

Business Planning Proposals for 2021-26 - Current position

To: General Purposes Committee

Meeting Date: 22 December 2020

From: Gillian Beasley, Chief Executive
Chris Malyon, Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable

Key decision: No

Outcome: The Committee is asked to consider:

- the current business planning position and estimates for 2021-2026
- the impact of COVID-19 on the 2021-2022 financial position
- the principal risks, contingencies and implications facing the Committee and the Council's resources
- the process and next steps for the Council in agreeing a business plan and budget for future years

Recommendation: It is recommended that the Committee:

- a) Note the progress made to date and next steps required to develop the business plan for 2021-2026
- b) Note the impact of COVID-19 on the Council's financial planning
- c) Endorse the budget and savings proposals that are within the remit of the Committee as part of consideration of the Council's overall Business Plan
- d) Endorse the changes to the capital programme that are within the remit of the Committee as part of consideration of the Council's overall Business Plan

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1. Purpose and Background

- 1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the outcomes we want for people. This paper provides an overview of the updates to the Council's financial position since October 2020 when Committees were last consulted on the draft Business Plan for 2021-26. The paper sets out the changes to key assumptions impacting financial forecasts, further risks and opportunities and next steps required to balance the budget and agree the Council's Business Plan for 2021-26.
- 1.2 The paper also seeks to highlight the environment within which the Business Plan has been developed this year, the added complexity that developing the business plan whilst in the middle of a world-wide pandemic brings, and the challenges that being a relatively low spend but effective organisation has on the opportunities to reduce costs further to address the financial challenges caused by COVID-19.
- 1.3 Whilst the impact of COVID-19 is being felt by all councils across England, for Cambridgeshire this comes on the back of many years of under-funding compared to other councils. As one of the fastest growing counties in the country, Cambridgeshire has been managing disproportionate increases in demand over many years which have not been reflected in the revenue grant system. The Council highlighted this issue during its 'fairer funding campaign' but due to numerous issues the comprehensive review of local authority funding has not yet occurred.
- 1.4 This report builds on the information provided to this Committee during October and sets out the latest financial position regarding the Business Plan for the period 2021-26. As the Committee will recall a number of scenarios were developed to model the potential longer term implications of the world-wide pandemic on the resources of the County Council.
- 1.5 During the last couple of months officers have been refining the projections based on updated data and knowledge of further Government funding of certain activity, which it would not be unreasonable to assume would continue if required in 2021-22. We have therefore moved from a range of scenarios to a single budget position. This still contains a number of assumptions and these will continue to be developed over the next couple of months before the Business Plan is considered by Council in February of next year.
- 1.6 The LGA has said that an additional £10.1 billion is needed by 2023-24 to help councils in England plug funding gaps and improve services. Cllr James Jamieson, LGA Chairman, said the Spending Review would "shape the direction of the country for years to come" and that "securing the immediate and long-term sustainability of local services must be the top priority". Cllr Jamieson added: "With the right funding and freedoms, councils can improve the lives of their residents, address the stark inequalities the pandemic has exposed, develop a green recovery, address skills gaps and rebuild the economy so that it benefits everyone."
- 1.7 We have been grateful for the financial support provided by the Government to date, but it is not enough to meet the additional demands on our services in the long term. We are making strong representations to the government, working closely with our local MPs, about additional support we believe is

necessary. However, the Council's Business Plan must make recommendations for balancing the budget in the event that this support does not fully cover the cost of the crisis.

2. Context

2.1 In February of this year the Council set a balanced budget for the current financial year with no use of reserves to support the delivery of base services. It also made provision for further investment in transformation interventions. At that point the Council was in a very robust financial position to manage future year challenges with only a £4.2m 'budget gap' for 2021-22. This was much less than in previous budget setting processes and was predicated on a 2% council tax rise through levying the Adult Social Care precept (every 1% increase in council tax generates and additional £3m).

2.2 The following paragraphs provide some context to demonstrate that the Council has managed growth effectively within the constraints of a grant system that does not fully recognise the implications for public services that are generated from that growth.

2.2.1 Fairer Funding

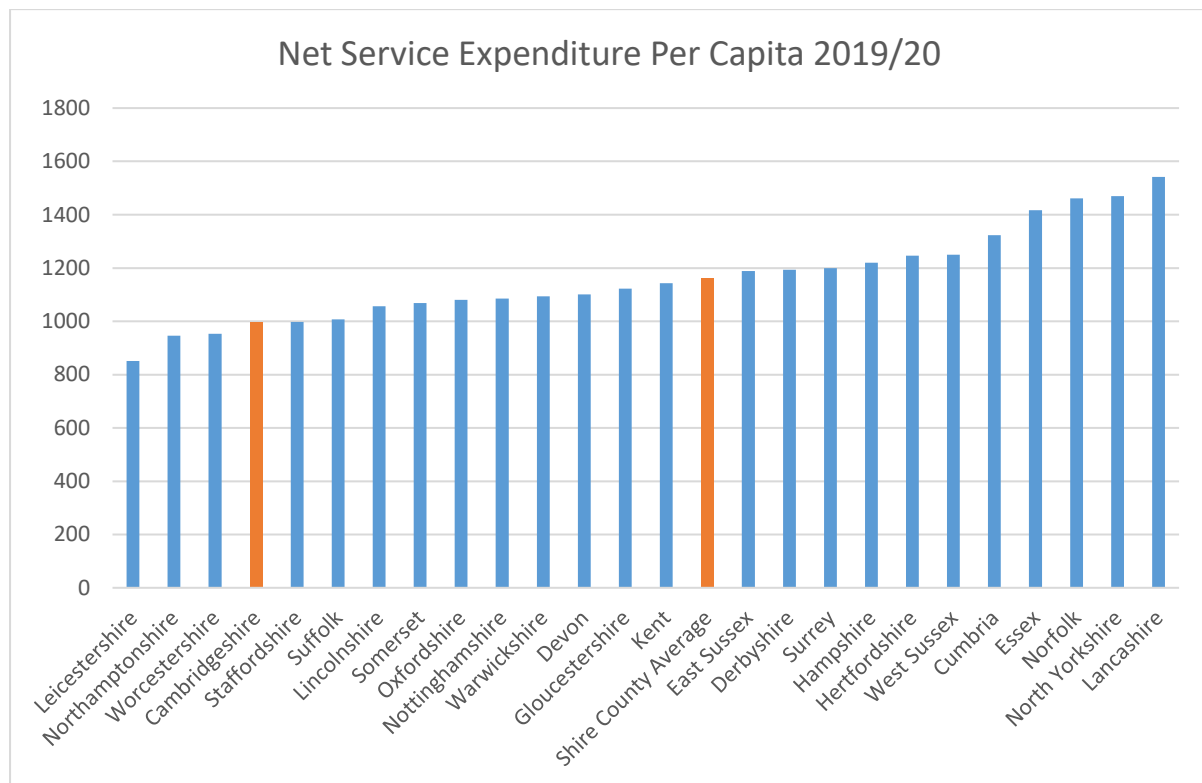
Given the level of growth that Cambridgeshire has supported over many years, the Council has been fighting for a fairer deal for its residents since 2017. Over the last three years, we have engaged MPs at both a local and national level on many occasions setting out the issues facing the Council on the back of its economic success.

In our various submissions on the issue of fairer funding, the Council has highlighted the inequality in Government support across, and within, the various tiers and structures of local government. The following table is an extract from one submission which illustrates this inequality:

2018/2019	RSG per capita (Revenue Support Grant)
CCC	£6.01
Shire County average	£25.52
London Borough average	£88.13

2.2.2 Benchmarking

Whilst delivering excellent outcomes for its residents, Cambridgeshire does so from a comparatively low level of expenditure. Due to the inequalities in the finance system, the Cambridgeshire pound has had to work harder than it may be required to in other councils. From publicly available information a chart that summarises the Council's net service expenditure in 2019-20 per capita with that of other county councils shows the stark difference below.



We constantly look at ways in which we can reduce the cost to serve, invest in preventative interventions, and derive additional incomes in order to re-invest or maintain key front-line services.

2.2.3 Transformation

The Council has been able to sustain the delivery of key services during a period of reduced funding and increasing demand to a large extent by its approach to transformation, commercialisation and innovation. In 2016 the Council invested heavily in an ambitious transformation agenda for Cambridgeshire citizens. Investment in a number of cross-organisational change programmes through a dedicated team and fund has delivered significant financial and social returns. Over £100m has been saved over the last four years including £25m being saved as a direct result of investments made through the Transformation Fund.

We have a broad portfolio of examples to draw from which demonstrate our ability to drive efficiencies and productivity for example; Our Adults Positive Challenge programme has realised £3m of savings and increased the independence of our citizens and reduced the longer-term cost across the health and social care system. The introduction of new technology which integrates critical aspects of the Adult Social Care case management system has improved the productivity of front-line workers. The rationalisation of the Council's buildings portfolio and workforce cultural change programme has

seen the workforce adopt new agile ways of working increasing productivity and ensuring that the right services can be accessed at the right time.

To date the Council has not taken all of the upside created from the change to its Minimum Revenue Provision (MRP) Policy into revenue and, unlike most other councils, has set this aside in order to provide pump priming funding for the Transformation Programme. Having focused on major opportunities first, the level of returns against the internal investments are now beginning to reduce. Given both the scale of the unallocated fund and the current pipeline of activity, the Council will need to review both the current policy on MRP and the level of the balance held on the Transformation Fund as part of this budget process.

2.2.4 Commercialisation

To further mitigate against the financial challenges that it has faced over the last decade, the Council has adopted a more commercial approach to everything that it does.

This approach has included the establishment of a wholly owned housing development company to which the council has sold, at market value, land holdings of nearly £100m so that these sites could be developed. In order for the Company to fund the acquisition, and its operating costs, loans at rates in compliance with state aid rules have been made. This provides a net revenue stream to the Council.

In addition, the Council has used the capital receipts generated by the Company to create a diverse commercial investment portfolio. Until the pandemic these investments were performing well and delivering returns to support frontline services. The revenue income budget from the portfolio for the 2020-21 financial year was in the region of £5m.

The Council has also used its land holdings to create a solar farm. The Triangle Solar Farm has benefitted from Government's "Contracts for Difference" scheme, allowing it to generate a healthy and reliable revenue stream whilst also supporting the council in delivering its vision of net zero carbon emissions for Cambridgeshire by 2050.

The commercial approach adopted has contributed significantly to supporting vital services for our residents rather than serving as an end in itself, and as a consequence these new revenue streams are returning in excess of £10m per annum for frontline services delivered to Cambridgeshire residents.

- 2.3 The paragraphs above are a reminder of the steps the Council has taken to focus on positive outcomes, protect frontline services and set the foundations for the difficult decisions that lie ahead. Having already taken the actions that it has, the Council has very little room left for addressing the budget gap for 21-22. Officers will, of course, continue to work diligently to reduce the gap further but it must be accepted that unless significant resources are forthcoming from the Government as part of the 21-22 financial settlement some very difficult decisions will be required.

3. Business Planning Approach

- 3.1 As noted in section 2.1, in February 2020 the Council approved a balanced budget for 2020-21 and the Business Plan reflected a strong financial position with a small and achievable gap forecast for 2021-22.
- 3.2 However, by May 2020, a time when the Council would normally begin the process of preparing budget proposals for 2021-22, the nation had been in lockdown for two months in an attempt to stop the spread of the coronavirus. Recognised as both an economic and health emergency, the pandemic placed the Council in the challenging position of having to mobilise resources to provide immediate support to the citizens of Cambridgeshire whilst also trying to predict and mitigate the medium and longer term impacts.
- 3.3 At that time there was significant uncertainty across the nation as to the true impact of the pandemic. Whilst national support packages were being mobilised e.g. the furlough scheme and support to businesses, it was unclear as to how (and when) these schemes would be in place and whether they would be enough to avoid an economic collapse. Further, the creation of the national Nightingale hospitals reflected the concern that the health service would be overwhelmed and there were projections of significant deaths across all regions.
- 3.4 Within this context, it was clear that the usual approach the Council takes to business planning would need to be adapted in order to reflect uncertainty around the economic and health impacts and how this might affect demand for Council services. In response, the Council designed a new approach which was based on carefully crafting three scenarios which modelled the possible impact of a number of inter-dependent factors on both the demand for our services and the impact on our ability to generate income.
- 3.5 The purpose of the scenarios was discussed at General Purposes Committee in June 2020; we outlined that the scenarios would not provide financial projections but would provide us with a framework which we could use to track the trajectory of the impact of COVID-19. This was welcomed by service areas as it enabled them to develop mitigations and contingency plans and has also helped them to cast forward to think about growth opportunities and areas for development as part of their recovery process.
- 3.6 Over the summer the scenarios were used to support services to develop a possible financial trajectory which highlighted that the budget gap for 2021-22 could be between £33m - £82m and this was reported within the Committee papers presented in October. This wide range reflected how significantly the financial impacts might vary between the best and worst case scenarios, how quickly the financial impacts might escalate without strong and immediate recovery plans, and how difficult it has been, both nationally and locally, to predict the rate of infections and corresponding effects on society. This process of planning against scenarios started the process of quantifying the potential impacts on our service areas as well as highlighting possible areas of mitigation.
- 3.7 Over the last two months we have undertaken a significant amount of activity to analyse emerging trends, actual demand increases and emerging impacts on society and the economy. We are beginning to narrow the range of the predicted budget gap and this activity has resulted in:

- **Improved demand predictions** – additional data is now available which has allowed us to base our demand projections on trends observed in 2020-21 rather than projecting impacts based largely on historic data. This has allowed us to reduce the anticipated demand pressure in Older People's services by £1m for 2021-2022.
- **Deeper impact analysis** – all service areas have been able to develop a deeper assessment of the impact of COVID-19 in their areas based on actual data and observations and have used this to ensure that any areas of higher spend have been identified and reviewed
- **Increased market engagement / supply chain management** – we have worked with our supply chain to better understand and anticipate future costs and provisions required to ensure the sustainability of our operations
- **National support** – although there are areas which remain uncertain, we have seen the impact of exiting initiatives, as well as the benefits of direct financial support. We are therefore in a better position to predict the impact of future national initiatives within Cambridgeshire.
- **Successful Local Outbreak Control Plan** – in recognition that all public services in Cambridgeshire, alongside citizens, have worked hard to keep infection / transmission rates low compared to the national figures, prior to the second national lockdown we remained in Tier 1. This meant that Cambridgeshire did not have additional restrictions placed on it.

3.8 This work has allowed us to build more accurate data sets to inform our recovery planning and to narrow the range of forecast financial pressures in most services. Based on this information, and the current savings proposals identified, the current trajectory leads to a budget gap for 2021-2022 of around £21m.

4. Financial Overview

4.1 The table overleaf provides a summary of the various material (greater than £100k) changes since October in the overall business planning position for 2021-22. It reflects the continuing challenge of increasing costs for goods and services as a result of the pandemic and further shortfalls in planned savings, however significant progress has been made towards closing the budget gap through a combination of the following (see also Section 4.5 below):

- Further scrutiny of demand pressures and anticipated funding for new burdens as a result of COVID-19;
- New savings proposals
- Accumulated growth in the Council's tax base and compensatory grants from Government for business rates reliefs granted in previous years

Description	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Remaining Unidentified Savings at October Committees	32,796	7,190	12,185	13,490	9,990
Increase in inflationary uplift for Highways Services	1,214	659	17	-140	-159
Adults Social Care Providers inflationary uplift	970	-970	-	-	-
New pressures and reduced or rephased savings (see section 4.2 for breakdown)	886	-205	-829	-250	-
Updated debt charges for Energy schemes	-	883	-372	-305	-23
Base funding for Transformation Team and redundancy costs as capital receipt flexibilities not confirmed post-2021-22	-	2,482	-	-	-
Miscellaneous financing adjustments	172	-110	61	21	28
SUBTOTAL New Pressures	36,038	9,929	11,062	12,816	9,836
Adult Social Care Market Resilience investment removed ¹	-4,000	-	-	-	-
Demand pressure for Older People's Services reduced	-1,088	-1,078	-1,179	-1,220	-1,098
Personal Protective Equipment (PPE) pressure removed ²	-1,000	-	-	-	-
Dedicated Schools Grant Contribution to Combined Budgets pressure rephased	-1,000	750	250	-	-
Demand risk in social care investment reduced	-1,300	-	-	-	-
Miscellaneous reduced and rephased pressures <£100k	-243	509	30	-	-
SUBTOTAL Reduced and Rephased Pressures	27,407	10,110	10,163	11,596	8,738
New savings proposals (see section 4.3 for breakdown)	-3,563	-2,379	-544	-161	-290
Historic increases in Council tax base and Section 31 grant income	-3,020	372	53	184	-
Revised budget gap per December committees	20,824	8,103	9,672	11,619	8,448

¹ Funding for infection control measures in care homes; Government grant funding has now been confirmed until March 2021 and we are assuming that Government will continue to fund thereafter if required

² The October draft budget included a £1m PPE pressure however the Government has since agreed to fund PPE for local authorities

4.2 The following table provides a detailed breakdown of the new pressures and reduced or rephased savings.

New pressures and reduced or rephased savings	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Family Group Conferencing Investment	-	250	-	-	-
Reduced saving: Learning Disabilities Commissioning	150	-	-	-	-
Rephased saving: Review of commissioning approaches for accommodation-based care	175	-175	-	-	-
Removed saving: Revised commissioning approach for interim bed provision	150	-	-	-	-
IT Microsoft Enterprise Agreement pressure	302	-	-	-	-
Rephased saving: COVID-19 Impact - Commercial Income and Contract Efficiencies	109	-280	-829	-250	-

4.3 The following tables provides a detailed breakdown of the new savings proposals.

New savings	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Client Contributions Policy Changes (approved as part of 2020-25 Business Plan)	-562	-164	-	-	-
Adult Social Care Transport	-250	-	-	-	-
Additional vacancy factor	-150	-	-	-	-
Micro-enterprises Support	-30	-133	-	-	-
Additional Block Beds inflation saving	-270	270			
Learning Disability Partnership Pooled Budget Rebaselining	-	-2,574	-	-	-
Review of commissioning approaches for accommodation based care	-	-	-375	-	-
Unaccompanied Asylum Seeking Young People: support costs	-300	-	-	-	-
Adoption and Special Guardianship Order Allowances	-500	-	-	-	-
Clinical Services: Children and Young People	-250	-	-	-	-
Transport - Children in Care	-300	-	-	-	-
Communities and Partnerships Review	-200	-	-	-	-
SUBTOTAL P&C savings	-2,812	-2,601	-375	-	-
Review Winter Operations	-17	-	-	-	-
Highways: Removal of old VAS signs	-4	-	-	-	-
SUBTOTAL P&E savings	-21	-	-	-	-
Reduction in staff mileage	-564	378	-	-	-
SUBTOTAL Corporate savings	-564	378	-	-	-
Commercial property rental increases	-166	-156	-169	-161	-290
SUBTOTAL Commercial savings	-166	-156	-169	-161	-290

4.4 As a result of the updates above, the savings requirement for 2021-22 has been reduced by £12m from £32.8m as at October Committees to £20.8m. The following table shows the total level of savings required for each of the next five years:

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Total Saving Requirement	22,711	19,123	14,480	12,852	8,863
Identified Savings	-1,887	-3,938	-528	-	-
Identified additional Income Generation	-	-7,082	-4,280	-1,233	-415
Residual Savings to be identified	20,824	8,103	9,672	11,619	8,448

4.5 Against this uncertain backdrop, we are continuing to explore every opportunity to identify savings, efficiencies, and income to reduce the gap and to date we have;

- Campaigned for additional resources through MHCLG (Ministry of Housing, Communities and Local Government) and other channels.

- Reviewed all the existing proposals to identify any which could be enhanced to deliver further savings - in particular those where additional investment could unlock additional benefits.
- Reviewed income generation opportunities in light of the current economic context.
- Identified, through benchmarking, any areas across the organisation we could potentially look to find additional efficiencies whilst ensuring outcomes are maintained.
- Reviewed the full list of in-year and 2021-22 pressures to see if there are any opportunities to prevent assumed increases in demand being realised.

4.6 Whilst the actions taken to date have been successful in reducing the budget gap, the opportunities to generate additional savings proposals without significantly impacting the delivery of services are reducing in both number and scale. The following funding options remain available to the Council to contribute towards closing the gap for 2021-22 and beyond:

Item	Implications
Council Tax Level	Each 1% further increase in Council Tax would generate around £3m in recurrent additional funding
MRP policy upside	There is at least £2m available per annum in revenue savings until 2025, and higher amounts in the earlier years of the MTFS (Medium Term Financial Strategy). However the amount diminishes below £2m in 2026, meaning that the budget gap would increase thereafter.
Transformation Fund	Presently there is £23m unallocated in the Transformation Fund, after future commitments. Any usage of the fund is one-off, and will have an impact in future years in terms of the recurrent savings gap
General Fund	This balance is held at 3% of gross expenditure, and cannot be reduced in compliance with that policy. Therefore any reduction would be a last resort and indicative that the Council was in severe financial difficulties.
Service reductions	A reduction of non-statutory services could result in longer term financial implications to the Council as avoidable demand rises as well as reduced positive outcomes for our citizens.

4.7 Whilst work will continue to identify savings, the focus of activity over the next three months will be on lobbying across all available channels to request, not only financial support, but other flexibilities (for example a more flexible use of capital receipts) to allow us to present a balanced budget. Should additional support not be forthcoming and in consideration of the assumptions / risks presented in Section 5 below, we would need to consider the use of the above options in order to maintain our current levels of service delivery.

5. Assumptions and Risks

5.1 In the business planning tables the level of savings required is based on a 2% increase in Council Tax in 2021-22, through levying the Adult Social Care precept. The Council's Medium Term Financial Strategy assumes 2% increases in the Adult Social Care precept from 2021-22 onwards, however there has been no confirmation as yet that the precept will be available beyond 2020-21. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£3.0m. Local Authorities were permitted to increase general Council Tax by a maximum of 2.99% in 2018-19 and 2019-20 and 1.99% in 2020-21 without the requirement for approval from residents through a positive vote in a local referendum. The

latest indications are that the limit for next year will be 1.99% for general Council tax.

5.2 There are also a number of risks which are not included in the numbers above, or accompanying tables which are likely to impact on the residual savings gap and these are set out below. These will be incorporated (as required) as the Business Plan is developed and the impact / figures can be confirmed:

- National restrictions – the second national lockdown began on the 5 November 2020 and ended on 2 December 2020. Although not as severe as the first, the restrictions have presented further challenges impacting on both the economic and social welfare of the County. Government support packages, including the re-instatement of the furlough scheme have been welcomed and continue to mitigate the short term financial consequences of the pandemic. However, we are still working to understanding the longer term impacts both for council services and the wider Cambridgeshire economy.
- National Tiers – Following the end of the national restrictions the government reverted to the national tier system. The restrictions in each Tier were reviewed strengthened. Cambridgeshire was placed in Tier 2 (High) which is the lowest tier for most of the country with only two areas of England lower (Cornwall and the Scilly Islands, and the Isle of White). This is likely to create a further impact within the County.
- Government support – Government announced the results of a one-year Spending Review for 2021-22 on 25 November. The spending review sets out the Departmental Expenditure Limit for MHCLG and provides an indication of the available uplift in funding for the Local Government Finance Settlement which is expected on 17 December. Our financial plans currently assume a prudent cash flat position with no inflationary uplifts. There is also considerable uncertainty surrounding the funding formula that may be used to distribute the additional COVID-19 funding announced; in 2020-21 the Government has moved from a social care-based formula to a deprivation-based approach which is less favourable for Shire Counties.
- Winter pressures – all public services face particular challenges over the winter months as demand for services increases significantly. Whilst plans and projections are built into current forecasting this will be the first winter faced within the context of the pandemic.
- EU Exit – the end of the transition period on 31 December 2020 will mean new rules coming into force from 1 January 2021. Preparations continue both at a national and local level to minimise the implications of this change, however, there could be significant implications across areas of business and our citizens which could mean that additional costs are incurred or challenges to our delivery of services increased e.g. the ability to attract workers for critical roles.
- The Council is currently reporting current year pressures in excess of £18m, due principally to the impacts of the pandemic. Work is ongoing to manage these pressures downwards; however, any change to the outturn position will impact the Council's reserves position and therefore the savings requirement for 2021-22.

- Public sector pay award – the business plan includes an inflationary provision of 2.75% for staff on nationally negotiated pay settlements for 2021-22, reflecting the 2020-21 pay award. This funding is being reviewed following an announcement of a public sector pay freeze by the chancellor in the Spending Review in response to the economic fallout from the coronavirus pandemic.
- The Council has applied to MHCLG to extend the business rates pooling arrangement implemented for 2020-21 in partnership with Peterborough City Council and several of the Cambridgeshire District Authorities. Although the pandemic has resulted in considerable pressure on business rates income, the pooling arrangement is still expected to benefit the Council, however the extent of this benefit is as yet unclear. Furthermore, Government has committed to a “fundamental review” of the business rates system following a call for evidence in July 2020, the results of which will be announced at the 2021 spring budget. It is possible that the funding model for local government could be significantly impacted by these reforms with potential implications for the proposed 75% business rates retention scheme expected to take effect from 2022-23.

6. Spending Review Update

- 6.1 On 25 November the Chancellor announced the results of the 2020 Spending Review. Local authority core spending power will increase by 4.5% in 2021-22 however the majority of the permanent increase to funding is attributable to additional flexibilities granted for local taxation. Local authorities will be permitted to increase the Adult Social Care Precept by 3% and general Council tax by up to 1.99% in 2021-22. A further specific grant for Social Care was announced, though this is a significantly smaller increase than the additional grants introduced in recent years. The announcements of a public sector pay freeze for those earning less than the median wage and a modest increase in the national living wage are likely to reduce pressures on the council's staffing and externally contracted spend on an ongoing basis.
- 6.2 The majority of the new funding announced for local government is one off funding for Covid-related pressures and includes a further tranche of the unringfenced Covid-19 support grant, sales fees and charges compensation and support for lost precept income. This additional funding is likely to be worth at least £10m to the Council and is expected to bridge a significant element of the budget deficit for 2021-22 reported, however the allocations for specific authorities are not currently known. The additional uncertainty this year also mean there is more risk than usual of estimates and projections increasing in the remaining stages of business planning. The one off nature of the funding will significantly increase the 2022-23 budget deficit so the council continues to face substantial financial challenges in the medium term. The longer term funding trajectory for local government is also less positive; planned Government spending will be £13bn per year lower by 2024-25 than set out in the Spring Budget. This is likely to signal tougher times ahead for unprotected areas of public spending, such as local government.
- 6.3 At the time of publication, we expect the provisional local government finance settlement to be announced towards the end of December and a briefing note analysing the implications for Cambridgeshire will be provided to Members shortly thereafter. The January General Purposes Committee will then consider the updated budget position taking account of the additional funds announced for next year and our latest estimates of the pressures facing the

Council next year, and in view of the potential decisions Members could take at the February Full Council meeting in order to set a balanced budget.

7. Capital Programme Update

- 7.1 The draft capital programme was reviewed individually by service committees in October and was subsequently reviewed in its entirety, along with the prioritisation of schemes, by GPC in November. As a result further work was required on a handful of schemes, as well as further work ongoing to revise and update the programme in light of continuing review by the Capital Programme Board, changes to overall funding, updates in response to the COVID-19 situation, or to specific circumstances surrounding individual schemes.
- 7.2 The Council is still awaiting funding announcements regarding various capital grants, plus the ongoing nature of the capital programme inevitably means that circumstances are continually changing. Therefore Services will continue to make any necessary updates in the lead up to the January GPC meeting at which the Business Plan is considered.

8. Business Planning context for Corporate Services

8.1 LGSS Repatriation

This period has seen the continued repatriation of LGSS services into Corporate Services. The process began in 2019 with Finance and Democratic services returning to their 'home' councils. The plan to transition from LGSS to the new 'home' council and lead authority operating model was put on hold in response to the government lockdown in March 2020 due to the COVID-19 pandemic.

The LGSS Business Transition Board with LGSS Joint Committee agreed a revised plan as follows, which has now been delivered:

- Repatriated services returned to their relevant council on 30 September 2020
- The Lead Authority model to commence in December 2020

This is a complex programme to disband LGSS, a c.£63m business, which delivers 12 services across its partner and customer portfolio. Cambridgeshire is the lead authority for Finance Operations (Accounts Payable and Debt Management) and Insurance. It now receives Internal Audit from Milton Keynes Council, and Payroll, Pensions and Business Systems from Northamptonshire.

The LGSS Business Transition Board has ensured that all matters relating to the creation of the new operating model, the transfer of staff and services, the maintenance of ongoing operational activity, the performance of services and the transfer of finances have been managed effectively.

8.2 IT Pressures

With the move to the majority of staff working remotely in response to the COVID-19 pandemic, we have seen a 200% increase in the use of data and a 300% increase in the use of Voice/Video. We expect this higher level of

remote working to continue into next year. This is coupled with an increase in mobile phone usage with an additional 1500 contracts activated since March 2020. As a result two new investments have been identified. These are for the Microsoft Enterprise Agreement, which will enable staff to work collaboratively, share documents securely, and best utilise the range of additional tools available within Office 365, and an increase in data sims cards for our laptops, enabling staff to work remotely in locations appropriate for their roles.

