

BUSINESS PLANNING: DEVELOPMENT OF REVENUE PROPOSALS

To: **Adults Committee**

Meeting Date: **15th September 2016**

From: **Adrian Loades, Executive Director; Children, Families and Adults Services**

Electoral division(s): **All**

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

Purpose: To update the Committee on the development of business planning revenue proposals for the financial years 2017/18 to 2022/23.

Recommendation: The Committee are asked to note and comment on the plans for the development and presentation of business planning revenue proposals.

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1.0 BACKGROUND

- 1.1 The context for business planning remains challenging with a savings / income requirement of approaching £100m over the next five years. This target is driven in part by reducing cash resources but in large part by inflation, by the growing and aging population and by the increased level and complexity of need we are seeing across client groups.
- 1.2 During the previous business planning round we began to change the approach in response to this continued challenge. The Operating Model was established with the intention of establishing strategic outcomes that move beyond incremental efficiency savings in each service area to a whole council approach.
- 1.3 We also looked to instigate a longer-term approach to budgeting - with a five-year strategy based on the key themes of:
 - promoting people's independence and progression
 - promoting the responsibility of individuals for their own health
 - building community and family resilience
 - ensuring a more timely response to need.
 - promoting professional judgement and the flexible use of resources
- 1.4 The groundwork undertaken last year to set out a long term strategy has meant we have begun this process with strong programmes already in place. In particular the Transforming Lives Programme, the Community Resilience Strategy, the establishment of the Adult Early Help team, the review of in-house provider services, the establishment of the Learning Disability Young Adults Team and the review and repositioning of Reablement are all now helping to manage spend in our major care budgets. These initiatives and the transformation they are driving in practice will continue to deliver savings in 2017/18 and beyond and so will form part of the proposals going forward to committee in the autumn.

2.0 APPROACH AND FRAMEWORK FOR DEVELOPMENT OF BUSINESS PLANNING PROPOSALS FOR 2017/18 TO 2022/23

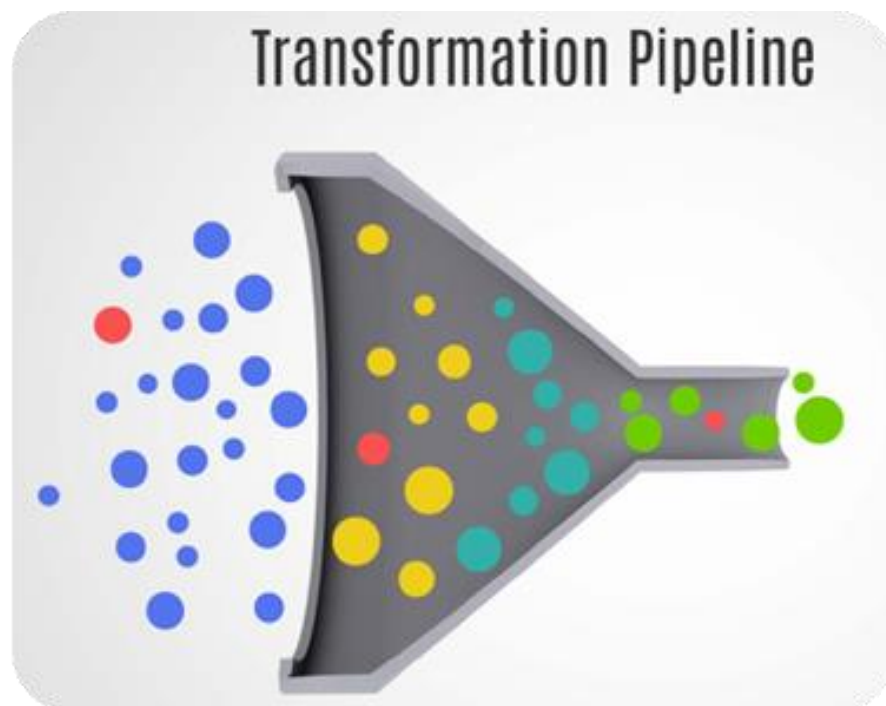
- 2.1 For this business planning cycle we have moved further away from an incremental cash limit approach with the establishment of the new Transformation Programme. The new approach introduces a number of cross cutting programmes to unlock savings, alongside the service based work - as shown below. All of the activity generated through this approach links back to the outcomes referenced above.

2.1.1

	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
CROSS CUTTING PROGRAMMES (6-11)					
6. Finance & budget review	✓	✓	✓	✓	✓
7. Customers & communities	✓	✓	✓	✓	✓
8. Assets, estates & facilities management	✓	✓	✓	✓	✓
9. Commissioning	✓	✓	✓	✓	✓
10. Contracts, commercial & procurement	✓	✓	✓	✓	✓
11. Workforce planning & development	✓	✓	✓	✓	✓

2.2 The focus, as ever, is on driving service redesign, efficiency and new thinking to mitigate impact on communities from the challenging financial context. The Transformation Programme has therefore also introduced the concept of the business planning pipeline which encourages members and officers across the organisation to bring forward new ideas and then engages others in a process of support challenge to develop the concepts, test the viability of the business case and confirm whether to move ahead to the delivery stage. This is shown pictorially below with the circles on the left representing the range of ideas which are then tested and refined to the business case stage and then if approved to delivery and benefits realisation (moving rightwards through the pipeline). Clearly not all the initial ideas will come to fruition, but we have now established a process whereby new concepts are being proposed all the time to feed into the pipeline.

