incurred by triggering a 'value for money' contractual benchmark review of the hosting contract in order to realise contract savings. This is still underway and it is hoped it will result in revenue savings during 2016-17. Additional cost of infrastructure replacement in Cambridge for FTP server and increased cost of external support to key business systems roles have also contributed to the overspend.

- CCC Transactional Services was overspent by £175k for the year. However the service as a whole was underspent by £186k following the service-wide restructure implemented in August 2015, which resulted in a number of vacancies.

- There was an underspend of £148k on Democratic and Scrutiny Services due to in-year vacancies in the Cambridge Office and reduced expenditure on printing and other contracts.

- LGSS Law was overspent by £266k in 2015-16. This was partly due to lower than anticipated income from NBC (£73k) and NPH (£55k). The remaining shortfall was mostly in relation to the dividend target being higher than expected because the budget transfer from services was based on 18% of the budget held in services, rather than 18% of the actual expenditure in services. Work is underway in the company to identify the most tax efficient way to treat company surpluses. There was also £119k overspend in the LPG directorate due to a significant number of 2014-15 invoices not being accrued for correctly and 2014-15 disbursements. In addition, coding errors for some charges to services were identified late in the year.

- Procurement had an underspend of £142k, the majority of which was due to the early achievement of savings originally planned for 2016-17. In addition it took longer than anticipated to fill vacancies within the team due to the difficulty in attracting the right candidates. There was also a small amount of one-off income that had not been previously forecast.

2.3 Additional Income and Grant Budgeted this Period
(De minimis reporting limit = £30,000)

There were no items above the de minimis reporting limit recorded during the closedown period.

A full list of additional grant income for Corporate Services and LGSS Managed can be found in CS appendix 3.

A full list of additional grant income for LGSS Cambridge Office can be found in LGSS appendix 3.

2.4 Virements and Transfers to / from Reserves (including Operational Savings Reserve) (De minimis reporting limit = £30,000)

The following virements were made during the closedown period to reflect changes in responsibilities.

Corporate Services:

	£	Notes
Virement from Corporate Services to CFA and ETE	-2,727,491	Corporate Allocations 2015/16*

LGSS Managed:

	£	Notes
Virement from LGSS Managed to CFA and ETE	-7,363,176	Corporate Allocations 2015/16*

LGSS Cambridge Office:

	£	Notes
Virement from LGSS Cambridge Office to CFA and ETE	-10,571,481	Corporate Allocations 2015/16*
Virement from reserves to LGSS Cambridge Office	47,400	Transfer of funding from reserves re K2.

* To allow for accurate completion of Government & CIPFA statistical returns, we are required to charge certain corporate overheads to direct services. These recharges relate to the net cost of a significant element of Corporate Services, LGSS Managed and LGSS Cambridge Office. The charges are transferred to services at year end with matching budget, therefore there is no impact on final outturn variance.

A full list of virements made in the year to date for Corporate Services, LGSS Managed and Financing Costs can be found in CS appendix 4.

A full list of virements made in the year to date for LGSS Cambridge Office can be found in LGSS appendix 4.

3. <u>BALANCE SHEET</u>

3.1 Reserves

A schedule of the Corporate Services and LGSS Managed reserves can be found in CS appendix 5.

A schedule of the LGSS Cambridge Office Reserves can be found in LGSS appendix 5.

3.2 Capital Expenditure and Funding

Expenditure

- Corporate Services had a capital budget of £386k in 2015/16 with spend during the year of £106k. This equated to an overall programme underspend of £280k for the year and the total scheme variances amounted to £0k across the programme.

  There were no new exceptions to report at year-end.

- LGSS Managed had a capital budget of £15.3m in 2015/16 with spend to year-end of £6.6m. This equated to an overall programme underspend of £8.7m for the year and the total scheme variances amounted to an underspend of £9.3m across the programme.

  There were no new exceptions to report at year-end.

- LGSS Cambridge Office had a capital budget of £209k in 2015/16 with spend during the year of £540k. This amounted to a total scheme overspend of £331k for the year and the total scheme variances amounted to £0k across the programme.

  There were no new exceptions to report at year-end.

Funding

- There are no key funding changes to report for year-end.

- Corporate Services had capital funding of £386k in 2015/16. As reported above, the Corporate Services budget underspent by £280k, which resulted in a reduced funding requirement of this amount.

- LGSS Managed had capital funding of £15.3m in 2015/16. As reported above, the LGSS Managed budget had an underspend of £8.7m, which resulted in a reduced requirement of funding of this amount.

- LGSS Cambridge Office had capital funding of £209k in 2015/16. As reported above, LGSS Cambridge Office overspent by 331K, which resulted in an increased funding requirement of this amount.

A detailed explanation of the position for Corporate Services and LGSS Managed can be found in CS appendix 6.

A detailed explanation of the position for LGSS Cambridge Office can be found in LGSS appendix 6.

4. PERFORMANCE

4.1 The table below outlines key performance indicators for Customer Services and Transformation and LGSS Managed Services.

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
Customer Service & Transformation									
Proportion of FOI requests responded to within timescales	Monthly	High	%	05/04/16	90.0%	89.0%	Amber	↓	
For context only - number of FOI requests received annually	Annually	Low	Num	05/04/16	N/A*	1,228	N/A	N/A	Running total will be collected quarterly. Data to be next reported on in July 2016 for Q1 2016/17.
Proportion of customer complaints received in the month before last that were responded to within minimum response times	Monthly	High	%	11/04/16	90.0%	93.2%	Green	↓	
For context only - number of complaints received annually per thousand population	Annually	Low	Num	27/04/15	N/A*	1.68**	N/A	N/A	Data to be next reported on in May 2016 for period of 1 April 2015 - 31 March 2016
Proportion of all transformed transaction types to be completed online by 31 March 2015***	Annually	High	%	11/04/16	75.0%	76.1%	Green	↑	To be next reported on in October 2015 for Q2 2015/16
Deprivation measure - Number of physically active adults (narrowing the gap between Fenland and others)	Annually	High	%	24.03.16 (change to target and 2014 actual)	53.1% (2015) 54.1% (2016)	52.1% (2014)	TBC	N/A	To be next reported on in July 2016 for Q1 2016/17 and year end.
LGSS Managed Services									
Strategy and Estates – capital receipts target managed and achieved	Quarterly	High	%	02/02/16	98% (£250k gross)	115.0%	Green	↑	To next be reported on in May 2016 for Q4 2015/16 and year-end.
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	10/03/16	95% (£3.9m gross)	96.2%	Green	↓	To next be reported on in May 2016 for Q4 2015/16 and year-end.
IT – availability of Universal Business System****	Quarterly	High	%	02/02/16	95.0%	94.0%	Amber	↓	To next be reported on in May 2016 for Q4 2015/16 and
IT – incidents resolved within Service Level Agreement	Quarterly	High	%	02/02/16	90.0%	97.0%	Green	↑	To next be reported on in May 2016 for Q4 2015/16 and year-end.

The full scorecard for Customer Services and Transformation and LGSS Managed Services can be found at CS appendix 7.

4.2 The table below outlines key performance indicators for LGSS Cambridge Office

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
LGSS Cambridge Office									
Percentage of invoices paid within term for month	Monthly	High	%	01/04/16	97.5%	99.8%	Green	←→	99.8% reported last period
Percentage of invoices paid within term cumulative for year to date	Monthly	High	%	01/04/16	97.5%	99.8%	Green	↑	99.7% reported last period
Total debt as a percentage of turnover	Monthly	Low	%	01/04/16	10.0%	4.2%	Green	↓	4.0% reported last period
Percentage of debt over 90 days old	Monthly	Low	%	01/04/16	20.0%	18.9%	Green	↑	22.6% reported last period

CS APPENDIX 1 – Corporate Service Level Budgetary Control Report

The variances to the end of Closedown 2015/16 for Corporate Services, LGSS Managed and Financing Costs are as follows:

Original Budget as per BP £000	Service	Current Budget for 2015/16 £000	Forecast Variance - Outturn (Mar) £000	Outturn Variance 2015/16	Outturn Variance 2015/16 %
	Corporate Services				
1,096	Director, Policy & Business Support	-1,698	-128	-126	-7
296	Chief Executive	295	-87	-86	-29
433	Corporate Information Management	464	-1	-6	-1
1,286	Customer Services	1,285	-150	-152	-12
511	Digital Strategy	826	-320	-301	-36
299	Research	374	-57	-62	-17
0	Service Transformation	256	0	0	0
136	Smarter Business	136	-2	-2	-1
656	Strategic Marketing, Communications & Engagement	550	-37	-54	-10
198	Elections	209	0	0	0
926	Redundancy, Pensions & Injury	926	-11	-9	-1
0	City Deal	917	0	0	0
-165	Grant Income	-186	0	0	0
5,672		**4,355**	**-792**	**-801**	**-18**
	LGSS Managed				
1,138	Building Maintenance	399	132	111	28
-3,174	County Farms	-2,812	-293	-204	-7
5,497	County Offices	6,245	876	792	13
121	Effective Property Asset Management	121	-28	9	7
179	External Audit	179	44	-22	-12
1,483	Insurance	-518	1,150	1,150	222
1,834	IT Managed	2,216	-357	-844	-38
985	Members' Allowances	1,000	-56	-65	-7
128	OWD Managed	128	-28	-30	-24
106	Subscriptions	106	-2	-2	-2
1,000	Transformation Fund	1,000	-225	-257	-26
-53	Authority-wide Miscellaneous	-7,764	-162	-149	-2
-100	Grant Income	-100	0	0	0
9,145		**201**	**1,050**	**488**	**243**
	Financing Costs				
35,460	Debt Charges and Interest (excluding MRP)	35,461	-2,800	-2,775	-8
50,277	**CORPORATE SERVICES TOTAL**	**40,017**	**-2,542**	**-3,088**	**-8**
0	Minimum Revenue Provision (MRP)	0	0	-9891	0
50,277	**CORPORATE SERVICES - ADJUSTED TOTAL**	**40,017**	**-2,542**	**-12,979**	**-32**
	MEMORANDUM - Grant Income				
-165	Public Health Grant - Corporate Services	-136	0	0	0
-100	Public Health Grant - LGSS Managed	-100	0	0	0
0	Other Corporate Services Grants	-50	0	0	0
-265		**-286**	**0**	**0**	**0**

CS APPENDIX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater.

Service	Current Budget £'000	Outturn Variance £'000	%
Director, Policy & Business Support	1,698	-126	-7%
Director, Policy & Business Support had an underspend of £126k in 2015/16. This comprised £50k of savings through directorate efficiencies and £49k of salary savings following a restructure. The balance is due to savings on Chairman's allowances and postage costs.			
Customer Services	1,285	-152	-12%
There was an underspend of £152k on Customer Services in 2015/16. This was primarily due to underspends on salaries due to recruitment and retention issues. In addition there was a saving of £10k on blue badge production and an increased income stream of £20k.			
Digital Strategy	826	-301	-36%
Digital Strategy was underspent by £301k. This was primarily due to slippage on projects, with the balance of £56k due to underspending on staffing.			
Building Maintenance	399	111	28%
Building Maintenance spend across the property portfolio exceeded budget in 2015/16 by £111k. As previously reported, there was a shortfall of £121k on the amount accrued in the 2014-15 accounts compared to invoices paid in respect of these accrued costs. This pressure was partly offset by costs of £65k to be charged to capital, £18k income from caretaker housing, and £5k of the 2014-15 costs which have now been re-assessed as relating to the 2015-16 financial year.			
County Farms	-2,812	-204	-7%
County Farms budgets were underspent by £204k in 2015/16. The final underspend was reduced by cancellation of £98k of duplicate invoices. As previously reported the underspend was due to postponement of some planned County Farms maintenance schemes and fewer calls than anticipated on the unplanned maintenance budget. In addition, an increase in rent income (£140k) following completion of 60 rent reviews during 2014/15 and a reassessment of the levels of income generation resulting from the ongoing programme of solar PV installations across the estate (£45k) contribute to the underspend.			
County Offices	6,245	+792	+13%
County Offices had an overspend of £792k for the year. The rent negotiations for Babbage House were completed, and the agreed figure was lower than previously estimated. This resulted in an increase of £17k in 2015-16 (compared to £47k previously predicted) and £26k per annum. Following delays in obtaining planning permission, the lease agreement for Castle Court was finally completed towards the end of January. As previously reported, the 50%			

Service	Current Budget £'000	Outturn Variance £'000	%
rental period under the agreement was due to commence on 31st October 2015. Therefore the additional income predicted in 2015/16 was reduced pro rata from £281k to £112k. There was also a subsequent reduction of around £30k in the rate rebate achieved. The pressure resulting from Children's Centre business rates invoices was in the region of £550k. Of this amount, £400k was the liability for prior years billing and £150k related to the annual cost for 2015/16 onwards. Full-year savings were realised in respect of the closure of Dryden House (£203k) and the cessation of Castle Court running costs (£347k). The prior-year savings target for a reduction of the property portfolio was therefore fully achieved. In addition, there were a number of small budgetary pressures across the portfolio, amounting to £100k. These were partially offset by a £42k reduction in the anticipated cost of Dryden House dilapidations.			
Insurance	-518	1,150	222%
Municipal Mutual Insurance (MMI) was the County Council's insurance provider until it ceased insurance business in 1992 as a result of its failing financial strength. In 2014 the MMI Scheme of Arrangement Levy was invoked, whereby the creditors became liable for the payment of a levy. MMI's financial position has continued to deteriorate and the insurance fund has a provision to fund the extension of the levy from 15% to 25%. However, actuaries predict the levy relating to claims prior to 1992 is likely to continue to increase and on this basis a further £1.15m provision is required to meet this historic liability.			
IT Managed	2,216	-844	-38%
IT Managed was underspent by £844k in 2015/16. This reflected the writing back of £893k from reserves, comprising all existing IT equipment replacement funds. This figure included the £475k write-back previously approved as part of the LGSS Managed recovery plan. This is facilitated by the move towards provision of mobile devices, which are funded from the IT for Smarter Business Working capital scheme. As reported previously there was a pressure of £62k due to unbudgeted revenue costs on the mobile phone budget arising from the Smarter Business capital project and £54k net pressures across the centrally held budgets.			
Transformation Fund	1,000	-257	-26%
The Transformation Fund covers the costs of Section 188 redundancies. An underspend £257k was achieved, exceeding the figure of £225k that was previously predicted.			

Authority-wide Miscellaneous	-7,764	-149	-2%
The Authority-wide Miscellaneous budget had an underspend of £149k. This reflected the following year-end adjustments: • the transfer of funds from the Winter Maintenance replacement fund (£396k) • transfer to revenue of the costs of the EPAM – East Barnwell Community Hub capital scheme which Members decided should not proceed in 2015-16 as originally planned; total costs of the East Barnwell scheme were £74k, comprising £31k relating to 2014-15 and £43k relating to 2015-16. • Transfer of funds to provisions in respect of Community Resilience (£100k) and consultancy support costs for the Transformation Fund (£250k). Other factors included an ESPO rebate for 2015-16 which exceeded the budget set by £159k, and an adjustment of £150k in respect of Adult Social Care accruals 2014-15. These items were offset by a pressure of £149k due to additional employer's pension contributions.			
Financing Costs	35,461	-12,666	-36%
Overall an underspend of £12.7m has been achieved for debt charges this year. Of this £9.8m was directly attributable to a change in MRP policy approved and implemented during the year. Careful management of the Council's balance sheet and a strategy of internal borrowing have meant that costly external long term loans have been avoided generating net £2.8m.			

CS APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which was not built into base budgets.

Grant	Awarding Body	Expected Amount £000
Grants as per Business Plan	Public Health	236*
Non-material grants (+/- £30k)	Various	10**
Total Grants 2015/16		**246**

* The Public Health grant allocation for Corporate Services has been reduced by £29k, compared to the Business Plan figure of £265k.

** This relates to grant funding received during 2014/15, where conditions have now been met and so funding has been applied.

CS APPENDIX 4 – Virements and Budget Reconciliation

Corporate Services:

	£000	Notes
Budget as per Business Plan	**5,673**	
Transfer of Travellers Support budget to ETE	-51	
Transfer Green Spaces budget to ETE	-55	
Operational Savings Transfer 2015/16 - CRM System	150	
Operational Savings Transfer 2015/16 - Service Transformation Funding	256	
Operational Savings Transfer 2015/16 - Digital by Default	165	
Operational Savings Transfer 2015/16 - Digital Delivery Assistant	31	
City Deal budgets transferred from LGSS Managed	917	
Corporate Service Corporate Allocations	-2,727	
Non-material virements (+/- £30k)	-2	
Current Budget 2015-16	**4,355**	

LGSS Managed:

	£000	Notes
Budget as per Business Plan	**9,144**	
Transfer of City Deal funding from New Homes Bonus to corporate ownership (ETE)	717	
Centralisation of mobile phone budgets from CFA, ETE, CS & LGSS	372	
Funding from reserves for Microsoft support extension	33	
Transfer additional City Deal funding from reserves	200	
Matching funding for annual insurance charges	-1,982	
City Deal budgets to be reported under Corporate Services	-917	
LGSS Managed Corporate Allocations	-7,363	
Non-material virements (+/- £30k)	-3	
Current Budget 2015-16	**201**	

Financing Costs:

	£000	Notes
Budget as per Business Plan	**35,460**	
Non-material virements (+/- £30k)	1	
Current Budget 2014/15	**35,461**	

CS APPENDIX 5 – Reserve Schedule

1. Corporate Services Reserves

Fund Description	Balance at 31 March 2015 (5) £'000	Movements in 2015-16 £'000	Balance at 31/03/16 £'000	Notes
General Reserve				
Corporate Services Carry-forward	1,020	198	1,218	1
subtotal	1,020	198	1,218	
Equipment Reserves				
Postal Service	50	7	57	
subtotal	50	7	57	
Other Earmarked Funds				
Travellers Support Officer	45	-45	0	3
Shape Your Place - Fenland Grant	18	0	18	
Green Spaces	10	-10	0	3
Election Processes	180	145	325	2
EDRM Project	274	-42	232	
City Deal - NHB funding	0	699	699	
subtotal	527	747	1,274	
Short Term Provisions				
Transforming Cambridgeshire	1,000	-38	962	
Transformation Fund	0	250	250	6
Earith Bridge Travellers Site	43	-43	0	3
Community Resilience	0	100	100	4
subtotal	1,043	270	1,312	
TOTAL	**2,640**	**1,222**	**3,862**	

Notes

1. The year-end position reflects the Corporate Services underspend of £801k and £602k use of operational savings. Details on operational savings allocations can be found in CS Appendix 4.
2. The underspend on the Elections budget has been transferred to the earmarked reserve. This is to ensure that sufficient funding is available for the four-yearly County Council election.
3. The unapplied balances on the Fenland Social Media Cohesion grant and Heritage Lottery funding for the Cambridgeshire Local Nature Partnership and the short-term provision in respect of Earith Bridge Travellers Site have transferred to ETE following the Customer Service and Transformation restructure.
4. Additional provision of £100k for Community Resilience.
5. Balances brought forward have been amended following publication of the final Statement of accounts 2015-16.
6. A new provision of £250k for consultancy costs in respect of Transformation Fund work.

2. LGSS Managed Reserves

Fund Description	Balance at 31 March 2015 (6) £'000	Movements in 2015-16 £'000	Balance at 31/03/16 £'000	Notes
Equipment Reserves				
Corporate Infrastructure Replacement & Renewals	162	-162	0	1
Corporate ICT Assets	475	-475	0	1
Corporate Telephony	5	-5	0	1
subtotal	642	-642	0	
Other Earmarked Funds				
Manor school site demolition costs	139	94	233	2
CPSN Partnership Funds	59	90	149	4
subtotal	198	184	382	
Short Term Provisions				
Insurance Short-term Provision	2,324	0	2,324	
SPV provision	0	50	50	
External Audit Costs	154	-66	89	
Insurance MMI Provision	32	1,150	1,182	5
Back-scanning Reserve	56	0	56	
Contracts General Reserve	893	0	893	
Operating Model Reserve	1,000	0	1,000	
subtotal	4,460	1,134	5,595	
Long Term Provisions				
Insurance Long-term Provision	3,613	0	3,613	
subtotal	3,613	0	3,613	
SUBTOTAL	**8,913**	**676**	**9,589**	
Capital Reserves				
Effective Property Asset Management Receipts	0	0	0	
MAC - One Public Estate	0	230	230	
General Capital Receipts	0	0	0	3
P&P Commissioning (Property)	472	-50	422	
IT for Smarter Business Working	0	0	0	
Blackwell Travellers Site	9	-9	0	
subtotal	481	171	652	
TOTAL	**9,394**	**847**	**10,241**	

Notes

1. To contribute towards recovery of the overall LGSS Managed overspend the balance the IT Asset replacement fund has been written back to revenue. In addition, all other equipment reserves have also been written back to revenue.
2. Rental income from Bellerbys buildings on Manor School site is being held to offset demolition costs when the lease expires in 2021.
3. Capital Receipts achieved in 2015/16 have been used to fund the capital programme at year-end.
4. £120k from MMS over recovery. Funds ring-fenced for CPSN partnership to be used for procurement of replacement contract.
5. Additional provision of £1.15m in 2015/16 accounts to cover predicted increases in the MMI Scheme of Arrangement Levy.
6. Balances brought forward have been amended following publication of the final Statement of accounts 2015-16.