9. Overview of Corporate Services' draft Revenue Programme

- 9.1 This section provides an overview of the savings and income proposals within the remit of the Committee.
- 9.2 All of the proposals within the remit of the Committee are described in the business planning tables (Appendix 1) and business cases (Appendix 2).
- 9.3 The Committee is asked to comment on and endorse these proposals for consideration as part of the Council's Business Plan for the next five years. Please note that the proposals are still draft at this stage and it is only at Full Council in February 2021 that proposals are finalised and become the Council's Business Plan. The following proposals can be found in Appendix 2
- 9.4 C/R.6.104 Reduction in staff mileage (-£564k)
We have seen a significant decrease in staff car mileage since the start of the 2020/2021 financial year predominately because of the COVID-19 pandemic and Council staff having to work from home. This has shifted our organisational culture and our behaviours with regards to travelling less and being able to successfully work remotely with our colleagues and still serve the needs of our residents. This is an opportunity to reduce staff mileage budgets longer term across all Council service areas for 2021/2022.
- 9.5 We are also analysing our current spend on printing and paper to identify any further savings that may arise from our new ways of working. A reduction in spend in this area would have additional benefits in reducing our carbon footprint and contributing to the aims of our Climate Change Strategy.
- 9.6 Furthermore, in response to the benchmarking analysis we are exploring potential savings within learning and development.

10. Next Steps

10.1 The high level timeline for business planning is shown in the table below.

December	Business cases go to committees for consideration
December	Provisional local government finance settlement towards the end of the month
January	General Purposes Committee will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the Business Plan and decide Council tax levels

11. Alignment with Corporate Priorities

11.1 A good quality of life for everyone

11.2 Thriving places for people to live

11.3 The best start for Cambridgeshire's children

The purpose of the Business Plan is to consider and deliver the Council's vision and priorities and this paper sets out how we aim to provide good public services and achieve better outcomes for communities, whilst also responding to the changing challenges of the pandemic.

11.4 Net zero carbon emissions for Cambridgeshire by 2050

The budget is reviewed at each stage of development to assess the carbon implications of any new investments or savings initiatives. Additionally, the Council is committed to reviewing the sufficiency of climate mitigation funds included in the Business Plan on an annual basis to deliver the Climate Change and Environment Strategy.

12. Significant Implications

12.1 Resource Implications

The proposals set out the response to the financial context described throughout this report and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget is described in the financial tables of the business plan, attached as an appendix. The proposals will seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

12.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for the proposals set out in this report.

12.3 Statutory, Legal and Risk implications

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget. Cambridgeshire County Council will continue to meet the range of statutory duties for supporting our citizens.

12.4 Equality and Diversity Implications

As the proposals are developed ready for service committees, they will consider and describe the impact of each proposal, in particular any disproportionate impact on vulnerable, minority and protected groups. Full EqlAs will be completed where identified.

12.5 Engagement and Consultation Implications

Our Business Planning proposals are informed by the CCC public consultation and will be discussed with a wide range of partners throughout the process. The feedback from consultation will continue to inform the refinement of proposals. Where this leads to significant amendments to the recommendations a report would be provided to GPC.

12.6 Localism and Local Member Involvement

As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities. We are working with members on materials which will help them have conversations with Parish Councils, local residents, the voluntary sector and other groups about where they can make an impact and support us to mitigate the impact of budget reductions.

12.7 Public Health Implications

We are working closely with Public Health colleagues as part of the operating model to ensure our emerging Business Planning proposals are aligned.

Have the resource implications been cleared by Finance? Yes
Officer clearance: Tom Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes
Officer clearance: Gus de Silva

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes
Officer clearance: Fiona McMillian

Have the equality and diversity implications been cleared by your Service Contact? Yes
Officer clearance: Beatrice Brown

Have any engagement and communication implications been cleared by Communications? Yes
Officer clearance: Christine Birchall

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes
Officer clearance: James Gemmell

Have any Public Health implications been cleared by Public Health? Yes
Officer clearance: Liz Robin

13. Source Documents

13.1 The October committee report is located [here](#)