2.2.1



2.3 The development of revenue proposals has been undertaken within this framework and the intention has been to concentrate on cross-cutting themes and areas where we can undertake joint work across directorates – rather than looking within individual services working to cash limits.

- 2.4 Consequently, rather than each Service Committee receiving a separate report relating only to the savings from services within its remit the intention is to give Service Committees a view of all cross-cutting activity, allowing them to steer Council-wide proposals in addition to the service-based proposals. Proposals will be presented at the October meeting of the Committee.
- 2.5 Committees will still receive the full business planning tables showing how the savings described in the programme will impact on individual service budgets.
- 2.6 Each proposal will be underpinned by a business case document and a community impact assessment. These will be available to Committee members providing more detail to support the descriptions in the covering papers and finance tables.
- 2.7 In October when Committees first review revenue proposals, there will be some variability in the level of detail and certainty in the business cases. Proposals at earlier stages of the pipeline may well be moved through to approval stage during the autumn and existing proposals and figures are likely to be refined ahead of final recommendations and based on the steers given by Committees in October. This reflects a more dynamic approach to business planning which becomes a year round activity.

3 DEMOGRAPHY & INFLATION PROCESS

- 3.1 It is important that the modelling of demographic and inflationary pressures is as accurate and clear as possible, allocating necessary resource where there are genuine pressures but being careful keep this to the minimum required amount so that the corresponding saving requirement is also as small as possible.
- 3.2 On that basis, some changes have been made to the demography process, with the key points being
- that services will have to absorb a level of demographic growth from within their own budget. As the general population is increasing by 1.4% this has been used as cut-off point – so services will receive additional funding only where the growth they are experiencing is in excess of a 1.4% increase in the general population
 - generalist demography bids linked to non-specific service growth (for example the general ‘growth in children numbers’ proposal) will be removed
 - Inflationary uplifts will be proposed using the existing methodology, linking to expenditure type, and subsequently scrutinised with services, led by Finance.
- 3.3 An additional gateway process has been introduced for demography bids with SMT signing off all proposals after professional advice from finance and research officers.

4 NEXT STEPS AND TIMELINE

- 4.1 The first draft of all revenue proposals will be presented to the October round of Committee meetings for initial review and comment.
- 4.2 A programme of members seminars has also been constructed to give members the opportunity to challenge, steer and suggest proposals, in

additional to the formal oversight through Committee meetings.

4.3 General Purposes Committee will provide a further forum to look at proposals across the County Council as a whole, giving particular focus to those which cut across directorate and therefore service committee areas.

4.4 The key dates in the process for finalisation of the business plan are shown in the table below.

4.4.1

Date	Event
15 September	<u>Adults Committee Meeting</u> To review draft capital proposals and update on framework for revenue proposals (this paper)
20 September	<u>General Purposes Committee</u> To review Medium Term Financial Strategy and progress with business planning proposals
4 October	<u>Adults Committee Business Planning Seminar</u> Discussion of emerging proposals prior to formal consideration at Committee
13 October	<u>Adults Committee Meeting</u> To review revenue budget proposals, draft community impact assessments and draft consultation report
18 October	<u>Full Council</u> To review recommended Medium Term Financial Strategy from GPC
25 October	<u>General Purposes Committee</u> To review Strategic Framework, revenue proposals, capital proposals, CIAs and draft consultation report Service Committee Chairs report on Service Committee discussions
3 November	<u>Adults Committee</u> To review capital and revenue report, committee elements of all budget tables, CIAs and final draft of Consultation Report
24 November	<u>General Purposes Committee / SMT Workshop</u>
8 December	<u>Adults Committee (if required)</u> To review any update to proposals
24 January	<u>General Purposes Committee</u> To review full Business Plan, make any final adjustments and submit recommendation to Full Council
14 February	<u>Full Council</u> Consider Business Plan and any alternative budgets
March 2017	Publication and distribution of the final plan

5.0 ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

5.1.1 There are no significant implications for this priority at this point. The implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.

5.2 Helping people live healthy and independent lives

5.2.1 There are no significant implications for this priority at this point. The

implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.

5.3 Supporting and protecting vulnerable people

5.3.1 There are no significant implications for this priority at this point. The implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.

6.0 **SIGNIFICANT IMPLICATIONS**

6.1 Resource Implications

6.1.1 *The implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.*

6.2 Statutory, Legal and Risk

6.2.1 The implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.

6.3 Equality and Diversity

6.3.1 The implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.

6.4 Engagement and Communications

6.4.1 The implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.

6.5 Localism and Member Involvement

6.5.1 The implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.

6.6 Public Health

6.6.1 The implications of business planning proposals will be described in the October Committee papers and in the individual community impact assessments.

Source Documents	Location
None	

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: T Kelly
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes or No (NO RESPONSE) Name of Legal Officer: Kim Farebrother
Are there any Equality and Diversity implications?	Yes Name of Officer: Adrian Loades
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Simon Cobby
Are there any Localism and Local Member involvement issues?	Yes Name of Officer: Adrian Loades
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell