GENERAL PURPOSES COMMITTEE

Cambridgeshire County Council

Tuesday, 23rd January 2018

10.00 a.m.

Kreis Viersen Room
Shire Hall
CAMBRIDGE

Democratic and Members' Services
Quentin Baker
LGSS Director: Law and Governance
Shire Hall
Castle Hill
Cambridge
CB3 0AP

AGENDA

The Committee currently comprises the following members.

County Councillors A Bailey, I Bates, S Bywater, S Count (Chairman), S Criswell, L Dupre, D Giles, R Hickford (Vice-Chairman), P Hudson, D Jenkins, N Kavanagh, L Nethsingha, J Schumann, M Shuter and J Whitehead

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Agenda Item No.2

GENERAL PURPOSES COMMITTEE: MINUTES

Date: Tuesday, 19th December 2017

Time: 10.00a.m. – 11.05a.m.

Present: Councillors Bailey, Bates, Bywater, Criswell, Dupre, Giles, Hickford (Vice-Chairman), Hoy (substituting for Councillor Count), Hudson, Jenkins, Nethsingha, Schumann, Shuter and Whitehead

Apologies: Councillors Count and Kavanagh

57. DECLARATIONS OF INTEREST

There were no declarations of interest.

58. MINUTES – 28TH NOVEMBER 2017 AND ACTION LOG

The minutes of the meeting held on 28th November 2017 were agreed as a correct record and signed by the Vice-Chairman. The action log was noted.

59. PETITIONS

No petitions were received.

60. FINANCE AND PERFORMANCE REPORT – OCTOBER 2017

The Committee was presented with the October 2017 Finance and Performance report for Corporate Services and LGSS Cambridge Office, which was forecasting an overspend of £1,200k. This was an improvement reflecting savings as a result of vacancies, a favourable variance relating to the Eastern Shire Purchasing Organisation (ESPO), and an improvement in financing charges. It was noted that ESPO would be moving to Commercial and Investment (C&I) Policy and Service Committee going forward.

It was resolved unanimously to:

a) Review, note and comment upon the report.

b) Note that in future the income budget relating to the Eastern Shire Purchasing Organisation (ESPO) would be monitored by the Commercial and Investment Committee (C&I), in line with that Committee's constitutional role. [A favourable variance related to ESPO was recorded in this report under LGSS managed – section 2.2.3 of the appendix, it would move to C&I going forward.]

61. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST OCTOBER 2017

The Committee received a report detailing the financial and performance information to assess progress in delivering the Council's Business Plan. The overall revenue budget position was showing a forecast year-end overspend of £4.2m, which was a decrease of £575k from September. Attention was drawn to the proactive response to this overspend through financial management and transformation activity, and the identification of significant one-off mitigation to address a number of areas in a planned way. It was noted that there were a number of pressures relating to the Waste Disposal Private Finance Initiative (PFI) contract, Looked After Children (LAC) Placements, Older People's Services and the Learning Disability Partnership.

The Vice-Chairman proposed with the unanimous agreement of the Committee to add the Chairman of C & I to recommendation d), as C & I was responsible for commercial investments.

One Member queried why a loan facility to LGSS Law Ltd was required. The Chief Finance Officer (CFO) explained that when a new company was established, it needed to consider cash flow equity or an overdraft facility particularly if it billed in arrears. It was noted that LGSS Law Ltd did bill for long assignments throughout a period of time but for many pieces of work there was a time lag before the income came back to the company. In most cases this was usually covered by revenue surpluses which for LGSS Law Limited had not been established or a cash injection from shareholders.

In response, the same Member suggested that LGSS Law Limited should be checking its billing as not all lawyers billed in arrears. She queried whether the LGSS Joint Committee would be reviewing these arrangements. The Chief Executive reported that there was an LGSS Law Ltd Shareholder Meeting on 20 December which would be considering issues of billing and the appointment of a Business Manager; Councillor Raynes would be attending on behalf of the Council. Councillor Bates reported that he had attended the last meeting of the LGSS Joint Committee.

It was resolved unanimously to:

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

b) Approve the changes to capital funding requirements as set out in Section 6.7.

c) Approve an additional £98k of prudential borrowing in 2017/18 to provide improved audio visual capabilities for staff meetings, as set out in section 6.8.

d) Authorise a loan facility to LGSS Law Ltd for up to £499k, delegating authority to the Chief Finance Officer to agree the detailed terms of the arrangement in consultation with the Chairman of the Committee and the Chairman of Commercial and Investment Committee (see section 8.9).

62. BUSINESS PLANNING

a) General Purposes Committee Review of Draft Revenue and Capital Business Planning Proposals for 2018-19 to 2022-2023

The CFO introduced a report providing an overview of the draft Business Plan revenue and capital proposals for services that were within the remit of the Committee. He explained that the report was a mixture of the global position and the revenue and capital information considered by the relevant Policy and Service Committees. He reminded Members that the Committee would receive the final draft Business Plan at its meeting on 23 January before Council set the budget on 6 February 2018.

He advised the Committee that the Business Plan would be based on a 2% increase in Council Tax in 2018-19 and 2019-2020, through the levying of the Adults Social Care precept, and a 0% general Council Tax increase. The financial projections had been built on the grant settlement received last year. Members were reminded that the Council had not signed up to the multi-year settlement. The CFO reported that the finance settlement was scheduled to be released on 19 December, and he would provide the Committee with a summary of its implications. **Action Required.**

He informed the Committee that provision had been made in the business plan for a 1% increase in pay based on the Chancellor's statement in March 2016. Members were reminded that the National Joint Council was proposing a 2% increase, which amounted to an additional pressure of £800k. This figure would be included in the report to the next meeting, and the pressure might be mitigated by the grant system.

Attention was drawn to the £2.7m gap in projection of costs against revenue. The CFO explained that he was comfortable with this projection at this stage. He reminded the Committee that there were risks associated with the transformation proposals with some having a higher risk regarding timing and deliverability. Finally, he advised the Committee that the Combined Authority was likely to take over the role of Accountable Body for the Local Enterprise Partnership from the Council. It was noted that this would impact on the way the Council financed its capital programme.

During discussion of the report, the following comments were raised:

- queried why the finance of the refresh stock of Council laptops for staff was now being treated as revenue expenditure. It was noted that IT equipment could be treated as either capital or revenue. Capital usually reflected life over one accounting period. Given the short life of laptops of three years, there was effectively no difference between charging to revenue or capital. It was noted that the Council did try to push the lifespan of laptops to five years but it was prudent to budget for three years.

- queried whether the £4.2m overspend in the Integrated Resources and Performance Report and the £4m virement to People and Communities to fund LAC meant that the Council's reserves had reduced by £8m. The CFO explained that the Council's reserves were unaffected. He reported that any overspend at year end would need to be funded in 2018/19. It was noted that an assumption had already been made and this pressure would be reflected in cash limits. The virement was a movement between budgets.

- expressed concern that a number of business cases were aspirational and would not happen within the timeframe. Attention was drawn to Organisational Review – C/R.6.102 and the Shared and Integrated Services – Cambridgeshire CC and Peterborough CC – C/R.6.101, which were projecting savings of £800k and £300k respectively. She felt that both business cases looked optimistic and that the former was not specific enough. The CFO reported that in his view the first business case was deliverable particularly as the Council had already taken out £2m in 2015/16 and was constantly looking at staffing structures. There was also a need to rationalise some terms and conditions.

- highlighted the fact that overall People and Communities had achieved savings of £20m overall this year. Given the scale of the service, there would be an overspend in some areas. However, it was important to note that the Council had an ambitious transformation programme which had achieve the majority of its schemes. One Member therefore thanked and congratulated officers for their hard work. The Vice-Chairman also commented on the enormity of what had been achieved by the Council in the last few years via savings and transformation.

- acknowledged that savings had been made but the Council was now at the point where making savings was becoming increasingly difficult. One Member felt that the underlying problem which would make it impossible for the Council to deliver a balanced budget was that there was not enough funding particularly in Children's Services. She commented that it was possible to artificially balance the budget but in her view the funding problems were endemic and would not go away.

- concern expressed by one Member that the draft Business Plan revenue and capital proposals did not yet reflect a robust budget. He was concerned that the Organisational Review – C/R.6.102 was too aspirational and at an early stage. He highlighted the need to provide confidence that it could be delivered. He raised the need to reflect in the report that the £800k saving was part of a £100m budget, and the need to include the risks. He commented that the detail needed to be included in the Business Cases to convince people that it was a robust budget. Members were informed that the detailed Business Cases could be accessed electronically on the internal system, which provided an opportunity to 'deep dive'. All the schemes had a RAG rating regarding deliverability which had been reported to the relevant committee.

It was resolved unanimously to:

a) note and comment on the updated overview and context provided for the 2018/19 to 2022/23 Business Plan and the progress made in the development of proposals

b) comment on the draft revenue proposals and pressures which fall within the specific remit of the General Purposes Committee for corporate services and cross cutting proposals

c) comment on the changes to the capital programme that were within the remit of the General Purposes Committee as part of consideration for the Council's overall Business Plan.

b) <u>Cambridgeshire County Council Approach to Public Consultation on the Business Plan</u>

The Committee considered a report outlining the early findings for the 2018/19 Business Planning consultation as recommended by the Communities and Partnership Committee. Members were reminded that the consultation had included focus groups, a representative household survey and an open web survey. The Committee would receive the final report at its meeting on 23 January 2018.

One Member highlighted the importance of retaining the same questions from previous surveys in order to provide meaningful comparisons. She reminded the Committee that a small working group of Members had been involved in developing the survey over the last three years which had provided good information. She had been advised that the questions in this survey would be the same but in fact they were different. She was particularly concerned that some of the questions contained more than one question which made it difficult to respond to when only one response was sought. She drew attention to the question relating to Council Tax, which had a detailed explanation of the Adult Social Care precept but no explanation for general Council Tax.

The Research Team Manager reported that the methodology for developing the household survey had placed an emphasis on keeping the questions the same. It was important to note that the survey had been considered at a Communities and Partnership workshop, and had also been circulated for further comment and input. Unfortunately, one Councillor had been unable to attend the workshop and had not contributed via e-mail. The Chairman of Communities and Partnership had then written to the Committee urging all Members to contribute. He acknowledged that the question relating to Council Tax had been shortened in order to accommodate other topics. He reported that the aim of the survey was to describe in key points what could happen to individual services. Charging was referred to in a number of places across the questions. It was important to note that people were less keen on charging. He informed the Committee that the survey should be considered alongside the focus groups. The same Member stressed the importance of using detailed questions to obtain reliable data. The Vice-Chairman commented on the need for Members invited to workshops to attend.

The Chairman of C&I reported that he recalled the continuity conversations. He informed the Committee that he had been privy to the consultation process, and in his view the parallels were clear and similar. The Vice-Chairman highlighted the need for the draft survey to be circulated to all Members in future. **Action Required.** The Chairman of C&I raised the need for the concerned Member to be more involved as the document needed to be as strong as possible. He informed the Committee that the information provided by the survey was useful attracting similar comments to previous years. In acknowledging the difficulty of getting the perfect survey, he explained that this year's survey had been set in the context of current events so could not be replicated exactly from previous years.

Another Member expressed concern about asking different questions under the banner of one question. She also felt that leading questions had been used in relation to Council Tax. There was concern from some Members that the consultation was more about volunteering and community participation rather than Council Tax. It was felt that these two subjects should have formed two separate consultations. The Chairman of Communities and Partnership reminded the Committee that the survey had been developed by a cross-party working group. In response, one Member commented that just because a working group was cross-party it did not mean everyone agreed with the outcome, and she added that not all her points had been taken on board. Another Member commented that she did not feel that the question on Council Tax was a foregone conclusion. The question was balanced providing 1 to 3 options. It had identified support for the ASC precept which had not been replicated for a further 1.99% increase in Council Tax.

One Member stressed that the public had not found the consultation confusing as it was clear that there was still not strong support for an increase in Council Tax. In response, another Member raised the need for more sophisticated methods of consultation. It was important that the public were made aware of the need to balance the desire for more services against resistance to pay more Council Tax. She was concerned that the consultation did not allow people to reflect on the complexity of the decisions they were being asked to make. She was particularly concerned that those most affected by services were not being consulted. For example, she raised the importance of identifying ways to engage with young people.

It was resolved unanimously to note the consultation findings

63. GENERAL PURPOSES COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES, INTERNAL ADVISORY GROUPS AND PANELS, AND PARTNERSHIP LIAISON AND ADVISORY GROUPS

The Committee considered its agenda plan, training plan and appointments to Outside Bodies. Members were advised that the following items had been removed and added to the agenda for the meeting on 23 January 2018:

- Approve going to market for a new MFD contract (*Removed*)
- Combined Authority Bid for Business Rates Pilot (*Added*)

They were also advised of a number of changes of appointments to the ESPO Management Committee and Finance and Audit Sub-Committee. One Member queried how the ESPO representatives would report back to the Council. The Chairman of C&I Committee confirmed that there would be a reporting mechanism back to committee.

It was resolved unanimously to:

a) review its Agenda Plan attached at Appendix 1;

b) review and agree its Training Plan attached at Appendix 2; and

c) agree the following appointments:

- Councillor Howell to replace Councillor Hickford on the ESPO Management Committee and Finance and Audit Sub-Committee;

- Councillor Hickford to replace Councillor Howell as a substitute; and

- Councillor Howell to be appointed as the Council's Shareholder Representative to represent Cambridgeshire's interests with respect to ESPO Trading Limited, and Councillor Bates to be the substitute.

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 19th December 2017 and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 12th January 2018.

Minutes of 19th December 2017

Item No.	Item	Action to be taken by	Action	Comments	Completed
62.	**Business Planning** a) General Purposes Committee Review of Draft Revenue and Capital Business Planning Proposals for 2018-19 to 2022-2023	C Malyon/ T Kelly	The Chief Finance Officer to provide the Committee with a summary of the Finance Settlement and its implications.	Included as part of the Business Plan report at Agenda Item No.6.	**Yes**
	b) Cambridgeshire County Council Approach to Public Consultation on the Business Plan	S Grace/ M Soper	The need for the draft survey to be circulated to all Members in future.	The reports from the Focus Groups and the Household Survey will be circulated to all Members once the GPC papers for the 23 January have been published.	**Yes**

Agenda Item No:4

FINANCE AND PERFORMANCE REPORT – NOVEMBER 2017

To:	**General Purposes Committee**
Meeting Date:	**23 January 2018**
From:	**Director of Corporate and Customer Services** **Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**To present to General Purposes Committee (GPC) the November 2017 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 November 2017.**
Recommendation:	**The Committee is asked to review, note and comment upon the report.**

	Officer contact:		***Member contacts:***
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703599	Tel:	01223 706398

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 November 2017 Finance and Performance report.

2.2 **Revenue:**

At the end of November, Corporate Services (including the LGSS Managed, Deputy Chief Executive and Financing Costs) is forecasting an underspend of £1.4m. The Corporate Services budget reflects the transfer of a further £100k budget to People and Communities, as part of the reconfiguration of the Strengthening Communities Service. There are no new significant forecast outturn variances (over £100k) to report.

The LGSS Cambridge Office budget is forecasting an overspend of £71k and there are no significant forecast outturn variances (over £100k) to report. This element of the budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.

Financing Costs are forecasting an underspend of £1.8m underspend at year-end.

2.3 **Capital:**

At the end of November, Corporate Services, Transformation and LGSS Managed are forecasting an underspend of £188k on capital budgets.

Predicted in-year slippage of £467k exceeds the capital programme variations budget for Corporate Services, resulting in a net underspend of £188k.
In-year variances of £495k for LGSS Managed schemes do not exceed the variations budget, therefore at the end of November the LGSS Managed capital programme is forecast to be in balance at year-end. There were no material exceptions to report for Corporate Services and LGSS Managed schemes.

LGSS Operational is forecasting a balanced position on capital, and as yet there has been no capital spend. None of the capital programme variations budget has been used and there are no significant forecast outturn variances to report.

2.4 **Performance:**

Corporate Services / LGSS Cambridge has 13 performance indicators for which data is available. 8 indicators are currently at green, 3 at amber and 2 at red status. 2 indicators have no target set.

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 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

4.5 Engagement and Consultation Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	N/A
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Have the equality and diversity implications been cleared by your Service Contact?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
CS and LGSS Cambridge Office Finance & Performance Report (November 17)	1st Floor, Octagon, Shire Hall, Cambridge

Appendix A

Corporate Services and LGSS Cambridge Office

Finance and Performance Report – November 2017

1. SUMMARY

1.1 Finance

Previous Status	Category	Target	Current Status	Section Ref.
N/A	Income and Expenditure	Balanced year end position	Green	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
November Number of indicators)	2	3	8	13

2. INCOME AND EXPENDITURE

2.1 Overall Position

[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 October forecast outturn variance in the table has been adjusted to reflect October forecasts for budgets transferred to Commercial and Investment Committee.

The adverse position seen overall in this report is subject to action by officers to address. Mitigations identified in corporate areas, but reported outside of this report, include additional income from the County Offices' estate and Business Rates.

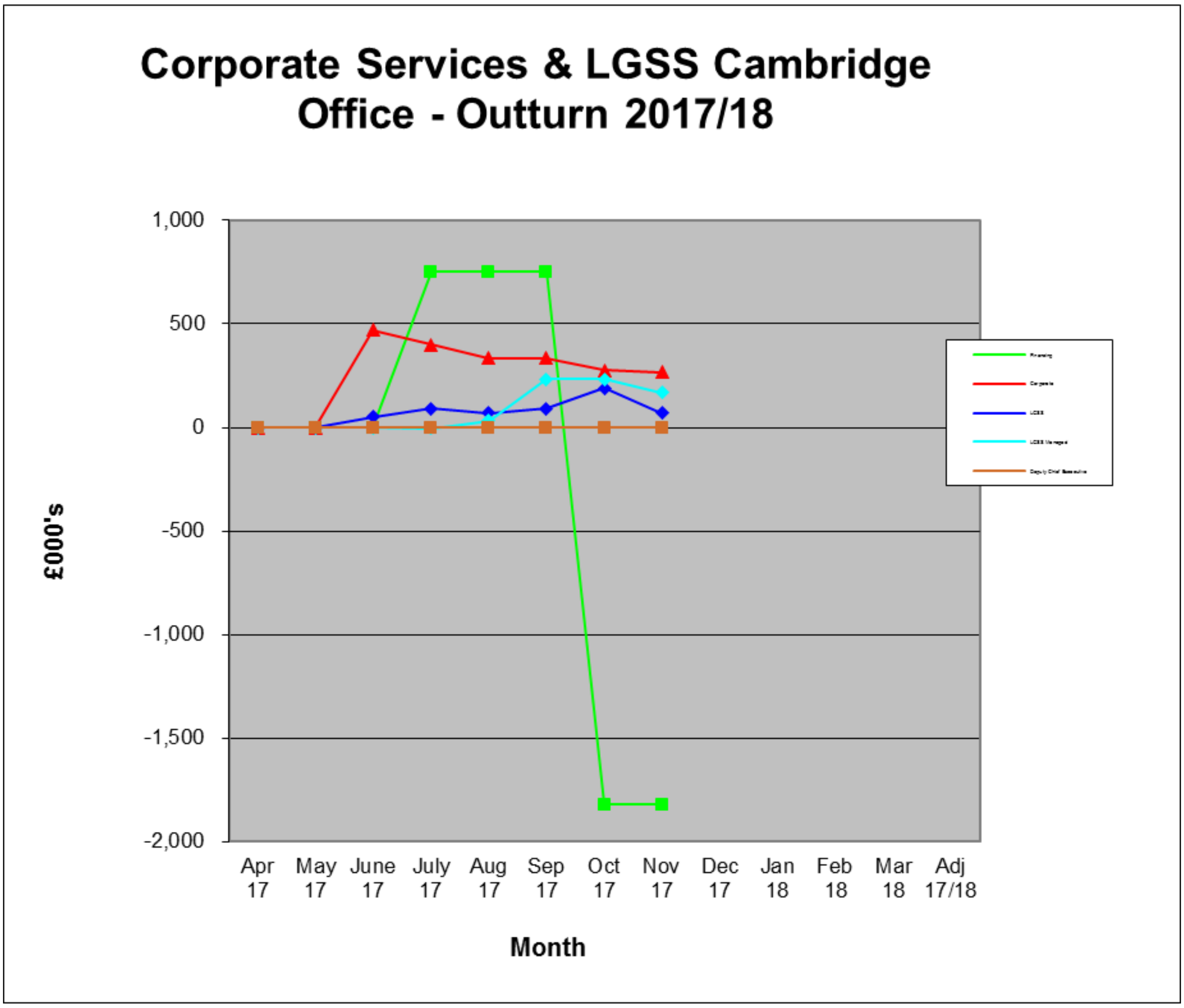
Original Budget as per BP (1)	Directorate	Current Budget	Forecast Variance - Outturn (Oct) (2)	Forecast Variance - Outturn (Nov)	Forecast Variance - Outturn (Nov)	Current Status	DoT
£000		£000	£000	£000	%		
6,914	Corporate and Customer Services	4,487	276	266	6	Amber	↑
223	Deputy Chief Executive	275	0	0	0	Green	↔
13,626	LGSS Managed	13,724	232	168	1	Amber	↑
22,803	Financing Costs	24,227	-1,820	-1,820	-8	Green	↔
43,566	**Sub Total**	**42,713**	**-1,312**	**-1,386**			
7,746	LGSS Cambridge Office	9,488	189	71	1	Amber	↑
51,312	**Total**	**52,202**	**-1,123**	**-1,316**			

The service level budgetary control report for Corporate Services, LGSS Managed and Financing Costs for November 2017 can be found in CS appendix 1.

The service level budgetary control report for LGSS Cambridge Office for November 2017 can be found in LGSS appendix 1

Further analysis of the results can be found in CS appendix 2 and LGSS appendix 2

The appendices are published online only and not printed for Committee.



2.2.1 Significant Issues – Corporate and Customer Services

Corporate and Customer Services budgets are currently predicting an overspend of £266k at year-end. This represents an improvement of £10k from last month.

Budgets totalling £100k have been transferred from Corporate Services to People and Communities during November 2017, as part of the re-configuration of the Strengthening Communities Service. A one-off salary saving was realised against the Strengthening Communities Service in 2017/18, and this saving will be retained within Corporate Services.

There are no exceptions to report this month.

2.2.2 Significant Issues – Deputy Chief Executive

Deputy Chief Executive budgets are forecast to be in balance at year-end.

There are no exceptions to report this month.

2.2.3 Significant Issues – LGSS Managed

LGSS Managed budgets are currently predicted to be overspent by £168k at year-end, an improvement of £64k from the position reported last month for the equivalent budget areas. This change is due to a favourable forecast variance of £60k on Insurance budgets, following evaluation of the insurance tender documents and expected contract premiums.

The income budget of £200k for the CCC share of the ESPO dividend, which reported a favourable variance of £58k for November, has been transferred to C&I Committee during November.

There are no other material exceptions to report this month.

2.2.4 Significant Issues – Financing Costs

Financing Costs are forecasting an overall underspend of £1.8m at year-end. The budget for Debt Charges and Interest has increased by £1.4m during November, following the transfer to C&I Committee of budgets relating to the Housing Investment Company. This change has resulted in an improvement of £750k in the forecast outturn position for Debt Charges and Interest compared to last month.

There are no new material exceptions to report this month.

2.2.5 Significant Issues – LGSS Cambridge Office

LGSS Cambridge Office is predicting an overspend of £71k at year-end, an improvement of £118k from last month across a number of policy lines. There are no material exceptions to report this month.

Any year-end deficit / surplus is subject to a sharing arrangement with Northamptonshire County Council and Milton Keynes Council and will therefore be split between partner authorities on the basis of net budget, 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 is a forecast deficit of £194k on the consolidated trading activities, a reduction of £23k compared to the previous period. This will be offset through the LGSS Smoothing Reserve, which has been built up in previous financial years to address potential trading risk.

There are no material exceptions (over £100k) to report for this month.

2.3 Additional Income and Grant Budgeted this Period

(De minimis reporting limit = £30,000)

There were no new items recorded during November 2017.

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 and Customer Services:

	£	Notes
Transfer from CS to P&C	-101,899	Transfer of Strengthening Communities budgets
Non material virements (+/- £30k)	0	

LGSS Managed Services:

	£	Notes
Transfer from LGSS Managed to C&I	200,000	ESPO dividend budget
Transfer from LGSS Managed to LGSS Cambridge Office	15,000	Equalisation adjustment
Non material virements (+/- £30k)	0	

Financing Costs:

	£	Notes
Transfer from Debt Charges to C&I	1,424,000	CHIC interest costs and income generation
Non material virements (+/- £30k)		

A full list of virements made in the year to date for Corporate and Customer 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 and Transformation schemes have a capital budget of £5.6m in 2017/18 and there is £2.2m spend to date. The forecast for net in-year slippage of £467k exceeds the Capital Programme Variation budget of £279k, resulting in a favourable forecast outturn variance of £188k. The total scheme variation is predicted be £86k.

  It has been identified that an additional £86k of Transformation Team costs may need to be capitalised in 2017-18, rather than being recharged to specific capital schemes; this change will also result in a total scheme variance of £86k on the Capitalisation of Transformation Team capital budget. Transformation costs can only be classified as capital under the government directive on flexible use of capital receipts, which permits capital receipts to be used to fund transformation work; therefore they must be funded by capital receipts rather than any other source of capital funding.

  There were no material exceptions to report for November.

- LGSS Managed has a capital budget of £0.9m in 2017/18 and there is expenditure of £164k to date. In-year slippage does not yet exceed the Capital Programme Variation budget of £570k, therefore a balanced position is forecast at year-end. A £495k total scheme variance is forecast.

  There were no material exceptions to report for November.

- LGSS Cambridge Office has a capital budget of £0.5m in 2017/18 and there is no spend to date. The capital scheme budgets are predicted to be in balance at year-end and total scheme variances of £0k are forecast across the programme.

  There were no new exceptions to report for November.

Funding

- Corporate Services and Transformation schemes have capital funding of £5.6m in 2017/18.

  As reported above, the Corporate Services capital programme as a whole is predicting an in-year underspend of £467k for 2017/18. This is offset by the Capital Programme Variation budget, resulting in a net reduction of £188k in the borrowing requirement for 2017/18.

  The requirement to fund an additional £86k of Transformation spending from capital receipts, necessitates a corresponding reduction in capital receipts funding in the Commercial & Investment capital programme. This is offset by an increase of £86k in the borrowing requirement for that committee.

- LGSS Managed has capital funding of £0.9m in 2017/18 and the current expectation is that this funding continues to be required in line with the revised budget proposals.

  As reported above, there is a net predicted in-year underspend of £495k. However, this is offset by the Capital Programme Variations budget, resulting in a balanced overall position.

- LGSS Cambridge Office has capital funding of £0.5m in 2017/18.

  A balanced budget is forecast, and the current expectation is that this funding continues to be required in line with the revised budget proposals.

- 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 key performance indicators for Corporate and Customer Services, LGSS Managed Services and the LGSS Cambridge Office for November 2017 are set out in CS Appendix 7 and LGSS Appendix 7.

The appendices to this report can be viewed in the online version of the report.

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 30TH NOVEMBER 2017

To:	**General Purposes Committee**
Date:	**23rd January 2018**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**2018/001** *Key decision:* **Yes**
Purpose:	**To present financial and performance information to assess progress in delivering the Council's Business Plan.**
Recommendations:	**General Purposes Committee (GPC) is recommended to:**

a) Analyse resources and performance information and note the significant remedial action being taken.

b) Note the changes to capital funding requirements as set out in Section 6.7.

c) Approve an additional £197k of prudential borrowing in 2017/18 for County Farms Investment projects, as set out in section 6.8.

d) Note the transfers in revenue budget responsibility and reporting as set out in section 7.2.

	Officer contact:		***Member contacts:***
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703599	Tel:	01223 706398

1. PURPOSE

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

2. OVERVIEW

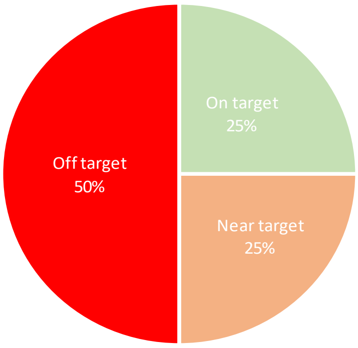
2.1 The following summary provides a snapshot of the Authority's performance against its indicators around outcomes, its forecast financial position at year-end and its key activity data for care budgets.

Data available as at: 30 November 2017

Outcomes

87 indicators about outcomes are monitored by service committees
They have been grouped by outcome area and their status is shown below

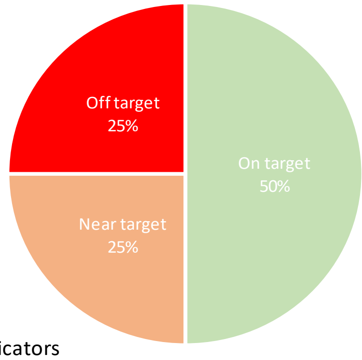
Older people live well independently



Stayed the same

4 indicators

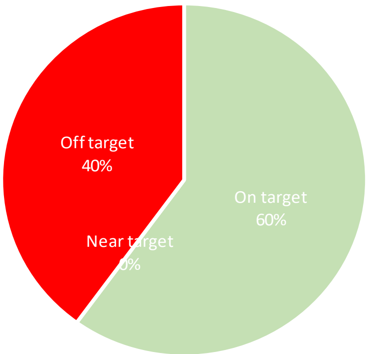
People with disabilities live well independently



Stayed the same

4 indicators

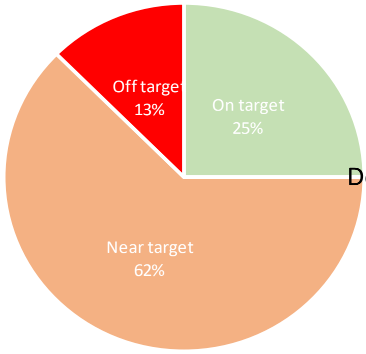
Adults and children are kept safe



Stayed the same

6 indicators, 1 of which do not have targets

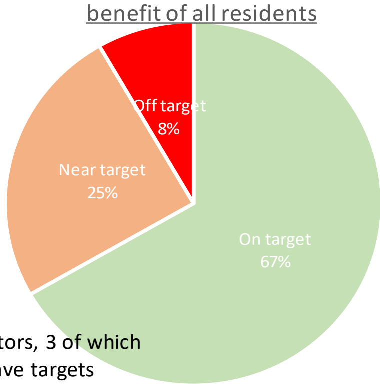
People live in a safe environment



Decreasing

12 indicators, 4 of which do not have targets

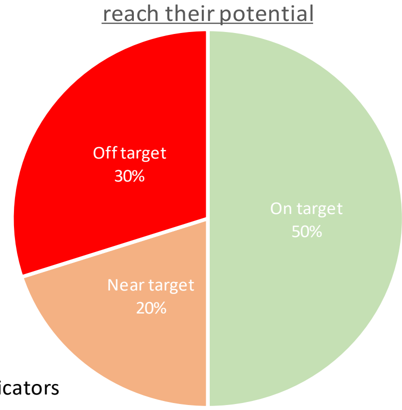
The Cambridgeshire economy prospers to the benefit of all residents



Increasing

15 indicators, 3 of which do not have targets

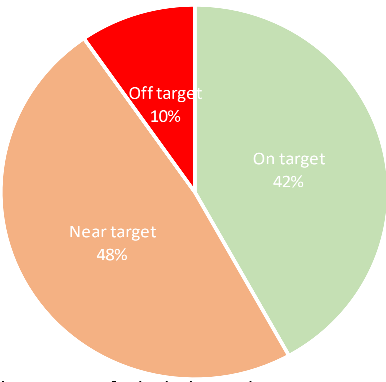
Places that work with children help them to reach their potential



Stayed the same

10 indicators

People lead a healthy lifestyle and stay healthy for longer



Increasing

34 indicators, 3 of which do not have targets

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
24 Early ideas ↑ 113 Business cases in development ↑ 24 Projects being implemented ↓ Transformation Fund: 14 projects rated Green 4 rated Amber (reflecting some need to re-phase savings) 3 rated Red (risk of non-delivery of savings or benefits)	As of the end of November 2017 we had lost 6.62 days on average per staff member to sickness during the last 12 months.

Finance and Risk

Revenue budget forecast +£4.2m (1.2%) variance at end of year RED	This is a £0.02m improvement since last month.	**Capital programme forecast** £0 (0%) variance at end of year GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	9	1

*Latest Review: October 2017

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Nov-17	Trend since Apr-17
Nursing	461	Stayed the same
Residential	870	Increasing
Community	2401	Increasing

Adults aged 18+ open to disability services receiving long term services

	Nov-17	Trend since Apr-17
Nursing	25	Stayed the same
Residential	320	Increasing
Community	1929	Increasing

Children open to social care

	Nov-17	Trend since Apr-17
Looked after children	701	Increasing
Child protection	538	Decreasing
Children in need*	2163	Increasing

*Number of open cases in Children's Social Care (minus looked after children and child protection)

Public Engagement

	Nov-17	Trend since Aug-17
Contact Centre Engagement	13,123 Phone Calls	Decreasing
	4,550 Other	Stayed the same
Website Engagement (cambridgeshire.gov.uk)	138,792 Users	Decreasing
	215,338 Sessions	Decreasing

The number of service users is a key indicator of the demand for care budgets in social care, inforamtion about the contacts with the public across web and phone channels is a key indicator of both service delivery and transformation.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£4.2m (+1.2%), a decrease of £21k on the forecast pressure reported in October; there have been increases in People and Communities (P&C), offset by improvements in the forecast for Funding items. See section 3 for details.

- The Capital Programme is forecasting a balanced budget at year end. This includes use of £13.4m (49%) of the capital programme variations budget. See section 6 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
CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per Business Plan £000	Service	Current Budget for 2017/18 £000	Forecast Variance (October) £000	Forecast Variance (November) £000	Forecast Variance (November) %	Overall Status	DoT
38,682	ETE	40,423	-6	19	0.0%	Amber	↓
237,311	People & Communities	239,140	5,562	6,259	2.6%	Red	↓
200	Public Health	386	-96	-156	-40.4%	Green	↑
15,542	Corporate Services	4,762	276	266	5.6%	Amber	↑
6,500	LGSS Managed	13,724	232	168	1.2%	Amber	↑
2,702	Commercial & Investment	8	793	584	7300.0%	Amber	↑
22,803	CS Financing	24,227	-1,820	-1,820	-7.5%	Green	↔
323,740	**Service Net Spending**	**322,670**	**4,941**	**5,320**	**1.6%**	**Red**	↓
24,377	Funding Items	23,305	-705	-1,105	-4.7%	Green	↑
348,117	**Total Net Spending**	**345,975**	**4,236**	**4,215**	**1.2%**	**Red**	↑
	Memorandum items:						
7,746	LGSS Operational	9,488	189	71	0.7%	Amber	↑
212,873	Schools	212,873					
568,736	**Total Spending 2017/18**	**568,336**					

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

3 The budget of £387k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £26.0m from ring-fenced public health grant, which makes up its gross budget.

4 The 'Funding Items' budget (previously been referred to as 'Financing Items') comprises the £23m Combined Authority Levy and the £384k Flood Authority Levy. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

3.1.1 Although the position continues to be challenging, with looked after children numbers in particular reaching a high level (following the national trend), savings of £28.2m are on track against a target for 2017-18 of £33.4m, with additional ‘funnel’ savings that exceed business planning targets.

3.1.2 Across the Council, the strategic management team is directing a proactive response through financial management and transformation activity to address the predicted deficit.

The response to the pressures arising includes:

- increasing savings achievable from contractual efficiencies, as part of the rolling procurement review capability, now established and overseen by the Commercial Board.

- bringing forward savings, efficiencies and income maximisation identified for future years where this is possible on a department-by-department basis.

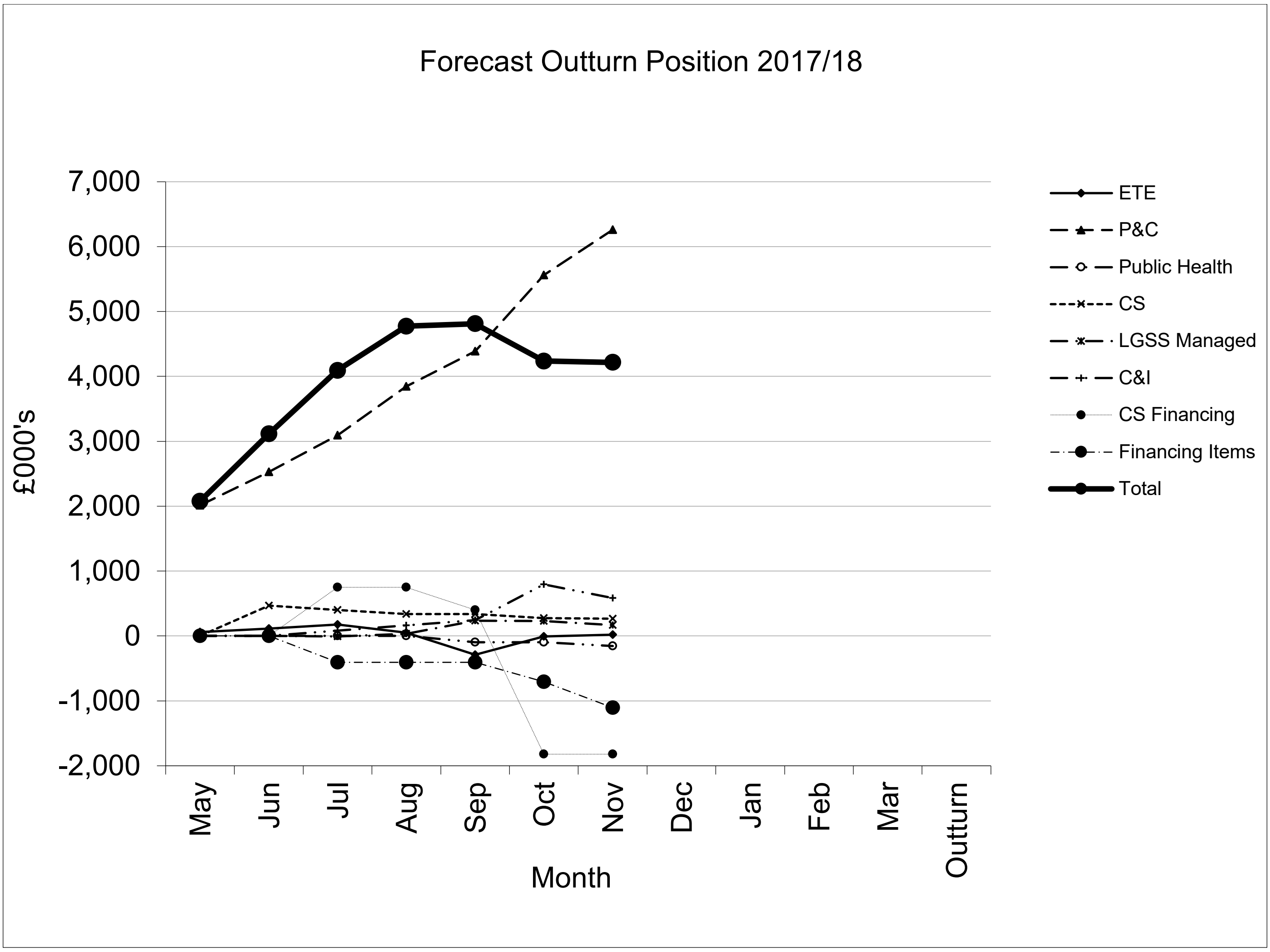
- maximising grant income and retention with appropriate application to current pressures.