CS APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

Corporate Services & LGSS Managed Capital Programme 2015/16					TOTAL SCHEME	
Original 2015/16 Budget as per BP £000	Scheme	Revised Budget for 2015/16 £000	Actual Spend 2015/16 £000	Outturn Variance 2015/16 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
	Corporate Services					
-	Electronic Record Management	56	55	(1)	300	-
300	Essential CCC Business Systems Upgrade	300	51	(249)	300	-
-	Other Schemes	30	-	(30)	40	-
300		**386**	**106**	**(280)**	**640**	**-**
	LGSS Managed					
550	EPAM - Shire Hall Campus	937	663	(274)	6,524	(314)
-	EPAM - Fenland	20	0	(20)	6,596	(1,115)
45	EPAM - Local Plans Representations	389	242	(147)	1,548	-
1,000	EPAM - County Farms Viability	1,182	398	(784)	5,000	(2,396)
600	EPAM - Building Maintenance	600	378	(222)	6,000	-
1,180	EPAM - Sawston Community Hub	1,206	42	(1,164)	1,250	100
1,742	EPAM - East Barnwell Community Hub	1,911	(5)	(1,916)	2,000	-
-	EPAM - Other Committed Projects	167	(95)	(262)	2,043	(264)
203	EPAM - Renewable Energy Soham	242	-	(242)	12,030	(2,210)
200	EPAM - Housing Provision on CCC Portfolio	367	164	(203)	17,500	-
50	EPAM - Disposal / Relocation of Huntingdon Highways Depot	125	-	(125)	1,625	(1,625)
630	EPAM - MAC Market Towns Project	630	-	(630)	1,780	(300)
-	Carbon Reduction	593	379	(214)	1,673	(650)
1,840	Optimising IT for Smarter Business Working	2,273	1,438	(835)	3,432	-
950	IT Infrastructure Investment	1,708	995	(713)	2,400	-
-	Cambridgeshire Public Sector Network	189	156	(33)	5,554	-
500	Microsoft Enterprise Agreement	500	496	(4)	1,902	-
500	Implementing IT Resilience Strategy for Data Centres	500	251	(249)	500	-
1,000	Communications & Storage Infrastructure Refresh	1,000	1,008	8	1,000	-
395	Other Schemes	792	75	(717)	1,095	(506)
11,385		**15,331**	**6,583**	**(8,748)**	**81,452**	**(9,281)**
11,685	**TOTAL**	**15,717**	**6,689**	**(9,028)**	**82,092**	**(9,281)**

Previously Reported Exceptions

As reported in 2014/15, a reduction in the estimated cost of final retention payments for the Awdry House site has increased the total scheme underspend to £1.1m.

The EPAM – County Farms Viability scheme had an underspend of £0.8m. The level of funding required for this scheme was reassessed for Business Planning and it was determined that it could be reduced by £0.5m per year to better reflect actual activity with tenant farmers more cautious due to the unsettled global market. This will result in a total scheme underspend of £2.4m and the scheme budget has been adjusted as part of the 2016/17 Business Planning process.

The EPAM – Sawston Community Hub scheme was underspent by £1.1m in 2015/16. Group Leaders paused the project in November 2015 subject to clarification on the long term strategy for library locations. A total scheme overspend of £0.1m is forecast as a result of an increase in construction costs due to the delays in construction.

Members undertook a review of the EPAM – East Barnwell Community Hub scheme and decided that it should not progress in its current form. As a consequence, there is an in-year underspend of £1.9m. A revised scheme has been included in the 2016/17 Business Planning process.

The review of the EPAM – East Barnwell Community Hub and reassessment of EPAM – MAC Market Towns Project schemes identified above impacted on the associated ring-fenced capital receipt generation, resulting in reduced funding of £0.8m. This has not adversely impacted on in-year prudential borrowing requirements.

Due to contractor delays, work on the EPAM – Renewable Energy Soham project will now commence in 2016-17, and therefore the scheme had an underspend of £0.2m in 2015/16. The expected total scheme cost has reduced to £9.8m due to a more accurate reflection of the costs following the production of a detailed business case. As a result there is a forecast total scheme underspend of £2.2m, which has been addressed as part of the current Business Planning process.

The EPAM – Disposal / Relocation of Huntingdon Highways Depot scheme is no longer required and so a total scheme underspend of £1.6m is reported. This has been superseded by a new Joint Highways Depot scheme under Making Assets Count, which was submitted via the 2016/17 Business Planning process.

The EPAM – MAC Market Towns Project was reassessed for Business Planning, resulting in rephasing of activity from 2015/16 to 2016/17, producing an in-year underspend of £0.6m and a reduced total scheme cost (-£0.3m).

The Optimising IT for Smarter Business Working scheme is forecasting an in-year underspend of £0.9m. Expenditure has been rephased to reflect the priorities set by the County Council for the provision of the IT infrastructure and devices to support mobile working, and a revised timescale for implementation.

The IT Infrastructure Investment scheme is underspent by £0.8min 2015/16. Expenditure has been rephased to better reflect timescales for the delivery of upgrades / refresh of the core IT software and hardware systems that underpin the use of IT across the Council.

The works planned under the Carbon Reduction scheme were reviewed in 2014/15 and a new schedule was agreed. As reported in 2014/15, the agreed work plan is expected to deliver a total scheme underspend of £0.65m.

Capital Funding

Corporate Services & LGSS Managed Capital Programme 2015/16				
Original 2015/16 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2015/16 £000	Outturn Spend 2015/16 £000	Outturn Funding Variance 2015/16 £000
	Corporate Services			
300	Prudential Borrowing	386	106	(280)
300		**386**	**106**	**(280)**
	LGSS Managed			
4,531	Capital Receipts	4,531	6,153	1,622
-	Other Contributions	57	57	-
255	Developer Contributions	255	-	(255)
6,599	Prudential Borrowing	10,488	373	(10,115)
11,385		**15,331**	**6,583**	**(8,748)**
11,685	**TOTAL**	**15,717**	**6,689**	**(9,028)**

Previously Reported Exceptions

There are no previous exceptions to report.

CS Appendix 7 – Performance Scorecard

Measure	Reporting frequency	What is good	Unit	Data last entered	Time period covered	Target	Actual	RAG status	Direction of travel	Comments	Year end RAG (2014-15)
Customer Service and Transformation											
Proportion of FOI requests responded to within timescales	Monthly	High	%	05/04/16	1 - 31 March 2016	90%	89.0%	Amber	↓	110 FOI requests due for closure in March 2016 with 98 closed on time. There were a high number of FOI requests due in March, including several complex requests. The team also had a high volume of requests under the Data Protection Act to deal with which diverted some resources from FOI.	Green
For context only - number of FOI requests received annually	*Annually*	*Low*	*Num*	05/04/16	*1 April - 31 March 2016*	*N/A**	*1,228*	*N/A*	*N/A*	** No target or RAG status for this indicator. Purpose is to set the context.* *2015/16 - 1228* *2014/15 - 1177* *2013/14 - 1153* *2012/13 – 899* *2011/12 – 917* *2010/11 - 834* *Running total will be collected quarterly. Data to be next reported on in July 2016 for Q1 2016/17.*	**N/A**
Proportion of customer complaints received in the month before last that were responded to within minimum response times	Monthly	High	%	11/04/16	1-31 January 2016	90%	93.2%	Green	↓	Number of customer complaints for January 2016 = 118 Breakdown of January 2016 figures 36 complaints were received for CFA in January and 29 were responded to in time. This was a pass rate of 80.6%. 68 complaints were recieved for ETE in January and 67 were responded to in time. This was a pass rate of 98.5%. 14 complaints were received for CS&T in January. All were responded to on time which meant a pass rate of 100%.	Amber
For context only - number of complaints received annually per thousand population	*Annually*	*Low*	*Num*	27/04/15	*1 April 2014 - 31 March 2015*	*N/A**	*1.68***	*N/A*	*N/A*	** No target or RAG status for this indicator. Purpose is to set the context.* *** Based on Cambridgeshire Insight mid-2013 population estimate of 635,100 residents* *Data to be next reported on in May 2016 for period of 1 April 2015 - 31 March 2016*	**N/A**
Proportion of all transformed transaction types to be completed online by 31 March 2015***	Annually	High	%	11/04/16	1 January - 31 March 2016	75%	76.1%	Green	↑	*To be next reported on in July 2016 for Q1 2016/17 and year end.*	Red
Deprivation measure - Number of physically active adults (narrowing the gap between Fenland and others)	Annually	High	%	24.03.16 (change to target and 2014 actual)	1 April 2015 - 31 March 2016	53.1% (2015) 54.1% (2016)	52.1% (2014)	TBC	N/A	New indicator identified by GPC in response to the deprivation motion passed by Council in July 2014. Indicator shared with Public Health. Update 24.03.16 - actual for 2014 and therefore target for 2015 and 2016 amended to reflect updates to data. Data to be reported on in May 2016 for year end.	**N/A**
Measure	**Reporting frequency**	**What is good**	**Unit**	**Data last entered**	**Time period covered**	**Target**	**Actual**	**RAG status**	**Direction of travel**	**Comments**	

LGSS Managed Services											
Strategy and Estates – capital receipts target managed and achieved	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	98% (£250k gross)	115.0%	Green	↑	Q2 2015/16 - 99% Q1 2015/16 - 110% The target for 2015/16 is £3.705m. This is broken down into cumulative quarterly targets as follows: Q1 = £0.25m; Q2 = £1.50m; Q3 = £2.00m Q4 = £3.705m. *To next be reported on in May 2016 for Q4 2015/16 and year-end.*	Green
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	10/03/16	1 October - 31 December 2015 (Q3)	95% (£3.9m gross)	96.2%	Green	↓	The target is made up of two rent runs and it is the collection of these that we monitor in July (for the April rents) and January (for the October rents). The delay in closing off the chasing of these debts is because of the different type of farm tenancies and the agricultural law that covers them. In October 2015 we sent out invoices valued £1,791,425 and there is £67,580 still to collect (3.77% of total) and so remain above the KPI threshold. *To next be reported on in May 2016 for Q4 2015/16 and year-end*	Green
IT – availability of Universal Business System****	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	95%	94.0%	Amber	↓	In October 2015 issues were experienced with access to external websites and there were also problems with corporate remote access (Juniper). In November 2015 there were still ongoing issues to external websites, problems with access to ONE and AFM. Also significant performance issues caused by problems with the Storage Area Network over a 2 week period. Q2 2015/16 - 100.0% Q1 2015/16 - 100.0% *To next be reported on in May 2016 for Q4 2015/16 and year-end.*	Green
IT – incidents resolved within Service Level Agreement	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	90%	97.0%	Green	↑	Improvement in performance can be seen following the recruitment of extra staff, using the workspace more effectively and transferring the NoCC calls to the NCC helpdesk. Q2 2015/16 - 83% Q1 2015/16 - 98% *To next be reported on in May 2016 for Q4 2015/16 and year-end.*	Green

