

**DEMOGRAPHY UPDATE**

*To:* **General Purposes Committee**

*Meeting Date:* **20th September 2016**

*From:* **Chief Finance Officer**

*Electoral division(s):* **All**

*Forward Plan ref:* **Not applicable**      *Key decision:* **No**

*Purpose:* **This report sets out the changes to the approach to demography in the Business Planning process.**

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

- a) considers whether the Business Plan should be developed with demography being budgeted for corporately;**
- b) considers whether if the response to recommendation a) is positive that any service committee requests for funding from this central allocation be delegated to the Chief Finance Officer in consultation with the Chair of this Committee; and**
- c) subject to recommendation a) approves the revised presentation of demographic pressures and demand management savings**

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## **1. BACKGROUND**

- 1.1 Demography is a term used to describe all demand changes arising from increased numbers (for example, clients served, and road kilometres) and/or increased complexity (for example, more intensive packages of care as client's age).
- 1.2 In order to improve the transparency of both the allocation and presentation, a number of key principles have been developed and will be implemented as part of this year's Business Planning process.

## **2. MAIN ISSUES**

- 2.1 The key principles below have been developed in response to feedback during previous Business Planning cycles:
  - Our demography and inflation processes should make sense strategically, and be easily understood.
  - Business Plan demography proposals should be proportionate, applying only to those service areas where the growth in demand is most pressing.
  - Business Plan demography proposals should be specific.
  - Business Plan inflation and demography proposals should be transparent and challengeable.
- 2.2 The first principle was developed acknowledging that the presentation of demand management savings as 'negative demography' was misleading. It is therefore proposed that demand management savings are displayed in the savings section of Table 3 going forward.
- 2.3 The second principle is a response to research across other Local Authorities who, in the main, calculate demography on a more corporate basis, rather than service specific. It is therefore proposed that the financial impact of general population growth is absorbed by all services, thereby reducing the number of demography proposals in Cambridgeshire. This means demography funding will only be given to services who experience growth greater than the general population rate (for example, Looked After Children), increased cost due to increased complexity of service requirements (for example, Learning Disability), or a combination of the two. For transparency, the narrative in Table 3 will clearly identify the pressure of absorbing general population growth.
- 2.4 The forecast general population growth for 2017-18 is 1.4%. There is a risk that services will not be able to manage the financial impact of this growth. To mitigate against this, a corporate budget has been created to the value of the total demographic pressure of general population growth. Services will be able to make evidence based Business Cases from this provision. It is proposed that these will be submitted by the respective service committees to the Chief Finance Officer during the financial year. Were General Purposes Committee to agree to this approach they will need to consider whether the approval of any virement from this central provision could be delegated to the Chief Finance Officer in consultation with the Chair of the Committee or whether they would wish to agree all such requests?
- 2.5 In the 2016-17 Business Plan, a large number of demography proposals were accompanied by demand management savings. In order to prevent services having to manage the 1.4%

growth twice, it has been proposed that demand management savings should be amended to reflect the reduced demography ask.

- 2.6 All demography proposals have been reviewed by Strategic Management Team, and performance against the demand management savings will form part of the annual in-year monitoring process.

### 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

Implications	Officer Clearance
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	There are no significant implications within this category.
<b>Are there any Equality and Diversity implications?</b>	There are no significant implications within this category.
<b>Have any engagement and communication implications been cleared by Communications?</b>	There are no significant implications within this category.
<b>Are there any Localism and Local Member involvement issues?</b>	There are no significant implications within this category.
<b>Have any Public Health implications been cleared by Public Health</b>	There are no significant implications within this category.

Source Documents	Location
None	1st Floor Octagon Shire Hall Cambridge