- review of earmarked and held funds and releasing these where no longer required.

- benefitting from opportunities for reduced cost or additional income through collaboration across partners.

- at the November General Purposes Committee meeting the Committee noted Peterborough City Council’s request to the Chief Executive to explore delivery of further shared services with other local authorities to protect front line services and asked that these opportunities were also explored on behalf of Cambridgeshire County Council.

To date across these measures mitigations totalling £5.9m have been identified.



3.1.3 The Council has enhanced its financial reporting processes in recent months as the level of budgetary challenge has continued to increase. The outlook for demand services remains a risk as services prepare for the winter months - service management teams are planning responses that nonetheless improve the financial position in that context.

The Council has significant budget flexibility to respond to these risks and uncertainties. In addition to the measures already identified and listed in section 3.1.2, SMT has identified significant one-off mitigation in the following areas which will be released in a planned way to respond to and smooth resource needs in the remainder of the financial year, while delivering an improved outturn, compared to the pressures currently reported.

Grant and funding review	There is significant potential to re-prioritise grant funded activity, especially in response to Adults Services pressures as these emerge in winter at a local level, in collaboration with the NHS. This is part of a planned approach across at least the next 2 years.
Balance sheet & financial provision review	There are opportunities to review and release funds previously held for specific risks or uncertainties that can be re-directed in the current context. This forms a regular and routine part of financial and management activity.
Commercial income	As the remit of the Commercial and Investment Committee widens, we view that there are opportunities for an improved position reported by traded and shared services in the remainder of the year.
Workforce	Vacancy and recruitment review activity will continue to forecast financial impacts and deploy existing workforce to key priorities.

3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** +£0.019m (+0.0%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the ETE Finance & Performance Report (https://tinyurl.com/y8s9lqdu).

3.2.2 **People & Communities:** +£6.259m (+2.6%) pressure is forecast at year-end.

Due to the material overspend in Children's Services, the full narrative regarding those variances, provided to the CYP Committee is available in Appendix 3 to this report.

	£m	%
• **Looked After Children (LAC) Placements –** a +£2.7m pressure is forecast, which is an increase of £291k on the pressure previously reported in October. The increase is due to a combination of changes in placement fees (higher prices) and/or new placements (more placements) this month. One new high cost residential placement commissioned this month accounts for nearly half of this increase. External placement numbers (excluding unaccompanied asylum seeking children (UASC) but including 16+ and supported accommodation) at the end of November are 351, which is 3 more than reported at the end of October. However the composition of placement types and costs indicates that a small but significant number of children are in receipt of very intensive and costly packages of support which has increased since last month. The Access to Resources team are working with providers to ensure that support and cost matches need for all children. Actions being taken to address the forecast pressure are outlined in **Appendix 3**.	+2.691	(+16%)
• **SEND Specialist Services (0 - 25 years), Out of School Tuition –** a +£600k pressure is forecast. In Children & Safeguarding, the Out of School Tuition budget, which is forecasting a pressure of £600k, is now being reported within Children & Safeguarding, SEND Specialist Services (0-25). This was previously reported within Commissioning in October. This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block. It is the intention that any pressures on DSG funded services will be managed from within the overall available DSG for 2017/18.	+0.600	(+54%)
• **Mental Health Services –** a +£598k pressure is forecast for year-end across Adult Mental Health and Older People Mental Health. This is an increase of £327k on the pressure previously reported in July. This is due to continuing demand pressures for care home placements resulting in increased commitment levels. The impact of demand on savings delivery has been recognised in the forecast.	+0.598	(+5%)
• **Adoption** – a +£560k pressure is forecast for year-end. This is an increase of £260k on the pressure previously reported in May. This is due to an increase in Special Guardianship Orders (SGOs) over and above our growth forecasts. We have seen an	+0.560	(+13%)

increase of 15% (28 SGOs) so far in 2017/18 against a planned full year rise of 9%. The increase in Adoption and SGOs is a reflection of the good practice in making permanency plans for children outside of the looked after system and results in reduced costs in the placement budgets.

- **Children in Care –** a +£293k pressure is forecast. The 14- 25 Team 4 is forecasting a pressure of £150k. This is due to a forecast shortfall between the grant received from the Home Office for former looked after unaccompanied asylum seeking young people who are now over 18 and the costs incurred in supporting them. Cambridgeshire has seen an increase in the size of this cohort in this financial year as a number of looked after children (including those newly arrived in Cambridgeshire this year) have turned 18.

  The Supervised Contact team is forecasting a pressure of £185k. This is due to the use of additional relief staff and external agencies to cover the current 204 Supervised Contact Cases which equate to approximately 140 supervised contact sessions a week. +0.293 (+2%)

  This is offset by an underspend in fostering allowances and the rest of the fostering service of £43k.

  Actions being taken to address the forecast pressure are outlined in **Appendix 3**.

- **Commissioning Services –** a +£23k pressure is forecast. This is a reduction of £556k on the pressure previously reported in October. This is due to the Out of School Tuition budget and associated forecast pressure transferring to Children & Safeguarding, SEND Specialist Services (0-25). +0.023 (+1%)

- For full and previously reported details see the P&C Finance & Performance Report (https://tinyurl.com/yc8l95oo).

3.2.3 **Public Health:** a -£0.156m (-40.4%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the PH Finance & Performance Report (https://tinyurl.com/ycsx3db4).

3.2.4 **Corporate Services:** +£0.266m (+5.6%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju)

3.2.5 **LGSS Managed:** +£0.168m (+1.2%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

3.2.6 **CS Financing:** -£1.820m (7.5%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

3.2.7 **Commercial & Investment**: +£0.584m (+7300.0%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report.

(Please note that the C&I report is not yet available. The link will be activated following the publication of the C&I Committee agenda on 19th January. A copy of the draft report has been sent to GPC members.)

3.2.8 **LGSS Operational:** +£0.071m (+0.7%) pressure is forecast. Pressures in LGSS Operational are set against LGSS reserves at year-end, rather than using the General Fund. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

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 P&C Finance & Performance Report (https://tinyurl.com/yc8l95oo) (section 2.5).

5. PERFORMANCE AND RISK

5.1 The work to review all indicators and report exceptions against these is still ongoing; once all Service Committees have reviewed their indicators, exceptions will be reported to GPC.

5.2 **Change in P&C indicators:** The People & Communities' performance indicators included in this report are the set agreed by Committees for 2016/17. Following discussion with General Purposes Committee earlier in the current (2017/18) financial year, a revised set of measures are being developed with service leads. The 2016/17 indicators will continue to be reported until the new ones have been signed off by the service.

5.3 **Increasing Pressures Requiring Attention:** There was one outcome where the overall performance has decreased since last month. This was 'People live in a safe environment' and the decrease reflected change in one indicator 'Energy use by street lights – 12-month rolling total'. This indicator's RAG rating changed from green (on target) to amber (near target). The target for this indicator has now been updated to reflect other measures agreed elsewhere (such as the presence or absence of part night lighting, including those funded by Cambridge City and Parish Councils).

Further information on the specific indicator changes are detailed on the relevant service committee finance and performance reports.

5.4 The master file of performance indicators is available here, (https://tinyurl.com/y9xpdu4m) while the latest Corporate Risk Register can be found here (https://tinyurl.com/yaxm9ce4).

6. CAPITAL PROGRAMME

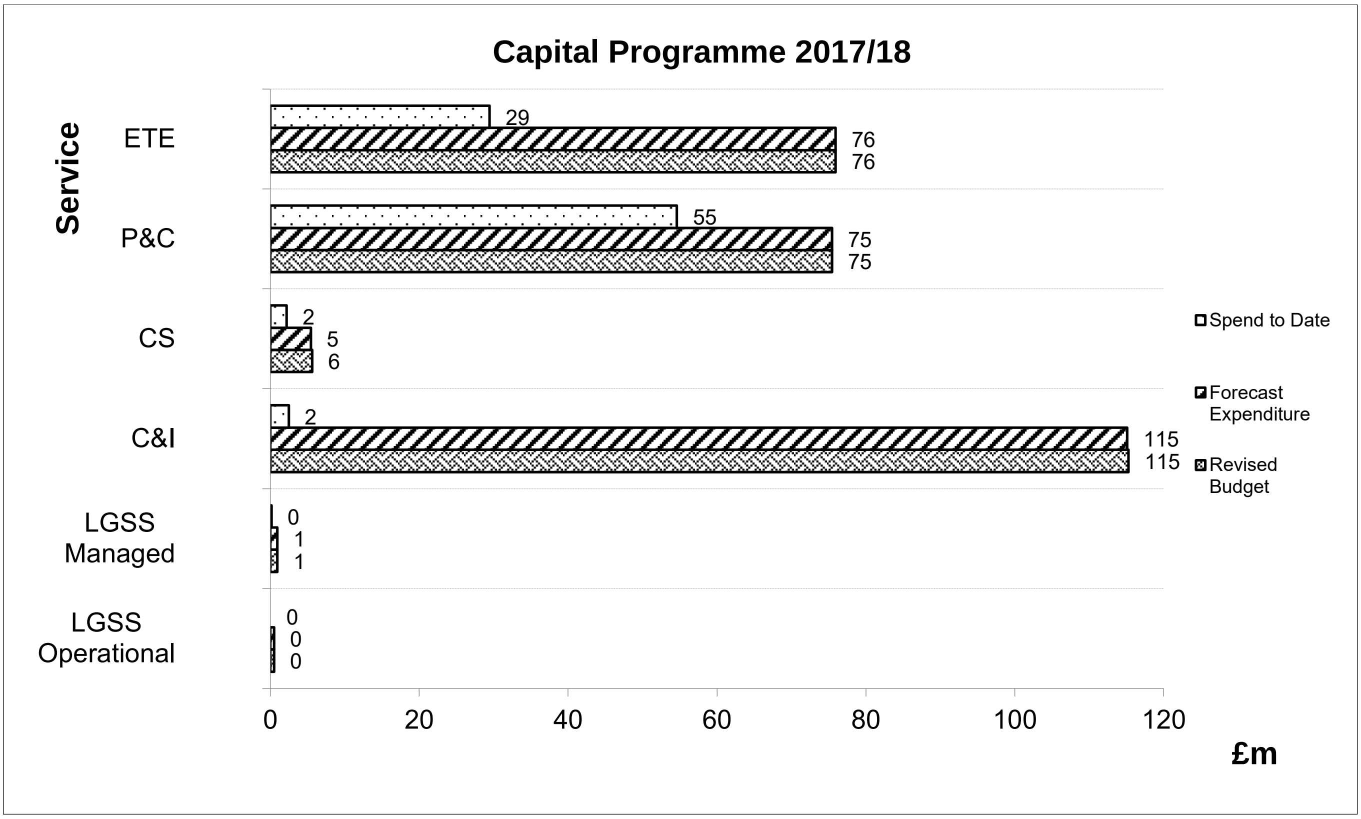
6.1 A summary of capital financial performance by service is shown below:

2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per Business Plan £000	**Service**	**Revised Budget for 2017/18 £000**	**Forecast Variance - Outturn (Oct) £000**	**Forecast Variance - Outturn (Nov) £000**	**Forecast Variance - Outturn (Nov) %**	**Total Scheme Revised Budget (Nov) £000**	**Total Scheme Forecast Variance (Nov) £000**
67,331	ETE	75,642	-	-	0.0%	434,824	-
77,408	P&C	75,442	0	0	0.0%	575,941	14,261
5,489	CS & Transformation	5,612	-274	-188	-3.3%	11,743	86
160	LGSS Managed	949	-	-	0.0%	9,853	-495
115,408	C&I	115,284	-	-164	-0.1%	217,501	-287
100	LGSS Operational	488	-	-	0.0%	1,595	-
-	Outturn adjustment	-	274	352	-	-	-
265,896	**Total Spending**	**273,417**	**0**	**0**	**-3.5%**	**1,251,457**	**13,565**

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.

2. The reported ETE capital figures do not include City Deal, which has a budget for 2017/18 of £11.1m and is currently forecasting an in year pressure of £0.95m.



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

6.2 A summary of the use of capital programme variations budgets by services is shown below. As forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when re-phasing exceeds this budget.

2017/18					
Service	**Capital Programme Variations Budget £000**	**Forecast Variance - Outturn (Nov) £000**	**Capital Programme Variations Budget Used £000**	**Capital Programme Variations Budget Used %**	**Revised Forecast Variance - Outturn (Nov) £000**
ETE	-15,514	-10,255	10,255	66.10%	0
P&C	-10,305	-1,244	1,244	12.07%	0
CS & Transformation	-279	-467	279	100.00%	-188
LGSS Managed	-643	-568	568	88.34%	0
C&I	-720	-884	720	100.00%	-164
LGSS Operational	-20	0	0	0.00%	0
Outturn adjustment	-	-	352	-	352
Total Spending	**-27,481**	**-13,418**	**13,418**	**48.83%**	**0**

6.3 Although re-phasing on Corporate Services and Transformation schemes and Commercial and Investment schemes has exceeded the capital programme variations budget allocated to them, it is not currently thought that re-phasing across the whole programme will exceed the total capital programme variations budget. However, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

6.4 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.25m or greater are identified below.

6.4.1 **Economy, Transport and Environment:** a balanced budget is forecast at year-end.

	£m	%
• **Cambridgeshire Archives** – an in-year underspend of -£1.9m is forecast. This is an increase of -£1.2m on the underspend previously reported in August. When last assessed it was assumed that a third of the construction work would be delivered in 2017/18. The latest schedule received from the contractor indicates that all construction work will now start in May 2018; therefore £3.778m of the £3.817m capital budget will be required in 2018/19. However, the scheme is still on track to complete in 2018/19.	-1.9	(-98%)
• **Huntingdon – West of Town Centre Link Road**– an in-year underspend of -£0.8m is forecast. This is due to land cost claims which have not been resolved as anticipated and it is now expected these claims will be resolved in 2018/19.	-0.8	(-56%)
• **Delivering the Transport Strategy Aims** – an in-year underspend of -£0.7m is forecast across Delivering the Transport Strategy Aims schemes. This is due to underspends on the following schemes: ○ Cycling Improvements: An underspend of £0.7m is forecast. The Bar Hill to Longstanton cycling scheme is fully funded by S106 contributions. This scheme will not progress until that section of the A14 is completed and so an in-year underspend is forecast.	-0.7	(-15%)
• **Community & Cultural Services –** an in-year underspend of -£0.5m is forecast across Community & Cultural Services. This is due to an underspend on the following scheme: ○ Sawston Community Hub: The Sawston Community Hub scheme has transferred across to ETE from the C&I service during November. An in-year underspend of -£0.5m is forecast. This is due to delays in the build start date which may push some works back into 2018/19 and retention costs which will now be due in 2018/19; the total scheme cost is not affected. This underspend was previously report in August under C&I.	-0.5	(-25%)
• **ETE Capital Variation** – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £10.3m underspend is balanced by use of the capital variation budget, this is an increase of £3.1m on the use of variations budget reported last month and relates to the in-year underspends on Cambridgeshire Archives, Huntingdon- West of Town Centre Link Road, Delivering the Transport Strategy Aims and Sawston Hub.	+10.3	(+68%)

- For full and previously reported details see the ETE Finance & Performance Report (https://tinyurl.com/y8s9lqdu).

6.4.2 **People & Communities:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the P&C Finance & Performance Report (https://tinyurl.com/yc8l95oo).

6.4.3 **Corporate Services:** a -£0.2m (-3%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

6.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

6.4.5 **Commercial & Investment**: a -£0.2m (-0%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

	£m	%
• **MAC Joint Highways Project** – an in-year underspend of -£0.5m is forecast. Although some of the partners have withdrawn, the Highways Agency are engaged, but it is not envisaged that there will be any spend in this financial year. The project has received One Public Estate revenue grant funding of £50k which is being used for some initial feasibility work. The future of the scheme will be clearer when the next project meeting is held before this year end.	-0.5	(-100%)
• **Sawston Community Hub** - The Sawston Community Hub scheme has transferred across to ETE from C&I during November. No outturn is therefore forecast within C&I and the in-year underspend of -£0.5m previously reported in August under C&I has transferred to ETE.	0.0	(0%)

- For full and previously reported details see the C&I Finance & Performance Report.

(Please note that the C&I report is not yet available. The link will be activated following the publication of the C&I Committee agenda on 19th January. A copy of the draft report has been sent to GPC members.)

6.4.6 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

6.5 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.25m or greater are identified below:

6.5.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the ETE Finance & Performance Report (https://tinyurl.com/y8s9lqdu).

6.5.2 **People & Communities:** a +£14.3m (+3%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the P&C Finance & Performance Report (https://tinyurl.com/yc8l95oo).

6.5.3 **Corporate Services:** a +£0.1m (+1%) total scheme overspend is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

6.5.4 **LGSS Managed:** a -£0.5m (-5%) total scheme underspend is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

6.5.5 **Commercial & Investment**: a -£0.3m (-0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report.

(Please note that the C&I report is not yet available. The link will be activated following the publication of the C&I Committee agenda on 19th January. A copy of the draft report has been sent to GPC members.)

6.5.6 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yc3fquju).

6.6 A breakdown of the changes to funding has been identified in the table below.

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £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	0.5	8.0	7.2	**36.1**	36.1	-
Basic Need Grant	32.7	-	-	-	**32.7**	32.7	-
Capital Maintenance Grant	4.0	-	0.4	-	**4.5**	4.5	-
Devolved Formula Capital	1.1	0.8	-0.1	-0.0	**1.8**	1.8	-
Specific Grants	23.1	0.5	-7.6	-	**16.1**	16.1	-
S106 Contributions & Community Infrastructure Levy	22.0	1.6	-4.4	0.8	**20.0**	20.0	-
Capital Receipts	83.9	-	-	2.2	**86.1**	86.1	-
Other Contributions	15.1	0.4	-4.6	1.7	**12.6**	12.6	-
Revenue Contributions	-	-	-	-	**-**	-	-
Prudential Borrowing	63.5	9.6	-10.4	0.9	**63.6**	63.6	-0.0
TOTAL	**265.9**	**13.4**	**-18.7**	**12.8**	**273.4**	**273.4**	**-0.0**

[1] Reflects the difference between the anticipated 2016/17 year end position, as incorporated within the 2017/18 Business Plan, and the actual 2016/17 year end position.

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

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Prudential Borrowing	C&I	-£1.1	Sawston Community Hub: The 2017/18 capital budget for C&I has reduced by £1.4m due to the transfer of the Sawston Community Hub scheme and there has been a reduction of £280k in the Capital Programme Variations budget. This has led to a net reduction of £1.1m in the Commercial and Investment borrowing requirement. The budget and borrowing requirement has transferred to ETE. **General Purposes Committee is asked to note the transfer in budget responsibility and reporting between services for Sawston Community Hub from C&I to ETE.**
Addition/Reduction in Funding – Prudential Borrowing	ETE	£1.1	

6.8 In addition to the above funding changes for 2017/18, additional funding of £197k is requested in 2017/18 for County Farms Investment projects, as previously agreed by the Capital Projects Board. The current budget is forecast to be overspent by £197,000, but will produce £55,000 additional revenue from County Farms. At present, it is not anticipated that there will be any further new projects to come forward during the current financial year, and it is requested that the additional budget of £197,000 be approved. The scheme is to be funded by an increase in prudential borrowing. The annual cost of borrowing starts in 2018/19 at £11k and decreases each year thereafter.

General Purposes Committee is asked to approve additional Prudential Borrowing of £197,000 in 2017/18 for County Farms Investment projects.

7. FUNDING CHANGES

7.1 Where there has been a material change in 2017/18 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. The agreed approach for each grant will then be presented to the General Purposes Committee (GPC) for approval.

Business Rates Retention Pilot

From April 2015 Cambridgeshire has been in a pilot scheme that allows councils to retain 100% of any additional growth in business rates beyond expected forecasts. For year two of the pilot scheme Cambridgeshire County Council’s share of the additional growth, which will be received in 2017/18, is anticipated to be at least £1,100k, which is £400k more than was previously reported in October. This has not been budgeted for and is shown as a forecast outturn in the ‘Funding Items’ section of this report.

It is proposed that this additional income will be transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval. An update to the current reported position will be provided if this projection changes and approval will be sought at year-end once the final figure is known.

7.2 Although the following changes in budget responsibility are about management responsibility only and do not constitute virements as there is no change in purpose or outcomes, these are recorded in this report for the Committee to note.

Virement of Cambridgeshire Housing Investment Company (CHIC) Net Interest Receivable budget

The budget for net interest receivable (-£1,424k) in relation to the Cambridgeshire Housing Investment Company (CHIC) has transferred from Debt Charges to the C&I Committee during November.

General Purposes Committee is asked to note the transfer in budget responsibility and reporting for Cambridgeshire Housing Investment Company (CHIC) Net Interest Receivable from Debt Charges within CS Financing to C&I.

Virement of ESPO dividend budget

The income budget of £200k for the CCC share of the ESPO dividend has been transferred from LGSS Managed to the C&I Committee during November.

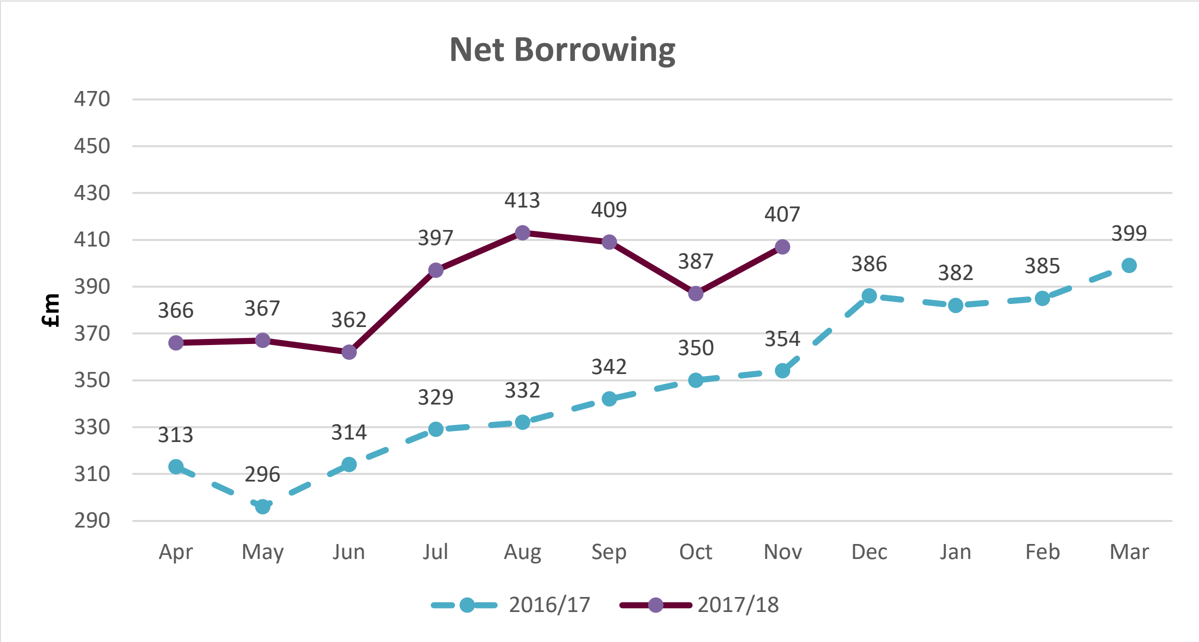
General Purposes Committee is asked to note the transfer in budget responsibility and reporting for the ESPO dividend from LGSS Managed to C&I.

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 November
Level of debt outstanding (owed to the council) 91-360 days, £m	Adult Social Care	£1.6m	£2.9m
	Sundry	£0.4m	£1.2m
Level of debt outstanding (owed to the council) 361 days +, £m	Adult Social Care	£1.9m	£2.5m
	Sundry	£0.1m	£0.3m
Invoices paid by due date (or sooner)		97.6%	99.6%

8.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of November 2017 were £25m (excluding 3rd party loans) and gross borrowing was £431.94m. Of this gross borrowing, £29.008m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



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 2017-18 TMSS was set in February 2017, it was anticipated that net borrowing would reach £466m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1st April 2017 was £399m, this reduced to £366m at the end of April 2017 thus starting at a lower base than originally set out in the TMSS (£466m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.

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 a 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 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](https://tinyurl.com/y82aarug) (https://tinyurl.com/y82aarug).

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

8.9 **Cashflow loan facility to LGSS Law Ltd:** LGSS Law Ltd is jointly owned by Cambridgeshire County Council, Northamptonshire County Council and Central Bedfordshire Council. It operates as an alternative business structure, licenced by the Solicitors Regulation Authority, to provide legal services to the shareholding Councils as well as an increasingly wide range of other public service customers.

The company is paid by the Council as an external supplier. LGSS Law have requested a formal cash flow facility of £499k from the Council to reflect the fact that they bill in arrears for work undertaken which creates an inevitable delay between costs being incurred and income received. The company's draft accounts for 2016/17 confirm a healthy profit.

The Council will charge interest on the monies loaned which will generate annual income for the council in the event of a draw down. A similar drawn down facility is already in place from Northamptonshire County Council and is being requested from the third shareholder.

It is proposed that Council provides the drawn down facility as requested by LGSS Law Ltd. It is anticipated this will improve the cashflow position of the company, which impacts across customers being billed for legal services throughout the Council whilst the company furthers strengthen its balance sheet as it becomes increasingly established.

At the last General Purposes Committee (19th December) the Committee authorised a loan facility to LGSS Law Ltd for up to £499k, delegating authority to the Chief Finance Officer to agree the detailed terms of the arrangement in consultation with the Chairman of the Committee and the Chairman of the Commercial and Investment Committee.

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 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

10.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

10.4 Equality and Diversity Implications

There are no significant implications within this category.

10.5 **Engagement and Consultation Implications**

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

10.6 **Localism and Local Member Involvement**

There are no significant implications within this category.

10.7 **Public Health Implications**

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	No Name of Legal Officer: Not applicable
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	No Name of Legal Officer: Not applicable
Have the equality and diversity implications been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any engagement and communication implications been cleared by Communications?	No Name of Officer: Not applicable
Have any localism and Local Member involvement issues been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any Public Health implications been cleared by Public Health	No Name of Officer: Not applicable

Source Documents	Location
ETE Finance & Performance Report (November 17) P&C Finance & Performance Report (November 17) PH Finance & Performance Report (November 17) CS and LGSS Cambridge Office Finance & Performance Report (November 17) C&I Finance & Performance Report (November 17) Performance Management Report & Corporate Scorecard (November 17) Capital Monitoring Report (November 17) Report on Debt Outstanding (November 17) Payment Performance Report (November 17)	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)

	P&C	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	237,311	200	38,682	22,803	15,542	6,500	2,702	7,746	24,377
Post BP adjustments	-292		-18		-69	521		-142	
Apprenticeship Levy	335	8	61		-456	6	5	40	
City Deal budgets not reported in CCC budget					-1,027				
Transfer Digital Strategy budget to CS - CCR	-1,286		-68		1,354				
Transfer Strengthening Communities budget to CS - CCR1			-689		689				
Property demerger from LGSS and rationalisation of property services			58			-7		-51	
Organisational structure review	-293				293				
Transfer budget for Court of Protection team to CS	-52							52	
Transfer surplus NHB funding from City Deal					-256				256
Transfer budget from reablement for In Touch maintenance	-10				10				
Allocation of inflation to Waste budget			200						-200
Drug and Alcohol Treatment service transfer to PH	-178	178							
Workforce development budget transferred to LGSS	-1,361							1,361	
Budget transfer per CCR	-43				43				
Property commissioning transfer budget to P&C	-11							11	
Dial a Ride budget to Total Transport	12		-12						
LAC demography	2,913				-2,913				
Waste demography			170		-170				
Transfer of savings LGSS to C&I							-349	349	
Welfare benefits budget to Financial Assessments and Adult Early Help	80				-142			62	
Combined Authority levy adjustment			1,327						-1,327
Budget transfer to Transformation Team					39			-39	
ETE use of earmarked reserves			287						-287
Catering and Cleaning services transfer to C&I	449						-449		
Business support transfer to applications development	-54							54	
Use of earmarked reserves for passenger transport			118						-118
Grants budget to P&C	130				-130				
Supporting Community Services budget transfers	139		76		-215				
Adult Learning & Skills transfer to P&C	180		-180						
Healthwatch transfer to P&C	382				-382				
Supporting Community Services budget transfers	358		411		-769				
Community Led Local Development Programme Funding transfer	21					-21			
Trading Services budget transfers	306						-306		

Supporting Community Services budget transfers	102				-102				
Cambs Housing Investment Company net interest receivable transfer to C&I				1,424			-1,424		
ESPO dividend budget transfer to C&I						200	-200		
Equalisation adjustment transfer from LGSS Managed to LGSS Cambridge Office						-15		15	
Current budget	**239,138**	**386**	**40,423**	**24,227**	**11,339**	**7,184**	**-21**	**9,459**	**22,701**
Rounding	-2	0	0	0	0	2	0	0	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2017	2017-18 Movements in 2017-18	2017-18 Balance at 30 November 17	Forecast Balance 31 March 2018	Notes
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	15,808	1,546	17,353	13,138	
- Services					Service reserve balances transferred to General Fund after review
1 P&C	540	-540	0	0	
2 ETE	2,229	-2,229	0	0	
3 CS	-64	64	0	0	
4 LGSS Operational	609	-29	580	62	
subtotal	19,122	-1,188	17,933	13,200	
Earmarked					
- Specific Reserves					
5 Insurance	3,269	-1,216	2,053	2,053	
subtotal	3,269	-1,216	2,053	2,053	
- Equipment Reserves					
6 P&C	133	0	133	83	
7 ETE	218	0	218	218	
8 CS	57	0	57	57	
9 C&I	726	0	726	0	
subtotal	1,134	0	1,134	358	
Other Earmarked Funds					
10 P&C	1,223	-707	516	371	
11 PH	2,960	0	2,960	2,302	
12 ETE	5,989	-78	5,911	4,883	Includes liquidated damages in respect of the Guided Busway - current balance £1.5m.
13 CS	2,656	-97	2,559	2,181	
14 LGSS Managed	146	0	146	146	
15 C&I	442	53	495	468	
16 Transformation Fund	19,525	3,657	23,181	19,512	Savings realised through change in MRP policy
17 Innovation Fund	1,000	-44	956	956	
subtotal	33,941	2,784	36,724	30,819	
SUB TOTAL	**57,465**	**379**	**57,845**	**46,430**	
Capital Reserves					
- Services					
18 P&C	1,827	38,087	39,914	44	
19 ETE	7,274	36,035	43,309	5,200	
20 LGSS Managed	72	-72	0	0	
21 C&I	0	3,099	3,099	0	
22 Corporate	29,782	4,688	34,470	22,150	Section 106 and Community Infrastructure Levy balances.
subtotal	38,955	81,837	120,792	27,394	
GRAND TOTAL	**96,420**	**82,217**	**178,637**	**73,824**	

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 2017	2017-18		Forecast Balance 31 March 2018	Notes
		Movements in 2017-18	Balance at 30 November 17		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 ETE	669	0	669	0	
2 P&C	200	0	200	0	
3 CS	64	0	64	64	
4 LGSS Managed	3,056	-56	3,000	3,000	
5 C&I	24	0	24	24	
subtotal	4,013	-56	3,957	3,088	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	**7,626**	**-56**	**7,570**	**6,701**	

APPENDIX 3 - Narrative from the report to Children and Young People Committee about budget pressures

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	£'000
9) Home to School Transport – Special	**8,006**	**4,081**	**340**	**4%**

There is a £340k pressure forecast against the Home to School Transport – Special Budget. This pressure is due to a higher than expected number of transport applications from children attending special schools, with an increase of 6% in the number of Cambridgeshire pupils attending Special Schools in the first 7 weeks of Academic Year 17/18 compared to the same weeks in 16/17.

While savings have been made through successful routes retenders, savings activities around Independent Travel Training and Personal Transport Budgets (PTB) have not been achieved.

Mitigating actions being taken include:

- A detailed review of children and young people currently travelling in high-cost single occupancy taxis to assess whether more cost-effective options are available
- A strictly time limited review of the PTB scheme looking at the current criteria, decision-making, reporting and monitoring processes and how these can be improved to deliver the planned savings.
- A working group has been established to relaunch the plan to roll out independent travel training with the first group of children and young people being able to travel independently from September 2018
- Due to the length of existing contracts and the structure of the academic year it is unlikely that the current pressure will be reduced within 2017/18, however these actions will ensure that the pressure is reduced in financial year 2018/19.

<table>
<tr><th rowspan="2">Service</th><th>Current Budget for 2017/18</th><th>Actual</th><th colspan="2">Forecast Variance Outturn</th></tr>
<tr><th>£'000</th><th>£'000</th><th>£'000</th><th>%</th></tr>
<tr><td>10) LAC Transport</td><td>1,126</td><td>921</td><td>450</td><td>40%</td></tr>
<tr><td colspan="5">There is a £450k pressure forecast against the LAC Transport budget. The overall increase in Looked after Children has meant that more children are requiring Home to School Transport. Many of these children are placed out of county and/or at a significant distance away from their schools leading to high transport costs.

An initial meeting has been held with the Head of Countywide and Looked After Children Services to discuss the LAC Transport pressure and it has been agreed that activities to mitigate the pressure will include:

• Case-by-case reviews of the most expensive cohorts of Looked After Children transport to identify savings reductions, particularly targeting reductions in high-cost single occupancy taxi journeys and encouraging more children to walk shorter journeys.
• Route reviews to identify opportunities for shared vehicles, routes and providers, including across different client groups e.g. mainstream, SEND, or Adult transport, reducing any duplication and opportunities for better use of volunteer drivers.
• Further activity to ensure the Council's policies around transport provision are implemented fully across the board, with joined-up decisions across social care and transport.

Due to the length of existing contracts and the structure of the academic year it is highly unlikely that the current pressure will be reduced within 2017/18, however these actions will ensure that the pressure is reduced in financial year 2018/19.</td></tr>
<tr><td>11) Strategic Management – Children & Safeguarding</td><td>2,891</td><td>3,308</td><td>1,022</td><td>35%</td></tr>
<tr><td colspan="5">The Children and Safeguarding Director budget is forecasting pressure of £1,022k.

The Children's Change Programme (CCP) is on course to deliver savings of £669k in 2017/18 to be achieved by integrating children's social work and children's early help services in to a district-based delivery model. However, historical unfunded pressures of £886k still remain. These consist of £706k around the use of agency staffing and unfunded posts of £180k.The Business Support service pressure of £245k is now being managed in year and managed out entirely by 2018/19. Agency need has been reduced based on a 15% usage expectation in 2017/18 but use of agency staff remains necessary to manage current caseloads. All local authorities have agency social workers, many with a much higher % and therefore a budget to accommodate this need is necessary.

A further pressure of £336k is due to the service not being awarded an expected grant from the DFE, anticipation of this grant had been built in as an income stream and this has now resulted in a shortfall in the required staffing budget.

The service is also expected to exceed its vacancy saving target by £200k.

<u>Actions being taken:</u>
A business support review is underway to ensure we use that resource in the most effective manner in the new structure. All the budget pressures continue to be monitored and reviewed at the workforce work stream project meetings, by Senior Management Team and at the P&C Delivery Board with any residual pressures being managed as part of the 2018/19 Business Planning round.</td></tr>
</table>

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
12) Children in Care	**13,422**	**9,891**	**293**	**2%**

The Children in Care policy line is forecasting an over spend of £293k. This is an increase of £53k since last month

The 14- 25 Team 4 is forecasting an over spend of £150k. This is due to a forecast shortfall between the grant received from the Home Office for former looked after unaccompanied asylum seeking young people who are now over 18 and the costs incurred in supporting them. The local authority has a duty to support this cohort of young people as care leavers. Pending young people being granted an asylum seeking status as young adults, they are not able to claim benefits or obtain housing and require support from the local authority until the Home Office has made a decision.

Currently it is forecast that the local authority has to support them for up to six months after their 18th birthday. Cambridgeshire has seen an increase in the size of this cohort in this financial year as a number of looked after children (including those newly arrived in Cambridgeshire this year) have turned 18.

The Supervised Contact team is forecasting an over spend of £185k. This is due to the use of additional relief staff and external agencies to cover the current 204 Supervised Contact Cases which equate to approximately 140 supervised contact sessions a week.

This is offset by an underspend in fostering allowances and the rest of the fostering service of £43k.

Actions being taken:
The local authority continues to liaise closely with the Home Office to advocate that decisions for individual young people are expedited in a timely way.

In Supervised Contact we have implemented a systemic review of all supervised contact taking place across the service to ensure better use of staff time and costs. Despite this, resources remain stretched and the service are exploring other avenues to better manage the current caseloads.

13) Looked After Children Placements	**17,344**	**12,174**	**2,691**	**16%**

A pressure of £2.7m is being forecast, which is an increase of £0.3m from what was reported in October. The increase is due to a combination of changes in placement fees (higher prices) and/or new placements (more placements) this month. 1 new high cost residential placement commissioned this month accounts for nearly half of this increase.

It is positive that the overall numbers of looked after children have increased only slowly since April 2017. This demonstrates that demand management activity is having positive impact on numbers of looked after children and numbers of external placements.

Overall LAC numbers at the end of November 2017, including placements with in-house foster carers, residential homes and kinship, are 701, 6 more than October 2017. This includes 70 unaccompanied asylum seeking children (UASC).

External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of November are 351, which is 3 more than reported at the end of October. However the composition of placement types and costs indicates that a small but significant number of children are in receipt of very intensive and costly packages of support which has increased since last month. The Access to Resources team are working with providers to ensure that support and cost matches need for all children.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%

Looked After Children Placements continued;

External Placements Client Group	Budgeted Packages	31 Oct 2017 Packages	30 Nov 2017 Packages	Variance from Budget
Residential Disability – Children	1	1	1	0
Child Homes – Secure Accommodation	0	0	0	0
Child Homes – Educational	16	16	17	+1
Child Homes – General	22	35	37	+15
Independent Fostering	263	263	262	-1
Supported Accommodation	15	25	24	+9
Supported Living 16+	25	8	10	-15
TOTAL	**342**	**348**	**351**	**+9**

'Budgeted Packages' are the expected number of placements by Mar-18, once the work associated to the saving proposals has been undertaken and has made an impact.