LGSS APPENDIX 1 – Service Level Budgetary Control Report

The variances to the end of Closedown 2015/16 for LGSS Cambridge Office are as follows:

Original Budget as per BP £000	Service	Current Budget for 2015/16 £000	Forecast Variance - Outturn (Mar) £000	Outturn Variance 2015/16 £000	Outturn Variance 2015/16 %
	LGSS Cambridge Office				
	Central Management				
162	Service Assurance	19	-25	27	137
-8,905	Trading	-8,656	479	922	11
353	LGSS Equalisation	452	0	-459	-102
-410	Grant Income	-419	0	0	0
-8,799		**-8,604**	**454**	**490**	
	Finance & Property				
1,048	Chief Finance Officer	-9,459	0	52	-1
894	Audit	713	-60	-49	-7
2,013	Professional Finance	1,986	-85	-211	-11
724	Property Operations & Delivery	854	15	-77	-9
883	Strategic Assets	927	-50	-34	-4
0	Pensions Service	0	0	0	0
5,562		**-4,978**	**-180**	**-319**	**6**
	People, Transformation & Transactional				
1,277	HR Business Partners	1,271	-80	-113	-9
315	HR Policy & Strategy	313	-107	-123	-39
1,880	LGSS Programme Team	1,879	63	-98	-5
573	Organisational & Workforce Development	341	0	-82	-24
2,266	Revenues and Benefits	2,327	0	0	0
1,157	Transactional Services	1,285	-100	175	14
7,468		**7,416**	**-225**	**-241**	**-3**
	Law & Governance				
489	Democratic & Scrutiny Services	466	-82	-148	-32
-406	LGSS Law Ltd	-250	50	266	107
364	Procurement	358	-43	-142	-40
447		**575**	**-75**	**-23**	**-4**
5,186	IT Services	5,191	25	-10	0
9,864	**Total LGSS Cambridge Office**	**-400**	**0**	**-103**	**26**
	MEMORANDUM - Grant Income				
-220	Public Health Grant	-220	0	0	0
-190	Counter Fraud Initiative Grant	-199	0	0	0
-410		**-419**	**0**	**0**	**0**

LGSS APPENDIX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater.

Service	Current Budget £'000	Outturn Variance £'000	%
Trading	-8,809	+916	11%
There was an overspend of £916k against the Trading budget for 2015/16. There was a deficit of £925k on the consolidated trading position, which related to the forecast shortfall on additional trading activity in 2015/16 to meet the revised income target. This shortfall was met from the LGSS Smoothing Reserve.			
Professional Finance	1,986	-211	-11%
Professional Finance was underspent by £211k in 2015/16. This was due to an underspend on the CIPFA trainee budget as trainees took up substantive posts, further vacancies and reduced costs following the Finance Team restructure, and additional income generated from a secondment to East Cambridgeshire DC. The outturn position also took into account redundancy costs within the team.			
HR Business Partners	1,271	-113	-9%
The underspend of £113k on HR Business Partners was due to staffing vacancies and delays in recruitment.			
HR Policy & Strategy	313	-123	-39%
The underspend of £123k on HR Policy & Strategy was due to delays in recruitment to the Workforce Planning and Strategy team.			
Transactional Services	1,285	175	14%
CCC Transactional Services was overpent by £175k for the year. However the service as a whole underspent by £186k following the Service-wide restructure implemented in August 2015, which resulted in a number of vacancies.			
Democratic and Scrutiny Services	466	-148	-32
There was an underspend of £148k on Democratic and Scrutiny Services due to in-year vacancies in the Cambridge Office and reduced expenditure on printing and other contracts.			
LGSS Law Ltd	-250	266	107
LGSS Law was overspent by £266k in 2015/16. This was partly due to lower than anticipated income from NBC (£73k) and NPH (£55k). The remaining shortfall was mostly in relation to the dividend target being higher than expected because the budget transfer from services was based on 18% of the budget held in services, rather than 18% of the actual expenditure in services. Work is underway in the company to identify the			

Service	Current Budget £'000	Outturn Variance £'000	%
most tax efficient way to treat company surpluses. There was also £119k overspend in the LPG directorate due to a significant number of 2014-15 invoices not being accrued for correctly and 2014-15 disbursements. In addition, coding errors for some charges to services were identified late in the year.			
Procurement	358	-142	-40
Procurement had an underspend of £142k, the majority of which was due to the early achievement of savings originally planned for 2016/17. In addition it has taken longer than anticipated to fill vacancies within the team due to the difficulty in attracting the right candidates. There was also a small amount of one off income that had not been previously forecast.			

LGSS APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which is not built into base budgets.

	Awarding Body	Expected Amount £'000
Grants as per Business Plan	Various	419*
Non-material grants (+/- £30k)		0
Total Grants 2014/15		**419**

* The Counter Fraud Initiative Fund grant received in 2015/16 is £9k more than the Business Plan figure of £190k.

LGSS APPENDIX 4 – Virements and Budget Reconciliation

	£'000	Notes
Budget as per Business Plan	9,864	
LGSS Transactions support from Reablement	34	
Transfer from CFA to Finance for Adults Accountant post	30	
Transfer from reserves to Strategic Assets for K2	36	
Transfer from reserves to LGSS Law Ltd	202	
Transfer from reserves to Estates	47	
LGSS Cambridge Office Corporate Allocations	-10,571	
Non-material virements (+/- £30k)	-42	
Current Budget 2015-16	**-400**	

LGSS APPENDIX 5 – Reserve Schedule

Fund Description	Balance at 31 March 2015 £'000	Movements in 2015-16 £'000	Balance at 31/03/16 £'000	Notes
General Reserve				
LGSS Cambridge Office Carry-forward	1,003	9	1,013	1
subtotal	1,003	9	1,013	
Other Earmarked Funds				
Counter Fraud Initiative	130	0	130	2
subtotal	130	0	130	
SUBTOTAL	**1,134**	**9**	**1,143**	
TOTAL	**1,134**	**9**	**1,143**	

Notes

1 The year-end position reflects the LGSS Cambridge Office underspend of £103k and £910k operational savings to be carried forward to 2016/17.

2 The Counter Fraud Initiative grant was unapplied in 2014/15 and so the balance was transferred to the earmarked reserve.

LGSS APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

LGSS Cambridge Office Capital Programme 2015/16					TOTAL SCHEME	
Original 2015/16 Budget as per BP £000	Scheme	Revised Budget for 2015/16 £000	Actual Spend 2015/16 £000	Outturn Variance 2015/16 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
-	R12 Convergence*	209	25	(184)	600	-
-	Next Generation ERP	-	515	515	-	-
-	**TOTAL**	**209**	**540**	**331**	**600**	**-**

*This funding will now be used to cover the initial costs to be incurred in replacing the Enterprise Resource Planning (ERP) system, as approved by GPC as part of the March 2015 Integrated Resource and Performance Report.

Previously Reported Exceptions

There are no previous exceptions to report.

Capital Funding

LGSS Cambridge Office Capital Programme 2015/16				
Original 2015/16 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2015/16 £000	Outturn Spend 2015/16 £000	Outturn Funding Variance 2015/16 £000
-	Prudential Borrowing	209	540	331
-	**TOTAL**	**209**	**540**	**331**

Previously Reported Exceptions

There are no previous exceptions to report.

Agenda Item No: 15

FINANCE AND PERFORMANCE REPORT – MAY 2016

To:	**General Purposes Committee**		
Meeting Date:	**28th July 2016**		
From:	**Director of Customer Service and Transformation** **Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**N/A**	*Key decision:*	**No**
Purpose:	**To present to General Purposes Committee (GPC) the May 2016 Finance and Performance Report for Corporate Services and LGSS Cambridge Office.** **The report is presented to provide GPC with an opportunity to comment on the projected financial and performance outturn position, as at the end of May 2016.**		
Recommendation:	**The Committee is asked to review, note and comment upon the report.**		

	Officer contact:
Name:	Chris Malyon
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Tel:	01223 699796

1. BACKGROUND

1.1 General Purposes Committee receives the Corporate Services and LGSS Cambridge Office Finance and Performance Report at all of its meetings, where it is asked to both comment on the report and potentially approve recommendations, to ensure that the budgets and performance indicators for which the Committee has responsibility, remain on target.

2. MAIN ISSUES

2.1 Attached as **Appendix A**, is the May 2016 Finance and Performance report.

2.2 At the end of May, Corporate Services (including the LGSS Managed and Financing Costs) is forecasting a year-end overspend on revenue of £1,497k.

2.3 The LGSS Operational budget is expected to break-even by year-end. This element of the budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.

2.4 There is one significant forecast outturn variances by value (over £100,000) to report for Corporate Services / LGSS Managed.

There is a forecast overspend of £1,501k on Director, Policy and Business Support, which is due to anticipated under-achievement on the Corporate Capacity Review savings included in the Business Plan. This forecast is the worst case scenario, based on an assumption that new structures will not be in place until 1 January 2017. In reality, some changes will occur prior to this point and further work is being undertaken to review spans of control and tiers of management, which could see some further negation of this projection within the current financial year.

2.5 Financing Costs are predicted to be on target.

2.6 At the end of May, Corporate and LGSS Managed are forecasting that the capital budget will be fully spent in 2016-17.

The capital programme budget incorporates £2.1m funding for schemes carried forward from 2015/16 in Corporate Services and LGSS Managed.

The Renewable Energy Soham scheme has been revised to incorporate increased costs due to currency changes re solar panels (£400k) and additional grid connection costs (£120k).

The Implementing IT Resilience Strategy for Data Centres scheme has been re-phased, resulting in an increase of £500k in the budget for 2016/17. This will not affect the overall scheme cost.

2.7 At the end of May, LGSS Operational is forecasting that the capital budget will be fully spent in 2016-17. The capital programme budget incorporates £184k for schemes carried forward from 2015/16 in LGSS Cambridge Office. There are no exceptions to report for May.

2.8 In light of the significant slippage experienced in recent years due to deliverability issues with the programme, the Capital Programme Board has recommended that a ‘Capital Programme Variations’ line be included for each

Service which effectively reduces the programme budget. This has resulted in a reduction of £3,891k in the programme budget for Corporate Services and LGSS Managed and a reduction of £155k in the programme budget for LGSS Cambridge Office, leading to a corresponding reduction in required funding.

2.9 Corporate Services / LGSS have eleven performance indicators for which data is available. Eight indicators are currently at green status, and three at amber.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This report sets out details of the overall financial position for Corporate Services / LGSS and this Committee.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
There are no source documents for this report	1st Floor, Octagon, Shire Hall, Cambridge

Appendix A

Corporate Services and LGSS Cambridge Office

Finance and Performance Report – May 2016

1. SUMMARY

1.1 Finance

Previous Status	Category	Target	Current Status	Section Ref.
N/A	Income and Expenditure	Balanced year end position	**Red**	2.1 – 2.4
N/A	Capital Programme	Remain within overall resources	**Green**	3.2

1.2 Performance Indicators – Current status: (see section 4)

Monthly Indicators	Red	Amber	Green	Total
May (Number of indicators)	0	3	8	11

2. INCOME AND EXPENDITURE

2.1 Overall Position

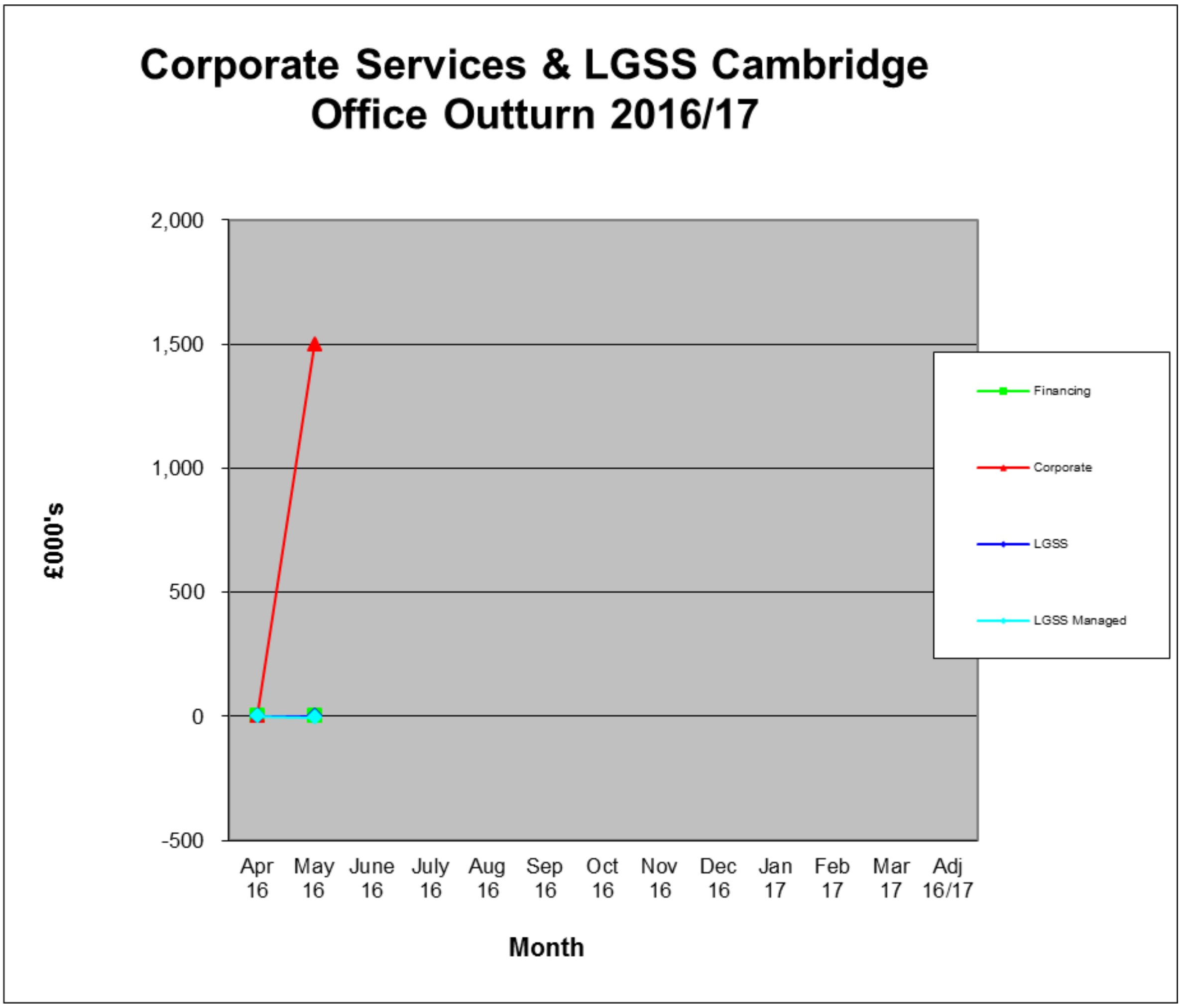
Original Budget as per BP [1]	Directorate	Current Budget	Forecast Variance - Outturn (Apr)	Forecast Variance - Outturn (May)	Forecast Variance - Outturn (May)	Current Status
£000		**£000**	**£000**	**£000**	**%**	
4,674	Corporate Services	4,778	0	1,501	31	Red
8,720	LGSS Managed	8,724	0	-4	0	Green
34,206	Financing Costs	34,206	0	0	0	Green
47,600	**Sub Total**	**47,707**	**0**	**1,497**		
9,589	LGSS Cambridge Office	9,682	0	0	0	Green
57,189	**Total**	**57,389**	**0**	**1,497**		

[1] The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

The service level budgetary control report for Corporate Services, LGSS Managed and Financing Costs for May 2016 can be found in CS appendix 1.

The service level budgetary control report for LGSS Cambridge Office for May 2016 can be found in LGSS appendix 1

Further analysis of the results can be found in CS appendix 2 and LGSS appendix 2



2.2.1 Significant Issues – Corporate Services

- Corporate Services is currently predicting a year-end overspend of £1,501k.

- It is predicted that the Corporate Capacity Review will be unable to achieve the full year savings that were anticipated in Business Planning in the current year as a result of the timing of the consultation process. The forecast is based on an assumption that new structures will not be in place until 1 January 2017. In reality some changes will occur prior to this point and therefore the forecast under achievement of the saving of £1,500k is the worst case. Furthermore officers are currently working on the implementation of a wider review of spans of control and tiers of management, as discussed at the GPC Workshop, which could see some further negation of this projection within the current financial year.

2.2.2 Significant Issues – LGSS Managed

- LGSS Managed is currently predicting a year-end underspend of £4k.

- There are no exceptions to report this month.

2.2.3 Significant Issues – Financing Costs

- Financing costs are currently predicted to be on target.
- There are no exceptions to report this month.

2.2.4 Significant Issues – LGSS Cambridge Office

- LGSS Cambridge Office is currently predicting a breakeven position. Any year-end deficit / surplus is subject to a sharing arrangement with Northamptonshire County Council, with an equalisation adjustment processed accordingly at year-end. This will be incorporated into the report as outturn figures become available during the course of the year.
- There are no exceptions to report this month.

2.3 Additional Income and Grant Budgeted this Period (De minimis reporting limit = £30,000)

There were no items above the de minimis reporting limit recorded in May.

A full list of additional grant income for Corporate Services and LGSS Managed can be found in CS appendix 3.

A full list of additional grant income for LGSS Cambridge Office can be found in LGSS appendix 3.

2.4 Virements and Transfers to / from Reserves (including Operational Savings Reserve) (De minimis reporting limit = £30,000)

The following virements have been made this month to reflect changes in responsibilities:

Corporate Services:

	£	Notes
Transfer of SLA budget from CFA to Contact Centre	77	
Non material virements (+/- £30k)	27	

LGSS Managed:

	£	Notes
Non material virements (+/- £30k)	-6	

LGSS Cambridge Office:

	£	Notes
Transfer of Reablement budget from CFA to LGSS Finance	113	
Non material virements (+/- £30k)	-10	

A full list of virements made in the year to date for Corporate Services, LGSS Managed and Financing Costs can be found in CS appendix 4.

A full list of virements made in the year to date for LGSS Cambridge Office can be found in LGSS appendix 4.

3. BALANCE SHEET

3.1 Reserves

A schedule of the Corporate Services and LGSS Managed reserves can be found in CS appendix 5.

A schedule of the LGSS Cambridge Office Reserves can be found in LGSS appendix 5.

3.2 Capital Expenditure and Funding

Expenditure

- Corporate Services has a capital budget of £324k in 2016/17and there is £5k spend to date. It is currently expected that the programme will be fully spent at year-end and the total scheme variances will amount to £0k across the programme.

  There are no exceptions to report for May.

- LGSS Managed has a capital budget of £18.6m in 2016/17 and there is spend to date of £827k. It is currently expected that the programme will be fully spent at year-end and the total scheme variances will amount to an underspend of £2.0m across the programme.

  As reported in 2015/16, a reduction in the estimated cost of final retention payments for the Awdry House site has increased the predicted total scheme underspend to £1.1m. This work is expected to be completed in 2016/17.

  As reported in 2015/16 the works planned under the Carbon Reduction scheme were reviewed in 2014/15 and a new schedule was agreed. As reported in 2014/15, the agreed work plan is expected to deliver a total scheme underspend of £0.65m. This work is expected to be completed in 2016/17.

  The Renewable Energy Soham scheme has been revised to incorporate increased costs due to currency changes re solar panels (£400k) and additional grid connection costs (£120k).

  The Implementing IT Resilience Strategy for Data Centres scheme has been rephased, resulting in an increase of £500k in the budget for 2016/17. This will not affect the overall scheme cost.

- LGSS Cambridge Office has a capital budget of £618k in 2016/17 and there is spend to date of £0k. It is currently expected that the programme will be fully spent at year-end and the total scheme variances will amount to £0k across the programme.

  There are no new exceptions to report for May.

Funding

- In light of the significant slippage experienced in recent years due to deliverability issues with the programme, the Capital Programme Board has recommended that a 'Capital Programme Variations' line be included for each Service which effectively reduces the programme budget. This budget is forecast to be fully achieved at this stage, but as forecast underspends start to be reported, these will be netted off against the forecast outturn for the variation budget, resulting in a forecast balanced budget up until the point if/when slippage exceeds the variation budget.

- Corporate Services has capital funding of £405k in 2016/17. This incorporates £40k funding for schemes carried-forward from 2015/16, to be approved as part of the overall 2015/16 capital programme carry-forward in the Integrated Finance & Performance Report.

- LGSS Managed has capital funding of £19.2m in 2016/17. This incorporates £2.1m funding for schemes carried-forward from 2015/16, to be approved as part of the overall 2015/16 capital programme carry-forward in the Integrated Finance & Performance Report. As outlined above, this figure also incorporates the increased costs of the Renewable Energy Soham scheme (£516k) and rephasing of the Optimising IT for Smarter Business Working scheme (£500k), which will need to be funded from increased borrowing.

- The Capital Programme Variation for Corporate Services and LGSS Managed has resulted in a reduction of £3,891k in the programme budget, with a corresponding reduction in required funding.

- Capital receipts estimates have been reduced by £4m to reflect the latest estimates for sales expected with high probability in 2016/17. This has resulted in an increase in the expected requirement for public borrowing of the same amount.