Actions being taken to address the forecast pressure include:

- Weekly panel that all requests for placements have to go to and review of high-cost placements on a regular basis. Access to Resources and operational managers to ensure that the plans for children remain focussed and that resources are offering the best value for money. This is chaired by the Assistant Director.
- Purchase placements reviews – scrutiny by placement officers and service/district managers to review emergency placements, changes of placements and return home from care planning to ensure that children are in the right placement for the right amount of time.
- All new admissions to care have to be agreed at Assistant Director or Service Director level.
- Development of a 'No Wrong Door' model to bring together the residential home, specialist fostering placements, supported lodgings and supported accommodation, with outreach services under one management arrangement. This will enable rapid de-escalation of crisis situations in families preventing admissions to care, and delivery of an all-inclusive team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services.
- A new Head of Service, with expertise in children's services commissioning, has been re-deployed from elsewhere in the P&C directorate to lead the Access to Resources function.
- A new Access to Resources Manager has been engaged to add specific capacity to ensure the right placement at the right cost is secured in all cases.

Longer Term Actions:

A business case that seeks investment to ultimately deliver reductions in overall numbers of children in care and increase the proportion of those remaining in care who are placed with in-house fostering households is being presented to General Purposes Committee in December.

Numbers in care in Cambridgeshire are now significantly above the average of similar authorities; if we were in line with our statistical neighbours we would have 607 children and young people in care.

We need to understand why this is, with a central hypothesis being that the progress of children through the care system in Cambridgeshire is a key issue; children spending too long in care increase overall numbers. To establish cause we propose commissioning an independent evaluation that will report by March 2018 and enable us to begin to take action to fundamentally change processes from that point.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%

Looked After Children Placements continued;

The second factor that we need to address is around placement mix; in Cambridgeshire, 60% of children placed with general foster carers are placed with IFA foster carers. This would more ordinarily be expected to be between 30 and 40%. We need to invest in different recruitment and retention approaches to our in-house foster carers and in assessment and support services in order to reduce our expenditure in these areas.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
14) Adoption	**4,406**	**3,348**	**560**	**13%**

The Allowances budget is forecasting a pressure of £560k. This is a £110k increase since last month based on a review of planned adoptive placements and an increase in Special Guardianship Orders (SGOs).

Our contract with Coram Cambridgeshire Adoption (CCA) provides for 39 adoptive placements pa. In 2017/18 we are forecasting an additional requirement of 20 adoptive placements. There is a need to purchase inter agency placements to manage this additional requirement and ensure our children receive the best possible outcomes.

The Adoption/SGO allowances pressure of £200k is due to an increase in SGOs over and above our growth forecasts. We have seen an increase of 15% (28 SGOs) so far in 2017/18 against a planned full year rise of 9%. The increase in Adoption and Special Guardianship orders is a reflection of the good practice in making permanency plans for children outside of the looked after system and results in reduced costs in the placement budgets.

<u>Actions being taken</u>:
Ongoing dialogue continues with CCA to look at more cost effective medium term options to recruit more adoptive families to meet the needs of our children. Rigorous oversight of individual children's cases is undertaken before Inter Agency placement is agreed.

A programme of reviews of allowances will be implemented resulting in the reduction of some packages with the intention of off-setting any further growth by way of new allowances.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
15) Legal Proceedings	**1,540**	**1,406**	**600**	**39%**

The Legal Proceedings budget is forecasting a £550k pressure. This is an increase of £50k since last month.

Numbers of care applications increased by 52% from 2014/15 (105) to 2016/17 (160), mirroring the national trend. There are currently 96 open sets of care proceedings. Whilst the numbers of ongoing set of care proceedings have reduced by around 14% in the last 5 months we have consistently had around 100 cases which indicates that we are likely to exceed the previous year's number of completed legal proceedings, thus causing significant pressure on the legal budget.

Whilst we now have less ongoing sets of care proceedings (and less new applications being issued in Court) legacy cases and associated costs are still working through the system. Aside from those areas which we are working on to reduce costs i.e. advice/use of appropriate level of Counsel, the volume of cases remaining within the system indicates an estimated £550k of costs in 2017/18. This assumes overrun costs through delay in cases can be managed down as well as requests for advice being better managed.

<u>Actions being taken:</u>
Work is ongoing to better manage our controllable costs by use of a legal tracker but this was only implemented in June 2017 so the impact is yet to be felt. The tracker should enable us to better track the cases through the system and avoid additional costs due to delay. We have invested in two practice development posts to improve practice in the service and will also seek to work closer with LGSS Law with a view to maximising value for money.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
16) Children's Disability Service	**6,527**	**5,281**	**168**	**3%**

The Children's Disability Service is forecasting a pressure of £168k.

The Community Support Services budget has seen an increase both in the number of support hours, a high cost individual case (£35k) and in the number of joint funded health packages (also including some with high allocations of hours). Contributions to Adult Services (£45k) have increased and the service is also carrying a £50k pressure from 2016/17.

Actions being taken:
We will be reviewing the costs of current packages and in particular support levels for our young people.

17) High Needs Top Up Funding	**13,573**	**9,627**	**200**	**1%**

Numbers of young people with Education Health and Care Plans (EHCP) in Post-16 Further Education providers continue to increase and as a result a year-end pressure of £200k is currently forecast. Placements for the 2018/19 academic year are still being finalised and as such the overall cost for the remainder of the financial year could increase further as more young people remain in education.

This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block.

18) SEN Placements	**8,973**	**6,473**	**700**	**8%**

The SEN Placements budget continues to report a £700k pressure this month. Overall there are rising numbers of children and young people who are LAC, have an EHCP and have been placed in a 52 week placement. These are cases where the child cannot remain living at home. Where there are concerns about the local schools meeting their educational needs, the SEN Placement budget has to fund the educational element of the 52 week residential placement; often these are residential schools given the level of learning disability of the young children, which are generally more expensive.
The SEN Placement budget is funded from the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG).

Actions being taken:

- SEND Sufficiency work is underway to inform future commissioning strategy. This will set out what the SEND need is across Cambridgeshire, where it is and what provision we need in future, taking account of demographic growth and projected needs. The SEND Sufficiency work will be completed in January 2018. A series of workshops are being planned for Spring 2018;
- Three new special schools to accommodate the rising demand over the next 10 years. One school opened in September 2017 with two more planned for 2020 and 2021. Alternatives such as additional facilities in the existing schools, looking at collaboration between the schools in supporting post 16, and working with further education providers to provide appropriate post 16 course is also being explored in the plan;
- SEND Commissioning Strategy and action plan are being developed with a focus on children and young children with SEND in Cambridgeshire accessing mainstream education;
- Work on coordination of reviews for ISEPs to look at returning in to county; and
- A full review of all High Needs spend is required due to the ongoing pressures and proposed changes to national funding arrangements.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
19) Out of School Tuition	**1,119**	**589**	**600**	**54%**

The Out of School Tuition budget is continuing to forecast a pressure of £600k this month.

There are several key themes emerging which are having impact on the need for children to receive a package of education, sometimes for prolonged periods of time:

- Casework officers are not always made aware that a child's placement is at risk of breakdown until emergency annual review is called.
- Casework officers do not have sufficient access to SEND District Team staff to prevent the breakdown of an education placement in the same way as in place for children without an EHCP.
- There are insufficient specialist placements for children whose needs cannot be met in mainstream school.
- There is often a prolonged period of time where a new school is being sought, but where schools put forward a case to refuse admission.
- In some cases of extended periods of tuition, parental preference is for tuition rather than in-school admission.

There has been an increase in the number of children with an Education Health and Care Plan (EHCP) who are awaiting a permanent school placement. The delay is due to the nature and complexity of the needs of these children. Many of these children are in Key Stage 1 and do not have a permanent placement due to a lack of provision for this cohort of children. In addition, there are a number of children and young people who have a Statement of SEN/EHCP and have been out of school for some time. A smaller cohort of Primary aged children who are permanently excluded, or those with long term medical absence from school, sometimes require external tuition packages when SEND Specialist Teaching capacity is full.

A new process has been established to ensure all allocations and packages are reviewed in a timely way and that there is oversight of moves back into full time school. The transfer of the Out of School Tuition budget to the SEND Services (from November 17) enables more opportunities to use resources differently and to have more cost effective in-house tuition. There have been discussions with the Transformation Team and following the outcomes and recommendations of several large scale provision and funding reviews, we aim to look at the extension of the existing team in order to prevent placement breakdown more effectively and provide high quality teaching to a smaller number of children who need tuition.

Immediate interim controls have been placed on access to this budget. Casework officers and Statutory Assessment Team Leaders must request new packages or increases to existing packages with the budget holder. This is vital in order to understand the nature of requests and bring in swift additional support from SEND District Teams. This is not a long term solution and the budget holder is working with the Transformation Team to investigate whether the pump-priming of the SEND District Teams with additional staff could either prevent the breakdown of placement (and therefore reduce the need for packages of education) or provide in-house tuition at a cheaper rate.

The current Tuition Provider Framework is up for recommissioning in March 2018. It has been agreed to extend the framework by 12 months in order to give time to look at more sustainable and in-house provision. These decisions and a business case will be formulated using the data and recommendations given through the SEMH Review, High Needs Block Review and SEND Sufficiency Review, which will close in January 2018. The Tuition Provider Contract is zero-based and requires no minimum fulfilment.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
20) Executive Director	**211**	**248**	**-2,901**	**-1372%**

The improved overall forecast underspend of -£2,901k is due to assumptions around the ability to re-prioritise grant funded activity (Improved Better Care Fund (iBCF), in response to Adults Services pressures as these emerge, this relates particularly to an increased performance in delayed transfers of care (DTOC), bringing with it an increased need for the delivery of complex packages of care for older people

This has been offset in part by the £219k Business Support saving, which will not be achieved in 17/18 through efficiencies identified within the business support functions, and £100k saving identified against uncommitted expenditure.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	Service
21) Central Financing	**-523**	**-914**	**-215**	**-41%**
The Central Financing budget is forecasting underspend of -£215k. Nationally, local authorities are currently permitted greater flexibility in use of capital receipts (proceeds from sales of assets) to fund any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs. The Council was already making use of this flexibility – following a recent review a further £215k of eligible expenditure has been identified within People & Communities.				
22) Financing DSG	**-39,991**	**-26,661**	**-1,592**	**-4%**
Within P&C, spend of £40.0m is funded by the ring fenced Dedicated Schools Grant. The DSG pressure of £1,592k is primarily made up from SEN Placements (£700k); Out of School Tuition (£600k); High Needs Top Up Funding (£200k); SEND Specialist Services (£54k); Early Years Specialist Support (£44k) and Commissioning Services (£44k). For this financial year the intention is to manage within overall available DSG resources.				

Agenda Item No. 6

BUSINESS PLAN 2018-19 TO 2022-23

To:	**General Purposes Committee**
Meeting Date:	**23rd January 2018**
From:	**Chief Executive and Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**To provide General Purposes Committee (GPC) with an overview of the key issues contained within the Business Plan prior to formal recommendation by GPC for Council decision in February. The accompanying draft Business Plan is attached at Appendix A.**
Recommendation:	**It is recommended that the Committee:**

1. Considers the Business Plan, including supporting budget, business cases, consultation responses and other material, in light of all the planning activities undertaken to date.

2. Reviews the options set out in Section 4 of this paper to establish a balanced budget position and makes recommendation to Full Council.

3. Reviews the following recommendations to Council:

a. That approval is given to the Service/Directorate budget allocations as set out in each Service/Directorate table in Section 3 of the Business Plan.

b. That approval is given to a total county budget requirement and precept level.

c. That approval is given to a Council Tax for each Band of property, based on the number of "Band D" equivalent properties notified to the County Council by the District Councils (223,622.3) as set out in Section 2, Table 6.4 of the Business Plan.

d. That approval is given to the Capital Strategy as set out in Section 6 of the Business Plan including capital expenditure in 2018-19 up to £254.7m arising from:

- **Commitments from schemes already approved;**
- **The consequences of new starts in 2018-19 shown in summary in Section 2, Table 6.9 of the Business Plan.**

e. That approval is given to the Treasury Management Strategy as set out in Section 7 of the Business Plan, including:

- **i. The Council's policy on the making of the Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008**
- **ii. The Affordable Borrowing Limit for 2018- 19 as required by the Local Government Act 2003)**
- **iii. The Investment Strategy for 2018-19 as required by the Communities and Local Government (CLG) revised Guidance on Local Government Investments issued in 2010, and the Prudential Indicators as set out in Appendix 3 of Section 7 of the Business Plan.**

4. Endorse the priorities and opportunities as set out in the Strategic Framework.

5. Authorise the Chief Finance Officer, in consultation with the Leader of the Council, to make technical revisions to the Business Plan, including the foregoing recommendations to the County Council, so as to take into account any changes deemed appropriate, including updated information on District Council Tax Base and Collection Funds, Business Rates forecasts and Collection Funds and any grant changes.

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1. BACKGROUND AND CONTEXT FOR BUSINESS PLANNING

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.

1.2 It is a statutory requirement under the Local Government Finance Act 1992 for the Council to approve a balanced budget "before 11 March in the financial year preceding that for which it is set". In doing so, the Council undertakes financial planning covering a five year timescale that creates links with its longer term financial modelling and planning for the growth in demand for services. The budgets set out in this report are robust for 2018-19 given the information the Council has available at this point and figures for 2019/20 and the three years after this are based on prudent assumptions and modelling but will naturally become less accurate for projections looking further forward.

1.3 For 2018-19, Cambridgeshire will receive £565m of funding, excluding grants retained by its schools but including the Combined Authority Levy. The key sources of funding are Council Tax, for which an increase of 2% has been assumed at this point (through the Adult Social Care precept) and Central Government grants (excluding grants to schools).

1.4 Total expenditure for 2018/19 will be £567m. The costs of running the Council have risen, primarily through inflationary and demand pressures across service areas and especially in respect of Adult and Children's Social Care provision.

1.5 In light of the increasing costs and reducing funding, significant savings are required across the planning period. As shown in the table below, the savings/income target for 2018/19 is £41.9m with more than £100m required over the next 5 years.

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Total Saving Requirement	**41,931**	**26,514**	**21,888**	**5,202**	**10,483**	**106,018**

2. STRATEGIC FRAMEWORK AND APPROACH

2.1 Given the financial context and in the current changing environment, it is more important than ever that we have a clear strategic approach which will enable us to respond and evolve as challenges become more complex. This is articulated in the Strategic Framework which forms section 1 of the plan.

2.2 The basis of the framework is our overarching goal of "*Making Cambridgeshire a great place to call home" and* reflects the continuation of the Council's move to a new way of delivering this vision – with a focus on transformation to deliver the following specific outcomes:

- Older people live well independently
- People with disabilities live well independently
- Adults and children at risk of harm are kept safe

- Places that work with children help them to reach their potential
- The Cambridgeshire economy prospers to the benefit of all residents
- People live in a safe environment
- People lead a healthy lifestyle and stay healthy for longer

2.3 Delivering these outcomes is at the heart of all strategic planning and service design and drives the Business Plan as well as the Transformation Programme, Service Plans and Strategies. This is illustrated in the diagram below.

2.4 The Strategic Framework also articulates the key principles which have underpinned our approach to business planning and transformation, namely;

- **Working for the System in Partnership –** the boundaries between public sector partners are blurring as we move closer to a whole system focus on shared priorities, outcomes and cost efficiencies. By acting as 'one public service' with our partners in the public sector and forming new and deeper partnerships with communities, the voluntary sector and business we can make the whole system work most effectively together. This theme includes resource sharing between partners, joint commissioning, joint services and most importantly designing how it all fits together around people and place rather than the needs of individual organisations.

- **Modern, Automated, Lean and Focussed on Delivery** – taking advantage of the latest technologies, applying digital strategies to reduce transactional costs, reducing internal business costs and applying the most creative and dynamic ways of working to deliver the most value for the least cost. Applying this principle ensures the organisation is lean in the ‘back office’ and cost to serve and puts as many resources as possible into delivering front-line services for our communities.

- **Intervening Early and Preventatively** – working to give people early help so that their needs do not escalate to the point where they need to rely heavily on public sector support. It is about supporting people to remain as healthy and independent as possible and stepping in quickly when people do need extra help so that they recover as much of their independence as possible as quickly as possible.

- **Focussing on Communities and Places** - We are moving to a more place-based approach to service delivery. By bringing the Council, partners and communities together to adapt to local demand and committing to a new contract with our citizens, so that the emphasis of all our practice is on working with communities. As a result, rather than doing things to service users or for them, we will be doing things with them and enabling the capacity, energy and skills within communities to be used alongside our services.

- **Being Business-Like & Commercial –** identifying opportunities to bring in new sources of income which can fund crucial public services, making the best possible use of our assets, ensuring all services are commissioned to deliver the right outcomes, at the right time, at the right cost and by the right provider. Operating every area of the Council in a business-like way

3. UPDATES TO POSITION FROM DECEMBER COMMITTEE

3.1 At its December meeting, General Purposes Committee received information about draft business planning proposals. These have been developed in liaison with members throughout the year using the strategic approach outlined above. They have been scrutinised by Service Committees in October and December before being recommended to GPC to form part of the business plan. All of the proposals are reflected in the tables and business cases in the paper for GPC. By December we had identified £35.9m of savings and additional income for 2018/19 - this level of financial impact demonstrates the success of the approach we are taking to Transformation and evidences the drive from members for the Council to be the most efficient, forward thinking and innovative Council in the Country.

3.2 However, as we have moved through this business planning process a range of new pressures and other financial impacts not directly within our control have emerged. These have increased the scale of the financial challenge we are working to address and the size of the required savings across all of the years of the business plan. At December, a budget gap for 2018/19 of £2,738k still remained and significant gaps were also projected in the later years of the business plan. The budget gap resulting from pressures has subsequently widened, as the following paragraphs set out.

3.3 Committee papers in December highlighted a worsening position in demand-led budgets and in particular that the pattern of demand in Older People’s services had changed with an increase in long term care and the knock on effect of insufficient supply driving rising unit prices. The vast majority of the increased demand is coming from the hospital discharge route, which in turn is a function of increased referrals and admissions because of the needs of our ageing population. Presentations on the worsening pressure in Adults and continuing pressures in Children's Services were given to the relevant Service Committees in December highlighting the reasons for these pressures and the complexity in managing them. Final analysis has now been undertaken and it has been confirmed that an additional pressure of £3,017k (split between A/R.4.025, Looked After Children and A/R.4.024 Adult Social Care) should be accounted for in planning for the coming period.

3.4 A further new pressure has emerged in Waste Services since December. These are principally as a result of increased bulky waste, hard plastic waste and wood waste disposal costs, and the performance levels of the Mechanical Biological Treatment and In Vessel Composting plants, which are passed through from the contractor Amey under the contract. This has created a pressure in 2018/19 of £683k (B/R.4.016).

3.5 An additional recent development, occurring just ahead of December General Purposes Committee, was Cambridgeshire Schools Forum's decision to continue central retention of £3m of Dedicated Schools Grant for a further financial year. As local discretion around education funding is increasingly restricted, uncertainty remains about the national flexibility to do this again in 2019/20, and a pressure is therefore reflected at (A/R.4.022). Schools Forum has also elected to discontinue the de-delegated funding from primary schools to support bi-lingual learners and minority ethnic pupils on a countywide basis, and instead more local school-led arrangements will be made.

3.6 The Cambridgeshire and Peterborough Combined Authority responded to an invitation from Department for Communities and Local Government (DCLG) to all Local Authorities to submit bids for 100% business rates retention pilots in 2018-19. Modelling suggested that a pilot could have brought more than £15m additional funding to the Combined Authority area in 2018-19. Unfortunately, the bid was not one of the ten selected to receive a pilot. Our financial projections did not include this income and so there is no worsening of the Council's forecast financial position due to DCLG's decision, but we had hoped for a positive impact which has not occurred.

3.7 Since the December Committee the Local Government Financial Settlement has been published. The key headlines for the Council are set out below. For further details please refer to the briefing that was sent to all Members in December:

- An increase in the core Council Tax referendum principle to 2.99%. This means Council Tax can increase by up to 2.99% rather than 1.99% without a referendum, in addition to the Adult Social Care precept. The DCLG report this reflects the current inflation level with a broad assumption that local authorities should have the flexibility to raise income to match inflationary costs – with a clear steer that these costs will not in future be covered by any increase in central grant funding.

- No change to the adult social care precept limits originally published as part of the 2017-18 settlement with a maximum increase of 6% over the three years between 2017-18 and 2019-20.

- No change to the £11.4m reduction in Revenue Support Grant (RSG) for 2018/19, a 74% drop relative to 2017-18.

- While there is no change to the negative RSG projection for 2019-20 a consultation on this issue has been announced.

- There were no further changes to New Homes Bonus (NHB) in 2018-19 other than those already announced. The number of payment years for NHB will reduce from 5 years to 4 years in 2018-19 with bonuses only paid for growth over a 0.4% baseline.

- Despite considerable representations from local government there was confirmation that the Transition Grant and Adult Social Care Support Grant will cease in 2018-19. With the transition grant representing a loss of funding to the Council of £2.3m.

- The loss of Business Rate income due to the change in the uprating of the Small Business Rate multiplier announced in the Autumn Budget is being reimbursed via a new unringfenced grant.

- As mentioned in 3.6, the Combined Authority's bid for a new 100% business rates retention pilot was unsuccessful.

3.8 The final substantial update to the financial picture since December is the announcement of the National Local Government Pay offer which will give the majority of Council employees a pay rise of 2% or greater in 2018-19. This has resulted in an additional £838k pressure (C/R.4.010) on the Council's budget in 2018-19.

3.9 In light of the latest information on budget pressures and the outcome of the funding settlement we are now therefore projecting a remaining budget gap for 2018/19 of £4.3m and substantial gaps in the next 4 years after that – this position is shown in the table below.

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Total Saving Requirement	**41,931**	**26,514**	**21,888**	**5,202**	**10,483**	**106,018**
Identified Savings	-25,960	-11,427	-590	1,074*	2,539*	**-35,239**
Identified additional Income Generation	-11,653	-3,129	537*	-207	-19	**-14,337**
Residual Savings to be identified	**4,318**	**11,958**	**21,835**	**6,069**	**13,003**	**4,318**

*Positive figures represent a reversal of short term savings/investments from previous years

3.10 This financial position is predicated on an assumption previously agreed within the Medium Term Financial Strategy that the Council will set the Adult Social Care Precept at 2% but that there will not be an increase the general council tax.

3.11 The table below provides a summary of the various material changes since December in the overall business planning position for 2018/19.

Business Planning Reference	Title	2018/19 impact (£'000)	Notes
C/R.4.010	Local Government pay offer pressure	838	See section 3.6
A/R.4.025, and A/R.4.024	Additional People and Communities Pressures	3017	See section 3.3
B/R.4.016	Additional Waste Pressure	683	See section 3.4
N/A - Funding	Update of District Council Tax forecasts	-1856	District councils updating 2017-18 total council tax collected figures and 2018-19 taxbase forecasts.
N/A - Funding	New grant to offset change in small business rates multiplier	-481	See section 3.5
N/A - Funding	Correction in accounting for Schools grants and income	-334	Areas of dedicated schools grant funded expenditure were included in our gross expenditure increasing the required value of the General Fund

4. OPTIONS TO CLOSE THE REMAINING BUDGET DEFICIT

4.1 Officers will continue to seek to identify and deliver transformation and efficiency improvements over the lifetime of the Business Plan. Many investments taken to date have led to short term gains but it is now recognised that the Council needs to invest in transformation that will generate financial benefits over a much longer timeframe.

4.2 All the short term benefits from transformation investments have already been included within the Business Plan. Even with these there is still a budget deficit that must be balanced as part of the budget setting process. The Council has a statutory responsibility to set a balanced budget for the forthcoming financial year and to be cognisant of the medium term implications that those decisions will have on the on-going sustainability of the organisation.

4.3 Given the aforementioned budget gap the Council will need to agree an approach that manages this budget deficit. The options available to the Council are as follows:-

- Use of the General Reserve
- Use of the Transformation Fund
- Use of the flexibility available around Minimum Revenue Provision (MRP)
- Reduced service levels
- Increase the rate at which base Council Tax is set
- Increasing the level of Adult Social Care precept which is set

4.4 These adjustments do not reduce the operating costs of the Council and some will only be a short term resolution for 2018/19. The benefits and dis-benefits of each option are described in the following paragraphs to enable the Committee to consider the best course of action.

4.5 Use of the General Reserve (any amount up the required £4.3m but a diminishing pot of one-off funding)

The Council has the option to cover the remaining deficit in 2018/19 through the use of Reserves. This option is easily deliverable in the sense that the forecast level of reserves (£16.3m) exceeds the gap in 2018/19 and could be implemented without impact on services. However this option does not fundamentally improve overall position of the Council's finances. At best it is a short term solution which buys time rather than representing a sustainable approach - the sum would need to be replaced in later years with the closing of the 2018/19 gap resulting in a corresponding increase in the gaps in later years.

The Council maintains a commitment to keeping the General Reserve at 3% of overall expenditure for good reason and any move away from this commitment represents a substantial risk to the robustness of our finances and ability to manage any future financial shocks.

4.6 Use of MRP/Transformation Fund to balance budget deficit (any amount up the required £4.3m but a diminishing pot of one-off funding)

We have some flexibility in the way we can plan to use the funding freed up through the policy agreed around Minimum Revenue Provision (MRP). The MRP strategy previously agreed maintains a commitment to invest the MRP funding into the Council's Transformation Fund – recognising that this fund is essential to delivering the sustainable change we need. Clearly any use of this funding to address the permanent budget gap diminishes the pot available for transformation. More fundamentally the concern with using MRP in this way is that (like general reserves) it is not a sustainable source of base funding.

Key points to note are:

- Permanently funding the gap from the Transformation Fund brings forward the date when the Council will be worse off – i.e. when the 'savings' we currently benefit from will become a pressure
- In addition to this, reducing the funding available for transformation will inhibit further savings/income realisation.

4.7 Reduced service levels

The Business Plan and the level of services that are supported by the resource allocation have been discussed in detail by each service committee. However the Council can decide to reduce the operating cost base by reducing service levels. Some examples of areas that could be reduced could be:

- Highway Maintenance
- Libraries
- Early Years Provision

- Gritting
- Street Lighting
- Bus Subsidies

4.8 <u>Increase social care precept to 3% for 18/19 and 1% in 19/20 (£2.657m benefit in 2018/19 but £2.657m dis-benefit in 2019/20)</u>

Currently we have been assuming through the Medium Term Financial Strategy that the Council will make use of the flexibility to levy a 2% annual Adult Social Care precept – reflecting the sharply rising costs of provision for a growing and aging adult population. We do now have further flexibility to front load the phasing of this precept up to a maximum of 3% in any one year – so long as we do not exceed 6% in total over a 3 year period. Raising the precept to 3% in 2018/19 therefore delivers an additional £2.657m in base funding – contributing to closing the corporate gap. However it is important to note that we would need to model a reduction from the currently planned 2% in 2019/20 to 1% - so the impact is to raise the extra revenue early rather than materially increasing the total quantum on a permanent basis.

4.9 <u>Increase the base rate of general Council Tax (each 1% would bring in £2.657m up to a maximum of 2.99% in one year totalling £7.97m)</u>

Currently the Medium Term Financial Strategy includes an assumption that the general rate of Council Tax will remain unchanged (zero increase) throughout the duration of the business plan. In the most recent national funding settlement it was confirmed that Councils will have the freedom to raise Council Tax by up to 2.99% without triggering a local referendum and that this level had been set to match the recent trend in inflation. The indication from DCLG was that in future Councils should be funded from locally raised income and that on this basis they should have the flexibility to raise income to offset the inevitable costs resulting from inflation. If the Council chooses to amend the assumptions in the MTFS and raise Council Tax then each percentage point generates additional sustainable base budget of £2.657m from year 1. Clearly for the County Council's financial position this is the most advantageous approach generating ongoing revenue on a sustainable basis. It is also important to note the cumulative effect of this – with a higher base rate then increasing the value of each % of increase agreed in future years. Clearly however, the dis-benefit of this option is the increased burden on Cambridgeshire households through higher tax bills. To inform the Committee's decision, the tables below show the impact of Council Tax increase on the Council's budget deficits across the planning period and the average cost per household for taxpayers.

<u>Impact on Households</u>

Percentage increase in Council Tax	**Annual Impact on a Band D Household**
1%	£11.88
2%	£23.80
3%	£35.76

Note - a 2% increase (£23.80 for a Band D Household) is included in current Business Plan assumptions as a result of the Adult Social Care precept being taken –there the amounts in the table above would be in addition to this.

Impact on Council Budget Position

The table below shows the forecast gaps in each of the next five years and how potential changes in the ongoing assumption of base Council Tax increases would affect this (0% is current position):

	Remaining Level of Unidentified Savings				
	2018-19	2019-20	2020-21	2021-22	2022-23
0% rise	4,312	12,878	20,376	6,621	12,590
1% rise	1,735	9,943	17,413	3,558	9,482
2% rise	-861	6,945	14,326	303	6,141
3% rise	-3,438	3,908	11,135	-3,141	2,522

Note - Negative figures represent a budget surplus that could be invested in additional services, or the avoidance of undesirable savings.

4.10 The table below shows a summary of the various options available to the Committee.

Option	18/19 Budget £	Advantages	Disadvantages
Increase social care precept to 3% for 18/19 and 1% in 19/20	2.657m	Would ensure that the revenue is raised early.	Total cannot exceed 6% over 3 years so no overall increase in funding
Increase general council tax	2.657m per % point - max of 7.97m	Would increase the cash value of future tax and ASC precepts.	Contrary to position in 2017-18 MTFS agreed by Council in February.
Use of MRP to balance budget deficit	4.3m	Closes 2018/19 gaps	Does not improve overall position of the Council's finances and reduces the scope to fund future year's transformation investments.
Use of the General Reserve	4.3m	Closes 2018/19 gaps	Does not improve overall position of the Council's finances. Short term solution as the sum would need to be replaced in 19/20. Increased risk given the growing pressures of delivering a balanced outturn.

5. CAPITAL STRATEGY

5.1 Including current commitments, the Council will be spending £804.9m on capital investment in the county over the period of the Business Plan. This is in addition to previous expenditure of £609.1m on some of these schemes, creating a total Capital Programme value of £1.4 billion. For 2018-19, the Council's proposed expenditure on its capital programme is £254.7m. This is financed by a combination of the following funding streams:

- Central Government and external grants (£53.3m);
- Section 106 and external contributions (£23.0m);
- Prudential borrowing (£97.3m); and
- Capital receipts (£81.1m).

5.2 Alongside updates to previously agreed schemes, additional investment proposals this year include several new school schemes, Commercial Investments (£100m) and Relocation of Shire Hall (£17m). The latter two schemes are both Invest to Earn schemes, which will therefore generate a return to the Council. The 2018-19 Capital Programme includes the following Invest to Save / Invest to Earn schemes:

Scheme	Total Investment (£m)	Total Net Return (£m)
Housing Provision	184.5	395.2
Shire Hall Relocation	16.6	TBC
County Farms Investment	4.8	3.1
Citizen First, Digital First	3.5	2.5
Energy Efficiency Fund	1.0	0.6
MAC Joint Highways Depot	5.2	0.2
Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	3.6	1.6
Commercial Investments	100.0	217.0
TOTAL	**319.3**	**620.1**

5.3 The value of Invest to Save or Invest to Earn capital schemes (schemes that pay for themselves over the medium term through revenue savings or increased income generation) has increased this year, due to both the Commercial Investments and the Shire Hall Relocation schemes. The Council is currently developing a commercial acquisitions strategy to help inform the direction of commercial investment.

5.4 The debt charges budget is now forecast to spend £26.0 million in 2018-19, increasing to £38.5 million by 2022-23. This remains within the advisory debt charges limit that was set by Council early in the 2015-16 business planning process. The revenue impact of the Housing schemes has now been moved to the Commercial and Investment table, so this is no longer shown within these figures.

5.5 Although the majority of funding for significant Government capital grants has already been announced for 2018-19, the Council is still expecting Department for Education (DfE) announcements regarding Devolved Formula Capital and School Condition Allocations; however these are anticipated to be in line with previous years.

6. TREASURY MANAGEMENT STRATEGY

6.1 The Council is required to approve Prudential Indicators for 2018-9 to 2022-23. These include indicators showing the cost of servicing debt as a percentage of revenue expenditure and the Council's underlying borrowing requirement. Fixed and variable interest rate exposure and the maturity profile of debt are also reported.

6.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) has recently issued a revised Prudential Code and Treasury Management Code. In addition, the DCLG has also recently consulted on proposed changes to the prudential framework for capital finance with particular regard to:

- Local Authorities Investment Guidance; and
- Minimum Revenue Provision Guidance

6.3 There remains some confusion regarding Prudential Indicators which previously formed part of the Treasury Management Code of Practice. These were not covered in the Treasury Management Code previously and only formed part of the Guidance Notes. As CIPFA has only updated the Treasury Management Code of Practice to date, and not the Guidance Notes, there is a lack of clarity as to whether these indicators remain in place. To ensure compliance the Treasury Management Strategy retains current indicators whilst clarification is sought on their future inclusion.

6.4 The proposed implementation date of DCLG changes is 31st March 2018. Given the timetabling of this change, and subject to further alteration following the consultation, Full Council may be asked to approve a revised Treasury Management Strategy during 2018-19 to reflect the updated guidance.

6.5 An under borrowed position will be maintained throughout 2018-19. This means that borrowing has been reduced through the use of cash balances thereby keeping borrowing costs down. As a result cash balances are generally low and the level of loan debt is lower than it might otherwise be. However loan debt is expected to rise significantly throughout the Business Plan period as a direct result of capital investment.

6.6 The Council will continue to prioritise the security and liquidity of capital and achieve an investment return that is commensurate with these priorities. A prudent investment strategy is followed and external advice provides a guide on the creditworthiness of institutions. The majority of the Council's investments are in liquid instruments and shorter term deposits with Money Market Funds and high credit quality banks.

7. IMPACT OF PROPOSALS

7.1 The Equality Duty set out in S149 of the Equality Act requires the Council to consciously think about the following three aims as an integral part of developing policy, making decisions, and providing services:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the act
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it
- Foster good relations between people who share a protected characteristic and people who do not share it

7.2 The Council takes very seriously the need to be aware of the impact that our policies, decisions, and services have on communities across Cambridgeshire, and the importance of using this information to inform the preparation of the Business Plan. Where relevant, for each of the detailed proposals, services have undertaken a Community Impact Assessment (CIA).

7.3 CIAs have been prepared as part of the business cases associated with each proposal which are published as section 4 of the plan. These impact assessments state that in many instances the way we deliver services for communities will change and that service users will experience a transition from one service model to another – however we are clear that in all instances the local authority will still be fulfilling all statutory requirements of us and will be meeting the needs of residents and service users.

8. BUDGET CONSULTATION

8.1 The Council carries out an extensive consultation process to inform the business planning process. This year's methodology involved two stages:

- Stage 1 – focus groups, to take a deep look at issues residents considered important in relation to the how the County Council approached business planning.
- Stage 2 – a representative household survey and open web survey on draft business plan proposals and options for council tax.

8.2 For Stage 1 there was one focus group per District with each group being representative of one aspect of the County's demography.
- Young professionals / young families (Cambridge)
- Young professionals / young families (Cambourne)
- Middle age / older families (Ely)
- Middle age / older families (St. Neots)
- Older people (Wisbech)

8.3 An independent, professional research company (MEL Ltd) was commissioned to carry out both aspects of the project. Council officers worked with the Communities and Partnerships Committee (in a workshop format) to develop the questions for the household survey; these were then circulated for further comment prior to MEL starting Stage 2.

8.4 MEL organised the household survey to ensure that a randomised, representative household survey (as has been done in previous years) of approximately 1,100 residents was carried out so the results will be significant at a County level.

8.5 The results of this consultation activity were reported to GPC in December 2017; the full consultation report is included as Section 5 of the Plan.

8.6 Some of the key messages from the focus groups were;

- Prevention: There was positive feedback on measures that reduced costs (and gave people better outcomes) over the longer term.

- Building Resilience: There was positive feedback for initiatives such as the Innovate & Cultivate Fund and Time-Banking. Groups liked the idea of supporting people to support themselves. However some people doubted the strength of community spirit in their own communities.

- Revenue Generation: Participants rejected the idea of selling off land or assets. Instead they supported retention or development of assets in order to earn an income. Similarly the groups supported charging for some services where the charges were ‘fair’ or there was means testing.

- Increasing Tax: People applied a value judgement to the idea of increasing council tax, speculating on the value of paying more tax towards an ever decreasing service. The Wisbech and Ely groups acknowledge that the increasing cost of social care needed to be funded but other groups talked about the need to means test any increase in some way. Overall there was a negative reaction to a general increase in council tax with groups saying that there needed to be greater communication on what the money is spent on and what benefit would arise from any increase.

- Campaigning for fair funding: Groups acknowledged that there was a role for the County Council in campaigning for the area so long as this did not take too much resource and yielded results.

8.7 The Household Survey asked residents to consider draft proposals within the plan and indicate their level of support or objection. The results are shown below with all proposals and themes having a majority (>50%) of respondents supporting them.

How strongly do you support the following proposals to either save money or increase income? So on a scale of 1 to 4, where 1 is 'fully support' and 4 is 'strongly object' how strongly do you support...[SHOWCARD C]

	1-Fully support	2-Support	3-Object	4-Strongly object
1 - New support so that children going into care is minimised	489 (46.4%)	448 (42.5%)	69 (6.5%)	48 (4.6%)
2 - Offering early advice & help for older people before they need care services.	564 (51.3%)	473 (43.0%)	44 (4.0%)	18 (1.6%)
3 - Making savings when commissioning care for example for older people or for children who are in care.	226 (22.0%)	452 (44.0%)	240 (23.4%)	109 (10.6%)
4 - Changing the way we deliver & commission our health services such as nursing, health visits, sexual health, and drug & alcohol treatment.	220 (24.6%)	417 (46.6%)	196 (21.9%)	61 (6.8%)
5 - Charge for some services within libraries and also introduce new services that can be charged for	115 (10.7%)	441 (41.0%)	331 (30.8%)	188 (17.5%)
6 - Changing our support for schools: charging for some services and giving schools a more independent role in managing standards.	129 (12.5%)	423 (41.0%)	268 (26.0%)	211 (20.5%)
7 - Using specialist technology which allows the elderly and people with learning disabilities to stay independent for longer.	589 (53.8%)	437 (39.9%)	47 (4.3%)	21 (1.9%)
8 - Installing additional bus lane cameras to enforce bus lane violations.	293 (27.4%)	374 (35.0%)	231 (21.6%)	171 (16.0%)
9 - Increasing on-street parking fees in Cambridge whilst removing Park & Ride parking charges.	209 (19.9%)	395 (37.7%)	250 (23.9%)	194 (18.5%)
10 - Change charging policy for adult social care so we charge for the same things as other local authorities (some families would pay more).	116 (12.0%)	456 (47.4%)	299 (31.0%)	92 (9.6%)
11 - Sharing more Council roles & services with Peterborough City Council.	227 (22.6%)	431 (43.0%)	253 (25.2%)	92 (9.2%)

9. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

9.1 The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget, and precept, the Chief Finance Officer must report to it on the following matters:

- the robustness of the estimates made for the purposes of the calculations; and
- the adequacy of the proposed financial reserves.

9.2 This statement will be considered in full within the Business Plan papers by Council in February. However, to assist the Committee in being able to recommend a budget to Council an overview of the current position is set out below.

9.3 For 2018/19 we have proposed a number of options that will enable the Council to approve a balanced budget. In spite of the challenges facing the Council the proposals are robust and set out how the increasing pressures and costs will be offset by a programme of work to increase efficiency, generate additional income and manage demand for our services. This programme is supported by business cases, delivery plans and, where required, by additional transformation investment.

9.4 Furthermore the continued economic and population growth we are fostering, coupled with the increases in taxation rates available to the Council will create an expansion of the base revenue funding available to the Council. This will partially offset the grant funding reductions and service pressures helping us maintain a balanced position without the need for wholesale reductions in service that are being seen in some areas of the Country.

9.5 Delivering a balanced outturn for 2018/19, however, is not without its challenges. As the budget has become leaner over several challenging budgets cycles, dealing with pressures and exceptions often arising from non-predictable factors beyond the Council's control – becomes increasingly difficult. We have seen within the current year that the level of demand for services across service user groups has continued to increase, often at rates higher than previously modelled creating pressure in demand-led budgets and the under-delivery of associated in-year savings. The analysis in the Medium Term Financial Strategy also highlights the challenging wider financial context including the return of inflation at material levels, higher unit costs being charged by suppliers and market forces which have the potential to create capacity and cost pressures.

9.6 The General Reserve is specifically held to mitigate against any in-year pressures beyond those that have been built into the Business Plan. Five years ago the Council agreed a policy that the General Reserve should be held at no less than 3% of gross non-school spending to cover any such incidents. This currently equates to a figure of £16.3m. When the Council agreed to increase the General Reserve to 3% of gross non-school expenditure it did so in the context of a risk assessment that reviewed key areas of spend and the likelihood of significant budget variations in those areas. The risks associated with delivery have not diminished and therefore it is the Chief Finance Officer's opinion that the level of the General Reserve should remain at 3%. As a consequence, any known draw on this Reserve that takes it below this threshold should be balanced with a contribution from within the base budget for the following financial year

9.7 We are currently projecting to end 2017/18 with an ongoing overspend position of 4.2m which has had to be accounted for within the 2018/19 savings requirement. In this context, although we have developed an impressive portfolio of savings, efficiencies, transformations and income proposals which if delivered will return a balanced budget in 2018/19, we should not underestimate the risks in delivering a balanced outturn for the year.

9.8 Proposals developed for the later years of the business planning period represent the continuation of this programme of transformation and are considered deliverable based on the information available. However, as we might expect, the level of detail in some of the proposals for 2019/20 onwards is not as full as it is for the coming financial year. It should also be noted that there are remaining levels of unidentified savings in the later years of the plan which will need to be addressed through the development of further proposals.

10. NEXT STEPS

10.1 The meeting of General Purposes Committee on 23 January 2018 is the last opportunity for the Committee to publically scrutinise the business plan before Full Council debates the plan for approval on the 6 of February.

10.2 Any amendments to the plan recommended by General Purposes Committee will be incorporated before submission to Council and the Committee are asked to authorise the Chief Finance Officer, in consultation with the Leader of the Council, to make any technical revisions to the Business Plan which might be necessary.

11. ALIGNMENT WITH CORPORATE PRIORITIES

11.1 The Business Plan's purpose is to consider and deliver the Authority's vision and priorities as set out in the strategic framework which forms section 1 of the Business Plan.

11.2 Developing the local economy for the benefit of all
There are no significant implications for this priority

11.3 Helping people live healthy and independent lives
The impact of these proposals is summarised in the community impact assessments, published on the Council's website as a background document. Supporting people's independence is a central principle of our strategy and business planning proposals and where this can be achieved through prevention, early help or recovery we will reduce the cost of public services and support people's desire to avoid or delay the need to rely on public services.

11.4 Supporting and protecting vulnerable people
The impact of the proposals on our ability to support and protect vulnerable people is provided for each key proposal within the Community Impact Assessments which form part of the business cases for the individual proposals. Our intention is transform services, ensure we deliver value for money and work in new ways – rather than reduce service provision. These proposals do not include any change to the threshold for care and we will fulfil our role in protecting vulnerable people in full.

12. SIGNIFICANT IMPLICATIONS

12.1 **Resource Implications**

This report and the Full Business Plan outlines the overall resource position for the Council over the business planning cycle 2017-22. In particular the financial tables show the budget allocation, savings plans and proposals and The Medium Term Financial Strategy provides an overview of the Council's approach in the wider economic context.

12.2 **Procurement/Contractual/Council Contract Procedure Rules Implications**

The implications for procurement and contracting are described in the individual business cases which form section 4 of the plan.

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. Business planning proposals will inevitably carry statutory, risk and legal implications. These are addressed alongside each proposal where appropriate, and also in more detail at service committee meetings. More generally, it is recognised that the Council requires significant transformation of its services, in collaboration with partners, in order to meet the challenges ahead. There is significant risk if that transformation is not achieved.

Effective risk management is a fundamental requirement for the treasury management function, and this theme runs clearly throughout the Treasury Management in Public Services: Code of Practice and Cross-Sectorial Guidance Notes. The Council's Treasury Management Policy, Treasury Management Practices (TMPs) and Schedules, and Treasury Management Strategy for 2017-18 outline the ways in which treasury management risk will be determined, managed and controlled.

The Council is obliged to carry out its treasury management activities in line with statutory requirements and associated regulations and professional guidance

12.4 **Equality and Diversity Implications**

The Community Impact Assessments which form part of the business cases describe the impact of each proposal, in particular any disproportionate impact on vulnerable, minority and protected groups.

12.5 **Engagement and Communications Implications**

Our Business Planning proposals are informed by the Council's public consultation on the Business Plan which has included a wide range of partners throughout the process as set out in the report. The Consultation process forms section 5 of the Business Plan.

Community Impact Assessments (CIAs) for the savings proposals form part of the business cases which are section 4 of the Business Plan. Where appropriate these have been developed based on consultation with service users and stakeholders.

12.6 **Localism and Local Member Involvement**

As the proposals developed we have had 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**

The Business Plan includes proposals for spending and saving within the Public Health Directorate and using the specific Public Health Grant – these are includes within the tables and business cases which form section 3 and 4 of the Plan. Public Health colleagues are engaged across the business planning agenda to ensure our emerging Business Planning proposals are aligned to delivery of this core outcome.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules Implications been cleared by Finance?	Yes Chris Malyon
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes via Legal Services and Strategic Management Team (SMT)
Have the equality and diversity implications been cleared by your Service Contact?	Covered in individual business cases attached as appendices
Have any engagement and communication implications been cleared by Communications?	Covered in individual business cases attached as appendices Christine Birchall has approved consultation strategy and reports
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Covered in individual business cases attached as appendices
Have any Public Health implications been cleared by Public Health?	Yes via Liz Robin in SMT

Source Documents	Location
Papers presented to all Committees in December 2017 regarding the business plan for 2018/19 – 2022/23	https://tinyurl.com/yb99wwkm
December Briefing to Members regarding the Provisional Local Government Finance Settlement	If required please request from LGSS.finance@cambridgeshire.gov.uk

Strategic Framework

2018/19

DRAFT

Cambridgeshire County Council

cambridgeshire.gov.uk

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INTRODUCTION

We are pleased to present the 2018 update to our 2016-2021 strategic plans for Cambridgeshire County Council. This update sets out our progress in key areas and our ongoing commitment to focus our efforts and budget where they are needed most.

Last year we started on an ambitious programme of transformation which puts community outcomes firmly at the centre of all that we do and which is built around:

Our vision for the long term future of our County,

Our cross-cutting and strategic priorities,

A set of strategic outcomes that describe the results we aim to deliver.

Through this programme we know we can make a significant contribution to Cambridgeshire's success by supporting and enabling our communities to thrive.

Gillian Beasley, Chief Executive of Cambridgeshire County Council

Steve Count Leader of Cambridgeshire County Council

STRATEGIC FRAMEWORK

In this changing environment, it is more important than ever that we have a clear strategic approach which will enable us to evolve as challenges become more complex and as collaboration across the public sector and with our communities becomes increasingly critical.

Our strategic framework ensures that our plans are driven by a shared vision for the county and focused on achieving a number of outcomes for the people of Cambridgeshire. The framework, of which this Business Plan forms a central part, comprises the following elements:

A **strategic vision**, describing the Council's long term vision for Cambridgeshire, shaped with partners and the public.

Our **outcomes framework** which will be used to hold us to account for improvement across Cambridgeshire.

A **set of design principles** which guide how we approach the delivery of our outcomes

A set of **strategies, partnership agreements and action plans** which describe multi agency approaches to deliver improved outcomes across Cambridgeshire.

The Council's **Business Plan**, which describes how we will commission services to deliver these outcomes within the resources we have.

A suite of **key strategies** which build on the business plan, describing a detailed corporate approach which drives management of core activities such as finances, workforce, digital services, and assets.

Service plans, which describe how each of our directorates work to deliver our business plan objectives, including priorities for delivery as well as transformation and service improvement initiatives.

The Council's **transformation programme** which brings together our ambitious programme of change to ensure that we have the resources and capacity to deliver at pace.

DESIGNING OUR FUTURE

Since our transformation programme was first launched, there have been a number of significant changes to the environment in which the Council operates: in March 2107 the Cambridgeshire and Peterborough Combined Authority was officially formed, bringing £600 million into the area through devolution; the UK's decision to leave the European Union; continued pressures on local government finances and resources and a number of new developments in national policy direction. To meet the challenges of this increasingly complex landscape - and to ensure we can take advantage of opportunities - we are continuously reviewing and changing the way we work.

We have developed a set of design principles to guide the change we are embarking on – we apply these principles to the delivery of outcomes for communities

<u>Working for the System in Partnership</u> – the boundaries between public sector partners are blurring as we move closer to a whole system focus on shared priorities, outcomes and cost efficiencies. By acting as 'one public service' with our partners in the public sector and forming new and deeper partnerships with communities, the voluntary sector and business we can make the whole system work most effectively together. This might mean cost sharing between partners, joint commissioning, joint services and most importantly designing how it all fits together around people rather than the needs of individual organisations.

<u>Modern, Automated, Lean and Focused on Delivery</u> – it is vital that we take advantage of the latest technologies, apply forward-looking digital strategies, reduce internal business costs and apply the most creative and dynamic ways of working to deliver the most value for the least cost. This principle ensures our organisation is lean in the 'back office' and puts as much of its resources as possible into delivering directly for communities.

Intervening Early and Preventatively – a key focus is working to give people early help so that their needs don't escalate to the point where they need to rely heavily on public sector support. It is about supporting people to remain as healthy and independent as possible and stepping in quickly when people do need extra help so that they recover as much of their independence as possible as quickly as possible

Focusing on Communities and Places - We are moving to a more place-based approach, bringing the Council, partners and communities together to adapt to local demand and committing to a new contract with our citizens, so that the emphasis of all our practice is on working with communities, rather than doing things to them or for them. We want to support the capacity, energy and skills within communities to work alongside us.

Being Business-like & Commercial – identifying opportunities to bring in new sources of income which can fund crucial public services, recovering costs wherever it is appropriate making the best possible use of our assets and investments, ensuring all services are commissioned to deliver the right outcomes at the right cost and operating every area of the Council in a business-like way

Open and Transparent - We are developing systems and practices across all of our work and with partners that are open and transparent with a clear and streamlined approach to decision making.

STRATEGIC FRAMEWORK

All parts of the strategic framework are regularly reviewed and refreshed to develop and strengthen our plans and to make sure that there is a clear and visible connection between our strategic direction and the operational actions which underpin our practice.

DELIVERING OUTCOMES

We are becoming an increasingly outcomes-focused Council, making budget, investment and performance decisions based on the contribution of each activity to our priority outcomes:

Older people live well independently

People with disabilities live well independently

Adults and children at risk of harm are kept safe

Places that work with children help them to reach their potential

The Cambridgeshire economy prospers to the benefit of all residents

People live in a safe environment

People lead a healthy lifestyle and stay healthy for longer

To have real impact on each of these strategic outcomes, we will require co-ordinated approaches across Council teams and across the Cambridgeshire public sector system. The following section sets out our approach to delivery for each outcome, describing what we want to achieve and what success will feel like for Cambridgeshire's citizens.

Outcome: Older people live well independently

What are we aiming for?

The longer people can live independently, the better their quality of life. We want to support people to help themselves by building on their strengths and informal support networks. When people do come to us for support we want more people to receive support in their homes and communities focused on returning them to independence.. We also want to support those who care for them, building on the informal support networks that many people already rely upon. More intensive and longer term support it will be available for those that need it.

This means that we need to:

- Develop new models for the delivery of social care, building on informal community networks and assets; services such as Adult Early Help will help people to find support in their communities
- Work with other organisations in the public and voluntary sector so that people receive consistent, high quality advice wherever they go for help
- Work with the NHS to find people who might need our support early, and work with them to stop them developing greater needs
- Reduce the number of different professionals supporting people at home by working in a more ‘multi-disciplinary’ way, with one plan that all professionals are working to, supported by effective information sharing between organisations
- Make better use of Assistive Technology and Community Equipment to enable older people to maintain their independence and be safe at home.

If we get it right, people will say:

“I have a good network of friends and family who support me”
“I can make a contribution to my local area”
“I don’t need help from carers coming in”
“I can get about when I need to”
“I can live at home with a bit of support”
“I got help when I came out of hospital to live at home”
“I can choose what I do with my time”

Outcome: People with disabilities live well independently

What are we aiming for?

Our aim is to ensure that anybody with a disability – whether it be a physical impairment, learning disability or any other condition – has the same opportunities as every other citizen in Cambridgeshire, and can function as an equal part of their society. We must aim to ensure that all partners and organisations work with disabled citizens in ways that enable them to live well independently and equally within society.

This means that we need to:

- Actively support people of all ages with a disability to live in their own homes, communities or with their family and to find and sustain employment that is right for them
- Work actively with partners and other organisations that are well placed to proactively inform, raise awareness and promote positive attitudes and disability equality more widely amongst children, young people, their families, communities and organisations
- Ensure all of the decisions we make promote the strengths in the disabled community.
- Work with partners to provide trusted, consistent and useful information for citizens with a disability using a variety of digital and direct contact methods which ensures this is accessible to and useful for all people
- Ensure that we provide more opportunities for people to have positive interactions between people, groups and communities of disabled people and those without a disability
- Recognise that people with disabilities and their carers are experts in determining their needs and requirements, and work with them to ensure that what we do meets their needs

If we get it right, people will say:

"I have a good network of friends and family who support me"
"I can live at home without any help from support workers"
"I can get about when I need to"
"I can live at home with a bit of support"
"I can choose what I do with my time"

Outcome: Adults and children at risk of harm are kept safe

What are we aiming for?

Ensuring the safety of the most vulnerable is a vital contribution to our society. Everyone who works with adults and children has a responsibility for keeping them safe. We have a vital role in leading the system of partners and communities to ensure every individual working with adults, children and their families is aware of the role that they have to play and the role of other professionals. Through effective collaboration between professionals and agencies we will ensure that families receive the right support, in the right way and at the right time.

This means that we need to:

- Support families to thrive and build resilience using their own community networks of support; empowering them to help themselves
- Ensure that we are aligning with partner organisations to achieve more with our collective resource and expertise
- Work with communities to ensure that they have the capacity to take more responsibility for looking after each other and services are designed around those communities and people
- Ensure our services are targeted toward those with who need us most now, and who we think will need support in the future, whilst also providing good quality advice and information locally

If we get it right, people will say:

"I know who to speak to and where to go if I don't feel safe"
"After my support worker helped me, my life got better"
"I'm not being hurt anymore"
"I am happy where I live"
"I know who my lead professional is"
"I felt like I got the right help at the right time, so things got better, and my family can thrive"
"I know what to do if I am concerned about the safety of a child or adult"

Outcome: Places that work with children help them to reach their potential

What are we aiming for?

Our aspiration is for every child and young person in Cambridgeshire to achieve the best they can, where all of the places that work with children and young people will be good or outstanding.

We will provide, facilitate and broker support to those children and young people who have additional needs to enable them to reach their full potential

We will work with others to make sure we have enough teachers and support staff of good quality and that we retain these.

This means that we need to:

- Ensure we have enough child care settings, including provision for 2 year olds to receive free childcare for income deprived families
- Ensure we have enough good quality school places for all children and young people
- Champion the needs of vulnerable children and young people, including providing services to children and young people with special educational needs and Children in Care.
- Work with schools, the Regional Schools Commissioners and others such as health to ensure vulnerable children and young people receive the support they need to achieve their full potential
- In conjunction with the Regional Schools Commissioners support educational settings in their recruitment and retention of good quality teaching and support staff

If we get it right, people will say:

"I did well at school"
"I feel positive about my life and future"
"I am supported to do the best I can in school"
"I am safe at school"
"My child has had a good pre-school experience and is ready to start school"

Outcome: The Cambridgeshire economy prospers to the benefit of all residents

What are we aiming for?

We know that whilst parts of Cambridgeshire (in national and global terms) have high levels of economic prosperity, there are areas which do not share the benefits of this. Therefore we are aiming to increase, and sustain, the overall economic prosperity of Cambridgeshire with a particular focus on ensuring that those areas which aren't as prosperous are supported to grow.

This means that we need to:

- Work with partners to focus our resources in the people and places where the need is greatest
- Ensure that our services enable more of the Cambridgeshire pound is spent on citizens and promote this approach with partners
- Ensure Cambridgeshire's infrastructure meets the needs of communities, allowing them to access the resources they need
- Support the development of relevant employment opportunities, ensuring they are available and accessible to all
- Make the best use of our assets to allow us to effectively deliver our services to our communities
- Develop new revenue streams to allow us to invest in our priority areas

If we get it right, people will say:

"I have a job which enables me to lead a rewarding and fulfilling life"
"I have access to training that will help me achieve what I want to achieve"
"I want to, and am able to, access investment in Cambridgeshire"
"I can get around my County easily"

Outcome: People live in a safe environment

What are we aiming for?

Our aim is that the people of Cambridgeshire live in a safe environment. We want to ensure that everything that we do, and all the decisions that we make, contribute to this.

Our definition of a safe environment is broad and includes elements such as the quality of the air that people breathe, the quality and safety of their housing, their ability to travel safely around the county, the impact of crime and anti-social behaviour on their lives, and how safe people feel in their homes.

We will also take into account people's perceptions of their environment and consider whether they feel safe as well as whether they are actually safe.

This means that we need to:

- Work with people to make sure their communities and homes are safe places and communities are inclusive and cohesive.
- Actively consider the impact on the environment and our communities in Cambridgeshire of all of the decisions that we make.
- Understand people's perceptions of their safety and take this into account when designing services with a view to narrowing the gap between perception and reality where a gap exists.

If we get it right, people will say:

"The roads are safe"
"I am safe when I'm out at night"
"My neighbourhood is safe"
"I am safe at work"
"I feel safe in my home"
"I am safe from flood risk"
"I can breathe clean air"

Outcome: People lead a healthy lifestyle and stay healthy for longer

What are we aiming for?

Health and wellbeing are recognised as critical components of good quality of life. We aim to improve the health and wellbeing of people in Cambridgeshire so that, whatever their age or circumstance, our citizens can lead fulfilling and satisfying lives. The wellbeing of our citizens is influenced by a number of closely connected drivers, including economic, social and personal factors. Across all of these, health is recognised as an important driver of personal wellbeing, with good mental health being crucial to life satisfaction.

This means that we need to:

- Help children develop well and healthily in their early years
- Encourage healthy environments at home, school and work, as well as in transport networks and outdoor space
- Provide trusted information on lifestyle and health, and support people who want to change to healthier behaviours
- Recognise which communities experience the poorest health outcomes, (often linked with multiple deprivation), and target resources to working with these communities to address the root causes.
- Help people with existing health conditions through signposting effective care and support
- Support people with mental health problems and promote recovery through reducing isolation, helping people to reconnect with their communities, reducing stigma and supporting people to take part in meaningful activities

If we get it right, people will say:

"My children are growing up healthy and active'
"I enjoy and have control of my life, and can make a positive contribution"
"I know where to get help with my health if I need it"
"I don't smoke, don't drink too much and am a healthy weight"
"Where I live and work, it's easy to stay healthy"
"I feel steady on my feet and I'm not worried about falling over"

TRANSFORMATION

During 2017, our transformation programme has delivered positive impact across these outcomes and we have listened to our partners, our workforce and our communities in shaping our services through a programme of Outcomes Focused Reviews. The programme has supported over £30 million of savings and investments in 2017/18 and will support delivery of our business plan in 2018/19.

Some examples of our work to date are included below.

Working in the community

Cambridgeshire County Council launched the Innovation Fund in November 2016. Initially worth up to £1 million the fund aims to help community organisations with big ideas to come forward with innovative ways to support the county's most vulnerable people and help to make communities stronger and more resilient. In this way, the fund helps communities to step in early, diverting people from needing more costly frontline council services.

Successful applicants from the first round include Switch Now – an organisation based in St Neots who train, support and mentor young adults aged 16 - 30 with learning difficulties/ disabilities helping them towards voluntary, paid or self-employment which boosts their self-esteem and makes them less reliant on learning disability services. And Little Miracles, in Romsey, which provides much needed peer support services to families with disabled children, ultimately preventing family breakdown.

This September the fund - renamed Innovate and Cultivate - was split into two streams – a small grants stream (£2k-£10k) and a large grants scheme (up to £50k). The small grants will focus on community capacity building and developing and strengthening networks in our communities. The large grants scheme will continue to focus on projects that are innovative. The aims of the fund remain the same – to support vulnerable people and to strengthen our communities.

Reablement.

Cambridgeshire County Council's reablement scheme helped almost two thousand people back into independent living last year.

The service sees around three thousand people each year– individuals who have suffered from strokes, falls, or a multitude of other incidents which have led to time in hospital

The aim is to maximise what they can do for themselves by working in partnership with GPs, nurses, therapists and social workers and get them back on the road to independence

Chair of Adult Services committee, Cllr Anna Bailey says, "The vast-majority of people we help want, as far as they can, to live the life they had previously and reablement allows that to happen."

Sixty per cent of those the council have helped do not need any care afterwards, relieving pressure on the NHS and social care, but also giving people back their independence and quality of life.

Sometimes people are seen by the reablement service in hospital to see how best to help them return home, supporting them to regain confidence in moving about, making meals, or getting out of the house.

The service also provides people with pieces of equipment, ranging from the simple (eg. a sponge) to the complicated, like ceiling hoists and Disabled Facilities Grants, to change aspects of their home

Alison Finlay, from the Reablement Service, says, "It's about providing a service that is personalised to the individual and giving that person the things that are important to them to help get their life back on track."

A blueprint for the future.

The community is reaping the rewards of a relocated child and family zone in St Ives - and its success is hoping to inspire a blueprint for others around the county as part of the wider children's centre transformation project.
After moving from a run-down, mobile site at Wheatfields Primary School to the heart of the community at the Broad Leas Centre a year ago, the child and family zone has truly brought the whole community together in one place.
Youth services, community groups and now the child and family zone all occupy the same space in Broad Leas making it a real focal point of the town. The newly transformed space with its huge range of activities is used by people of all ages; from baby and toddler groups to carpet bowls for the older generation and is now meeting the needs of the whole community.

Fran Macklin, Children's centre manager, said: "The move made sense because we are now more central in St Ives and the previous facilities were too small and restricted the size of groups that we could run. The building itself was in need of serious repair and we were unable to accommodate large groups for lack of space.

"Now we are at Broad Leas, we have parking for both staff and service users, a large hall to run bigger groups and access to smaller rooms for meetings and one to one work. And being centrally located in St Ives has increased our presence within the community as we are now very visible compared to our previous location."

Savings made from the move have been re-invested in Broad Leas and the top floor has been regenerated, freeing up additional space, while the restructuring of the downstairs has allowed an outdoor play area to be added and provided a reception that can be used by all.

Cllr Simon Bywater, the county council's Children and Young People Committee chairman, said: "We want to put our services in places that people need it most. If we can bring our provision together in places that are fun, bright and easily accessible for a range of ages and different people, like at Broad Leas, than that's the best way forward for us to spend the tax payer's money."

PERFORMANCE

We review our performance frequently to make sure that we are delivering on our aims.

Our Service Committees monitor performance and finance in their areas monthly, and the General Purposes Committee oversees overall progress in delivering on outcome areas.

Each Service Committee chooses measures and targets to help them understand performance. This might include monitoring the activity in the service (like how many people are being supported) as well as monitoring the outcomes of the service (like how many people live independently after being supported by reablement services, or how much of the road network is in need of repair). Service Committee Finance and Performance Reports are available on the Council's website.

All of the measures chosen by the Service Committees are categorised as being most relevant to one of the Council's outcomes. The General Purposes Committee then oversees the performance of all of these indicators in each of the outcome areas in a monthly Integrated Finance and Performance Report, which is also available on the Council's website, as is the full list of all performance indicators overseen by Service Committees.

The General Purposes Committee also manages our financial situation, supervises the performance of the Transformation Programme, monitors corporate indicators like staff sickness, and manages key corporate risks as part of the same report.

If performance is not at the expected standard, the Service Committee makes a report to the General Purposes Committee explaining the situation and what action is being taken to get back on track.

Section 2 – Medium Term Financial Strategy

Contents

1) Executive summary

This Strategy sets out the financial picture facing the Council over the coming five years. As part of the Comprehensive Spending Review (CSR) in 2015, councils were offered the opportunity to agree to a fixed four year settlement figure, covering years 2016-17 to 2019-20, bringing greater certainty to the grant settlement. The Council voted to reject the offer due to the unsustainability of the minimum level of funding in the latter years of the offer, in particular negative Revenue Support Grant (RSG) in 2019-20.

There is a great deal of uncertainty surrounding the UK's public finances due to recent events. In April, the UK prime minister announced a snap general election, which saw the Conservatives lose their majority. The Bank of England revised down its growth forecasts in August sighting continued uncertainty over Brexit negotiations and this remained largely unchanged in the November update – although the base rate of interest was raised to 0.5% in response to inflation remaining above 3%.

In addition to the international uncertainty, there are a number of Central Government consultations either currently open or expected soon, most notably those on Fair Funding and negative RSG in 2019-20, which are expected to affect the Council's funding. The outcomes of these consultations will be taken into account within the Business Plan as they become available.

The Autumn budget, while holding few changes that will impact directly on local government finances, included a significant downgrade of productivity and GDP growth by the Office for National Statistics. As a result, the outlook for public finances remains relatively bleak. The Council has operated within a very constrained financial environment for a number of years and as a result, the Council has had to take some difficult decisions over service levels and the 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. The Council has developed a strategic approach to the creation of transformation and innovation proposals, including bringing the various skills and resources that were dispersed across the Council under a single line management structure. This has helped to ensure that proposals and ideas are captured and turned from suggestions into realities. In order to support the continuation of this strategic approach, the Council previously established a Transformation Fund of almost £20m ensuring that finance is not a barrier to transformation.

The Council still has to make some stark and unpalatable choices but we are pushing at all boundaries to ensure that, as far as we can, the service outcomes that our residents receive remain unaffected.

Unfortunately however, some service reductions are inevitable. These will be far less than otherwise would have been the case had the Council not embarked upon this journey, and we will always focus on transforming rather than cutting services within this approach. The Council will continue to seek to shape proposals so that the most vulnerable are the least affected. 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 2018-19 do contain some proposals, the delivery of which, will be challenging.

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.

Cambridgeshire has one of the fastest growing populations and, as such, we are under particular pressure as the number of people accessing our services increases. In addition to this background population growth the needs of those requiring care packages are becoming more complex and therefore costly. As a result, the Council will work increasingly across service, organisation, and sector boundaries to find ways in which the resources of the wider public sector can be best used to achieve the outcomes we strive for in the context of a rapidly increasing number and need of local population.

The key elements of this Strategy, on which basis the Business Plan is calculated, are set out below. A key point to note is that the general Council Tax assumptions have been maintained at 0% for the period of the Strategy, but Adult Social Care precept assumptions remain at 2% increase for all years that it is available (up to and including 2019-20). This follows the policy set by the Council in February 2017 when considering the budget for 2017-2022.

- A 0% general council tax increase for the period of the Strategy;
- The Adult Social Care Precept of 2%, will be accepted for the remaining two years that it is available;
- The strategic approach to developing savings and transformation proposals that support the Business Plan continue to evolve through a focus on efficiency, accountability, partnership and co-production;
- For the financial year 2018-19 the base budget will use the budget allocations built into the existing Business Plan but 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 continue to 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 and Combined Authority levy);
- 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, recognising the need to embrace change and innovation;
- All opportunities for cross-sector and organisational working that drive end to end efficiencies and/or improvements in service delivery will be pursued;
- Business rates pooling will be fully explored with district council's where there is a mutual financial benefit to so do, particularly in relation to the pilots preceding the introduction of the 75% Business Rates Retention scheme;
- The Council Tax assumption and forecasts are reviewed each year and updated if necessary;
- The Council will continue to lobby central government for fair funding leading into the national replacement of the current funding formula in 2020-21.

2) National and local context

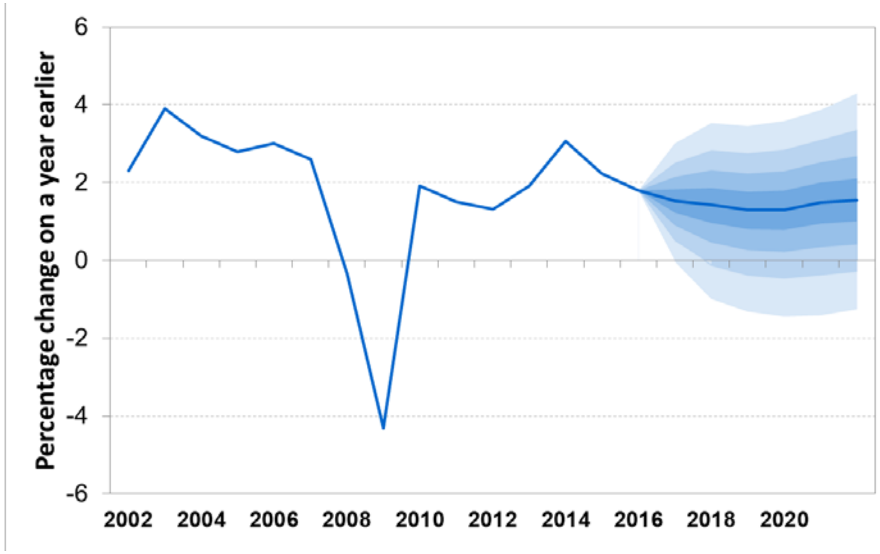
The Council's business planning takes place within the context of both the national and local economic environments, as well as government's public expenditure plans. This chapter of the Medium Term Financial Strategy explores that backdrop.

National economic outlook

Since the end of 2012 UK GDP growth has remained relatively stable, surpassed its 2008 pre-crisis peak in the third quarter of 2013 and, at 3% was the fastest growing in the G7 in 2014. In the last two years GDP growth has fallen from this peak and the Office of Budgetary Responsibility (OBR), in their November 2017 Economic and Fiscal outlook, revised down GDP growth across all 5 years, with the average growth across the period falling to 1.4% a year.

Labour productivity remains a key weakness for the UK, with the International Monetary Fund warning that it is a key risk the UK's future economic health. This is reflected in the reduction of the OBR's GDP growth forecasts being primarily attributed to a reduction in productivity growth since the financial crisis – current forecasts put the UK's productivity put it 27% below the extrapolation of the pre-crisis trend by the end of 2022.

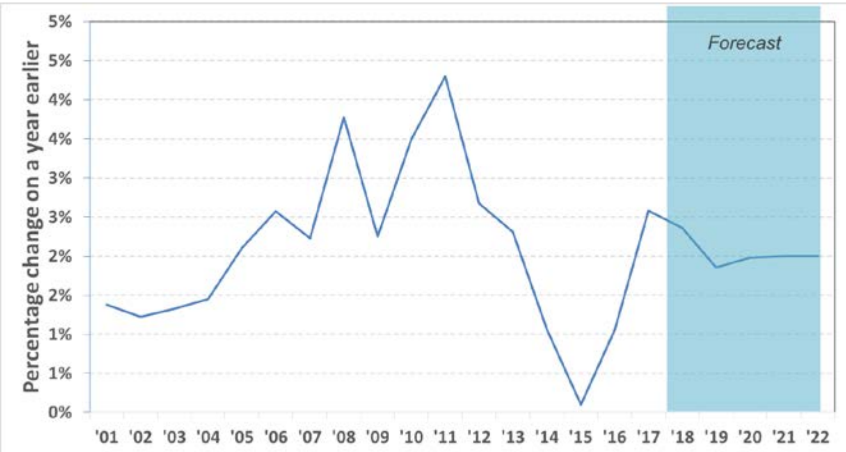
Figure 2.1: GDP Growth (Source: OBR, Nov 2017)



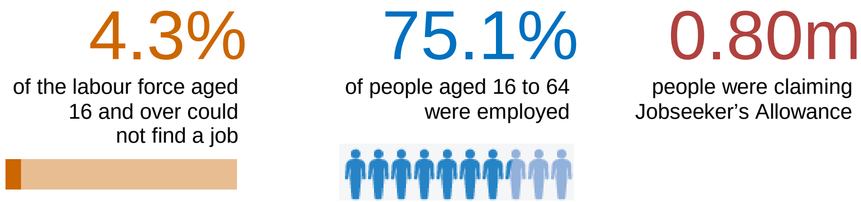
The downturn in the housing and property market after the credit crunch initially caused development to slow and land values have subsequently been struggling to recover. In previous years this has negatively affected the ability of the Council to fund capital investment through the sale of surplus land 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 has recovered to pre-2008 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. Since then CPI inflation has risen sharply, recently driven by the depreciation in sterling after the EU referendum and rising global commodity and energy prices, and is expected to peak at 3% in the final quarter of 2017 before falling back to around the 2% target over the next year and a half.

Figure 2.2: CPI Inflation (Source: OBR, November 2017)



Unemployment has continued to fall, with the OBR revising the level of sustainable unemployment from 5% to 4.5% - the latest figures from the Office for National Statistics put the unemployment rate at 4.3%; with 1.43m people aged 16 to 64 not employed but seeking work but is expected to rise slightly by the end of the MTFP period mainly due to the increases in the National Living Wage putting pressure on equilibrium employment. As at Nov 2017, the number of people claiming Jobseekers Allowance was 0.80m. In total, 32.08m people were in employment (75.1% of the population aged 16-64).



In November 2017 the decision by the Bank of England to increase the base rate by 0.25% to 0.50% a decision driven by CPI remaining above 3% in the final quarter of 2017. The ONS predict this rising to 1.25% by 2023; while these rises seem large compared to the historically low rates since 2009, and will have some degree of adverse effect on the cost of borrowing, the rate is still significantly lower than the pre-crash peak of 5.7%.

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

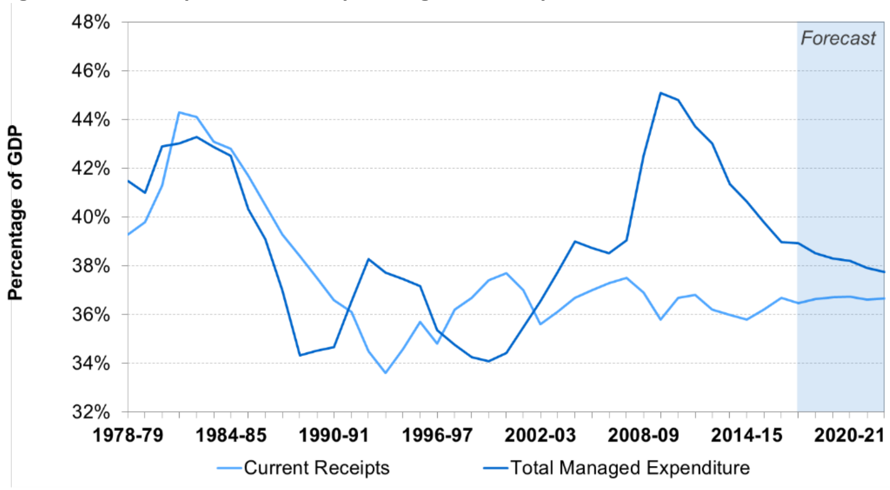
Public Sector spending

The government's economic strategy, as stated in the charter for budget responsibility is to "return the public
finances to balance at the earliest possible date in the next Parliament. In the interim, cyclically-adjusted borrowing should be below 2% by 2020-21.

In line with this change in target, the rate at which the cyclically-adjusted budget deficit reduction has slowed and the latest forecast from the OBR expects the Government to meet their new 2% target.

Public sector net debt rose to 86.5% of GDP in 2017-18 but is expected to reduce to 79.1% by 2022-23. At its peak, debt will have increased by over 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

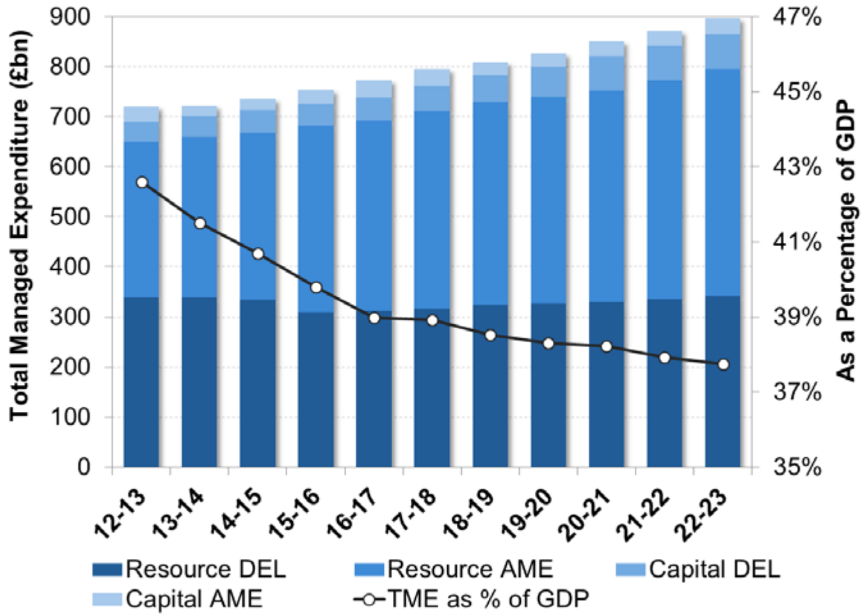


The government plans to eliminate the deficit by a mixture of spending and fiscal consolidation. Current estimates indicate that Total Managed Expenditure will be reduced from 38.9% of GDP in 2017-18 to 37.7% of GDP by 2022-23.

Total Managed Expenditure (TME) 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 a 2% year on year increase, in revenue Departmental Expenditure Limits until 2022-23 to match forecast long term inflation targets, alongside a larger increase in AME. This forecast has not been updated since GDP growth was revised down alongisde the November budget thus there is the possibility DEL growth will be reduced.

Figure 2.4: Total Managed Expenditure



Detailed government spending plans for individual departments were announced in the 2015 Spending Review, and departments will continue to deliver these plans. The Efficiency Review announced in the Budget 2016 was expected to update in autumn 2017 however it has yet to materialise.

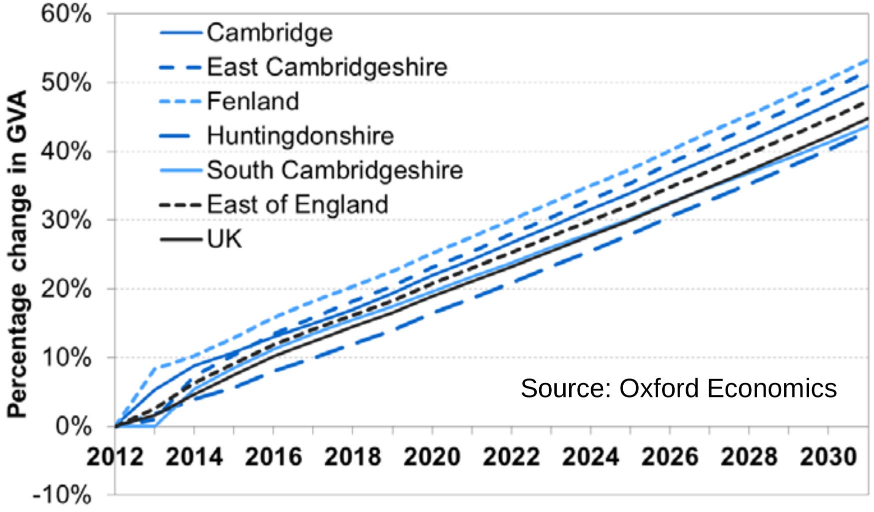
By far the majority of the Department for Communities and Local Government's DEL is allocated to individual local authorities. Our internal modelling of future cuts prudently assumes the continuation of the cuts previously confirmed by the 2015 Spending Review. As the Council is one of only ten councils who have not accepted the Government's multi-year settlement, this creates an additional level of uncertainty regarding how any changes to the DEL will be applied to local authorities. The level of uncertainty has decreased each year as the multi-year settlement only covers funding until 2019-20, thus there is only one financial year left for which a settlement has not been issued, albeit provisionally for 2018-19.

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 – significantly bolstered by the move of the AstraZeneca headquarters to Cambridge in 2013.

Economic productivity is measured by Gross Value Added (GVA). Calculated on a workplace basis, Cambridgeshire's GVA was £18.832 million in 2015, a 4.5% increase from 2014. Per head of population, GVA was £29,097 in 2015, 21% above the East of England average of £23,970 per head, and 11% above the England average of £26,159 per head.

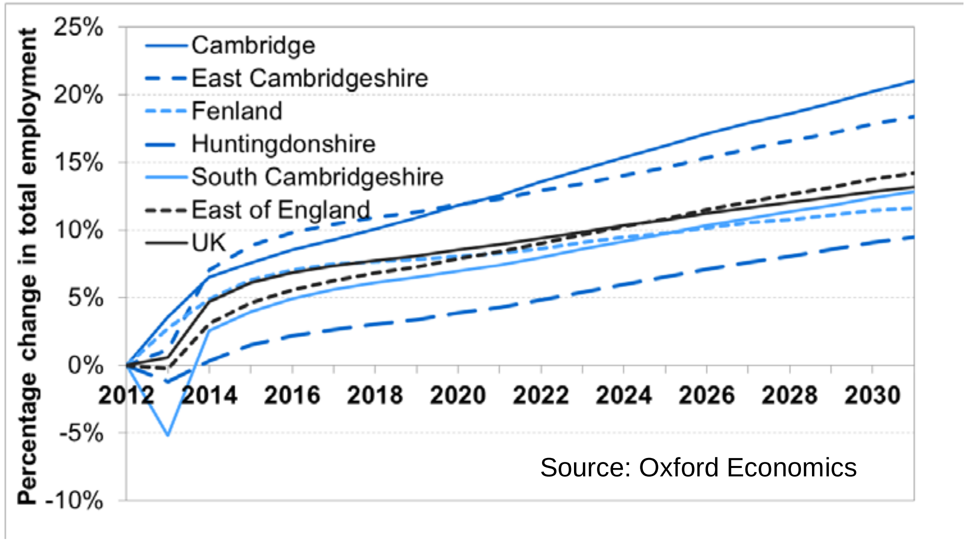
Figure 2.5: GVA growth forecasts for Cambridgeshire by district



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 9.8% over the term of the MTFS, with the most significant increase in South Cambridgeshire, where GVA is expected to increase by £448m. Enterprise births relative to population is still below the regional and national averages rate. Cambridgeshire as a whole has seen an increase in the number of business start-ups in 2016 compared to 2015. 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



The forecast 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. 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 free Wi-Fi network covering central Cambridge is continuing to expand under the Connecting Cambridgeshire programme, as the first step in improving public access to Wi-Fi across the county. Better connectivity is expected to improve productivity.

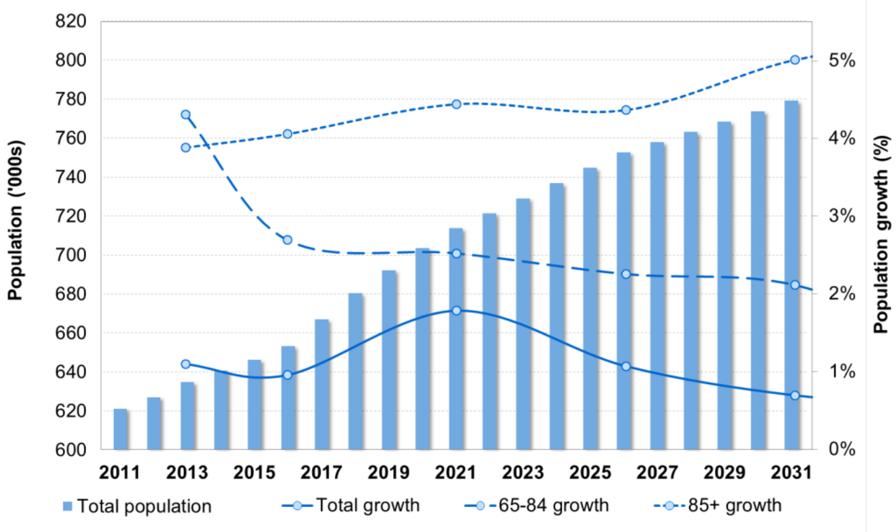
As part of the Budget 2014, Central Government announced their agreement for a Greater Cambridge City Deal (Greater Cambridge Partnership) which will deliver a step change in investment capability; an increase in jobs and homes with benefits for the whole County and the wider Local Enterprise Partnership 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 Executive. 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 budget 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% between 2016 and 2036. The pattern of growth will not be evenly spread, with most of it occurring in Cambridge, Huntingdon 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 119,070 in 2016 to 194,470 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 terms reduction in resources and pressures of demographic growth, maintaining the level of funding for the key activities that deliver these outcomes becomes increasingly challenging without fundamental change.

In response, the Council has embarked upon a significant transformation programme – challenging ourselves to find innovative new approaches and creative solutions so that a leaner, more forward thinking and agile organisation emerges to meet the needs of our communities.

The Transformation Programme is now integrated into the Business Planning process with our programme of investments and savings reflecting the transformational changes we are planning for 2018/19 and beyond.

The key principles driving our thinking are;

- **Working for the System in Partnership –** the boundaries between public sector partners are blurring as we move closer to a whole system focus on shared priorities, outcomes and cost efficiencies. By acting as 'one public service' with our partners in the public sector and forming new and deeper partnerships with communities, the voluntary sector and business we can make the whole system work most effectively together. This theme includes cost sharing between partners, joint commissioning, joint services and most importantly designing how it all fits together around people not the needs of individual organisations.

- **Modern, Lean and Focussed on Delivery** – taking advantage of the latest technologies, applying digital strategies to reduce transactional costs, reducing internal business costs and applying the most creative and dynamic ways of working to deliver the most value for the least cost. Applying this principle ensures the organisation is lean in the 'back office' and puts as much of its resources as possible into delivering directly for communities.

- **Intervening Early and Preventatively** – working to give people early help so that their needs don't escalate to the point where they need to rely heavily on public sector support. It is about supporting people to remain as healthy and independent as possible and stepping in quickly when people do need extra help so that they recover as much of their independence as possible and quickly as possible

- **Focussing on Communities and Places** - We are moving to a more place based approach, bringing the Council, partners and communities together to adapt to local demand and committing to a new contract with our citizens, so that the emphasis of all our practice is on working with communities, rather than doing things to them or for them.

- **Being Business-Like & Commercial –** identifying opportunities to bring in new sources of income which can fund crucial public services, making the best possible use of our assets, ensuring all services are commissioned to deliver the right outcomes at the right cost and by the right provider and operating every area of the Council in a business-like way

Members and Officers have used these principles and themes to design an organisation that focuses on the outcomes we want most for our communities and that works together to achieve them. This process was initiated by a call on Officers throughout the Council to put forward ideas which they believe can create real improvements for the people of Cambridgeshire, whether this is directly, by improvements to our frontline services, or by creating savings or income which allow more of our resources to be spent where they are most needed.

These proposals are then driven forward by cross-Directorate groups, led by the Corporate Management Team and Strategic Management Team, each responsible for a specific key theme. In this way we have moved away from cash limits, top down planning and traditional efficiencies to a process based on cross-directorate collaboration, shared accountability are taking greater risks and moving at greater pace than ever before.

Transformation Fund

To support the delivery of this new approach the Council has established a Transformation Fund, through changing the way the Council bears its cost of borrowing, and has introduced a mechanism by which base funding priorities are reviewed and re-aligned where there is a clear rationale to do so. Furthermore the transformation resources that exist across the Council have been 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.

Flexible Use of Capital Receipts Strategy

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. The flexibility was originally announced for 2016-17 to 2018-19, however this was extended by a further 3 years as part of the 2018-19 provisional Local Government Finance Settlement.

This flexibility is afforded to any Council listed in Annex A of the direction, including Cambridgeshire County Council, as long as it complies with the following:

- The expenditure is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years; and

- The expenditure is properly incurred for the financial years that begin on 1 April 2016 to 1 April 2021, and can only be met from capital receipts which have been received in the years to which this direction applies.

The Council has decided to use this direction to fund the transformation resources that have been brought together to support the Transformation Programme, as well as the cost of redundancies required in order to deliver transformation of services. As a result of using this direction, prudential borrowing undertaken by the Council for the years 2017-18 to 2021-22 will be £2.3m higher in each respective year. This affects the Council's Prudential Indicators as follows:

Table 3.1: Effect of using Capital Receipts on Prudential Indicators

Prudential Indicator	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	202 £
Capital Financing Requirement	+2.3	+4.6	+6.9	+9.2	+11
Operational Boundary (Total Borrowing)	-	-	-	-	
Authorised Limit (Total Borrowing)	-	-	-	-	

This is expected to create additional Financing costs in the revenue budget of £146k in each of 2017-18 to 2021-22.

The Council has funded 2017-18 expenditure as follows, and intends to fund the following schemes in 2018-19 using this direction:

Table 3.2: Transformation Spend to be funded by Capital Receipts

Scheme	2017-18 £m	2018-19 £m
Adult Social Care transformation / Transforming Lives / Reablement	198	198
Learning Disability transformation	91	97
Older People's transformation	78	78
Children's Change Programme	546	223
Children's Centres & Children's Health Services transformation	-	304
Commissioning Enhanced Services transformation	69	-
Learning transformation	-	128
Highways Service transformation	34	34
Alternative Delivery Models/ Contracts and Procurement work stream	191	387
Assets / Facilities work stream / Property projects	241	241
IT work stream	281	281
Organisational Structure Review	234	352
TBC	359	-
TOTAL	**2,293**	**2,293**

Commentary on whether savings have been achieved.

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 5) and Reserves Policy (see chapter 8).

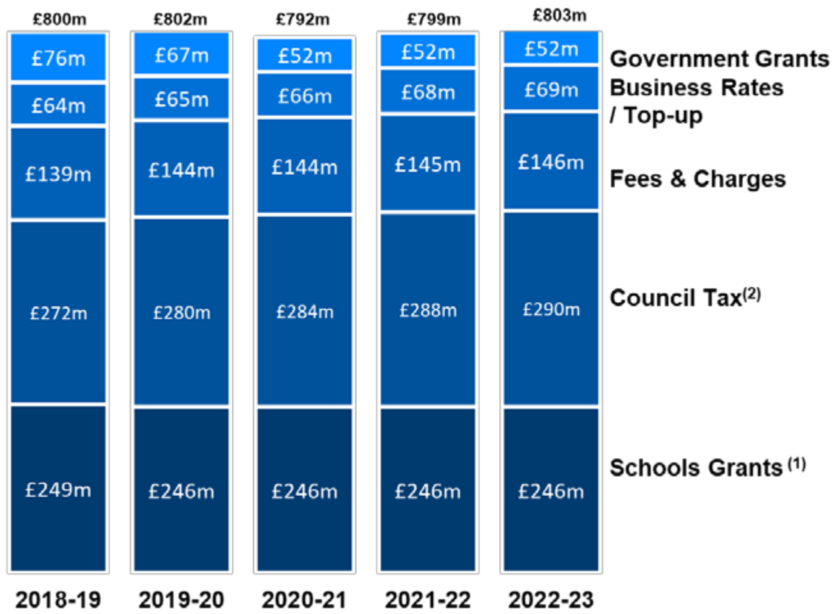
The Council's revenue spending is shaped by our Transformation Programme, influenced by levels of demand and the cost of service provision, and constrained by available funding.

Funding forecast

Forecasting our financial resources over the medium term is a key aspect of the revenue strategy, allowing us to understand 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 2018-19, Cambridgeshire will receive £565m 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 general council tax rate and 2% for the Adult Social Care precept has been assumed, and Central Government funding (excluding grants to schools).

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 medium term. Despite significant increases in projected fees and charges, primarily due to housing provision, the Council will only see an increase in overall gross budget (excluding schools) of 0.2% to 2021-22. 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 CPI inflation (3% in 2018-19, falling to 2% by 2022-23, as per OBR forecasts)
Top-up	• National CPI inflation (3% in 2018-19 as per OBR forecasts)
General Council Tax	• Level set by Council (0% in all years) • Occupied Cambridgeshire housing stock (0.3%-1.5% annual increase, as per District Council forecasts)
Adult Social Care Precept	• Level set by Council (2% in years 2018-19 to 2019-20)
Revenue Support Grant	• DCLG Departmental Expenditure Limit (-13.2% in 18-19 and 19-20 then maintained)
Other grants	• Grants allocated by individual government departments (overall decrease of 13.6% by 2022-23)
Fees & charges	• Charges set by Council (overall 4.50% 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. In particular Revenue Support Grant, worth more than £50m a year as recently as 2015-16, will have been cut to just £4m in 2018-19 and is expected to become negative in 2019-20.

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 former 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.

Following on from the pilot, the Business Rates Retention Scheme was planned to be implemented in 2019-20 however, as part of the provisional 2018-19 Local Government Finance Settlement it was announced that the intention is to implement a 75% (rather than 100%) model in 2020-21 alongside the new fair funding formula. In order to ensure that the reforms are fiscally neutral, councils would gain new responsibilities, and some Whitehall grants would be phased out, to date revenue support grant and the public health grant have been confirmed to be rolled in. Obviously the impact of this may be significant for the Council however we are waiting on further clarity from DCLG before the change can be included in the forecasts.

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 652,110. In reality, this is mitigated somewhat by the New Homes Bonus, which acts as a clear promoter of housing growth.

The New Homes Bonus has also been subject to consultation, the results of which was to introduce a baseline growth rate of 0.4% below which no bonus is paid, and use the funding this frees up to create a £240m Adult Social Care Grant.

The government limits the general increase in Council Tax in 2018-19 to 3% per year, but has provided additional flexibility for local authorities with Adult Social Care responsibility to raise Council Tax by an additional precept. This precept is capped at a maximum 6% increase to 2019-20 with the flexibility to raise it by up to 3% in each of 2017-18 and 2018-19. This Business Plan assumes that the Council will freeze general council tax and continue to phase the 6% precept via a 2% rise in 2018-19 and 2019-20 (in addition to the 2% increase in 2017-18) rather than 3% in 2018-19 and 1% in 2019-20.

The availability of the Adult Social Care precept has not been confirmed beyond 2019-20 and the budget assumes the precept will no longer be available beyond this point.

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 1.2%, 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

	2018-19	2019-20	2020-21	2021-22	2022-23
Inflationary cost increase (£000)	5,729	6,328	5,594	5,601	5,535
Inflationary cost increase (%)	1.2%	1.3%	1.2%	1.2%	1.2%

Demand pressures

Demand change can result from changes in population numbers and changes in population need. The underlying general population growth in Cambridgeshire is forecast to be 1.4% per year, for the duration of the MTFS. Where Services cannot absorb the financial impact of general population growth, where the population growth exceeds that of the general population or there is increased need of service users the expected cost increases are set out in the table below. Planned actions to manage demand are detailed within the savings plans for each service area.

Table 4.3: Demographic pressures

	2018-19	2019-20	2020-21	2021-22	2022-23
Total demographic cost increase (£000)	7,062	7,380	7,850	7,891	8,686
Total demographic cost increase (%)	1.5%	1.5%	1.7%	1.7%	1.9%

Other pressures

We recognise that there are some unavoidable cost pressures that we will have to meet. Where possible services are required to manage pressures, if necessary being met though the achievement of additional savings or income. If it is not possible, particularly if the pressure is caused by a legislative change, pressures are funded corporately, increasing the level of savings that are required across all Council services.

Investments

The Council recognises that effective transformation often requires up-front investment and has considered both existing and new investment proposals 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). The Transformation Fund acts as a pump priming resource; any permanent investment requirements continue to be funded through additonal savings across all Council services.

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).

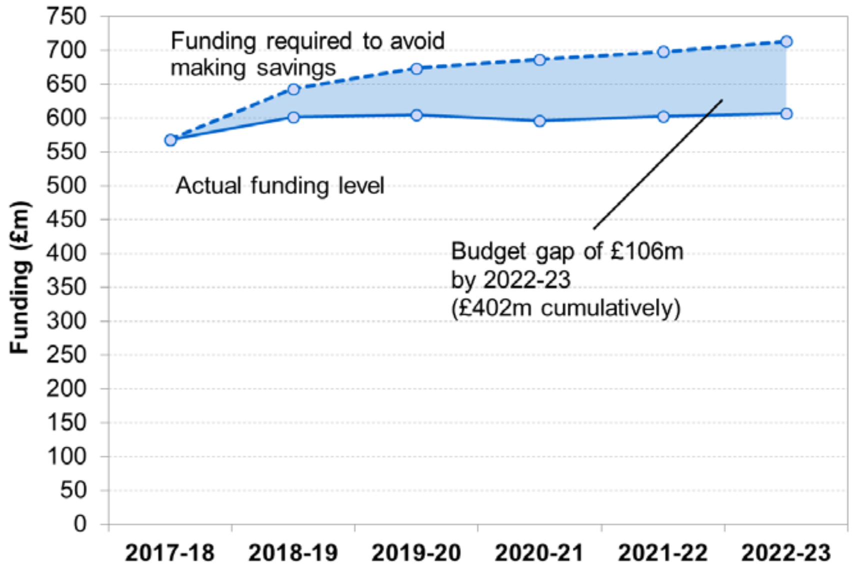
Once the service programmes have been refined, if the amalgamated level of borrowing and thus debt charges breaches the advisory limit, schemes will either be re-worked in order to reduce borrowing levels, or the number of schemes included will be limited according to the ranking of schemes within the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

Figure 4.2: Budget gap



Achieving these £106m 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 therefore focus on driving real transformation across the Council as well as on early intervention in order to manage demand.

In some cases services have opted to increase 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.

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 priorities outlined within the Council's Strategic Framework. It is also closely aligned with the remit of the Commercial & Investment Committee, and will be informed by the Council's Asset Management Strategy and Investment 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. The Autumn Statement 2016 also announced a National Productivity Investment Fund, which will provide an additional £1.1 billion of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks, as well as announcing the intention to consult on lending authorities up to £1 billion at a new local infrastructure rate for three years to support infrastructure projects that are high value for money. The Autumn Budget 2017 announced a new £1.7bn Transforming Cities Fund that will target projects that drive productivity by improving connectivity, reducing congestion and utilising mobility services and technology, and it also confirmed that it will introduce the discounted interest rate for up to £1bn of infrastructure projects. As such the Business Plan anticipates as a general principle that overall capital grant allocations will remain constant from 2018-19 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 according to our 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 revised the methodology used to distribute condition allocations in 2015/16, 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 hit this floor; therefore from 2018 it is anticipated that the Council's funding from this area will reduce further although confirmation of this will not be received until March 2018.

However, as part of the Spending Review 2015 the Government has announced investment of £23 billion in school buildings over 2016 to 2021, intending to open 500 new free schools, create 600,000 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 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 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 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).

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 and is currently in delivery. The third round of growth deals was announced in January 2017; the individual allocation for the Greater Cambridge / Greater Peterborough LEP was an additional £37m.

Moving forward, the recently formed Combined Authority (CA) has taken on the responsibilities of the local highway authority and therefore the CA now receives DfT funding designated to the local highway authority, instead of the Council. It is anticipated that it will then commission the County Council to carry out the required works on the highway network.

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 Capital Programme Board 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 chapter 6 of this Section, with further detail provided by each Service within their individual finance tables (Section 3).

5) 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 of 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.

This policy has been revised following a corporate review of fees and charges across the Council and is supported by Best Practice Guidance, provided in Appendix 1. The policy and Best Practice Guidance set out the approach to be taken to fees and charges where the Council has discretion over the amounts charged for services provided and for trading activities.

The purpose of this policy is to provide a consistent approach in setting, monitoring and reviewing fees and charges across the authority. This will ensure that fees and charges support Council objectives and are set at a level that maximises income generation in accordance with the Transformation Strategy. The policy incorporates the following Charging Principles:

1. **Council Priorities**
   A Schedule of Fees and Charges shall be maintained for all charges where the Council has discretion over the amounts charged for services provided and for trading activities. All decisions on charges for services and trading activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.

2. **Charge Setting**
   In setting charges, any relevant government guidance will be followed. Stakeholder engagement and comparative data will be used where appropriate to ensure that charges do not adversely affect the take up of services or restrict access to services. Full consideration will be given to the costs of administration and the opportunities for improving efficiency and reducing bureaucracy.

3. **Subsidy**
   In general, fees and charges will aim to recover the full cost of services except where this is prevented by legislation, market conditions or where alternative arrangements have been expressly approved by the relevant Director. A proportionate business case should be created for all charges that a subsidised by the Council. Approval for the level of subsidy should be obtained from the relevant Service Director, in consultation with the Chief Finance Officer.

4. **Charging Levels**
   A number of factors should be considered when determining the charge and these are documented in the accompanying Best Practice Guidance.

5. **Charging Exemptions**
   All services provided by the Council will be charged for unless prevented by statute, detailed as exempt in the Best Practice Guidance or under exceptional circumstances agreed exempt

by the relevant Director, in consultation with the Chief Finance Officer.

6. **Concessions**
Concessions to priority and target groups will be considered where appropriate, in accordance with any relevant government guidance and will take account of the user's ability to pay. All concessions should be fully justified in terms of achieving the Council's priorities. Wherever possible we will aim to provide concessions consistently across the Authority, in line with the Best Practice Guidance.

7. **Review of Charges**
All charges and the scope for charging will be reviewed at least annually within the service area, though charges within the same service area may need reviewing at separate times in the year. The review will include those services which could be charged for but which are currently provided free of charge. The annual review will be undertaken in accordance with the Best Practice Guidance.

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 have been reviewed by relevant Service Committees during 2017:

- P&C schedule of fees and charges
- CS schedule of fees and charges
- P&E schedule of fees and charges

For business planning purposes all fees and charges are increased in line with CPI (consumer price index), which is between 1.7% and 2.2% 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.

6) 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 6.1 below.

Table 6.1: Total funding 2018-19 to 2022-23

	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000
Business Rates plus Top-up	63,583	64,969	66,319	67,711	69,135
Council Tax	272,382	279,883	283,735	287,621	289,961
Revenue Support Grant	3,915	-7,170	-7,170	-7,170	-7,170
Other Unringfenced Grants	9,185	9,662	33,184	33,175	33,175
Dedicated Schools Grant (DSG)	235,448	232,219	232,219	232,219	232,219
Other grants to schools	13,434	13,434	13,434	13,434	13,434
Better Care Funding	24,744	26,487	14,086	14,086	14,086
Other Ringfenced Grants	38,312	37,619	12,059	12,059	12,059
Fees & Charges	139,433	143,937	144,342	145,493	146,419
Total gross budget	**800,436**	**801,040**	**792,208**	**798,628**	**803,318**
Less grants to schools (1)	-248,882	-245,653	-245,653	-245,653	-245,653
Schedule 2 DSG plus income from schools for traded services to schools	49,331	49,331	49,331	49,331	49,331
Total gross budget excluding schools	**600,885**	**604,718**	**595,886**	**602,306**	**606,996**
Less Fees, Charges & Ringfenced Grants	-251,820	-257,374	-219,818	-220,969	-221,895
Total net budget	**349,065**	**347,344**	**376,068**	**381,337**	**385,101**

(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 to 2019-20. 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.

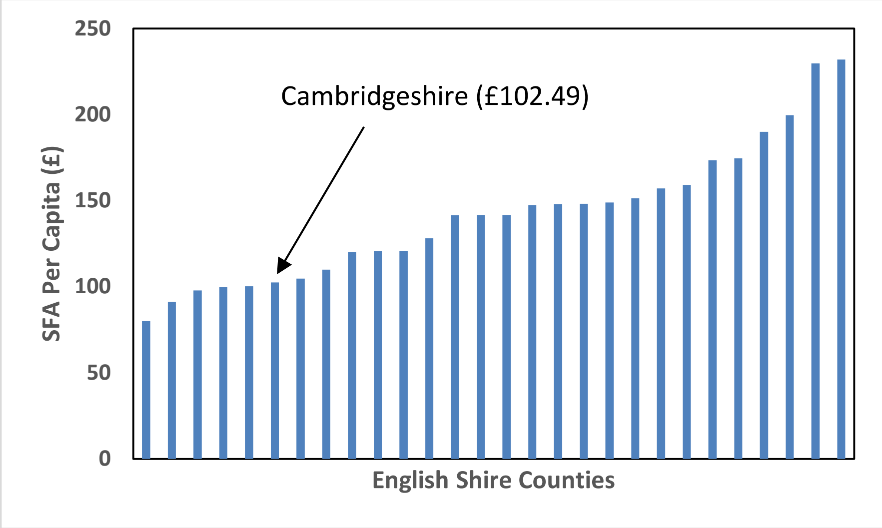
The headline position, as updated by the provisional 2018-19 Local Government Finance Settlement for Cambridgeshire County Council is a 30% reduction in the Settlement Funding Assessment per capita from government in 2018-19. The overall change in government funding when specific grants are included is a reduction of 5.3%.

Table 6.2: Comparison of Cambridgeshire's 2017-18 and 2018-19 overall Government funding

	2017-18 £000	2018-19 £000
Business Rates plus Top-up	62,133	63,583
Revenue Support Grant	15,312	3,915
Other Unringfenced Grants	8,380	9,185
Better Care Funding	21,487	24,744
Other Ringfenced Grants	40,208	38,312
Government Revenue Funding (excluding schools)	**147,520**	**139,739**
Difference		**-7,781**
Percentage cut		-5.3%

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 2018-19 Cambridgeshire's SFA award per head of population was the sixth lowest of all shire county councils, at only £102.49 compared to the average of £141.44.

Figure 6.2: County Council SFA per Capita 2018-19



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 74% in 2018-19. We are forecasting continued significant cuts with the grant becoming negative in 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.

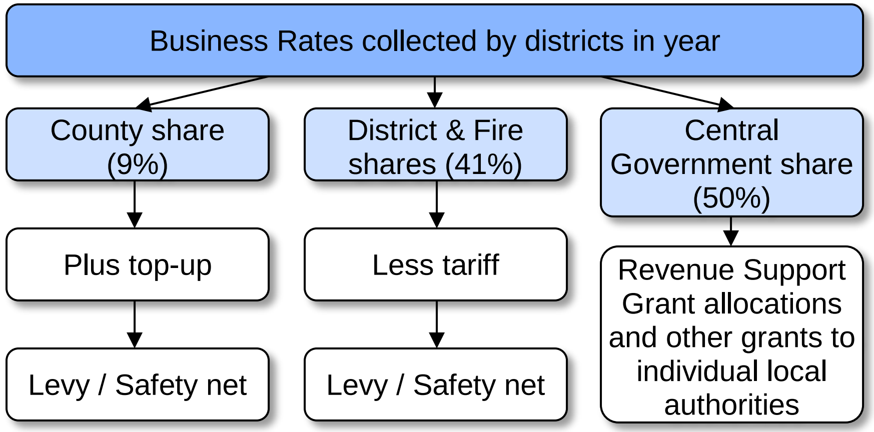
Business Rates Retention Scheme

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 6.3 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.

As part of the pilots ahead of the move to 75% local business rate retention in 2020-21 the Government has been looking at changing the percentage split between upper and lower tier authorities, which may increase both the Council's income and risk.

Figure 6.3: 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 (this will move to CPI from 2019-20). 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 locked in elements of the previous system which were of 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 consultation regarding the replacement of the current funding model is currently open and will feed into the system which is due to be rolled out in 2020-21 – Cambridgeshire County Council Members have already initiated positive steps to ensure our voice is heard in this critical forum.

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 in particular due to the ongoing legal proceedings which will affect whether NHS sites received business rate discounts

Council Tax

Cambridgeshire County Council starts the Business Planning Process with a Council Tax rate below the average for all counties.

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 both 2016-17 and 2017-18 (this excludes the Adult Social Care precept – see below). These figures were below forecast inflation levels at the time of setting the budget.

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. The Council chose to make use of this permission and levied the full 2% precept in 2016-17.

The 2017-18 settlement announcement extended the flexibility of the Adult Social Care precept, confirming that upper-tier authorities will be able to increase this to 3% over the next two years. However, the total increase may be no more than 6% in total over the next three years.

The Council chose not to use this additional flexibility, levying a 2% precept in 2017-18 and projecting the same for 2018-19 and 2019-20. If this precept had not been levied, additional savings totalling £5m would have to have been made in Adult Social Care in 2017-18

Council Tax Requirement

The current Council Tax Requirement (and all other factors) gives rise to a 'Band D' Council Tax of £1,214.19. This is an increase of 2% on the actual 2017-18 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 6.3: Build-up of recommended Council Tax Requirement and derivation of Council Tax precept 2018-19

	2018-19 £000	% Rev. Base
Adjusted base budget	**793,043**	
Transfer of function	-40	
Revised base budget	**793,003**	
Inflation	5,729	0.7%
Demography	7,062	0.9%
Pressures	18,225	2.3%
Investments	2,377	0.3%
Savings	-30,278	-3.8%
Change in reserves/one-off items	4,318	0.5%
Total budget	**800,436**	**100.9%**
Less funding:		
Business Rates plus Top-up	63,583	8.0%
Revenue Support Grant	3,915	0.5%
Dedicated Schools Grant	235,448	29.7%
Unringfenced Grants (including schools)	22,619	2.9%
Ringfenced Grants	63,056	8.0%
Fees & Charges	139,433	17.6%
Surplus/deficit on collection fund	862	0.1%
Council Tax requirement	**271,520**	**34.1%**
District taxbase	223,622	
Band D	1,214.19	

Taxes for the other bands are derived by applying the ratios found in Table 6.4. For example, the Band A tax is 6/9 of the Band D tax.

Table 6.4: Ratios and amounts of Council Tax for properties in different bands

Band	Ratio	Amount £	Increase on 2017-18 £
A	6/9	809.46	15.84
B	7/9	944.37	18.48
C	8/9	1,079.28	21.12
D	**9/9**	**1,214.19**	**23.76**
E	11/9	1,484.01	29.04
F	13/9	1,753.83	34.32
G	15/9	2,023.65	39.60
H	18/9	2,428.38	47.52

The increase on 2017-18 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 2017-18 onwards. The provisional Local Government Finance Settlement confirmed the ringfence would remain in place until 2020-21 at which point it will be rolled into the shift to 75% business rates retention. 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 6.5: Unringfenced grants for Cambridgeshire 2018-19

	2018-19 £000
RSG Transitional Support[1]	0
New Homes Bonus	3,155
Education Services Grant	1,525
Adult Social Care Support Grant[2]	0
Other	4,505
Total unringfenced grants	9,185

1. *RSG transitional support grant will end in March 18*
2. *Adult Social Care Support Grant is being replaced by the improved Better Care Fund ringfenced grant in 2018-19*

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.

For 2018-19 the improved Better Care Fund has been awarded to replace the Adult Social Care Support Grant, this is worth £10.7m in 2018-19 and £12.4m in 2019-20, the future of this funding source is uncertain beyond this timeframe thus the MTFS assumes it will be zero from 2020-21 onwards.

In line with the Secretary of State's announcement as part of the provisional 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 6.1. However, this grant is ring-fenced to pass directly on to schools, other education providers and services. This plan therefore uses the figure for "total budget excluding grants to schools". The Business Plan has been updated to reflect recently announced DSG funding arrangements for 2018-19, which introduces a national funding formula providing a cash increase of 0.5% (a year) per pupil for every school in 2018-19 (and 2019-20). The impact on individual schools will be dependent on their individual circumstances, whilst centrally retained services will be funded based on the overall level of available resources.

Capital programme spending

The 2018-19 ten year capital programme worth £805m is currently estimated to be funded through £608m of external grants and contributions, £122m of capital receipts and £75m of borrowing (Table 6.6). This is in addition to previous spend of £609m on some of these schemes creating a total Capital Programme value of £1.4 billion. Due to the increase in borrowing in relation to the Council's Housing Delivery Vehicle (HDV) the revenue impact of prudential borrowing is due to increase from £26.0m in 2018-19, to £38.5m by 2022-23 however this will be more than offset by the forecast income from surpluses generated by the HDV.

Table 6.6: Funding the capital programme 2018-19 to 2027-28

	Prev. years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later years £000	Total £000
Grants	186,988	53,280	33,052	33,704	33,854	35,832	76,427	**453,137**
Contributions	74,378	23,040	35,422	50,660	25,882	14,235	192,872	**416,489**
General capital receipts	5,058	81,126	26,293	5,098	6,493	500	2,500	**127,068**
Prudential borrowing	203,660	60,994	91,480	24,179	15,212	11,299	10,530	**417,354**
Prudential borrowing (repayable)	139,047	36,309	5,477	-16,343	3,071	-4,746	-162,802	**13**
Total funding	**609,131**	**254,749**	**191,724**	**97,298**	**84,512**	**57,120**	**119,527**	**1,414,061**

Section 3 later in the Business Plan sets out the detail of the 2018-19 to 2027-28 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 (£570m)
- Housing Provision (£184m)
- Commercial Investment Portfolio (£100m)
- Major road maintenance (£83m)
- Ely Crossing (£36m)
- Rolling out superfast broadband (£36m)
- A14 Upgrade (£25m)
- Shire Hall Relocation (£17m)
- King's Dyke Crossing (£14m)
- Integrated Community Equipment Service (£13m)
- Cycling City Ambition Fund (£8m)
- Waste Facilities – Cambridge Area (£8m)
- Soham Station (£7m)
- Cambridgeshire Public Services Network Replacement (£6m)
- Cambridge Cycling Infrastructure (£5m)
- Abbey – Chesterton Bridge (£5m)
- MAC Joint Highways Depot (£5m)
- Development of Archive Centre premises (£5m)

Table 6.7 summarises schemes according to start date, whereas Table 6.8 summarises capital expenditure by service. These tables include schemes that were committed in previous years but are scheduled to complete from 2018-19 onwards.

Table 6.7: Capital programme for 2018-19 to 2027-28

	Prev. years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later years £000	Total £000
Ongoing	79,062	7,817	8,766	16,523	21,567	21,695	19,216	**174,646**
Commitments	529,244	153,186	110,564	55,510	29,497	9,720	40,791	**928,512**
New starts:								
2018-19	660	91,686	44,244	4,675	12,120	4,600	270	**158,255**
2019-20	150	2,060	28,150	19,790	6,158	270	-	**56,578**
2020-21	-	-	-	-	-	-	-	**-**
2021-22	-	-	-	400	7,750	2,900	200	**11,250**
2022-23	15	-	-	-	1,020	13,185	12,710	**26,930**
2023-24	-	-	-	250	5,000	3,950	22,390	**31,590**
2024-25	-	-	-	150	1,400	800	23,950	**26,300**
2025-26	-	-	-	-	-	-	-	**-**
Total spend	**609,131**	**254,749**	**191,724**	**97,298**	**84,512**	**57,120**	**119,527**	**1,414,061**

Table 6.8: Services' capital programme for 2018-19 to 2026-27

Scheme	Prev. years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later years £000	Total £000
P&C	192,087	87,820	116,239	75,585	50,814	36,168	81,569	**640,282**
P&E	289,614	35,202	24,946	17,940	18,894	20,152	19,238	**425,986**
CS & Managed	6,204	8,453	3,027	2,973	2,753	-	-	**23,410**
C&I	121,226	123,274	47,512	800	12,051	800	18,720	**324,383**
LGSS	-	-	-	-	-	-	-	**-**
Total	**609,131**	**254,749**	**191,724**	**97,298**	**84,512**	**57,120**	**119,527**	**1,414,061**

The capital programme includes the following Invest to Save / Invest to Earn schemes:

Table 6.9: Invest to Save / Earn schemes for 2018-19 to 2027-28

Scheme	Total Investment (£m)	Total Net Return (£m)
Housing Provision	184.5	395.2
Shire Hall Relocation	16.6	TBC
County Farms Investment	4.8	3.1
Citizen First, Digital First	3.5	2.5
Energy Efficiency Fund	1.0	0.6
MAC Joint Highways Depot	5.2	0.2
Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	3.6	1.6
Commercial Investments	100.0	217.0
TOTAL	**319.3**	**620.1**

7) Balancing the budget

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.