- LGSS Cambridge Office has capital funding of £773k in 2016/17. This incorporates £184k funding for schemes carried-forward from 2015/16, to be approved as part of the overall 2015/16 capital programme carry-forward in the Integrated Finance & Performance Report.

- The Capital Programme Variation for LGSS Cambridge Office has resulted in a reduction of £155k in the programme budget, with a corresponding reduction in required funding.

A detailed explanation of the position for Corporate Services and LGSS Managed can be found in CS appendix 6.

A detailed explanation of the position for LGSS Cambridge Office can be found in LGSS appendix 6.

4. PERFORMANCE

4.1 The table below outlines key performance indicators for Customer Services and Transformation and LGSS Managed Services.

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
Customer Service & Transformation									
Proportion of FOI requests responded to within timescales	Monthly	High	%	03/03/16	90.0%	97.0%	Green	↑	
For context only - number of FOI requests received annually	Annually	Low	Num	05/04/16	N/A*	1,228	N/A	N/A	
Proportion of customer complaints received in the month before last that were responded to within minimum response times	Monthly	High	%	11/04/16	90.0%	93.2%	Green	↓	
For context only - number of complaints received annually per thousand population	Annually	Low	Num	27/04/15	N/A*	1.68**	N/A	N/A	
Proportion of all transformed transaction types to be completed online by 31 March 2015***	Annually	High	%	11/04/16	75.0%	76.1%	Green	↑	
Deprivation measure - Number of physically active adults (narrowing the gap between Fenland and others)	Annually	High	%	24.03.16 (change to target and 2014 actual)	53.1% (2015) 54.1% (2016)	52.1% (2014)	TBC	N/A	
LGSS Managed Services									
Strategy and Estates – capital receipts target managed and achieved	Quarterly	High	%	02/02/16	98% (£250k gross)	115.0%	Green	↑	
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	10/03/16	95% (£3.9m gross)	96.2%	Green	↓	
IT – availability of Universal Business System****	Quarterly	High	%	02/02/16	95.0%	94.0%	Amber	↓	
IT – incidents resolved within Service Level Agreement	Quarterly	High	%	02/02/16	90.0%	97.0%	Green	↑	

The full scorecard for Customer Services and Transformation and LGSS Managed Services can be found at CS appendix 7.

4.2 The table below outlines key performance indicators for LGSS Cambridge Office

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
LGSS Cambridge Office									
Percentage of invoices paid within term for month	Monthly	High	%	01/04/16	97.5%	99.7%	Green	N/A	
Percentage of invoices paid within term cumulative for year to date	Monthly	High	%	01/04/16	97.5%	99.7%	Green	N/A	
Total debt as a percentage of turnover	Monthly	Low	%	01/04/16	10.0%	11.1%	Amber	↓	6.6% last period
Percentage of debt over 90 days old	Monthly	Low	%	01/04/16	20.0%	27.6%	Amber	↓	15.9 last period

CS APPENDIX 1 – Corporate Service Level Budgetary Control Report

The variances to the end of May 2016 for Corporate Services, LGSS Managed and Financing Costs are as follows:

Original Budget as per BP £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (Apr) £000	Forecast Variance - Outturn (May) £000	Forecast Variance - Outturn (May) %
	Corporate Services				
-846	Director, Policy & Business Support	-820	0	1,501	183
198	Chief Executive	198	0	0	0
449	Corporate Information Management	449	0	0	0
1,305	Customer Services	1,382	0	0	0
381	Digital Strategy	381	0	0	0
237	Research	277	0	0	0
0	Service Transformation	0	0	0	0
-1	Smarter Business	-1	0	0	0
545	Strategic Marketing, Communications & Engagement	545	0	0	0
165	Elections	165	0	0	0
908	Redundancy, Pensions & Injury	908	0	0	0
1,434	City Deal	1,434	0	0	0
-101	Grant Income	-141	0	0	0
4,674		**4,778**	**0**	**1,501**	**31**
	LGSS Managed				
1,122	Building Maintenance	1,121	0	0	0
-3,453	County Farms	-3,453	0	0	0
5,052	County Offices	5,045	0	0	0
-10	Effective Property Asset Management	0	0	0	0
141	External Audit	141	0	0	0
1,894	Insurance	1,894	0	0	0
1,869	IT Managed	1,869	0	0	0
1,020	Members' Allowances	1,020	0	-4	0
131	OWD Managed	131	0	0	0
108	Subscriptions	108	0	0	0
1,000	Transformation Fund	1,000	0	0	0
-53	Authority-wide Miscellaneous	-53	0	0	0
-100	Grant Income	-100	0	0	0
8,720		**8,724**	**0**	**-4**	**0**
	Financing Costs				
34,206	Debt Charges and Interest	34,206	0	0	0
47,600	**CORPORATE SERVICES TOTAL**	**47,707**	**0**	**1,497**	**3**
	MEMORANDUM - Grant Income				
-165	Public Health Grant - Corporate Services	-101	0	0	0
-100	Public Health Grant - LGSS Managed	-100	0	0	0
0	Other Corporate Services Grants	-40	0	0	0
-265		**-241**	**0**	**0**	**0**

CS APPENDIX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater.

Service	Current Budget £'000	Forecast Variance - Outturn	
		£'000	%
Director, Policy & Business Support	-820	-1,501	183%

It is predicted that the Corporate Capacity Review will be unable to achieve the full year savings that were anticipated in Business Planning in the current year as a result of the timing of the consultation process. The forecast is based on an assumption that new structures will not be in place until 1 January 2017. In reality some changes will occur prior to this point and therefore the forecast under achievement of the saving of £1,500k is the worst case. Furthermore officers are currently working on the implementation of a wider review of spans of control and tiers of management, as discussed at the GPC Workshop, that could see some further negation of this projection within the current financial year.

CS APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which was not built into base budgets.

Grant	Awarding Body	Expected Amount £000
Grants as per Business Plan	Public Health	201
LGA Digital Transformation		40
Non-material grants (+/- £30k)		
Total Grants 2015/16		**241**

CS APPENDIX 4 – Virements and Budget Reconciliation

Corporate Services:

	£000	Notes
Budget as per Business Plan	**4,674**	
Transfer of SLA budget from CFA to Contact Centre	77	
Non-material virements (+/- £30k)	27	
Current Budget 2015-16	**4,778**	

LGSS Managed:

	£000	Notes
Budget as per Business Plan	**8,720**	
Non-material virements (+/- £30k)	4	
Current Budget 2015-16	**8,724**	

Financing Costs:

	£000	Notes
Budget as per Business Plan	**34,206**	
Non-material virements (+/- £30k)	0	
Current Budget 2014/15	**34,206**	

CS APPENDIX 5 – Reserve Schedule

1. Corporate Services Reserves

Fund Description	Balance at 31 March 2016	Movements in 2016-17	Balance at 31/05/16	Notes
	£'000	£'000	£'000	
General Reserve				
Corporate Services Carry-forward	1,218	-1,501	-283	1
subtotal	1,218	-1,501	-283	
Equipment Reserves				
Postal Service	57	0	57	
subtotal	57	0	57	
Other Earmarked Funds				
Travellers Support Officer	0	0	0	
Shape Your Place - Fenland Grant	18	0	18	
Green Spaces	0	0	0	
Election Processes	325	0	325	2
EDRM Project	232	0	232	
City Deal - NHB funding	699	0	699	
subtotal	1,274	0	1,274	
Short Term Provisions				
Transforming Cambridgeshire	962	0	962	
Transformation Fund	250	0	250	3
Earith Bridge Travellers Site	0	0	0	4
Community Resilience	100	0	100	
subtotal	1,312	0	1,312	
TOTAL	**3,862**	**-1,501**	**2,361**	

Notes

1 The year-end position reflects the Corporate Services overspend of £1,501k.

2 The underspend on the Elections budget will be transferred to the earmarked reserve. This is to ensure that sufficient funding is available for the four-yearly County Council election.

3 Provision for consultancy costs in respect of Transformation Fund work.

4 Provision in respect of Community Resilience.

2. LGSS Managed Reserves

Fund Description	Balance at 31 March 2016	Movements in 2016-17	Balance at 31/05/16	Notes
	£'000	£'000	£'000	
Equipment Reserves				
Corporate Infrastructure Replacement & Renewals	0	0	0	
Corporate ICT Assets	0	0	0	
Corporate Telephony	0	0	0	
subtotal	0	0	0	
Other Earmarked Funds				
Manor school site demolition costs	233	24	257	1
CPSN Partnership Funds	149	0	149	2
subtotal	382	24	405	
Short Term Provisions				
Insurance Short-term Provision	2,324	0	2,324	
SPV provision	50	0	50	
External Audit Costs	89	0	89	
Insurance MMI Provision	1,182	0	1,182	
Back-scanning Reserve	56	0	56	
Contracts General Reserve	893	0	893	
Operating Model Reserve	1,000	0	1,000	
subtotal	5,595	0	5,595	
Long Term Provisions				
Insurance Long-term Provision	3,613	0	3,613	
subtotal	3,613	0	3,613	
SUBTOTAL	**9,589**	**24**	**9,613**	
Capital Reserves				
Effective Property Asset Management Receipts	0	0	0	
MAC - One Public Estate	230	0	230	
General Capital Receipts	0	80	80	3
P&P Commissioning (Property)	422	0	422	
IT for Smarter Business Working	0	0	0	
Blackwell Travellers Site	0	0	0	
subtotal	652	80	732	
TOTAL	**10,241**	**104**	**10,345**	

Notes

1. Rental income from Bellerbys buildings on Manor School site is being held to offset demolition costs when the lease expires in 2021.
2. Funds ring-fenced for CPSN partnership to be used for procurement of replacement contract.
3. Capital Receipts achieved in 2016/17 will be used to fund the capital programme at year-end.