Since 2017-18 the Council is moved to a budget where the transformation programme is at the heart of its construction. As a consequence the Council no longer utilises the traditional service block cash limit approach except as last resort.

Although the base budget is predicated on the cash limit approach, 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 six-blocks of the cash limit model is however set out below for information:

- People and Communities
- Place and Economy
- Corporate and Managed Services
- Public Health
- LGSS Cambridge Office
- Commercial and Investment

It is intended that savings and efficiency proposals evolving from work on cross-cutting transformation themes will sufficiently manage the cost of service delivery to within the financial envelope.

Detailed spending plans for 2018-19, and outline plans for later years, are set out within Section 3 of the Business Plan.

8) Reserves policy and position

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.

- **Innovation Fund –** Initially worth £1 million the fund is to help community organisations with big ideas for transformative preventative work that will make a positive impact on Council expenditure. Applications were invited for funding for projects which demonstrably make an impact on County Council priority outcomes – particularly in relation to working with vulnerable people, thereby diverting children and adults from needing high-cost Council services.

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 2018-19 to 2022-23

Balance as at:	31 March 2018 £m	31 March 2019 £m	31 March 2020 £m	31 March 2021 £m	31 March 2022 £m	31 March 2023 £m
General reserve	13.1	16.3	16.3	16.3	16.3	16.3
Office Reserves	0.6	0.6	0.6	0.6	0.6	0.6
Earmarked reserves	30.9	28.6	29.3	31.5	34.4	37.3
Schools reserves	21.9	21.9	21.9	21.9	21.9	21.9
Transformation & Innovation Funds*	17.6	21.0	28.4	38.9	45.2	50.9
Total	**84.1**	**88.4**	**96.5**	**109.2**	**118.4**	**127.0**
General reserve as % of gross non-school budget	**2.4%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**

*The Transformation Fund has been created as a result of a revision to the calculation of the Council's minimum revenue provision (MRP) and only accounts for transformation bids approved by GPC.

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 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 in 2017-18, this level will be maintained for the whole of the MTFS period.

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 2018-19 to 2022-23

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 tax base forecasts and collection levels.	1.1
Business Rates	Inaccuracy in District taxbase forecasts of County share of Business Rates to the value which triggers the Safety Net.	2.4
Business Rates payable	Impact of revaluation on Business Rates payable.	0.5
Unconfirmed specific grant allocations	Value of as yet unannounced specific grants different to budgeted figures.	1.7
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
Demand	Unprecedented increases in demand for services	6.7
Balance		**16.3**

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 budget allocations 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 budget allocations 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 budget allocation given 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.

Appendix 1 – Fees and Charges Best Practice Guidance

The Council provides a wide range of services for which it has the ability to make a charge – either under statutory powers (set by the government) or discretionary (set by the Council).
Fees and charges fall into three categories:

- **Statutory prohibition on charging**: Local authorities must provide such services free of charge at the point of service. Generally these are services which the authority has a duty to provide.
- **Statutory charges:** Charges are set nationally and local authorities have little or no opportunity to control such charges. These charges can still contribute to the financial position of the Authority. Income cannot be assumed to increase in line with other fees and charges.
- **Discretionary charges**: Local authorities can make their own decisions on setting such charges. Generally these are services that an authority can provide but is not obliged to provide.

This Best Practice Guidance applies to discretionary fees and charges and trading activities. It is supported by the Fees and Charges Flowchart attached at Appendix 1 and the Supplementary Guidance on Concessions and Flowchart attached at Appendix 2.

If you are charging for information which falls under Environment Information Regulations (EIR), please be aware that the legislation changed in 2016 and the Council has additional guidance for constructing these charges. Please contact Camilla Rhodes if you require further information.

PURPOSE OF THE GUIDANCE

The purpose of the Best Practice Guidance is to specify the processes and frequencies for reviewing existing charging levels and to provide guidance on the factors that need to be taken into consideration when charges are reviewed on an annual basis.

The Best Practice Guidance and Fees and Charges Policy together provide a consistent approach in setting, monitoring and reviewing fees and charges across Cambridgeshire County Council. This will ensure that fees and charges are aligned with corporate objectives and the process is carried out in a uniform manner across the authority.

Any service-specific policies should be consistent with the Fees and Charges Policy and Best Practice Guidance.

ASSESSMENT OF CHARGING LEVELS – THE STANDARD CHARGE

The cost of providing the service should be calculated. When estimating the net cost of providing a service, the previous year's actual results (in terms of income, activity levels and expenditure) must be taken into account. Where assumptions are made based on variables such as increased usage, this should be evidenced by an action plan detailing how this will be achieved.

Charges should be set so that in total they cover the actual cost of providing the service including support service charges and other overheads. Any subsidy arising from standard charges being set at a level below full cost should be fully justified in terms of achieving the Council's priorities in the Business Case detailed in Section 3 of this Guidance. Where it is not appropriate or cost effective to calculate the cost of service provision at an individual level, charges may be set so that overall costs are recovered for the range of services which are delivered within a service area.

In order to ensure cost effectiveness and efficiency when setting and amending charging levels, the following are to be considered:

- Justification in the setting of charges to withstand any criticisms and legal challenges;
- Obstacles to maximising full cost recovery when providing the service;
- Access to and impact on users;
- Future investment required to improve or maintain the service;
- Relevant government guidance;
- Corporate objectives, values, priorities and strategies.

The following should be considered during the process, which may result in charges being set at a lower level than cost recovery:

- Any relevant Council strategies or policies;
- The need for all charges to be reasonable;
- The level of choice open to customers as to whether they use the Councils services;
- The desirability of increasing usage or rationing of a given service (i.e reducing charges during off-peak times).

LEVEL OF SUBSIDY

Where charges are made for services, users pay directly for some or all of the services they use. Where no charges are made or where charges do not recover the full cost of providing a service, council tax payers subsidise users.

Fees and charges will be set at a level that maximises income generation and recovers costs, whilst encouraging potential users to take up the service offered and ensuring value for money is secured, except in instances where the Council views a reduction in the service uptake as a positive. The Council can maximise income generation through:

- Charging the maximum that users are prepared to pay, taking into account competitor pricing, when a service is 'demand led' or competes with others based on quality and/or cost.
- Differential charging to tap into the value placed on the service by different users.
- Reduce a fee or charge in order to stimulate demand for a service to maximise the Council's market share, which will lead to an increase in income generation.

A Business Case should be created for all services that require a subsidy from the Council when charges are reviewed. The Business Case should outline how the subsidy will be applied to the service area and incorporate the following:

- Demonstrate that the subsidy is being targeted at top priorities;
- Provide justification for which users should benefit from the subsidy;
    - All users - through the Standard Charge being set at a level lower than cost recovery;
    - Target groups – through the application of the Concessions Guidance (Appendix 2).

Approval for the subsidy should be obtained from the relevant Executive Director, in consultation with the Chief Finance Officer.

CONCESSIONS

Concessions may be used to provide a discount from the Standard Charge for specific groups for certain services. Services must ensure that the fees and charges levied for discretionary services are fair and equitable and support social inclusion priorities. All decisions on concessions for services and trading activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.

All relevant government guidance should be considered by each service area when concessionary groups and charging levels are set. Concessions should only be granted to the residents of Cambridgeshire. A business case should be approved which details the rationale for directing subsidy towards a target group.

Concessionary Charges may also be made available to organisations whose purpose is to assist the Council in meeting specific objectives in its priorities and policy framework, or which contribute to the aims of key local partnerships in which the council has a leading role.

The level of concession should be set with regard to the service being provided and its use and appeal to the groups for whom concessions are offered. The appropriate Director will approve the level of concession and the groups for whom the concessions apply once all budgetary and other relevant information for the service has been considered. The level of concession and the target groups in receipt of the concession should be made explicit during the approval process and be fully justified in terms of achieving the Council’s priorities. The take-up of concessions should be monitored to identify how well concession schemes are promoting access to facilities.

The Local Government Act 2003 and its accompanying guidance states that charges may be set differentially, so that different people are charged different amounts. However, it is not intended that this leads to some users cross-subsidising others. The costs of offering a service at a reduced charge should be borne by the authority rather than other recipients of the service. This should be borne in mind when setting concessions or promoting use of a service by specific target groups.

There is a flowchart at the end of this appendix to support Services when designing concessions.

CHARGING EXEMPTIONS

Exemptions relate to service areas where no charges are levied to any of the service users. There will be a number of important circumstances where charges should not be made. The following are Charging Exemptions:

- Where the administrative costs associated with making a charge would outweigh potential income.
- Where charging would be counterproductive (i.e result in reduced usage of the service).

PROCESSES AND FREQUENCIES

Reviews will be carried out at least annually for all services in time to inform the budget setting process, will take account of inflationary pressures and will be undertaken in line with budget advice provided by Corporate Finance. The reviews will be undertaken by all Service Areas that provide services where charges could be applied. The annual review of charges will consider the following factors:

- Inflationary pressures;
- Council-wide and service budget targets;
- Costs of administration;
- Scope for new charging areas.

Customers should be given a reasonable period of notice before the introduction of new or increased charges. Where possible, the objectives of charging should be communicated to the public and users and taxpayers should be informed of how the charge levied relates to the cost of provider the service.

COLLECTION OF CHARGES AND OUTSTANDING DEBTS

The most economic, efficient and effective method of income and debt collection should be used and should comply with the requirements of Financial Regulations. When collecting fees and charges income, services should use the most cost effective method available, i.e. online or with card, thus minimising the use of cash and cheque payments and invoicing as a method of collection wherever possible.

Wherever it is reasonable to do so, charges will be collected either in advance or at the point of service delivery.

Where charges are to be collected after service delivery has commenced, invoices will be issued promptly on the corporate system.

Where a debtor fails to pay for goods or services the relevant Service Director should consider withholding the provision of further goods or services until the original debt is settled in full, where legislation permits.

Charges and concessions will be clearly identified and publicised on the Council’s external website so that users are aware of the cost of a service in advance of using it.

APPROVALS

All decisions on charges for services and trading activities will be approved by the relevant Director, in consultation with the Chief Finance Officer and recorded as delegated decisions, as appropriate.

MONITORING AND IMPROVEMENT

Monitoring will be used to understand how charges affect the behaviour of users (especially target groups) and drive improvement. Price sensitivities of individuals and groups should be understood so that charges can be set appropriately to deliver the levels or changes in service use necessary to achieve objectives.

As part of the monitoring and improvement process, a Schedule of Fees and Charges shall be maintained and challenging targets for charging and service use shall be established.

A Schedule of Fees and Charges shall be maintained by the Chief Finance Officer for all discretionary charges.

Specific financial, service quality and other performance targets should be set, monitored and reported to the appropriate level to ensure that high levels of efficiency and service quality are achieved. Examples include:

- Cost of service provision against targets and benchmarking authorities;
- Usage by target groups i.e. number of visits / requests;
- Usage during peak time / off –peak time;
- Income targets;
- Percentage of costs recovered;
- Costs of methods of billing and payment;
- Excess capacity.

Service managers should, wherever possible, benchmark with the public, private and voluntary sectors not only on the level of charges made for services but the costs of service delivery, levels of cost recovery, priorities, impact achieved and local market variations in order to ensure the Council generates maximum income.

Benchmarking should be proportionate and have clear objectives. It should be remembered that benchmarking can be resource intensive, therefore prior to commencing such an exercise, there should be a clear expectation of added value outcomes. If benchmarking is undertaken, wherever possible, this should be with similar types of organisations, but may include private sector providers as well as public sector.

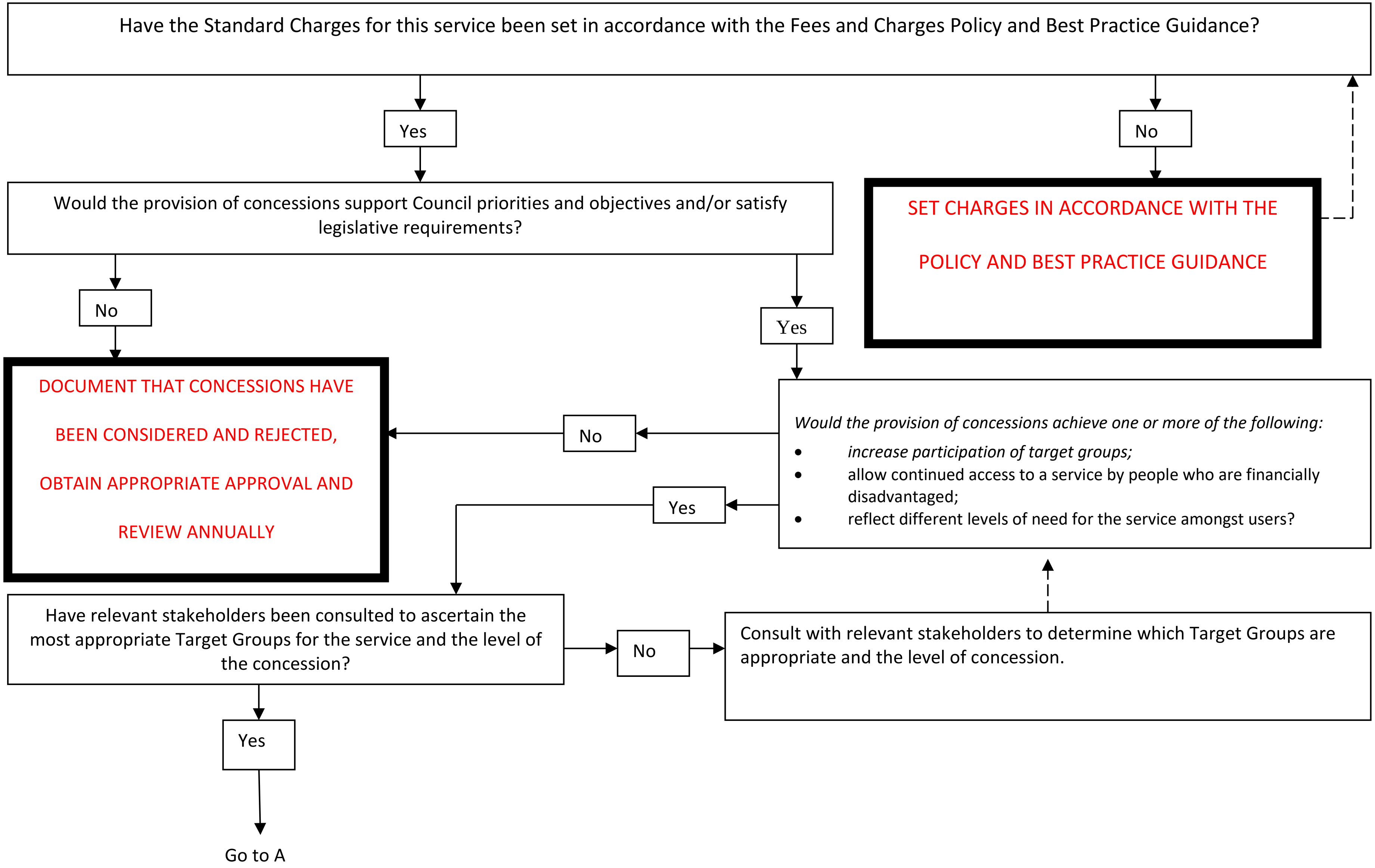
UNDER/OVERACHIEVEMENT OF FEES AND CHARGES.

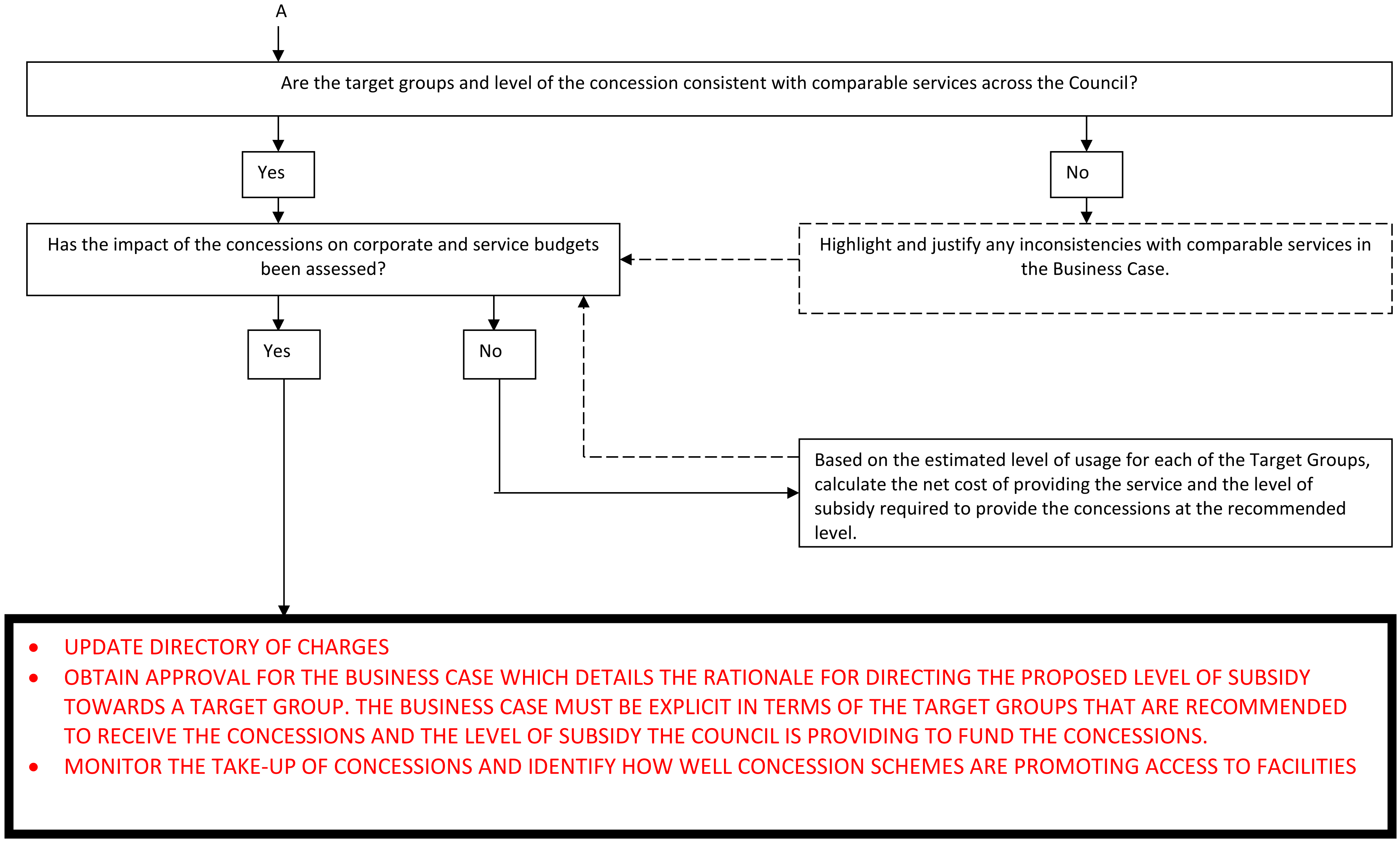
At a level deemed appropriate by the relevant service, a clear escalation process should be in place for the under or overachievement of charges.

For an overachievement of a charge, the simple process should be for budget holders to inform the Head of Service, the Director of Service and the Financial Advisor. Within the year, if there is an overachievement of fees and charges, then the budget holder, head of service and director should discuss how to use this surplus to offset any areas running an overspend within the budget/service. At the end of the year, an overachievement in charges should result in discussions with the budget holder, head of service and director to increase the target of that particular fee or charge, in line with the Council's income generation aim.

For an underachievement of a fee or charge within a service, the budget holder, and their financial advisor, should attempt to mitigate this underachievement as much as possible within their own service. If a budget holder is unable to mitigate a failure, then the Head of service should mitigate the underachievement within their service. Failing this, the director should attempt to do the same for the directorate, before further escalating the underachievement to the Chief Finance Officer should the directorate be unable to mitigate the failure to meet an income target for any fee or charge. Again, if this underachievement takes place at the end of the year, this should be reflected within the schedule of fees and charges, with an amendment for a more realistic and achievable target.

FEES AND CHARGES: CONCESSIONS

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Are the target groups and level of the concession consistent with comparable services across the Council?
Yes
No
Has the impact of the concessions on corporate and service budgets been assessed?
Highlight and justify any inconsistencies with comparable services in the Business Case.
Yes
No
Based on the estimated level of usage for each of the Target Groups, calculate the net cost of providing the service and the level of subsidy required to provide the concessions at the recommended level.
UPDATE DIRECTORY OF CHARGES
OBTAIN APPROVAL FOR THE BUSINESS CASE WHICH DETAILS THE RATIONALE FOR DIRECTING THE PROPOSED LEVEL OF SUBSIDY TOWARDS A TARGET GROUP. THE BUSINESS CASE MUST BE EXPLICIT IN TERMS OF THE TARGET GROUPS THAT ARE RECOMMENDED TO RECEIVE THE CONCESSIONS AND THE LEVEL OF SUBSIDY THE COUNCIL IS PROVIDING TO FUND THE CONCESSIONS.
MONITOR THE TAKE-UP OF CONCESSIONS AND IDENTIFY HOW WELL CONCESSION SCHEMES ARE PROMOTING ACCESS TO FACILITIES

Section 3 - A: People & Communities

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	Director of Adults and Safeguarding							
2,092	Strategic Management - Adults	5,727	-609	5,118	5,118	5,118	5,118	5,118
1,360	Principal Social Worker, Practice and Safeguarding	1,634	-265	1,369	1,369	1,437	1,437	1,437
810	Autism and Adult Support	899	-37	862	910	958	999	1,041
642	Carers	745	-	745	845	945	945	945
	Learning Disability Partnership							
5,582	LD Head of Service	5,636	-900	4,736	4,738	4,740	4,740	4,740
33,552	LD - City, South and East Localities	34,599	-1,514	33,085	33,373	33,691	34,312	34,967
27,145	LD - Hunts and Fenland Localities	27,440	-1,147	26,293	26,205	26,126	26,626	27,154
4,300	LD - Young Adults Team	5,123	-36	5,087	5,696	6,178	6,520	6,788
5,501	In House Provider Services	5,790	-359	5,431	5,231	5,231	5,231	5,231
-17,113	NHS Contribution to Pooled Budget	-	-17,113	-17,113	-17,113	-17,113	-17,113	-17,113
	Older People and Physical Disability Services							
19,067	OP - City & South Locality	26,084	-6,241	19,843	20,871	21,683	22,721	23,978
6,023	OP - East Cambs Locality	8,576	-2,296	6,280	6,547	6,904	7,327	7,841
9,105	OP - Fenland Locality	12,646	-3,142	9,504	10,026	10,502	11,098	11,819
12,468	OP - Hunts Locality	18,052	-5,004	13,048	13,677	14,435	15,334	16,423
2,189	Discharge Planning Teams	2,246	-43	2,203	2,203	2,203	2,203	2,203
7,571	Shorter Term Support and Maximising Independence	8,192	-449	7,743	7,743	7,743	7,743	7,743
11,908	Physical Disabilities	13,756	-1,780	11,976	12,056	12,180	12,630	13,114
	Mental Health							
771	Mental Health Central	621	-	621	621	621	621	621
6,493	Adult Mental Health Localities	6,839	-370	6,469	6,529	6,581	6,581	6,581
5,970	Older People Mental Health	7,302	-1,117	6,185	6,509	6,845	7,073	7,363
145,436	**Subtotal Director of Adults and Safeguarding**	**191,907**	**-42,422**	**149,485**	**153,154**	**157,008**	**162,146**	**167,994**
	Director of Commissioning							
1,232	Strategic Management - Commissioning	975	-	975	975	975	975	975
844	Access to Resource & Quality	876	-24	852	852	852	852	852
321	Local Assistance Scheme	300	-	300	300	175	175	175
	Adults Commissioning							
-8,229	Central Commissioning - Adults	13,300	-29,653	-16,353	-15,465	-5,601	-4,601	-4,601
711	Integrated Community Equipment Service	5,881	-4,898	983	1,046	1,109	1,172	1,232
3,746	Mental Health Voluntary Organisations	3,861	-110	3,751	3,751	3,751	3,751	3,751
	Childrens Commissioning							
3,968	Commissioning Services	3,981	-	3,981	3,981	3,981	3,981	3,981
7,946	Home to School Transport - Special	8,034	-144	7,890	8,053	8,326	8,599	8,872
1,126	LAC Transport	1,632	-	1,632	1,666	1,702	1,740	1,769

Section 3 - A: People & Communities

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
11,665	**Subtotal Director of Commissioning**	**38,840**	**-34,829**	**4,011**	**5,159**	**15,270**	**16,644**	**17,006**
	Director of Community & Safety							
-25	Strategic Management - Communities & Safety	-25	-	-25	-25	-25	-25	-25
961	Youth Offending Service	1,683	-721	962	962	962	962	962
432	Central Integrated Youth Support Services	437	-6	431	431	431	431	431
1,015	Safer Communities Partnership	1,131	-111	1,020	1,020	1,020	1,020	1,020
488	Strengthening Communities	487	-	487	487	487	487	487
180	Adult Learning and Skills	2,674	-2,494	180	180	180	180	180
3,051	**Subtotal Director of Community & Safety**	**6,387**	**-3,332**	**3,055**	**3,055**	**3,055**	**3,055**	**3,055**
	Director of Children & Safeguarding							
2,361	Strategic Management - Children & Safeguarding	2,913	-157	2,756	2,456	2,527	2,527	2,527
1,892	Partnerships and Quality Assurance	2,028	-127	1,901	1,901	1,901	1,901	1,901
10,914	Children in Care	13,008	-1,888	11,120	11,120	10,270	10,270	10,270
2,568	Integrated Front Door	2,792	-208	2,584	2,584	2,584	2,584	2,584
119	Children's Centres Strategy	290	-170	120	120	290	290	290
1,093	Support to Parents	2,508	-1,574	934	934	934	1,084	1,084
17,344	LAC Placements	19,641	-	19,641	20,107	20,380	21,963	23,782
4,406	Adoption	5,195	-	5,195	5,588	6,029	6,526	7,086
1,540	Legal Proceedings	1,940	-	1,940	1,940	1,940	1,940	1,940
	SEND Specialist Services (0 - 25 years)							
6,541	SEND Specialist Services	6,346	207	6,553	6,553	6,560	6,560	6,560
6,527	Children's Disability Service	7,017	-465	6,552	6,552	6,552	6,552	6,552
15,130	High Needs Top Up Funding	15,130	-	15,130	15,130	15,130	15,130	15,130
8,972	SEN Placements	9,863	-891	8,972	8,972	8,972	8,972	8,972
1,210	Early Years Specialist Support	1,210	-	1,210	1,210	1,210	1,210	1,210
	District Delivery Service							
4,994	Safeguarding Hunts and Fenland	5,015	-	5,015	5,015	5,015	5,015	5,015
4,422	Safeguarding East & South Cambs and Cambridge	4,476	-40	4,436	4,436	4,436	4,436	4,436
4,699	Early Help District Delivery Service - North	4,436	-87	4,349	4,349	4,349	4,349	4,349
5,338	Early Help District Delivery Service - South	5,098	-112	4,986	4,986	4,986	4,986	4,986
100,070	**Subtotal Director of Children & Safeguarding**	**108,906**	**-5,512**	**103,394**	**103,953**	**104,065**	**106,295**	**108,674**
	Director of Education							
442	Strategic Management - Education	-77	-	-77	-77	-77	-77	-77

Section 3 - A: People & Communities

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
1,440	Early Years Service	1,866	-431	1,435	1,419	1,403	1,403	1,403
58	Schools Curriculum Service	374	-312	62	62	62	62	62
1,077	Schools Intervention Service	1,665	-571	1,094	1,094	1,094	1,094	1,094
767	Schools Partnership Service	833	-59	774	774	774	774	774
367	Childrens' Innovation & Development Service	739	-370	369	369	384	384	384
2,936	Redundancy & Teachers Pensions	3,411	-475	2,936	2,936	2,936	2,936	2,936
	0-19 Place Planning & Organisaion Service							
3,691	0-19 Organisation & Planning	3,896	-203	3,693	3,693	3,693	3,693	3,693
90	Early Years Policy, Funding & Operations	90	-	90	90	90	90	90
159	Education Capital	164	-	164	164	164	164	164
8,972	Home to School/ College Transport - Mainstream	9,181	-441	8,740	8,740	8,740	8,740	8,740
19,999	**Subtotal Director of Education**	**22,142**	**-2,862**	**19,280**	**19,264**	**19,263**	**19,263**	**19,263**
	Executive Director							
212	Executive Director	245	-	245	245	245	245	245
426	Central Financing	-467	1,408	941	4,088	4,239	4,390	4,390
638	**Subtotal Executive Director**	**-222**	**1,408**	**1,186**	**4,333**	**4,484**	**4,635**	**4,635**
-21,563	DSG Adjustment	-	-41,547	-41,547	-41,547	-41,547	-41,547	-41,547
-	**UNIDENTIFIED SAVINGS TO BALANCE BUDGET**	-	-	-	-	-	-	-
	Future Years							
-	Inflation	-	-	-	2,427	4,872	7,317	9,762
-	Savings	-	-	-	-	-	-	-
259,296	**P&C BUDGET TOTAL**	**367,960**	**-129,096**	**238,864**	**249,798**	**266,470**	**277,808**	**288,842**

Section 3 - A: People & Communities

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Director of Adults and Safeguarding							
Strategic Management - Adults	2,092	21	-	3,067	88	-150	5,118
Principal Social Worker, Practice and Safeguarding	1,360	9	-	-	-	-	1,369
Autism and Adult Support	810	4	39	9	-	-	862
Carers	642	4	-	-	-	99	745
Learning Disability Partnership							
LD Head of Service	5,582	52	-	2	-	-900	4,736
LD - City, South and East Localities	33,552	-1	549	1,102	-	-2,117	33,085
LD - Hunts and Fenland Localities	27,145	8	443	1,026	-	-2,329	26,293
LD - Young Adults Team	4,300	26	707	54	-	-	5,087
In House Provider Services	5,501	50	-	-	-	-120	5,431
NHS Contribution to Pooled Budget	-17,113	-	-	-	-	-	-17,113
Older People and Physical Disability Services							
OP - City & South Locality	19,067	144	750	420	-	-538	19,843
OP - East Cambs Locality	6,023	39	306	132	-	-220	6,280
OP - Fenland Locality	9,105	69	430	201	-	-301	9,504
OP - Hunts Locality	12,468	91	649	300	-	-460	13,048
Discharge Planning Teams	2,189	15	-	-	-	-1	2,203
Shorter Term Support and Maximising Independence	7,571	59	-	-	-	113	7,743
Physical Disabilities	11,908	85	430	168	-	-615	11,976
Mental Health							
Mental Health Central	771	7	-	-	-	-157	621
Adult Mental Health Localities	6,493	47	-	60	-	-131	6,469
Older People Mental Health	5,970	47	202	108	-	-142	6,185
Subtotal Director of Adults and Safeguarding	**145,436**	**776**	**4,505**	**6,649**	**88**	**-7,969**	**149,485**
Director of Commissioning							
Strategic Management - Commissioning	1,232	5	-	-	-	-262	975
Access to Resource & Quality	844	8	-	-	-	-	852
Local Assistance Scheme	321	-	-	-	-	-21	300
Adults Commissioning							
Central Commissioning - Adults	-8,229	35	-	188	-	-8,347	-16,353
Integrated Community Equipment Service	711	49	63	-	-	160	983
Mental Health Voluntary Organisations	3,746	5	-	-	-	-	3,751
Childrens Commissioning							
Commissioning Services	3,968	13	-	-	-	-	3,981
Home to School Transport - Special	7,946	95	273	-	-	-424	7,890
LAC Transport	1,126	14	142	450	-	-100	1,632

Section 3 - A: People & Communities

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Subtotal Director of Commissioning	**11,665**	**224**	**478**	**638**	**-**	**-8,994**	**4,011**
Director of Community & Safety							
Strategic Management - Communities & Safety	-25	-	-	-	-	-	-25
Youth Offending Service	961	4	-	5	-	-8	962
Central Integrated Youth Support Services	432	1	-	-	-	-2	431
Safer Communities Partnership	1,015	4	-	-	-	-	1,020
Strengthening Communities	488	-	-	-	-	-1	487
Adult Learning and Skills	180	-	-	-	-	-	180
Subtotal Director of Community & Safety	**3,051**	**9**	**-**	**5**	**-**	**-11**	**3,055**
Director of Children & Safeguarding							
Strategic Management - Children & Safeguarding	2,361	63	-	926	-	-594	2,756
Partnerships and Quality Assurance	1,892	9	-	-	-	-	1,901
Children in Care	10,914	143	-	63	-	-	11,120
Integrated Front Door	2,568	16	-	-	-	-	2,584
Children's Centres Strategy	119	1	-	-	-	-	120
Support to Parents	1,093	-9	-	-	-	-150	934
LAC Placements	17,344	381	1,460	1,956	-	-1,500	19,641
Adoption	4,406	72	350	367	-	-	5,195
Legal Proceedings	1,540	-	-	400	-	-	1,940
SEND Specialist Services (0 - 25 years)							
SEND Specialist Services	6,541	16	-	-	-	-4	6,553
Children's Disability Service	6,527	25	-	-	-	-	6,552
High Needs Top Up Funding	15,130	-	-	-	-	-	15,130
SEN Placements	8,972	-	-	-	-	-	8,972
Early Years Specialist Support	1,210	-	-	-	-	-	1,210
District Delivery Service							
Safeguarding Hunts and Fenland	4,994	27	-	-	-	-6	5,015
Safeguarding East & South Cambs and Cambridge	4,422	25	-	-	-	-11	4,436
Early Help District Delivery Service - North	4,699	36	-	-	-	-386	4,349
Early Help District Delivery Service - South	5,338	34	-	-	-	-386	4,986
Subtotal Director of Children & Safeguarding	**100,070**	**839**	**1,810**	**3,712**	**-**	**-3,037**	**103,394**
Director of Education							
Strategic Management - Education	442	5	-	-	-	-524	-77

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Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Early Years Service	1,440	7	-	8	-	-20	1,435
Schools Curriculum Service	58	1	-	3	-	-	62
Schools Intervention Service	1,077	11	-	8	-	-2	1,094
Schools Partnership Service	767	7	-	-	-	-	774
Childrens' Innovation & Development Service	367	2	-	-	-	-	369
Redundancy & Teachers Pensions	2,936	-	-	-	-	-	2,936
0-19 Place Planning & Organisaion Service							
0-19 Organisation & Planning	3,691	5	-	-	-	-3	3,693
Early Years Policy, Funding & Operations	90	-	-	-	-	-	90
Education Capital	159	5	-	-	-	-	164
Home to School/ College Transport - Mainstream	8,972	110	-	-	-	-342	8,740
Subtotal Director of Education	**19,999**	**153**	**-**	**19**	**-**	**-891**	**19,280**
Executive Director							
Executive Director	243	2	-	-	-	-	245
Central Financing	426	-	-	516	-	-	941
Subtotal Executive Director	**669**	**2**	**-**	**516**	**-**	**-**	**1,186**
DSG Adjustment	-41,547	-	-	-	-	-	-41,547
UNIDENTIFIED SAVINGS TO BALANCE BUDGET	-	-	-	-	-	-	-
P&C BUDGET TOTAL	**239,343**	**2,003**	**6,793**	**11,539**	**88**	**-20,902**	**238,864**

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Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
1	**OPENING GROSS EXPENDITURE**	**347,194**	**367,960**	**380,863**	**385,029**	**396,577**	
A/R.1.001	Increase in expenditure funded from external sources	7,640	-	-	-	-	Increase in expenditure budgets (compared to published 2017-18 Business Plan) as advised during the budget preparation period and permanent in-year changes made during 2017-18.
A/R.1.002	Base Adjustment - movement from DSG to P&C	18,230	-	-	-	-	Transfer of budgets into P&C which were previously reported as part of the Dedicated Schools Grant. High Needs Top-Up (£15.1m) and SEN Placements / Out of School Tuition (£0.6m) which are now reported within SEND Specialist Services and Growth Fund (£2.5m) now reported in 0-19 Organisation and Planning.
A/R.1.003	Transferred Function - Independent Living Fund (ILF)	-40	-38	-36	-34	-	The ILF, a central government funded scheme supporting care needs, closed in 2015. Since then the local authority has been responsible for meeting eligible social care needs for former ILF clients. The government has told us that their grant will be based on a 5% reduction in the number of users accessing the service each year.
A/R.1.004	Improved Better Care Fund (BCF)	10,658	1,743	-12,401	-	-	The Better Care Fund includes an element of funding intended to protect Adult Social Care services, in order to ensure that the health and social care market is not destabilised by pressures on Adult Social Care. A proportion of the funding will be taken as a saving in order to offset the need for reductions in adult social care capacity across the local authority. The BCF also provides targeted investment in social care services that will promote better outcomes for patients and social care services.
A/R.1.005	Base Adjustment - Movement of Adult Learning and Skills expenditure to P&C	2,616	-	-	-	-	The Adult Learning and Skills service has moved from P&E to P&C, this is the movement of the service's expenditure.
A/R.1.006	Base Adjustment - Movement of Traded Services from P&C to C&I	-9,934	-	-	-	-	In 2017-18 responsibility for the traded services moved from People and Communities to the Commercial and Investment Committee
A/R.1.007	Base Adjustment - Movement of DAAT to Public Health	-6,173	-	-	-	-	The Drug and Alcohol Team was moved from People and Communities to Public Health in 2017-18
A/R.1.008	Base Adjustment - Movement of Mental Health Youth Counselling Services to PH	-111	-	-	-	-	Mental Health Youth Counselling services were moved from People & Communities services to Public Health services in 2017-18.
A/R.1.009	Budget Prep Virement to CS from P&C	-292	-	-	-	-	Budget virement for Corporate Capacity Review services transferred from People & Communities to Corporate Services as part of the budget setting processes for 2017-18.
A/R.1.010	Transfor of budget from Corporate Services to P&C.	1,215	-	-	-	-	Permanent transfer of base budget from Corporate Services to People and Communities, for Cambridgeshire's Youth & Community Coordinators, the Community Reach Fund and Cambridgeshire's Strengthening Communities Service. These services are now managed within the Communities and Safety Directorate.
A/R.1.011	Special Educational Needs and Disability (SEND) Implementation Grant	-456	-	-	-	-	Ending of one-off grant awarded to local authorities for the previous financial year only.
A/R.1.012	Base Adjustment - Movement of OWD from P&C to LGSS in 17-18	-3,234	-	-	-	-	Organisational Workforce Development was moved from P&C to LGSS in 17-18.
1.999	**REVISED OPENING GROSS EXPENDITURE**	**367,313**	**369,665**	**368,426**	**384,995**	**396,577**	

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Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
2	**INFLATION**						
A/R.2.001	Centrally funded inflation - Staff pay and employment costs	551	637	773	773	773	Forecast pressure from inflation relating to employment costs. On average, 0.6% inflation has been budgeted for, to include inflation on pay of 1%, employer's National Insurance and employer's pension contributions in line with previous years national pay offers. The Local Government Pay offer for 2018-19 includes a minimum 2% increase however, to reflect the effect this has on the Council as a whole this increased pressure is being held centrally ref. C/R.4.010.
A/R.2.002	Centrally funded inflation - Care Providers	682	883	803	803	803	Forecast pressure from inflation relating to care providers. An average of 0.7% uplift would be affordable across Care spending.
A/R.2.003	Centrally funded inflation - Looked After Children (LAC) placements	562	511	511	511	511	Inflation is currently forecast at 2.2%.
A/R.2.004	Centrally funded inflation - Transport	231	423	385	385	385	Forecast pressure for inflation relating to transport. This is estimated at 1.2%.
A/R.2.005	Centrally funded inflation - Miscellaneous other budgets	187	183	183	183	183	Forecast pressure from inflation relating to miscellaneous other budgets, on average this is calculated at 1.2% increase.
2.999	**Subtotal Inflation**	**2,213**	**2,637**	**2,655**	**2655**	**2,655**	
3	**DEMOGRAPHY AND DEMAND**						
A/R.3.002	Funding for additional Physical Disabilities demand	430	443	456	470	484	Additional funding to ensure we meet the rising level of needs amongst people with physical disabilities. Based on modelling the expected increased number of service users and the increase complexity of existing service users needs we are increasing funding by £430k (3.7%) to ensure we can provide the care that is needed.
A/R.3.003	Additional funding for Autism and Adult Support demand	39	39	40	41	42	Additional funding to ensure we meet the rising level of needs amongst people with autism and other vulnerable people. It is expected that 9 people will enter this service and so, based on a the anticipated average cost, we are investing an additional £39k to ensure we give them the help they need.
A/R.3.004	Additonal funding for Learning Disability Partnership (LDP) demand	1,699	1,591	1,518	1,474	1,451	Additional funding to ensure we meet the rising level of needs amongst people with learning disabilities - We need to invest an additional £707k in 2018/19 to provide care for a projected 56 new service users (primarily young people) who outnumber the number of people leaving services. We also need to invest £992k in the increasing needs of existing service users and the higher complexity we are seeing in adults over age 25. The total additional resource we are allocating is therefore £1,699k to ensure we provide the right care for people with learning disabilities.

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Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
A/R.3.006	Additional funding for Older People demand	2,135	2,597	2,991	2,959	3,581	Additional funding to ensure we meet the increased demand for care amongst older people, providing care at home as well as residential and nursing placements. Population growth in Cambridgeshire and the fact that people are living longer results in steeply increasing numbers of older people requiring care. We estimate that numbers will increase by around 2.7% each year and the current pattern of activity and expenditure is modelled forward to estimate the additional budget requirement for each age group and type of care. Account is then taken of increasing complexity of cases coming through the service. This work has supported the case for additional funding of £21,35k in 2018/19 to ensure we can continue to provide the care for people who need it.
A/R.3.007	Funding for Older People Mental Health Demand	202	216	242	228	290	Additional funding to ensure we meet the increased demand for care amongst older people with mental health needs, providing care at home as well as residential and nursing placements. The current pattern of activity and expenditure is modelled forward using population forecasts to estimate the additional budget requirement for each age group and type of care. Some account is then taken of increasing complexity of cases coming through the service. This work has supported the case for additional funding of £202k in 2018/19 to ensure we can continue to provide the care for people who need it.
A/R.3.010	Funding for Home to School Special Transport demand	415	307	309	311	302	Additional funding required to provide transport to education provision for children and young people with special educational needs or who are looked after. The additional investment is needed as there are increasing numbers of children with SEN and increasing complexity of need which requires individual or bespoke transport solutions. The cost of transport is also affected by the number special school places available with the children attending the new Littleport Special School requiring new transport provision.
A/R.3.011	Funding for rising Looked After Children (LAC) Numbers and need	1,460	1,466	1,523	1,583	1,645	Additional budget required to provide care for children who become looked after. As with many local authorities we have experienced a steady rise in the number of Looked after Children in recent years. Looking ahead, the number of Looked after Children is predicted to increase by around 4% each year and this equates to around 25 more children to care for. The additional investment will ensure we can fully deliver our responsibilities as corporate parents and fund suitable foster, residential or other supported accommodation placements for all children becoming looked after.
A/R.3.016	Funding for additional Special Guardianship Orders/Adoption demand costs	350	393	441	497	560	Additional funding required to cover the cost of providing care for looked after children with adoptive parents or with extended family and other suitable guardians. As numbers of children increase we need to invest in adoptive and guardianship placements which provide stable, loving and permanent care for children who come into the care system.
A/R.3.017	Funding for additional demand for Community Equipment	63	63	63	63	60	Over the last five years our social work strategy has been successful in supporting a higher proportion of older people and people with disabilities to live at home (rather than requiring residential care). Additional funding is required to maintain the proportion of services users supported to live independently through the provision of community equipment and home adaptations in the context of an increasing population.
3.999	**Subtotal Demography and Demand**	**6,793**	**7,115**	**7,583**	**7,626**	**8,415**	

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Budget Period: 2018-19 to 2022-23

Ref	Title	2018-19 £000 (Detailed Plans)	2019-20 £000 (Outline Plans)	2020-21 £000 (Outline Plans)	2021-22 £000 (Outline Plans)	2022-23 £000 (Outline Plans)	Description
4	**PRESSURES**						
A/R.4.002	Adults & Safeguarding - Fair Cost of Care and Placement Costs	-	1,000	2,000	1,000	-	The Care Act says Councils need to make sure the price paid for Adult Social Care reflects the actual costs of providing that care. A strategic investment in the residential sector is envisaged from 2019 onwards. The timing and extent of this will be kept under close review as several factors develop including the impact of the national living wage, local market conditions and the overall availability of resources.
A/R.4.009	Impact of National Living Wage (NLW) on Contracts	2,490	3,761	3,277	-	-	As a result of the introduction of the National Living Wage it is expected that the cost of contracts held by CCC with independent and voluntary sector care providers will increase. Our analysis suggests the changes from April 2018 will lead to price increases between 1% and 3.5%, dependent on the cost of providing different types of care.
A/R.4.010	Sleep-in pressure on external contracts	1,280	-	-	-	-	Pressure due to the need, following government requirements, to ensure external care providers are funded sufficiently to pay care staff at least the minimum wage for working hours spent sleeping. Previously a flat, per-night rate amounting to less than the minimum wage would have been used.
A/R.4.016	Multi Systemic Therapy (MST)	63	-	-	-	-	Part of the funding for MST, that has comprised external grant and County Council reserves funding, will come to an end. The reserves element have been used over a two year period to cover part of the service cost, which has enabled the service to continue in spite of the Council's reducing budget. Given the strong evidence base for delivery of sustained positive outcomes for families core budget is to be used to secure this provision. MST is part of a suite of interventions and services which make a significant contribution to the delivery of the savings assumed through the Commissioning Strategy for reducing the numbers of Looked after Children (LAC) and reducing longer term reliance on statutory services.
A/R.4.017	Professional and Management Pay Structure	65	-	-	-	-	Final stage of implementing management pay structure previously agreed and gradually implemented.
A/R.4.018	Impact of National Living Wage (NLW) on CCC employee costs	15	68	151	151	-	The cost impact of the introduction of the NLW on directly employed CCC staff is minimal, due to a low number of staff being paid below the proposed NLW rates. Traded services whose staff are paid below the NLW will be expected to recover any additional cost through their pricing structure.
A/R.4.019	Children & Safeguarding - Children's Change Programme	886	-	-	-	-	Historical unfunded pressures identified through the Children's Change programme. Additional perr
A/R.4.020	Children & Safeguarding - Legal costs	400	-	-	-	-	Numbers of Care Applications have increased by 52% from 2014/15 to 2016/17, which has mirrored
A/R.4.021	Children & Safeguarding - Adoption	367	-	-	-	-	Our contract with Coram Cambridgeshire Adoption (CCA) provides for 38 adoptive placements pa. In 2017/18 we are forecasting an additional requirement of 20 adoptive placements and this is expected to remain at that level of requirement in future years. Increased inter-agency adoptions will also increase in line with demand.

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Budget Period: 2018-19 to 2022-23

		Detailed Plans	Outline Plans				
Ref	**Title**	**2018-19 £000**	**2019-20 £000**	**2020-21 £000**	**2021-22 £000**	**2022-23 £000**	**Description**
A/R.4.022	Dedicated Schools Grant Contribution to Combined Budgets	500	3,079	-	-	-	Based on historic levels of spend an element of the Dedicated Schools Grant (DSG) spend is retained centrally and contributes to the overall funding for the LA. Schools Forum is required to approve the spend on an annual basis and following national changes the expectation is that these historic commitments/arrangements will unwind over time. The DfE expect local authorities to reflect this in their annual returns, will monitor historic spend year-on-year and challenge LA's where spend is not reducing. The most recent schools funding consultation document refers to the ability of the LA to recycle money for historic commitments into schools, high needs or early years in 2018-19. On the 3rd November 2017 Cambridgeshire Schools Forum approved the continuation of contribution to combined budgets at current levels other than the requirement to transfer £500k into the High Needs Block. This decision has resulted in a residual pressure of the same amount in 2018-19.
A/R.4.023	P&C pressures from 17-18 - LAC	1,956	-	-	-	-	Pressures brought forward from 2017/18 due to additional demand on the Looked After Children (LAC) budget.
A/R.4.024	P&C pressures from 17-18 - Adults	3,067	-	-	-	-	Pressures brought forward from 2017/18 due to additional demand on Adults & Safeguarding budgets.
A/R.4.025	P&C pressures from 17-18 - LAC Transport	450	-	-	-	-	Additional funding to offset pressures within LAC Transport
4.999	**Subtotal Pressures**	**11,539**	**7,908**	**5,428**	**1,151**	**-**	
5	**INVESTMENTS**						
A/R.5.001	P&C recruitment service	88	-	-	-	-	Permanent funding to provide support for recruitment and retention of social care staff.
A/R.5.003	Flexible Shared Care Resource	-	-	-	-	174	Funding to bridge the gap between fostering and community support and residential provision has ended. Investment will be repaid over 5 years, at £174k pa from 17/18 to 21-22, from savings in placement costs.
5.999	**Subtotal Investments**	**88**	**-**	**-**	**-**	**174**	
6	**SAVINGS**						
	C&P, C&YP, Adults						
A/R.6.001	P&C Contribution to Organisational Review Milage Saving	-63	-	-	-	-	As part of the Organisational Review (C/R.6.102) a cross cutting review of mileage allowances in 2017-18 was undertaken and areas where mileage could be reduced without impacting front line services were identified.
	Adults						
A/R.6.111	Physical Disabilities - Supporting people with physical disabilities to live more independently and be funded appropriately	-440	-505	-455	-	-	In line with the Council's commitment to promote independence, work will be undertaken to establish more creative ways to meet the needs of people with physical disability. This will include making better use of early help, community support and building on community and family support networks. It will also include work with the NHS to ensure health-funding arangements are appropriate.

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Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
A/R.6.114	Learning Disabilities - Increasing independence and resilience when meeting the needs of people with learning disabilities	-3,100	-1,747	-1,983	-	-	Continuing the existing programme of service user care reassessments which requires each person's care needs to be reassessed in line with the Transforming Lives model and with the revised policy framework with a view to identifying ways to meet needs in the most appropriate way
A/R.6.115	Retendering for domiciliary care for people with learning disabilities	-100	-	-	-	-	Part-year savings were delivered in 2017/18 through retendering domicilary care contracts, effective from 1 November 2017. The remaining effect of this saving will be delivered in 2018/19.
A/R.6.120	Re-investment in support to family carers reflecting improved uptake	100	100	100	-	-	This is the reversal, over three years, of a temporary reduction in the Carers budget while work was undertaken to increase activity in this area
A/R.6.122	Transforming Learning Disability In-House & Day Care Services	-50	-200	-	-	-	Developing a model of day opportunities for people with learning disabilities that is focused on enabling progression and skills development, supporting people with LD into employment where appropriate. Most of this saving will be delivered in 19/20 with a small amount in the latter part of 18/19.
A/R.6.126	Learning Disability - Converting Residential Provision to Supported Living	-794	-	-	-	-	This is an opportunity to de-register a number of residential homes for people with learning disabilities and change the service model to supported living. The people in these services will benefit from a more progressive model of care that promotes greater independence.
A/R.6.127	Care in Cambridgeshire for People with Learning Disabilities	-315	-	-	-	-	Work to enable people with learning disabilities who have been placed 'out of county' to move closer to their family by identifying an alternative placement which is closer to home. To be approached on a case by case basis and will involve close work with the family and the person we support.
A/R.6.128	Better Care Fund - Investing to support social care and ease pressures in the health and care system	-7,200	-300	7,500	-	-	The Better Care Fund is our joint plan with health partners aimed at providing better and more joined up health and care provision and easing financial and demand pressures in the system. Priority areas of focus are protecting frontline services, preventing avoidable admissions to hospital and ensuring people can leave hospital safely when their medical needs have been met. The Cambridgeshire BCF plan includes new schemes around preventing falls, increasing independence, investment in suitable housing for vulnerable people and enhanced intermediate tier, Reablement and homecare for people leaving hospital. The Better Care Fund includes an element of funding intended to protect Adult Social Care services, as the revenue support grant has decreased and demand continues to increase.
A/R.6.129	Russell Street Learning Disability Provision Re-design	-70	-	-	-	-	Provide the existing permanent residential provision through an external provider as a supported living project and develop a traded in-house service that can respond to immediate needs for carer and support using the vacated residential provision.
A/R.6.132	Mental Health Demand Management	-400	-	-	-	-	The programme of work to transform the social care offer for adults and older people with mental health needs will deliver savings totalling £400k through a combination of demand management, staffing restructures, strategic commissioning and ensuring people receive appropriate health funding.
A/R.6.133	Return of funding following one-off capitalisation of equipment and assistive technology	285	-	-	-	-	Return of revenue funding following one-off capitalisation of equipment and assistive technology, utilising grants carried forward from previous years.

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Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
A/R.6.143	Homecare Retendering	-306	-	-	-	-	The Council has retendered its contract for home care and this will release some efficiencies. The Council is also developing alternative ways of delivering home care support building on innovation and best practice across the country including the expansion of direct payments
A/R.6.172	Older People's Demand Management Savings	-1,000	-	-	-	-	Building on current work and plans to enable older people to stay living at home and in the community successfully through the provision of assistive technology, early help, community equipment and housing related support. Work will be undertaken to increase effectiveness of Reablement and to prevent falls in collaboration with partners.
A/R.6.173	Adult Social Care Service User Financial Reassessments	-412	-	-	-	-	Continuing the programme of reassessing clients in receipt of adult social care services more regularly to ensure full contributions are being collected.
A/R.6.174	Review of Supported Housing Commissioning	-1,000	-	-	-	-	The Council is undertaking a review of all existing housing related support commissioned arrangements, with a view to ensuring contracts are efficient and to developing a single housing related support model across Cambridgeshire and Peterborough.
A/R.6.175	Automation - Mosaic and Adult Business Support Processes	-150	-	-	-	-	Efficiencies resulting from implementation of Mosaic replacing current processes.
A/R.6.176	Adults Services later years savings target	-	-2,400	-2,000	-	-	These are high level targets which are considered achievable. Work is ongoing to produce greater granularity on the detail behind the figures.
A/R.6.177	Further savings required within Adults Services	-282	-	-	-	-	This is the saving that will be delivered if the proposed changes to service-user care contributions policies are agreed (accounting for all appropriate benefits in contributions for day- and overnight-care, and adopting a preference for direct debits). If these changes are not agreed, additional savings will need to be found with Adults budgets in addition to savings already identified.
A/R.6.178	Local Assistance Scheme	-21	-	-125	-	-	Review the commissioning of the local assistance scheme and resource requirement. The small saving of £21k identified does not reduce the service offer at all
	C&YP						
A/R.6.201	Staffing efficiencies in Commissioning	-94	-	-	-	-	A previous management restructure in the department has led to efficiencies in our commissioning team. This is the expected full year saving in 2018/19 of the new structure.
A/R.6.204	Childrens Change Programme (later phases)	-594	-300	-	-	-	Further savings from the Children's Change programme - establishing new structures and ways of working to ensure that our service offer is responsive and timely - targeted to those in greatest need and towards those that we can ensure experience a de-escalation of need and risk as a result of effective, integrated, multi-agency services delivered in a timely manner.
A/R.6.210	Total Transport - Home to School Transport (Special)	-324	-110	-	-	-	Saving to be made through re-tendering contracts, route reviews, looking across client groups and managing demand for children requiring transport provision
A/R.6.214	Total Transport - Home to School Transport (Special) - Moving towards personal budgets	-100	-	-	-	-	Personal Transport Budgets (PTBs) are discretionary payments to parents/carers of children eligible for home to school transport in exchange for full responsibility for transporting them safely to and from school. By increasing the uptake of PTBs, through targeting high cost journeys, revisiting the payment terms, improving the approval processes, and better engagement with children and parents about PTBs, this project will achieve efficiencies in the transport provided.

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Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
A/R.6.224	Children's Centres - Building a new service delivery model for Cambridgeshire Communities	-772	-	-	-	-	We want every child in Cambridgeshire to thrive and will target our prioritised targeted services for vulnerable children and young people. As an integral part of the Early Help Offer, our redesigned services will provide support to families when they really need them. We will provide a range of flexible services that are not restricted to delivery from children's centre buildings, in order to provide access to services when they are needed. We will also work in a more integrated way with partners across the 0-19 Healthy Child Programme, to provide comprehensive targeted support to vulnerable families. All of this will be supported by an effective on line resource tool as part of an improved on line offer for families. The saving will be achieved by re-purposing some existing children's centre buildings and streamlining both our management infrastructure and back office, associated service running and overhead costs. We intend to maintain the current level of front line delivery. A total saving of £900k is planned, with £249k from Buildings and Infrastructure costs. Of the £249k saving, £128k will be attributable to annual running costs of internally managed buildings. As this element of the budget is held by Corporate and Managed Services, this element of the total saving is therefore shown in Table 3 for Corporate and Managed Services, business plan reference F/R.6.110
A/R.6.227	Strategic review of the LA's ongoing statutory role in learning	-324	-	-	-	-	A programme to transform the role of the local authority in education in response to national developments and the local context, (e.g. the increasing number of academies and a reduction in funding to local authorities) has been started. Savings will be made by focusing on the LA's core roles and functions; by developing joint working with Peterborough's education services, and with other authorities as appropriate
A/R.6.244	Total Transport - Home to School Transport (Mainstream)	-342	-	-	-	-	Through the Total Transport transformation programme we are scrutinising contract services to ensure the Council delivers the most efficient mainstream school transport services whilst ensuring all eligible pupils receive free transport in line with the Council's policy on journey times.
A/R.6.250	Grants to Voluntary Organisations	-168	-	-	-	-	Saving from the Home Start/Community Resilience Grant where the re-commissioning of this service ceased in 16/17.
A/R.6.251	Automation - Education and Children's Guidance	-100	-	-	-	-	Reduction in staff costs in Education and Children's services related to more automated models of delivering advice and guidance.

Section 3 - A: People and Communities

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans	Outline Plans				
Ref	Title	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
A/R.6.253	LAC Placement Budget Savings	-1,500	-	-	-	-	Savings will be delivered through a number of workstreams as well as working to reduce the number of children in care and improve the placement composition between in house and more expensive external placements. Individual pieces of work that are likely to have a positive impact on the placements budget include: • Significantly increasing the number of in house fostering placements to reduce reliance on the more costly independent fostering placements; • Reduce the length of time in care by ensuring looked after children are matched for permanence or reunified home where possible and increasing the use of Special Guardianship Order; • The new 'Hub Model' which consists of multi-disciplinary integrated teams will focus on supporting young people to remain living at home or in their family network. Where they cannot remain at home the team will continue to support them in appropriate accommodation and where possible work to rehabilitate them home; • Review the accommodation available for young people aged 16+ to ensure that it meets their needs and offers value for money; • Ensure that fees are negotiated on high cost and emergency placements; • The new Enhanced Intervention Service for Disabled Children - helping families stay together; • Earlier and wider use of systemic family meetings to identify family solutions which avoid the need for children to be accommodated in care; • Using link workers in CPFT to reduce the impact of parental mental health in risk to children.
A/R.6.254	Looked After Children Transport	-100	-	-	-	-	Increasing efficiency in LAC transport provision by identify high cost cohorts, managing demand and integrating routes.
A/R.6.255	Children's Services Later Years Savings targets	-	-1,000	-2,100	-	-	These are high level figures which are considered achiveable. Work is ongoing to increase the detail behind the proposals and ascertain where the savings will be allocated.
A/R.6.256	Delivering Greater Impact for Troubled Families	-150	-	-	150	-	Our multi-agency Together for Families programme will deliver and evidence greater impact for more families and so will receive increase 'payment by results' income from central government.
A/R.6.257	Automation - Admissions & Additional Automation Initiatives	-100	-	-	-	-	Additional automation initiatives currently being explored – although these do relate to service areas (assistive technology, domestic violence, mental health, looked after children, etc) further work needs to be done to see where the automation 'enabler' will release savings and ensure that these are not double counted.
6.999	**Subtotal Savings**	**-19,986**	**-6,462**	**937**	**150**	**-**	
	TOTAL GROSS EXPENDITURE	**367,960**	**380,863**	**385,029**	**396,577**	**407,821**	
7	**FEES, CHARGES & RING-FENCED GRANTS**						

Section 3 - A: People and Communities

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
A/R.7.001	Previous year's fees, charges & ring-fenced grants	-105,737	-129,096	-131,065	-118,559	-118,769	Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward.
A/R.7.002	Changes to fees, charges and schools income compared to 2017-18	6,199	-	-	-	-	Adjustment for permanent changes to income expectation from decisions made in 2017-18.
A/R.7.003	Fees and charges inflation	-210	-210	-210	-210	-210	Increase in external charges to reflect inflation pressures on the costs of services.
	Changes to fees & charges						
A/R.7.101	Early Years subscription package	-16	-16	-16	-	-	Proposal to develop Early Years subscription package for trading with settings.
A/R.7.110	Learning Disability - Joint Investment with Health Partners in rising demand	-900	-	-	-	-	Negotiating with the NHS for additional funding through reviewing funding arrangements, with a focus on ensuring Council investment in demand pressures re matched appropriately by the NHS.
	Changes to ring-fenced grants						
A/R.7.201	Change in Public Health Grant	-	-	331	-	-	Change in ring-fenced Public Health grant to reflect treatment as a corporate grant from 2019-20 due to removal of ring-fence.
A/R.7.207	Special Educational Needs and Disability (SEND) Implementation Grant	456	-	-	0	-	Ending of one-off grant awarded to local authorities to continue to support transition to the new system for SEND.
A/R.7.208	Improved Better Care Fund	-10,658	-1,743	12,401	-	-	Changes to the Improved Better Care Fund grant. See also proposal A/R.1.004.
A/R.7.209	Transfer of Schedule 2 DSG to People and Communities	-18,230	-	-	-	-	Transfer of budgets into P&C which were previously reported as part of the Dedicated Schools Grant. High Needs Top-Up (£15.1m) and SEN Placements / Out of School Tuition (£0.6m) which are now reported within SEND Specialist Services and Growth Fund (£2.5m) now reported in 0-19 Organisation and Planning.
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-129,096**	**-131,065**	**-118,559**	**-118,769**	**-118,979**	
	TOTAL NET EXPENDITURE	**238,864**	**249,798**	**266,470**	**277,808**	**288,842**	

FUNDING SOURCES							
8	**FUNDING OF GROSS EXPENDITURE**						
A/R.8.001	Budget Allocation	-238,864	-249,798	-266,470	-277,808	-288,842	Net spend funded from general grants, business rates and Council Tax.
A/R.8.002	Fees & Charges	-50,048	-50,274	-50,500	-50,710	-50,920	Fees and charges for the provision of services.
A/R.8.003	Expected income from Cambridgeshire Maintained Schools	-7,783	-7,783	-7,783	-7,783	-7,783	Expected income from Cambridgeshire maintained schools.
A/R.8.004	Dedicated Schools Grant (DSG)	-41,548	-41,548	-41,548	-41,548	-41,548	DSG directly managed by P&C.
A/R.8.005	Better Care Fund (BCF) Allocation for Social Care	-15,453	-15,453	-15,453	-15,453	-15,453	The NHS and County Council pool budgets through the Better Care Fund (BCF), promoting joint working. This line shows the revenue funding flowing from the BCF into Social Care.

Section 3 - A: People and Communities

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
A/R.8.007	Youth Justice Board Good Practice Grant	-500	-500	-500	-500	-500	Youth Justice Board Good Practice Grant.
A/R.8.009	Care Act (New Burdens Funding) Social Care in Prisons	-339	-339	-339	-339	-339	Care Act New Burdens funding.
A/R.8.011	Improved Better Care Fund	-10,658	-12,401	-	-	-	Improved Better Care Fund grant.
A/R.8.012	Education and Skills Funding Agency Grant	-2,080	-2,080	-2,080	-2,080	-2,080	Ring-fenced grant funding for the Adult Learning and Skills service.
A/R.8.013	National Careers Service Grant	-356	-356	-356	-356	-356	Ring-fenced grant funding for Adult Learning and Skills Service.
A/R.8.401	Public Health Funding	-331	-331	-	-	-	Funding transferred to Service areas where the management of Public Health functions will be undertaken by other County Council officers, rather than directly by the Public Health Team.
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-367,960**	**-380,863**	**-385,029**	**-396,577**	**-407,821**	

Section 3 - A: People and Communities
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Ongoing	33,128	8,906	-1,655	-6,189	-89	5,285	6,844	20,026
Committed Schemes	399,104	182,356	73,965	74,376	50,684	12,081	3,619	2,023
2018-2019 Starts	55,402	660	13,450	19,902	4,400	12,120	4,600	270
2019-2020 Starts	56,578	150	2,060	28,150	19,790	6,158	270	-
2021-2022 Starts	11,250	-	-	-	400	7,750	2,900	200
2022-2023 Starts	26,930	15	-	-	-	1,020	13,185	12,710
2023-2024 Starts	31,590	-	-	-	250	5,000	3,950	22,390
2024-2025 Starts	26,300	-	-	-	150	1,400	800	23,950
TOTAL BUDGET	**640,282**	**192,087**	**87,820**	**116,239**	**75,585**	**50,814**	**36,168**	**81,569**

Summary of Schemes by Category	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Basic Need - Primary	289,171	100,554	44,866	48,731	22,669	18,691	9,670	43,990
Basic Need - Secondary	274,319	69,152	35,502	66,195	49,926	25,670	19,044	8,830
Basic Need - Early Years	6,126	4,684	1,222	120	100	-	-	-
Adaptations	7,329	2,958	2,400	1,636	-	-	35	300
Condition & Maintenance	25,500	500	2,500	2,500	2,500	2,500	2,500	12,500
Building Schools for the Future	-	-	-	-	-	-	-	-
Schools Mananged Capital	10,050	-	1,005	1,005	1,005	1,005	1,005	5,025
Specialist Provision	19,761	5,333	3,476	2,502	300	150	150	7,850
Site Acquisition & Development	200	-	100	100	-	-	-	-
Temporary Accommodation	13,000	-	1,500	1,500	1,500	1,500	1,500	5,500
Children Support Services	2,775	25	295	295	270	270	270	1,350
Adults' Services	43,241	8,881	5,565	5,565	5,565	5,565	5,600	6,500
Capital Programme Variation	-51,190	-	-10,611	-13,910	-8,250	-4,537	-3,606	-10,276
Corporate Services	-	-	-	-	-	-	-	-
TOTAL BUDGET	**640,282**	**192,087**	**87,820**	**116,239**	**75,585**	**50,814**	**36,168**	**81,569**

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.01	**Basic Need - Primary**											
A/C.01.008	Isle of Ely Primary	New 3 form entry school with 52 Early Years provision: £10,470k Basic Need requirement 630 places £800k Temporary Provision £1,500k Early Years Basic Need 52 places £3,500k Highways works and access work to school site		Committed	16,270	16,270	-	-	-	-	-	-

Section 3 - A: People and Communities
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.01.012	Ermine Street Primary, Alconbury Weald	New 2 form entry school (with 3 form entry infrastructure) with 52 Early Years provision (Phase 1): £8,500k Basic Need requirement 420 places £1,500k Early Years Basic Need 52 places		Committed	10,000	9,862	138	-	-	-	-	-
A/C.01.013	Fourfields, Yaxley	Expansion of 3 classrooms: £1,267k Basic Need requirement 90 places		Committed	1,267	1,239	28	-	-	-	-	-
A/C.01.018	Pathfinder Primary, Northstowe	New 3 form entry school with 52 Early Years provision: £8,300k Basic Need requirement 630 places £1,500k Early Years Basic Need 52 places £1,500k Community facilities - Children's Centre		Committed	11,300	11,115	185	-	-	-	-	-
A/C.01.020	Godmanchester Bridge, (Bearscroft Development)	New 1.5 form entry school (with 2 form entry core facilities) with 52 Early Years provision: £7,148k Basic Need requirement 315 places £2,200k Early Years Basic Need 52 places		Committed	9,348	8,947	150	251	-	-	-	-
A/C.01.021	North West Cambridge (NIAB site) primary	New 2 form entry school with 52 Early Years provision: £7,852k Basic Need requirement 420 places £1,700k Early Years Basic Need 52 places £1,200k Community facilities - Children's Centre		Committed	10,752	685	-	6,600	3,300	167	-	-
A/C.01.022	Burwell Primary	Expansion of 210 places: £6,768k Basic Need requirement 210 places		Committed	6,768	6,761	7	-	-	-	-	-
A/C.01.024	Clay Farm / Showground primary, Cambridge	New 3 form entry school with 52 Early Years provision £10,300k Basic Need requirement 630 places £1,700k Early Years Basic Need 52 places		Committed	12,000	11,594	406	-	-	-	-	-
A/C.01.025	Fordham Primary	Expansion from 1 to 2 form entry school / replacement of temporary buildings: £4,126k Basic Need requirement 210 places		Committed	4,126	3,968	50	108	-	-	-	-
A/C.01.026	Little Paxton Primary	Expansion from 1 to 2 form entry school / replacement of temporary buildings: £3,400k Basic Need requirement 210 places		Committed	3,400	3,292	40	68	-	-	-	-
A/C.01.027	Ramnoth Primary, Wisbech	Expansion of 12 classrooms: £7,340k Basic Need requirement 300 places		Committed	7,340	5,152	2,000	188	-	-	-	-
A/C.01.028	Fulbourn Phase 2	Expansion of 4 classrooms: £6,900k Basic Need requirement 120 places		Committed	6,900	3,135	3,000	665	100	-	-	-
A/C.01.029	Sawtry Infants	Expansion of 3 classrooms with 26 Early Years provision: £2,692k Basic Need requirement 90 places £1,600k Early Years Basic Need 26 places		Committed	4,292	1,911	298	1,901	182	-	-	-
A/C.01.030	Sawtry Junior	Extension of 4 classrooms to complete 1 form entry expansion: £2,300k Basic Need requirement 120 places		Committed	2,300	-	1,290	900	110	-	-	-

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Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.01.031	Hatton Park, Longstanton	Expansion of 1 form of entry: £5,080k Basic Need requirement 210 places		Committed	5,080	5,039	41	-	-	-	-	-
A/C.01.032	Meldreth	Expansion to 1 form of entry: £2,122k Basic Need requirement		Committed	2,122	440	1,550	132	-	-	-	-
A/C.01.033	St Ives, Eastfield / Westfield / Wheatfields	Expansion of 1 form of entry: £7,000k Basic Need requirement 210 places		Committed	7,000	31	280	3,500	3,000	189	-	-
A/C.01.034	St Neots, Wintringham Park	New 1 form entry (with 3 form entry infrastructure) with 52 Early Years provision: £7,210k Basic Need requirement 210 places £1,640k Early Years Basic Need 52 places		Committed	8,850	213	4,300	4,000	337	-	-	-
A/C.01.035	The Shade Primary, Soham	Expansion of 2 forms of entry (Phase 2): £2,600k Basic Need requirement 210 places		Committed	2,600	2,548	52	-	-	-	-	-
A/C.01.036	Pendragon, Papworth	Expansion of 1 form of entry: £3,500 Basic Need requirement		Committed	3,500	-	-	-	-	150	1,900	1,450
A/C.01.037	Chatteris New School	New 1 form of entry School with 26 Early Years places: £7,995k Basic Need requirement 210 places £ 825k Early Years		2018-19	8,820	230	4,700	3,700	190	-	-	-
A/C.01.038	Westwood Primary, March, Phase 2	Expansion from 3 to 4 form entry school: £3,241k Basic Need requirement 120 places		Committed	3,241	1,200	1,950	91	-	-	-	-
A/C.01.039	Wyton Primary	New replacement 1 form entry school: £9,226k Basic Need requirement 210 places		Committed	9,226	2,389	6,400	437	-	-	-	-
A/C.01.040	Ermine Street, Alconbury, Phase 2	Expansion to 3 form entry school (Phase 2): £2,780k Basic Need requirement 210 places		2019-20	2,780	-	140	1,600	950	90	-	-
A/C.01.041	Barrington	Expansion to 1 form of entry: £3,318k Basic Need requirement		2019-20	3,318	130	90	1,600	1,350	148	-	-
A/C.01.043	Littleport 3rd primary	New 1 form entry school (with 2 form entry infrastructure) (Phase 1): £4,250k Basic Need requirement 210 places £750k Early Years Basic Need 26 places		2019-20	5,000	-	180	3,200	1,550	70	-	-
A/C.01.044	Loves Farm primary, St Neots	New 2 form entry school: £10,020k Basic Need requirement 420 places		2019-20	10,020	-	-	300	6,200	3,400	120	-
A/C.01.045	Melbourn Primary	Expansion of 4 classrooms, hall and refurbishment: £4,441k Basic Need requirement 60 places		Committed	4,441	1,650	2,581	210	-	-	-	-
A/C.01.046	Sawston Primary	Extension of 4 classrooms to complete 1 form entry expansion: £2,460k Basic Need requirement 120 places		2019-20	2,460	20	900	1,500	40	-	-	-
A/C.01.048	Histon Additional Places	Expansion of 1 form of entry within Histon area: £16,000k Basic Need requirement 210 places		Committed	16,000	1,783	5,310	5,500	3,200	207	-	-

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Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.01.049	Northstowe 2nd primary	New 2 form entry school with 52 Early Years provision and community facilities: £9,990k Basic Need requirement 420 places £1,260k Early Years Basic Need 52 places		2021-22	11,250	-	-	-	400	7,750	2,900	200
A/C.01.050	March new primary	New 1 form entry school (Phase 1): £8,770k Basic Need requirement 210 places		2023-24	8,770	-	-	-	250	5,000	3,350	170
A/C.01.051	Wisbech new primary	New 1 form entry school; this is to be an on-going review: £8,770k Basic Need requirement 210 places		2023-24	8,770	-	-	-	-	-	250	8,520
A/C.01.052	NIAB 2nd primary	New 2 form entry school with 52 Early Years provision and community facilities: £7,950k Basic Need requirement 420 places £1,500k Early Years Basic Need 52 places £1,500k Community facilities - Children's Centre		2024-25	10,950	-	-	-	-	-	-	10,950
A/C.01.053	Robert Arkenstall Primary	Replacement of temporary building £500k Basic Need requirement 30 places		2024-25	500	-	-	-	-	-	-	500
A/C.01.054	Wilburton Primary	Expansion from 4 to 5 classrooms / replacement of temporary building: £500k Basic Need requirement 30 places		2024-25	500	-	-	-	-	-	-	500
A/C.01.055	Benwick Primary	Expansion from 3 to 5 classrooms / replacement of temporary buildings: £2,450k Basic Need requirement 60 places		2024-25	2,450	-	-	-	150	1,400	800	100
A/C.01.056	Alconbury Weald 2nd primary	New 2 form entry school with 52 Early Years provision and community facilities: £8,528k Basic Need requirement 420 places £1,522k Early Years Basic Need 52 places		2023-24	10,050	-	-	-	-	-	350	9,700
A/C.01.057	Northstowe 3rd primary	New 2 form entry school with 52 Early Years provision and community facilities: £10,567k Basic Need requirement 420 places £1,333k Early Years Basic Need 52 places		2024-25	11,900	-	-	-	-	-	-	11,900
A/C.01.061	Gamlingay Primary School	Extension of 4 classrooms to complete 1 form entry expansion with new hall: £4,880k Basic Need requirement 120 places		Committed	4,880	700	4,000	180	-	-	-	-
A/C.01.062	Waterbeach Primary School	Expansion of 1 form of entry due to in-catchment development: £6,660 Basic Need requirement 120 places		2018-19	6,660	50	1,400	5,000	210	-	-	-
A/C.01.063	St Neots Eastern Expansion	Expansion of 1 form of entry: £5,500k Basic Need requirement 120 places		2018-19	5,500	50	2,700	2,600	150	-	-	-