CS APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

Corporate Services & LGSS Managed Capital Programme 2015/16							TOTAL SCHEME	
Original 2016/17 Budget as per BP £000	Scheme	Revised Budget for 2016/17 £000	Actual Spend 2016/17 £000	Forecast Spend - Outturn (May) £000	Forecast Variance - Outturn (May) £000		Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
	Corporate Services							
33	Office Portfolio Rationalisation	60	5	60	-		300	-
345	Essential CCC Business Systems Upgrade	345	-	345	-		345	-
-	Other Schemes	-	-	-	-		-	-
-	Capital Programme Variations	(81)	-	(81)	-		-	-
378		**324**	**5**	**324**	**-**		**645**	**-**
	LGSS Managed							
550	EPAM - Shire Hall Campus	550	8	550	-		6,209	-
-	EPAM - Fenland	20	0	20	-		6,596	(1,115)
400	EPAM - Local Plans Representations	400	31	400	-		4,284	-
500	EPAM - County Farms Viability	500	38	500	-		2,604	-
600	EPAM - Building Maintenance	600	177	600	-		6,000	-
1,105	EPAM - Sawston Community Hub	1,105	1	1,105	-		1,309	-
-	EPAM - Other Committed Projects	87	188	96	9		4,043	(237)
8,251	EPAM - Renewable Energy Soham	10,225	250	10,225	-		10,336	-
-	EPAM - Housing Provision on CCC Portfolio	203	12	203	-		105,797	-
481	EPAM - MAC Market Towns Project	481	-	481	-		1,481	-
-	Carbon Reduction	214	-	214	-		1,673	(650)
250	Energy Efficiency fund	250	-	250	-		1,000	-
1,150	Optimising IT for Smarter Business Working	1,638	-	1,638	-		3,863	-
900	IT Infrastructure Investment	912	-	912	-		2,400	(0)
-	Cambridgeshire Public Sector Network	33	99	33	-		5,554	-
1,000	Microsoft Enterprise Agreement	1,000	-	1,000	-		1,902	-
250	Implementing IT Resilience Strategy for Data Centres	250	-	250	-		500	-
20	Other Schemes	120	22	120	(0)		300	-
15,457		**18,588**	**827**	**18,597**	**9**		**165,851**	**(2,003)**
-	Capital Programme Variations	(3,810)	-	(3,810)	-		-	-
15,835	**TOTAL**	**15,102**	**832**	**15,111**	**9**		**166,496**	**(2,003)**

Previously Reported Exceptions

There are no exceptions to report.

Capital Funding

Corporate Services & LGSS Managed Capital Programme 2016/17				
Original 2016/17 Funding Allocation as per BP £000	**Source of Funding**	**Revised Funding for 2016/17 £000**	**Forecast Spend Outturn (May) £000**	**Forecast Funding Fariance Outturn (May) £000**
	Corporate Services			
378	Prudential Borrowing	337	337	-
378		**337**	**337**	**-**
	LGSS Managed			
10,268	Capital Receipts	10,268	6,249	(4,019)
-	Other Contributions	-	-	-
-	Developer Contributions	-	-	-
5,189	Prudential Borrowing	4,497	8,525	4,028
15,457		**14,765**	**14,774**	**9**
15,835	**TOTAL**	**15,102**	**15,111**	**9**

Previously Reported Exceptions

There are no previous exceptions to report.

CS Appendix 7 – Performance Scorecard

Measure	Reporting frequency	What is good	Unit	Data last entered	Time period covered	Target	Actual	RAG status	Direction of travel	Comments
Customer Service and Transformation										
Proportion of FOI requests responded to within timescales	Monthly	High	%	03/03/16	1 - 31 March 2016	90%	97.0%	Green	↑	105 FOI requests due for closure in May 2016 with 102 closed on time.
For context only - number of FOI requests received annually	*Annually*	*Low*	*Num*	05/04/16	*1 April - 31 March 2016*	*N/A**	*1,228*	*N/A*	*N/A*	** No target or RAG status for this indicator. Purpose is to set the context.* *2015/16 - 1228* *2014/15 - 1177* *2013/14 - 1153* *2012/13 – 899* *2011/12 – 917* *2010/11 - 834* *Running total will be collected quarterly. Data to be next reported on in July 2016 for Q1 2016/17.*
Proportion of customer complaints received in the month before last that were responded to within minimum response times	Monthly	High	%	11/04/16	1-31 January 2016	90%	93.2%	Green	↓	Number of customer complaints for March 2016 = 151 Breakdown of March 2016 figures 32 complaints were received for CFA in March and 28 were responded to in time. This was a pass rate of 87.5%. 110 complaints were recieved for ETE in January and 101 were responded to in time. This was a pass rate of 91.8%. 9 complaints were received for CS&T in January. All were responded to on time which meant a pass rate of 100%.
For context only - number of complaints received annually per thousand population	*Annually*	*Low*	*Num*	27/04/15	*1 April 2014 - 31 March 2015*	*N/A**	*1.68***	*N/A*	*N/A*	** No target or RAG status for this indicator. Purpose is to set the context.* *** Based on Cambridgeshire Insight mid-2013 population estimate of 635,100 residents* *Data to be next reported on in May 2016 for period of 1 April 2015 - 31 March 2016*
Proportion of all transformed transaction types to be completed online by 31 March 2015***	Annually	High	%	11/04/16	1 January - 31 March 2016	75%	76.1%	Green	↑	*To be next reported on in July 2016 for Q1 2016/17 and year end.*
Deprivation measure - Number of physically active adults (narrowing the gap between Fenland and others)	Annually	High	%	24.03.16 (change to target and 2014 actual)	1 April 2015 - 31 March 2016	53.1% (2015) 54.1% (2016)	52.1% (2014)	TBC	N/A	New indicator identified by GPC in response to the deprivation motion passed by Council in July 2014. Indicator shared with Public Health. Update 24.03.16 - actual for 2014 and therefore target for 2015 and 2016 amended to reflect updates to data. Data to be reported on in May 2017 for year end.
Measure	**Reporting frequency**	**What is good**	**Unit**	**Data last entered**	**Time period covered**	**Target**	**Actual**	**RAG status**	**Direction of travel**	**Comments**

LGSS Managed Services										
Strategy and Estates – capital receipts target managed and achieved	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	98% (£250k gross)	115.0%	**Green**	↑	Q2 2015/16 - 99% Q1 2015/16 - 110% The target for 2015/16 is £3.705m. This is broken down into cumulative quarterly targets as follows: Q1 = £0.25m; Q2 = £1.50m; Q3 = £2.00m Q4 = £3.705m. *To next be reported on in May 2016 for Q4 2015/16 and year-end.*
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	10/03/16	1 October - 31 December 2015 (Q3)	95% (£3.9m gross)	96.2%	**Green**	↓	The target is made up of two rent runs and it is the collection of these that we monitor in July (for the April rents) and January (for the October rents). The delay in closing off the chasing of these debts is because of the different type of farm tenancies and the agricultural law that covers them. In October 2015 we sent out invoices valued £1,791,425 and there is £67,580 still to collect (3.77% of total) and so remain above the KPI threshold. *To next be reported on in May 2016 for Q4 2015/16 and year-end*
IT – availability of Universal Business System****	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	95%	94.0%	**Amber**	↓	In October 2015 issues were experienced with access to external websites and there were also problems with corporate remote access (Juniper). In November 2015 there were still ongoing issues to external websites, problems with access to ONE and AFM. Also significant performance issues caused by problems with the Storage Area Network over a 2 week period. Q2 2015/16 - 100.0% Q1 2015/16 - 100.0% *To next be reported on in May 2016 for Q4 2015/16 and year-end.*
IT – incidents resolved within Service Level Agreement	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	90%	97.0%	**Green**	↑	Improvement in performance can be seen following the recruitment of extra staff, using the workspace more effectively and transferring the NoCC calls to the NCC helpdesk. Q2 2015/16 - 83% Q1 2015/16 - 98% *To next be reported on in May 2016 for Q4 2015/16 and year-end.*

LGSS APPENDIX 1 – Service Level Budgetary Control Report

The variances to the end of May 2015 for LGSS Cambridge Office are as follows:

Budgetary Control Report 2016/17

The variances to the end of May 2016/17 for the Corporate Directorates are:

Original Budget as per BP £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (Apr) £000	Forecast Variance - Outturn (May) £000	Forecast Variance - Outturn (May) %
	LGSS Cambridge Office				
	Central Management				
62	Service Assurance	2	0	0	0
-8,787	Trading	-8,706	0	0	0
587	LGSS Equalisation	431	0	0	0
-410	Grant Income	-220	0	0	0
-8,548		**-8,492**	**0**	**0**	**0**
	Finance & Property				
1,019	Chief Finance Officer	1,049	0	0	0
1,955	Professional Finance	1,985	0	0	0
571	Property Operations & Delivery	708	0	0	0
823	Strategic Assets	823	0	0	0
0	Pensions Service	0	0	0	0
4,368		**4,565**	**0**	**0**	**0**
	Milton Keynes Council				
740	Audit	448	0	0	0
213	Procurement	319	0	0	0
954		**767**	**0**	**0**	**0**
	People, Transformation & Transactional				
1,312	HR Business Partners	1,328	0	0	0
322	HR Policy & Strategy	334	0	0	0
1,852	LGSS Programme Team	1,852	0	0	0
291	Organisational & Workforce Development	300	0	0	0
2,327	Revenues and Benefits	2,382	0	0	0
1,277	Transactional Services	1,241	0	0	0
7,381		**7,436**	**0**	**0**	**0**
	Law & Governance				
425	Democratic & Scrutiny Services	425	0	0	0
-174	LGSS Law Ltd	-219	0	0	0
250		**205**	**0**	**0**	**0**
5,184	IT Services	5,201	0	0	0
9,589	**Total LGSS Cambridge Office**	**9,682**	**0**	**0**	**0**
	MEMORANDUM - Grant Income				
-220	Public Health Grant	-220	0	0	0
0	Counter Fraud Initiative Grant	0	0	0	0
-220		**-220**	**0**	**0**	**0**

LGSS APPENDIX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater.

Service	Current Budget £'000	Current Variance £'000	%	Forecast Variance - Outturn £'000	%
There are no significant variances to report this month for LGSS Cambridge Office.					

LGSS APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which is not built into base budgets.

	Awarding Body	**Expected Amount £'000**
Grants as per Business Plan	Various	220
Non-material grants (+/- £30k)		0
Total Grants 2014/15		**220**

LGSS APPENDIX 4 – Virements and Budget Reconciliation

	£'000	Notes
Budget as per Business Plan	9,589	
Transfer of Reablement budget from CFA to LGSS Finance	113	
Non-material virements (+/- £30k)	-20	
Current Budget 2015-16	**9,682**	

LGSS APPENDIX 5 – Reserve Schedule

Fund Description	Balance at 31 March 2016	Movements in 2016-17	Balance at 31/05/16	Notes
	£'000	£'000	£'000	
General Reserve				
LGSS Cambridge Office Carry-forward	1,013	0	1,013	
subtotal	1,013	0	1,013	
Other Earmarked Funds				
Counter Fraud Initiative	130	0	130	
subtotal	130	0	130	
SUBTOTAL	**1,143**	**0**	**1,143**	
TOTAL	**1,143**	**0**	**1,143**	

LGSS APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

LGSS Cambridge Office Capital Programme 2016/17						TOTAL SCHEME	
Original 2016/17 Budget as per BP £000	Scheme	Revised Budget for 2016/17 £000	Actual Spend 2016/17 £000	Forecast Spend - Outturn (May) £000	Forecast Variance - Outturn (May) £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
-	R12 Convergence*	-	-	-	-	416	-
1,104	Next Generation ERP	773	-	773	-	1,288	-
-	Capital Programme Variations	(155)	-	(155)	-	-	-
1,104	**TOTAL**	**618**	**-**	**618**	**-**	**1,704**	**-**

Previously Reported Exceptions

There are no previous exceptions to report.

Capital Funding

LGSS Cambridge Office Capital Programme 2016/17				
Original 2016/17 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2016/17 £000	Forecast Spend Outturn (May) £000	Forecast Funding Fariance Outturn (May) £000
1,104	Prudential Borrowing	618	618	-
1,104	**TOTAL**	**618**	**618**	**-**

Previously Reported Exceptions

There are no previous exceptions to report.

GENERAL PURPOSES COMMITTEE AGENDA PLAN	Published on 1st July 2016 As at 14th July 2016	Cambridgeshire County Council

Agenda Item No.16

Notes

Committee dates shown in bold are confirmed.
Committee dates shown in brackets and italics are reserve dates.

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.
* indicates items expected to be recommended for determination by full Council.
+ indicates items expected to be confidential, which would exclude the press and public. Additional information about confidential items is given at the foot of this document.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.
The agenda dispatch date is six clear working days before the meeting.

Committee date	Agenda item	Lead officer	Reference if key decision	Spokes meeting date	Deadline for draft reports	Agenda despatch date
26/07/16	1. Minutes – 31/05/16	M Rowe	Not applicable		13/07/16	15/07/16
	2. Integrated Resources and Performance Report Outturn 2015/16	R Bartram	2016/028			
	3. Integrated Resources and Performance Report May 2016	R Bartram	2016/028			
	4. Resources and Performance Report (May) – Customer Service and Transformation and LGSS Managed	S Heywood	Not applicable			
	5. Member Working Group on Consultation – Business Plan	M Soper	Not applicable			

Committee date	Agenda item	Lead officer	Reference if key decision	Spokes meeting date	Deadline for draft reports	Agenda despatch date
	6. Detailed business case for the development of an Agency company with Cambridgeshire County Council	C Reed/ P White	2016/032			
	7. Total Transport Proposal	T Parsons	2016/038			
	8. Transformation Programme	C Malyon	Not applicable			
	9. Citizen First, Digital First: our strategy for engaging with the people of Cambridgeshire – Outline Business Case	S Grace	2016/017			
	10. County Election 2017	S Grace	Not applicable			
	11. Medium Term Financial Strategy	C Malyon	Not applicable			
	12. Capital Strategy	C Malyon	Not applicable			
	13. Resources and Performance Report – Outturn 2015/16	S Heywood	Not applicable			
23/08/16	1. Minutes – 26/07/16	M Rowe	Not applicable		23/08/16	12/08/16
	2. Re-procurement of Design and Build Contract Framework	R Greenlees	2016/040			
	3. Transformation Fund Bids	C Malyon	2016/046			
	4. Demography Update	C Malyon	Not applicable			
20/09/16	1. Minutes – 23/08/16	M Rowe	Not applicable		07/09/16	09/09/16
	2. Quarterly Risk Management Report	S Norman	Not applicable			
	3. Integrated Resources and Performance Report (July)	R Bartram	2016/029			

Committee date	Agenda item	Lead officer	Reference if key decision	Spokes meeting date	Deadline for draft reports	Agenda despatch date
	4. Resources and Performance Report (July) – Customer Service and Transformation and LGSS Managed	S Heywood	Not applicable			
	5. Community Resilience and the Innovation Fund’	S Ferguson	Not applicable			
	6. Transformation Fund Bids	C Malyon	2016/047			
	7. Draft Capital Programme including capital finance and prioritization tables (Customer Service & Transformation and LGSS Managed)	C Malyon	Not applicable			
	8. Fees and Charges Report (Customer Service & Transformation and LGSS Managed)	S Grace	Not applicable			
25/10/16	1. Minutes – 20/09/16	M Rowe	Not applicable		12/10/16	14/10/16
	2. Draft Strategic Framework	C Malyon	2016/048			
	3. Capital Programme & Capital Prioritisation Report	C Malyon	Not applicable			
	4. Draft Consultation Report (Customer Service & Transformation and LGSS Managed)	S Grace	Not applicable			
	5. Revenue Business Plan tables (Customer Service & Transformation and LGSS Managed)	S Grace	Not applicable			
	6. Draft Community Impact Assessments (Customer Service & Transformation and LGSS Managed)	S Grace	Not applicable			

Committee date	Agenda item	Lead officer	Reference if key decision	Spokes meeting date	Deadline for draft reports	Agenda despatch date
29/11/16	1. Minutes – 25/10/16	M Rowe	Not applicable		16/11/16	18/11/16
	2. Integrated Resources and Performance Report (September)	R Bartram	2016/030			
	3. Resources and Performance Report (September) – Customer Service and Transformation and LGSS Managed	S Heywood	Not applicable			
	4. Business Plan Consultation	C Malyon	Not applicable			
	5. Overview of Business Planning Proposals (Including Community Impact Assessments)	C Malyon	Not applicable			
	6. Capital and Revenue Report (Customer Service & Transformation and LGSS Managed)	S Grace	Not applicable			
20/12/16	1. Minutes – 29/11/16	M Rowe	Not applicable		07/12/16	09/12/16
	2. Amendments to Business Plan Tables (if required)	C Malyon	Not applicable			
10/01/17	1. Minutes – 20/12/16	M Rowe	Not applicable		28/12/16	30/12/16
	2. Local Government Finance Settlement	C Malyon	Not applicable			
	3. Treasury Management Strategy	C Malyon	Not applicable			
24/01/17	1. Minutes – 10/01/17	M Rowe	Not applicable		11/01/17	13/01/17
	2. Quarterly Risk Management Report	S Norman	Not applicable			
	3. Integrated Resources and Performance Report (November)	R Bartram	2017/001			

Committee date	Agenda item	Lead officer	Reference if key decision	Spokes meeting date	Deadline for draft reports	Agenda despatch date
	4. Resources and Performance Report (November) – Customer Service and Transformation and LGSS Managed	S Heywood	Not applicable			
	5. Business Plan*	C Malyon	Not applicable			
[28/02/17] Provisional Meeting					15/02/17	17/02/17
21/03/17	1. Minutes – 24/01/17	M Rowe	Not applicable		08/03/17	10/03/17
	2. Quarterly Risk Management Report	S Norman	Not applicable			
	3. Integrated Resources and Performance Report (January)	R Bartram	2017/002			
	4. Resources and Performance Report (January) – Customer Service and Transformation and LGSS Managed	S Heywood	Not applicable			
[25/04/17] Provisional Meeting					25/04/17	13/04/17
06/06/17	1. Minutes – 21/03/17	M Rowe	Not applicable		23/05/17	25/05/17
	2. Integrated Resources and Performance Report (March)	R Bartram	2017/003			
	3. Resources and Performance Report (March) – Customer Service and Transformation and LGSS Managed	S Heywood	Not applicable			

Notice made under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 in compliance with Regulation 5(7)

1. At least 28 clear days before a private meeting of a decision-making body, public notice must be given which must include a statement of reasons for the meeting to be held in private.
2. At least 5 clear days before a private meeting of a decision-making body, further public notice must be given which must include a statement of reasons for the meeting to be held in private, details of any representations received by the decision-making body about why the meeting should be open to the public and a statement of the Council's response to such representations.

Forward plan reference	Intended date of decision	Matter in respect of which the decision is to be made	Decision maker	List of documents to be submitted to the decision maker	Reason for the meeting to be held in private

Decisions to be made in private as a matter of urgency in compliance with Regulation 5(6)

3. Where the date by which a meeting must be held makes compliance with the above requirements impracticable, the meeting may only be held in private where the decision-making body has obtained agreement from the Chairman of the Council.
4. Compliance with the requirements for the giving of public notice has been impracticable in relation to the business detailed below.
5. The Chairman of the Council has agreed that the Committee may hold a private meeting to consider the business referred to in paragraph 4 above because the meeting is urgent and cannot reasonably be deferred for the reasons stated below.

Date of Chairman's agreement	Matter in respect of which the decision is to be made	Reasons why meeting urgent and cannot reasonably be deferred

For further information, please contact Quentin Baker on 01223 727961 or Quentin.Baker@cambridgeshire.gov.uk

# GENERAL PURPOSES COMMITTEE TRAINING PLAN	The Training Plan below includes topic areas for GPC approval. Following sign-off by GPC the details for training and development sessions will be worked up.	

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
	Strategic finance and budgeting	Members will gain a more detailed understanding of the strategic financial management of the Council's budget, and the future challenges associated.		TBC	Chris Malyon				
	The Council's asset portfolio and approach to asset management	Background knowledge on the Council's asset portfolio, and understanding of the approaches taken to best utilise this		TBC	Chris Malyon				
	Background to services provided by Customer Service & Transformation	Members will gain an insight into the range of frontline and back-officer services provided across CS&T: • Consultation		24 Nov	Sue Grace Mike Soper / Elaine O'Connor	Presentations & Q&A.	Cllrs Schumann, Count, Leeke, Kavanagh, Rouse, Orgee, Hickford, Bates. Criswell, Cearns, Tew, Reeve, Bullen, Jenkins, Nethsingha & McGuire		

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
	Understanding Health and Social Care integration	Collaboration with Service Committee development around the Better Care Fund to be explored		TBC	TBC				
	Regional governance	Understanding the range of regional governance structures that exist across Cambridgeshire, such as the LEP. Also understanding potential future models of governance for local public services		TBC	TBC				
	Equality and Diversity responsibilities	Understanding the responsibilities the Committee has to comply with equality legislation and to provide services for all Cambridgeshire communities		20 Oct 2015	LGSS Law / CS&T		Cllrs Bailey, Bates, D Brown, Count, Criswell, Hickford, Hipkin, Jenkins, McGuire, Reeve, Tew, Walsh, Divine, Williams		
	Background to services provided by Customer Service & Transformation	Members will gain an insight into the range of frontline and back-officer services provided across CS&T: Information Security & Sharing		22 Dec 2015	Sue Grace Dan Horrex. (CS&T)	Presentation & Q&A.	Cllrs Bailey, Bates, D Brown, Bullen, Cearns, Count, Criswell, Hickford, Jenkins, McGuire, Orgee,		

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
							Reeve, Tew, Whitehead		
	Emergency Planning	Members will gain an insight into the role of Emergency Planning		14 Jan 2016	Sue Grace Stuart Thomas	Presentation & Q&A.	Cllrs Bailey, Bates, D Brown, Cearns, Count, Criswell, Divine, Hickford, Hipkin, Orgee, Reeve, Rouse and Tew		
	Open Data & Cambridgeshire Insight Training			15 March 2016	M Soper	Presentation & Q&A.	Cllrs Bailey, Bates, D Brown, Bullen, Cearns, Count, Criswell, Hickford, Hipkin, Jenkins, Nethsingha, Reeve, and Tew		