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Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.01.065	New Road Primary	Expansion to 1 form of entry: £6,470k Basic Need requirement		2018-19	6,470	150	700	4,500	1,000	120	-	-
	Total - Basic Need - Primary				**289,171**	**100,554**	**44,866**	**48,731**	**22,669**	**18,691**	**9,670**	**43,990**
A/C.02	**Basic Need - Secondary**											
A/C.02.003	Littleport secondary and special	New 4 form entry school (with 5 form entry core facilities) with new SEN school and 52 Early Years provision: £29,482k Basic Need requirement 600 places £1,500k Early Years Basic Need 26 places £12,400k SEN 110 places		Committed	43,382	42,907	250	225	-	-	-	-
A/C.02.004	Bottisham Village College	Expansion to 10 form entry school: £14,969k Basic Need requirement 150 places		Committed	14,969	6,699	7,900	370	-	-	-	-
A/C.02.006	Northstowe secondary	New 4 form entry school (with 12 form entry core facilities): £44,852k Basic Need requirement 600 places		Committed	44,852	670	7,200	28,000	7,500	900	582	-
A/C.02.007	North West Fringe secondary	New 4 form entry school (Phase 1): £20,000k Basic Need requirement 600 places		Committed	20,000	18	350	2,700	12,000	4,600	332	-
A/C.02.008	Cambridge City secondary	Additional capacity for Cambridge City: £17,995k Basic Need requirement 450 places		Committed	17,995	8,119	8,900	800	176	-	-	-
A/C.02.009	Alconbury Weald secondary and Special	New 4 form entry school (with 8 form entry core facilities): £26,000k Basic Need requirement 600 places £12,000k SEN 110 places		Committed	38,000	250	6,870	8,300	17,500	4,700	380	-
A/C.02.010	Cambourne Village College	Expansion to 7 form entry (Phase 2): £10,475k Basic Need requirement 300 places Follow on expansion to 9 form entry: £9,066k Basic Need requirement 300 places		Committed	19,541	10,459	3,132	5,600	350	-	-	-
A/C.02.011	New secondary capacity to serve Wisbech	New 5 form entry school: £23,000k Basic Need requirement 600 - 750 places		2019-20	23,000	-	600	17,000	5,000	400	-	-
A/C.02.012	Cromwell Community College	Expansion from 7 to 8 form entry school: £5,000k Basic Need requirement 150 places		2019-20	5,000	-	150	2,800	1,900	150	-	-
A/C.02.013	St. Neots secondary	Additional capacity for St Neots: £10,940 Basic Need requirement		2022-23	10,940	-	-	-	-	500	6,500	3,940
A/C.02.014	Northstowe secondary, phase 2	Additional capacity for Northstowe: £11,640 Basic Need requirement 600 places		2022-23	11,640	-	-	-	-	520	6,500	4,620

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Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.02.015	Sir Harry Smith	Expansion of 1 form entry: £5,000k Basic Need requirement 150 places		2019-20	5,000	-	-	150	2,800	1,900	150	-
A/C.02.016	Cambourne West	New 4 form entry school: £20,000k Basic Need requirement 600 places		2018-19	20,000	30	150	250	2,700	12,000	4,600	270
	Total - Basic Need - Secondary				**274,319**	**69,152**	**35,502**	**66,195**	**49,926**	**25,670**	**19,044**	**8,830**
A/C.03	**Basic Need - Early Years**											
A/C.03.001	Orchard Park Primary	Expansion of 24 Early Years provision: £1,000k Early Years Basic Need 24 places		Committed	1,000	350	630	20	-	-	-	-
A/C.03.003	LA maintained Early Years Provision	Funding which enables the Council to increase the number of free Early Years funded places to ensure the Council meets its statutory obligation. This includes providing one-off payments to external providers to help meet demand as well as increasing capacity attached to Cambridgeshire primary schools.		Committed	5,126	4,334	592	100	100	-	-	-
	Total - Basic Need - Early Years				**6,126**	**4,684**	**1,222**	**120**	**100**	**-**	**-**	**-**
A/C.04	**Adaptations**											
A/C.04.001	Hauxton Primary	Expansion of 1 classroom and extension of hall: £1,061k Basic Need requirement 30 places		Committed	1,061	1,061	-	-	-	-	-	-
A/C.04.004	Morley Memorial Primary	Expansion of 2 classrooms and internal re-modelling with 52 Early Years provision: £2,018k Basic Need requirement 60 places £1,900k Early Years Basic Need 18 places		Committed	3,918	1,882	1,900	136	-	-	-	-
A/C.04.006	Sawtry Village Academy	New block build to address serious Health, Safety and Wellbeing issues due to inadequate condition of existing accommodation.		2018-19	2,000	-	500	1,500	-	-	-	-
A/C.04.007	William Westley	Adaptation to existing classrooms to ensure they are in accordance with current Building Bulletin guidance.		2022-23	350	15	-	-	-	-	35	300
	Total - Adaptations				**7,329**	**2,958**	**2,400**	**1,636**	**-**	**-**	**35**	**300**
A/C.05	**Condition & Maintenance**											
A/C.05.001	School Condition, Maintenance & Suitability	Funding that enables the Council to undertake work that addresses condition and suitability needs identified in schools' asset management plans, ensuring places are sustainable and safe.		Ongoing	23,850	-	2,000	2,000	2,350	2,500	2,500	12,500

Section 3 - A: People and Communities
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.05.002	Kitchen Ventilation	Works to improve ventilation & gas safety in school kitchens (where gas is used for cooking) is required to comply with the Gas safety regulations BS 6173:2009.		Committed	1,650	500	500	500	150	-	-	-
	Total - Condition & Maintenance				**25,500**	**500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**12,500**
A/C.07	**Schools Mananged Capital**											
A/C.07.001	School Devolved Formula Capital	Funding is allocated directly to Cambridgeshire Maintained schools to enable them to undertake low level refurbishments and condition works.		Ongoing	10,050	-	1,005	1,005	1,005	1,005	1,005	5,025
	Total - Schools Mananged Capital				**10,050**	**-**	**1,005**	**1,005**	**1,005**	**1,005**	**1,005**	**5,025**
A/C.08	**Specialist Provision**											
A/C.08.001	Trinity School Hartford, Huntingdon	This scheme provides for the relocation of the school's base in Huntingdon, which is unsuitable for the educational requirements and needs of the pupils and staff. The funding covers purchase of a site in St Neots and its redevelopment for use by Trinity and local early years and childcare providers.		Committed	5,059	5,033	26	-	-	-	-	-
A/C.08.002	Trinity School, Wisbech base	This scheme provides for permanent accommodation to be provided for the Wisbech base of the Trinity School which currently operates from leased accommodation at a rental cost of @£30,000 per year.		2023-24	4,000	-	-	-	-	-	-	4,000
A/C.08.003	SEN Pupil Adaptations	This budget is to fund child specific adaptations to facilitate the placement of children with SEND in line with decisions taken by the County Resourcing Panel.		Committed	750	150	150	150	150	150	-	-
A/C.08.004	Replacement Pilgrim Pupil Referral Unit - Medical Provision	Replacement required as current site will not be available for future use.		2022-23	4,000	-	-	-	-	-	150	3,850
A/C.08.005	Spring Common Special School			2018-19	5,952	150	3,300	2,352	150	-	-	-
	Total - Specialist Provision				**19,761**	**5,333**	**3,476**	**2,502**	**300**	**150**	**150**	**7,850**
A/C.09	**Site Acquisition & Development**											
A/C.09.001	Site Acquisition, Development, Analysis and Investigations	Funding which enables the Council to undertake investigations and feasibility studies into potential land acquisitions to determine their suitability for future school development sites.		Ongoing	200	-	100	100	-	-	-	-
	Total - Site Acquisition & Development				**200**	**-**	**100**	**100**	**-**	**-**	**-**	**-**

Section 3 - A: People and Communities
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.10	**Temporary Accommodation**											
A/C.10.001	Temporary Accommodation	Funding which enables the Council to increase the number of school places provided through use of mobile accommodation. This scheme covers the cost of purchasing new mobiles and the transportation of provision across the county to meet demand.		Ongoing	13,000	-	1,500	1,500	1,500	1,500	1,500	5,500
	Total - Temporary Accommodation				**13,000**	**-**	**1,500**	**1,500**	**1,500**	**1,500**	**1,500**	**5,500**
A/C.11	**Children Support Services**											
A/C.11.001	Children's Minor Works and Adaptions	Funding which enables remedial and essential work to be undertaken, maintaining the Council's in-house LAC provision.		Ongoing	75	25	25	25	-	-	-	-
A/C.11.002	Cambridgeshire Alternative Education Service Minor Works	Funding which enables remedial and essential work to be undertaken by supplementing the devolved formula allocations of Cambridgeshire Alternative Education Service.		Ongoing	200	-	20	20	20	20	20	100
A/C.11.003	P&C Buildings & Capital Team Capitalisation	Salaries for the Buildings and Capital Team are to be capitalised on an ongoing basis.		Ongoing	2,500	-	250	250	250	250	250	1,250
	Total - Children Support Services				**2,775**	**25**	**295**	**295**	**270**	**270**	**270**	**1,350**
A/C.12	**Adults' Services**											
A/C.12.002	Enhanced Frontline in Adults Social Care	Planned spending on in-house provider services and independent care accommodation to address building condition and improvements. Service requirements and priorities will be agreed and aligned with the principles of Transforming Lives.		Ongoing	785	-	150	150	150	150	185	-
A/C.12.004	Disabled Facilities Grant	We are expecting this funding to continue to be managed through the Better Care Fund for the period 2017/18 to 2022/23, in partnership with local housing authorities. Disabled Facilities Grant enables accommodation adaptations so that people with disabilities can continue to live in their own homes.		Ongoing	29,456	8,881	4,115	4,115	4,115	4,115	4,115	-
A/C.12.005	Integrated Community Equipment Service	Funding to continue annual capital investment in community equipment, that helps people to sustain their independence. The Council contributes to a pooled budget purchasing community equipment for health and social care needs for people of all ages		Ongoing	13,000	-	1,300	1,300	1,300	1,300	1,300	6,500
	Total - Adults' Services				**43,241**	**8,881**	**5,565**	**5,565**	**5,565**	**5,565**	**5,600**	**6,500**

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Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
A/C.13	**Capital Programme Variation**											
A/C.13.001	Variation Budget	The Council has decided to include a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis.		Ongoing	-59,988	-	-12,120	-16,654	-10,779	-5,555	-4,031	-10,849
A/C.13.002	Capitalisation of Interest Costs	The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year.		Committed	8,798	-	1,509	2,744	2,529	1,018	425	573
	Total - Capital Programme Variation				**-51,190**	**-**	**-10,611**	**-13,910**	**-8,250**	**-4,537**	**-3,606**	**-10,276**
	TOTAL BUDGET				**640,282**	**192,087**	**87,820**	**116,239**	**75,585**	**50,814**	**36,168**	**81,569**

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Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Funding	Total Funding £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Government Approved Funding								
Basic Need	126,873	37,662	24,919	6,905	7,000	7,000	10,000	33,387
Capital Maintenance	37,896	1,335	4,043	4,043	4,043	4,043	4,043	16,346
Devolved Formula Capital	10,050	-	1,005	1,005	1,005	1,005	1,005	5,025
Specific Grants	33,644	10,570	4,948	4,948	4,948	4,115	4,115	-
Total - Government Approved Funding	**208,463**	**49,567**	**34,915**	**16,901**	**16,996**	**16,163**	**19,163**	**54,758**
Locally Generated Funding								
Agreed Developer Contributions	44,925	21,359	2,474	15,170	5,922	-	-	-
Anticipated Developer Contributions	94,455	5,581	3,470	6,570	29,096	24,882	10,529	14,327
Prudential Borrowing	270,404	87,308	47,733	68,265	23,672	13,749	8,516	21,161
Prudential Borrowing (Repayable)	13	20,964	-2,754	-899	-2,601	-3,980	-2,040	-8,677
Other Contributions	22,022	7,308	1,982	10,232	2,500	-	-	-
Total - Locally Generated Funding	**431,819**	**142,520**	**52,905**	**99,338**	**58,589**	**34,651**	**17,005**	**26,811**
TOTAL FUNDING	**640,282**	**192,087**	**87,820**	**116,239**	**75,585**	**50,814**	**36,168**	**81,569**

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Table 5: Capital Programme - Funding
Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
Ongoing	33,128	76,748	-13,797	-	-	-29,823
Committed Schemes	399,104	74,094	117,202	22,022	-	185,786
2018-2019 Starts	55,402	2,272	14,810	-	-	38,320
2019-2020 Starts	56,578	9,226	6,000	-	-	41,352
2021-2022 Starts	11,250	6,924		-	-	4,326
2022-2023 Starts	26,930	13,572	-	-	-	13,358
2023-2024 Starts	31,590	11,848	7,020	-	-	12,722
2024-2025 Starts	26,300	13,779	8,145	-	-	4,376
TOTAL BUDGET	**640,282**	**208,463**	**139,380**	**22,022**	**-**	**270,417**

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
A/C.01	**Basic Need - Primary**									
A/C.01.008	Isle of Ely Primary		-	Committed	16,270	2,389	3,168	4,635	-	6,078
A/C.01.012	Ermine Street Primary, Alconbury Weald		-	Committed	10,000	2,173	7,735	-	-	92
A/C.01.013	Fourfields, Yaxley		-	Committed	1,267	30	369	-	-	868
A/C.01.018	Pathfinder Primary, Northstowe		-	Committed	11,300	105	11,000	-	-	195
A/C.01.020	Godmanchester Bridge, (Bearscroft Development)		-	Committed	9,348	2,916	4,367	-	-	2,065
A/C.01.021	North West Cambridge (NIAB site) primary		-	Committed	10,752	91	7,317	-	-	3,344
A/C.01.022	Burwell Primary		-	Committed	6,768	422	5	23	-	6,318
A/C.01.024	Clay Farm / Showground primary, Cambridge		-	Committed	12,000	2,999	7,801	-	-	1,200
A/C.01.025	Fordham Primary		-	Committed	4,126	589	8	-	-	3,529
A/C.01.026	Little Paxton Primary		-	Committed	3,400	700	602	-	-	2,098
A/C.01.027	Ramnoth Primary, Wisbech		-	Committed	7,340	1,692	-	530	-	5,118
A/C.01.028	Fulbourn Phase 2		-	Committed	6,900	3,255	820	-	-	2,825
A/C.01.029	Sawtry Infants		-	Committed	4,292	2,839	-	-	-	1,453
A/C.01.030	Sawtry Junior		-	Committed	2,300	890	-	-	-	1,410
A/C.01.031	Hatton Park, Longstanton		-	Committed	5,080	2,441	-	-	-	2,639
A/C.01.032	Meldreth		-	Committed	2,122	1,561	-	-	-	561
A/C.01.033	St Ives, Eastfield / Westfield / Wheatfields		-	Committed	7,000	-	-	-	-	7,000
A/C.01.034	St Neots, Wintringham Park		-	Committed	8,850	-	8,790	-	-	60
A/C.01.035	The Shade Primary, Soham		-	Committed	2,600	316	343	-	-	1,941
A/C.01.036	Pendragon, Papworth		-	Committed	3,500	-	1,000	-	-	2,500
A/C.01.037	Chatteris New School		-	2018-19	8,820	456	-	-	-	8,364
A/C.01.038	Westwood Primary, March, Phase 2		-	Committed	3,241	2,240	-	-	-	1,001
A/C.01.039	Wyton Primary		-	Committed	9,226	4,850	-	-	-	4,376
A/C.01.040	Ermine Street, Alconbury, Phase 2		-	2019-20	2,780	185	2,150	-	-	445

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Table 5: Capital Programme - Funding
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Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
A/C.01.041	Barrington		-	2019-20	3,318	520	600	-	-	2,198
A/C.01.043	Littleport 3rd primary		-	2019-20	5,000	2,986	-	-	-	2,014
A/C.01.044	Loves Farm primary, St Neots		-	2019-20	10,020	2,252	-	-	-	7,768
A/C.01.045	Melbourn Primary		-	Committed	4,441	2,074	1,333	-	-	1,034
A/C.01.046	Sawston Primary		-	2019-20	2,460	-	-	-	-	2,460
A/C.01.048	Histon Additional Places		-	Committed	16,000	3,678	-	-	-	12,322
A/C.01.049	Northstowe 2nd primary		-	2021-22	11,250	6,924	-	-	-	4,326
A/C.01.050	March new primary		-	2023-24	8,770	-	7,020	-	-	1,750
A/C.01.051	Wisbech new primary		-	2023-24	8,770	4,070	-	-	-	4,700
A/C.01.052	NIAB 2nd primary		-	2024-25	10,950	2,625	8,145	-	-	180
A/C.01.053	Robert Arkenstall Primary		-	2024-25	500	500	-	-	-	-
A/C.01.054	Wilburton Primary		-	2024-25	500	500	-	-	-	-
A/C.01.055	Benwick Primary		-	2024-25	2,450	299	-	-	-	2,151
A/C.01.056	Alconbury Weald 2nd primary		-	2023-24	10,050	7,778	-	-	-	2,272
A/C.01.057	Northstowe 3rd primary		-	2024-25	11,900	9,855	-	-	-	2,045
A/C.01.061	Gamlingay Primary School		-	Committed	4,880	1,472	-	-	-	3,408
A/C.01.062	Waterbeach Primary School		-	2018-19	6,660	-	-	-	-	6,660
A/C.01.063	St Neots Eastern Expansion		-	2018-19	5,500	-	-	-	-	5,500
A/C.01.065	New Road Primary		-	2018-19	6,470	-	-	-	-	6,470
	Total - Basic Need - Primary		**-**		**289,171**	**78,672**	**72,573**	**5,188**	**-**	**132,738**
A/C.02	**Basic Need - Secondary**									
A/C.02.003	Littleport secondary and special		-	Committed	43,382	1,566	5,000	-	-	36,816
A/C.02.004	Bottisham Village College		-	Committed	14,969	4,932	-	2,269	-	7,768
A/C.02.006	Northstowe secondary		-	Committed	44,852	7,575	8,820	12,500	-	15,957
A/C.02.007	North West Fringe secondary		-	Committed	20,000	-	19,650	-	-	350
A/C.02.008	Cambridge City secondary		-	Committed	17,995	8,730	-	1,739	-	7,526
A/C.02.009	Alconbury Weald secondary and Special		-	Committed	38,000	2,550	23,400	-	-	12,050
A/C.02.010	Cambourne Village College		-	Committed	19,541	4,843	4,714	200	-	9,784
A/C.02.011	New secondary capacity to serve Wisbech		-	2019-20	23,000	1,533	-	-	-	21,467
A/C.02.012	Cromwell Community College		-	2019-20	5,000	-	3,250	-	-	1,750
A/C.02.013	St. Neots secondary		-	2022-23	10,940	10,240	-	-	-	700
A/C.02.014	Northstowe secondary, phase 2		-	2022-23	11,640	3,332	-	-	-	8,308
A/C.02.015	Sir Harry Smith		-	2019-20	5,000	1,750	-	-	-	3,250
A/C.02.016	Cambourne West		-	2018-19	20,000	-	14,810	-	-	5,190
	Total - Basic Need - Secondary		**-**		**274,319**	**47,051**	**79,644**	**16,708**	**-**	**130,916**

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Table 5: Capital Programme - Funding
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
A/C.03	**Basic Need - Early Years**									
A/C.03.001	Orchard Park Primary		-	Committed	1,000	-	211	-	-	789
A/C.03.003	LA maintained Early Years Provision		-	Committed	5,126	1,689	-	34	-	3,403
	Total - Basic Need - Early Years		**-**		**6,126**	**1,689**	**211**	**34**	**-**	**4,192**
A/C.04	**Adaptations**									
A/C.04.001	Hauxton Primary		-	Committed	1,061	30	749	-	-	282
A/C.04.004	Morley Memorial Primary		-	Committed	3,918	1,780	-	92	-	2,046
A/C.04.006	Sawtry Village Academy			2018-19	2,000	-	-	-	-	2,000
A/C.04.007	William Westley			2022-23	350	-	-	-	-	350
	Total - Adaptations		**-**		**7,329**	**1,810**	**749**	**92**	**-**	**4,678**
A/C.05	**Condition & Maintenance**									
A/C.05.001	School Condition, Maintenance & Suitability		-	Ongoing	23,850	23,850	-	-	-	-
A/C.05.002	Kitchen Ventilation		-	Committed	1,650	677	-	-	-	973
	Total - Condition & Maintenance		**-**		**25,500**	**24,527**	**-**	**-**	**-**	**973**
A/C.07	**Schools Mananged Capital**									
A/C.07.001	School Devolved Formula Capital		-	Ongoing	10,050	10,050	-	-	-	-
	Total - Schools Mananged Capital		**-**		**10,050**	**10,050**	**-**	**-**	**-**	**-**
A/C.08	**Specialist Provision**									
A/C.08.001	Trinity School Hartford, Huntingdon		-	Committed	5,059	-	-	-	-	5,059
A/C.08.002	Trinity School, Wisbech base		-	2023-24	4,000	-	-	-	-	4,000
A/C.08.003	SEN Pupil Adaptations		-	Committed	750	-	-	-	-	750
A/C.08.004	Replacement Pilgrim Pupil Referral Unit - Medical Provision		-	2022-23	4,000	-	-	-	-	4,000
A/C.08.005	Spring Common Special School		-	2018-19	5,952	1,816	-	-	-	4,136
	Total - Specialist Provision		**-**		**19,761**	**1,816**	**-**	**-**	**-**	**17,945**
A/C.09	**Site Acquisition & Development**									
A/C.09.001	Site Acquisition, Development, Analysis and Investigations		-	Ongoing	200	200	-	-	-	-
	Total - Site Acquisition & Development		**-**		**200**	**200**	**-**	**-**	**-**	**-**

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Table 5: Capital Programme - Funding
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
A/C.10	**Temporary Accommodation**									
A/C.10.001	Temporary Accommodation		-	Ongoing	13,000	12,967	-	-	-	33
	Total - Temporary Accommodation		**-**		**13,000**	**12,967**	**-**	**-**	**-**	**33**
A/C.11	**Children Support Services**									
A/C.11.001	Children's Minor Works and Adaptions		-	Ongoing	75	45	-	-	-	30
A/C.11.002	Cambridgeshire Alternative Education Service Minor Works		-	Ongoing	200	180	-	-	-	20
A/C.11.003	P&C Buildings & Capital Team Capitalisation		-	Ongoing	2,500	-	-	-	-	2,500
	Total - Children Support Services		**-**		**2,775**	**225**	**-**	**-**	**-**	**2,550**
A/C.12	**Adults' Services**									
A/C.12.002	Enhanced Frontline in Adults Social Care		-	Ongoing	785	-	-	-	-	785
A/C.12.004	Disabled Facilities Grant		-	Ongoing	29,456	29,456	-	-	-	-
A/C.12.005	Integrated Community Equipment Service		-	Ongoing	13,000	-	-	-	-	13,000
	Total - Adults' Services		**-**		**43,241**	**29,456**	**-**	**-**	**-**	**13,785**
A/C.13	**Capital Programme Variation**									
A/C.13.001	Variation Budget		-	Ongoing	-59,988	-	-13,797	-	-	-46,191
A/C.13.002	Capitalisation of Interest Costs		-	Committed	8,798	-	-	-	-	8,798
	Total - Capital Programme Variation		**-**		**-51,190**	**-**	**-13,797**	**-**	**-**	**-37,393**
	TOTAL BUDGET				**640,282**	**208,463**	**139,380**	**22,022**	**-**	**270,417**

Section 3 - B: Place & Economy Services

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	Executive Director							
-40	Executive Director	-3	-	-3	1	15	29	29
268	Business Support	270	-	270	270	270	270	270
228	**Subtotal Executive Director**	**267**	**-**	**267**	**271**	**285**	**299**	**299**
	Highways							
6,223	Local Infrastructure Maintenance and Improvement	6,158	-1,034	5,124	5,124	5,124	5,124	5,124
-682	Traffic Management	2,179	-2,854	-675	-675	-675	-675	-675
462	Road Safety	578	-111	467	467	620	620	620
5,575	Street Lighting	9,921	-4,094	5,827	5,838	5,859	5,861	5,865
537	Highways Asset Management incl Rights Of Way	1,515	-970	545	545	545	545	545
1,386	Network Management	1,465	-21	1,444	1,444	1,444	1,444	1,444
-	Parking Enforcement	4,332	-4,332	-	-	-	-	-
1,975	Winter Maintenance	2,048	-	2,048	2,048	2,048	2,048	2,048
193	Bus Operations including Park & Ride	2,869	-2,053	816	816	816	816	816
15,669	**Subtotal Highways**	**31,065**	**-15,469**	**15,596**	**15,607**	**15,781**	**15,783**	**15,787**
	Cultural and Community Services							
144	AD Cultural and Community Services	143	-	143	143	143	143	143
2,951	Public Library Services	3,869	-940	2,929	2,929	2,978	2,978	2,978
409	Cultural Services	409	-	409	409	409	409	409
347	Archives	390	-41	349	427	427	427	427
-541	Registration & Citizenship Services	979	-1,513	-534	-534	-534	-534	-534
780	Coroners	1,366	-468	898	910	922	934	947
2,224	Education & Social Care Transport & Community Transport	3,018	-769	2,249	2,249	2,249	2,249	2,249
5,393	Concessionary Fares	4,683	-15	4,668	4,668	4,668	4,668	4,668
11,707	**Subtotal Cultural and Community Services**	**14,857**	**-3,746**	**11,111**	**11,201**	**11,262**	**11,274**	**11,287**
	Environment and Commercial Services							
411	County Planning, Minerals & Waste	773	-250	523	523	469	415	415
53	Historic Environment	326	-273	53	53	53	53	53
706	Trading Standards	883	-189	694	694	694	694	694
407	Flood Risk Management	457	-48	409	409	409	409	409
58	Energy	209	-151	58	58	58	58	58
31,269	Waste Management	37,630	-4,322	33,308	33,301	33,556	33,809	34,067

Section 3 - B: Place & Economy Services

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
32,904	**Subtotal Environment and Commercial Services**	**40,278**	**-5,233**	**35,045**	**35,038**	**35,239**	**35,438**	**35,696**
	Infrastructure and Growth							
142	AD Infrastructure and Growth	142	-	142	142	142	142	142
-	Major Infrastructure Delivery	1,100	-	1,100	1,300	-	-	-
98	Transport Policy Infrastructure and Funding	115	-13	102	102	102	102	102
543	Growth and Development	773	-228	545	545	545	545	545
200	Highways Development Management	836	-836	-	-	-	-	-
983	**Subtotal Infrastructure and Growth**	**2,966**	**-1,077**	**1,889**	**2,089**	**789**	**789**	**789**
-23,000	Income from Combined Authority	-	-22,653	-22,653	-23,766	-24,446	-25,128	-25,773
	Future Years							
-	Inflation	-	-	-	2,168	3,972	5,783	7,565
-	Savings	-	-	-	-	-	-	-
38,491	**P&E BUDGET TOTAL**	**89,433**	**-48,178**	**41,255**	**42,608**	**42,882**	**44,238**	**45,650**

Section 3 - B: Place & Economy Services

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Executive Director							
Executive Director	-40	1	-	36	-	-	-3
Business Support	268	2	-	-	-	-	270
Subtotal Executive Director	**228**	**3**	**-**	**36**	**-**	**-**	**267**
Highways							
Local Infrastructure Maintenance and Improvement	6,223	301	-	-	-	-1,400	5,124
Traffic Management	-682	7	-	-	-	-	-675
Road Safety	462	5	-	-	-	-	467
Street Lighting	5,575	445	-	-	-	-193	5,827
Highways Asset Management incl Rights Of Way	537	8	-	-	-	-	545
Network Management	1,386	58	-	-	-	-	1,444
Parking Enforcement	-	-	-	-	-	-	-
Winter Maintenance	1,975	73	-	-	-	-	2,048
Bus Operations including Park & Ride	193	23	-	1,200	-	-600	816
Subtotal Highways	**15,669**	**920**	**-**	**1,200**	**-**	**-2,193**	**15,596**
Cultural and Community Services							
AD Cultural and Community Services	144	1	-	-	-	-2	143
Public Library Services	2,951	30	-	-	-	-52	2,929
Cultural Services	409	-	-	-	-	-	409
Archives	347	2	-	-	-	-	349
Registration & Citizenship Services	-541	7	-	-	-	-	-534
Coroners	780	11	12	95	-	-	898
Education & Social Care Transport & Community Transport	2,224	25	-	-	-	-	2,249
Concessionary Fares	5,393	75	-	-	-	-800	4,668
Subtotal Cultural and Community Services	**11,707**	**151**	**12**	**95**	**-**	**-854**	**11,111**
Environment and Commercial Services							
County Planning, Minerals & Waste	411	4	-	108	-	-	523
Historic Environment	53	-	-	-	-	-	53
Trading Standards	706	3	-	-	-	-15	694
Flood Risk Management	407	2	-	-	-	-	409
Energy	58	-	-	-	-	-	58
Waste Management	31,269	844	257	1,858	80	-1,000	33,308
Subtotal Environment and Commercial Services	**32,904**	**853**	**257**	**1,966**	**80**	**-1,015**	**35,045**

Section 3 - B: Place & Economy Services

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Infrastructure and Growth							
AD Infrastructure and Growth	142	-	-	-	-	-	142
Major Infrastructure Delivery	-	-	-	1,100	-	-	1,100
Transport Policy Infrastructure and Funding	98	4	-	-	-	-	102
Growth and Development	543	2	-	-	-	-	545
Highways Development Management	200	-	-	-	-	-200	-
Subtotal Infrastructure and Growth	**983**	**6**	**-**	**1,100**	**-**	**-200**	**1,889**
Income from Combined Authority	-23,000	-980	-	-	-	1,327	-22,653
P&E BUDGET TOTAL	**38,491**	**953**	**269**	**4,397**	**80**	**-2,935**	**41,255**

Section 3 - B: Place & Economy

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description	Committee
1	**OPENING GROSS EXPENDITURE**	**86,519**	**89,433**	**91,923**	**92,748**	**94,810**		
B/R.1.001	Base adjustments	1,820	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2017-18.	**E&E, H&CI**
B/R.1.002	Base Adjustment -Movement of Adult Learning and Skills Service to P&C	-2,616	-	-	-	-	The Adult Learning and Skills service was moved to P&C in 2017-18 as part of the creation of the Communities and Partnership Committee.	**E&E**
B/R.1.003	Base adjustment - CCR Phase 2	-18	-	-	-	-	CCR revenue budgets moved from ETE to Corporate Services.	
B/R.1.004	Base Adjustment - Transfer of Cultural Services from Corporate Services to ETE in 2017-18	487	-	-	-	-	Transfer of Cultural Services from Corporate Services to ETE in 2017-18	
1.999	**REVISED OPENING GROSS EXPENDITURE**	**86,192**	**89,433**	**91,923**	**92,748**	**94,810**		
2	**INFLATION**							
B/R.2.001	Inflation	1,957	2,192	1,828	1,835	1,806	Some County Council services have higher rates of inflation than the national level. For example, this is due to factors such as increasing oil costs that feed through into services like road repairs. This overall figure comes from an assessment of likely inflation in all ETE services.	**E&E, H&CI**
2.999	**Subtotal Inflation**	**1,957**	**2,192**	**1,828**	**1,835**	**1,806**		
3	**DEMOGRAPHY AND DEMAND**							
B/R.3.004	Coroner Service	12	12	12	12	13	Extra costs associated with an increasing population and a higher number of deaths.	**H&CI**
B/R.3.007	Waste Disposal	257	253	255	253	258	Extra cost of landfilling additional waste produced by an increasing population.	**H&CI**
3.999	**Subtotal Demography and Demand**	**269**	**265**	**267**	**265**	**271**		
4	**PRESSURES**							
B/R.4.005	Libraries to serve new developments	-	-	49	-	-	Cost of running the Eddington Library in North West Cambridge to serve the new community.	**H&CI**
B/R.4.007	Professional and Management Pay Structure	9	-	-	-	-	Final stage of implementing new management pay structure.	**E&E, H&CI**
B/R.4.008	Impact of National Living Wage (NLW) on CCC Employee Costs	2	4	14	14	-	The extra cost of the National Living Wage on directly employed CCC staff.	**E&E, H&CI**
B/R.4.009	Cambridgeshire and Peterborough Minerals and Waste Local Plan	108	-	-54	-54	-	Work has commenced on a new Minerals and Waste Plan with Peterborough City Council. The plan requires to be updated to minimise the risk of future challenge from developers.	**E&E**
B/R.4.010	Waste Disposal	1,175	-	-	-	-	Historical pressure reflecting the performance levels of the Mechanical Biological Treatment (MBT) Plant, to re-base the budget to current performance levels.	**H&CI**
B/R.4.011	Archives Centre	-	78	-	-	-	Funding towards the running costs of the new Archives Centre at Ely.	**H&CI**
B/R.4.012	Norwich Tech Partnership Contribution	25	-	-	-	-	The contribution to the Norwich Cambridge Tech Corridor group. The group aims to increase infrastructure investment and thus economic growth in the corridor.	**E&E**

Section 3 - B: Place & Economy

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description	Committee
B/R.4.013	Guided Busway Defects	1,100	200	-1,300	-	-	The Council is in dispute with the contractor over defects in the busway construction. This is to fund repairs to defects and legal costs in support of the Council's legal action against the Contractor. The Council expects to recover these costs.	E&E
B/R.4.014	Coroner Service	95	-	-	-	-	Long term increase in deaths and the impact this has had on operational costs has not previously been reflected in the base budget.	H&CI
B/R.4.015	Removal of Park and Ride Parking Charges	1,200	-	-	-	-	Removal of Park and Ride parking charges to be funded partly by partners plus the utilisation of bus lane enforcement income and on-street parking income.	E&E
B/R.4.016	Additional Waste Pressure	683	-	-	-	-	The ongoing renegotiation of the Waste contract has not yet achieved the level of savings originally profiled creating a new pressure in 2018/19 of £683k. To mitigate this we are continuing to develop proposals for an Energy from Waste unit and new savings will be delivered if and when this scheme is finalised.	H&CI
4.999	**Subtotal Pressures**	**4,397**	**282**	**-1,291**	**-40**	**-**		
5	**INVESTMENTS**							
B/R.5.103	Renegotiation of the Waste PFI contract	80	240	-	-	-	Investment to achieve the saving in proposal B/R.6.302.	H&CI
5.999	**Subtotal Investments**	**80**	**240**	**-**	**-**	**-**		
6	**SAVINGS** **H&CI**							
B/R.6.001	Automation - Icon System Roll Out	-50	-	-	-	-	Reduction in staff costs relating to Icon (payment system) roll-out.	H&CI
	Cross Committee							
B/R.6.002	P&E Contribution to Mileage Element of Organisational Review Saving	-4	-	-	-	-	As part of the Organisational Review (C/R.6.102) a cross cutting review of mileage allowances in 2017-18 was undertaken and areas where mileage could be reduced without impacting front line	E&E, H&CI
	E&E							
B/R.6.104	Partner's Contribution to Removing Park and Ride Charges	-600	-	-	-	-	We plan to remove charges to the public for parking at park and ride sites. In order to deliver this we have agreed additional contributions from our partners which will replace half the lost income from the charges previously in place	E&E
B/R.6.105	Ongoing Concessionary Fares Underspend	-400	-	-	-	-	Due to changes in legislation and the increasing pension age, fewer people are eligible for concessionary bus fares - creating a reduced budget requirement in this area.	E&E
	H&CI							
B/R.6.207	Highways Service Transformation	-500	-	-	-	-	Significant savings will be made by the new Highways contract, which started in July 2017, from further integration with our contractor and new ways of working.	H&CI
B/R.6.208	Library Service Transformation	-230	-	-	-	-	Changes to make the service financially sustainable and allow reinvestment in the book fund, including income generation and service redesign.	H&CI
B/R.6.209	Reinvestment in Library book fund	230	-	-	-	-	Reinvestment in the book fund following reductions made in 2017-18.	H&CI

Section 3 - B: Place & Economy

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	2018-19 £000 (Detailed Plans)	2019-20 £000 (Outline Plans)	2020-21 £000	2021-22 £000	2022-23 £000	Description	Committee
B/R.6.213	Move to full cost recovery for non-statutory highway works	-100	-	-	-	-	Recharging the cost of officer time, not just the actual cost of work, for privately funded or part privately funded highway works.	H&CI
B/R.6.214	Street Lighting - contract synergies	-98	11	21	2	4	Annual saving from joint contract drafting with partners. This will not lead to any reduction in street lighting provision.	H&CI
B/R.6.216	Street Lighting - conversion to LED	-95	-	-	-	-	Saving on energy costs by introducing more energy efficient LED lights where there is a business case to do so.	H&CI
B/R.6.217	Redistribution of parking income	-500	-	-	-	-	Use a greater proportion of on-street parking income to fund highways and transport works as allowed by current legislation.	H&CI
B/R.6.218	Contract Savings on Signals	-100	-	-	-	-	Savings from a new contract for signals on the highway, which came into force in 2017, from retendering and energy efficiency.	H&CI
B/R.6.219	Consumer information and advice	-15	-	-	-	-	Trading Standards now have an alternative contract in place for the delivery of consumer information and advice. Previous arrangements are no longer needed.	H&CI
B/R.6.302	Renegotiation of the Waste PFI contract.	-1,000	-500	-	-	-	Major contract re-negotiation to achieve savings.	H&CI
6.999	**Subtotal Savings**	**-3,462**	**-489**	**21**	**2**	**4**		
	TOTAL GROSS EXPENDITURE	**89,433**	**91,923**	**92,748**	**94,810**	**96,891**		
7	**FEES, CHARGES & RING-FENCED GRANTS**							
B/R.7.001	Previous year's fees, charges & ring-fenced grants	-45,401	-48,178	-49,315	-49,866	-50,572	Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward.	**E&E, H&CI**
B/R.7.002	Fees and charges inflation	-24	-24	-24	-24	-24	Additional income for increases to fees and charges in line with inflation, not including the effect of the Combined Authority Levy.	**E&E, H&CI**
B/R.7.004	Inflation on Levy charged to the Combined Authority	-980	-1,113	-680	-682	-645	Inflation of the Combined Authority Levy - this is matched to the inflation in ETE expenditure for which the Combined Authority are billed.	**E&E, H&CI**
B/R.7.005	Reduction in Levy charged to Combined Authority	1,327	-	-	-	-	Budgeted income for services provided by the Council on behalf of the Combined Authority.	**E&E, H&CI**
B/R.7.006	Changes to Fees and Charges from previous year	-2,300	-	-	-	-	Changes to Fees and Charges caused by decisions in 2017-18 after the publication of the 2017-18 Business Plan.	**E&E, H&CI**
	Changes to fees & charges							
B/R.7.118	Increase on-street parking fees	-200	-	-	-	-	It is proposed to increase on-street parking fees to encourage visitors to Cambridge to use alternatives such as Park and Ride - the projected income will also therefore increase.	**H&CI**
B/R.7.119	Improved Bus Lane Enforcement	-400	-	-	-	-	We are installing more cameras to do more bus lane enforcement to keep traffic moving on our roads. Where people are caught driving in bus lanes we will enforce penalties.	**H&CI**

Section 3 - B: Place & Economy

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

		Detailed Plans	Outline Plans					
Ref	**Title**	**2018-19 £000**	**2019-20 £000**	**2020-21 £000**	**2021-22 £000**	**2022-23 £000**	**Description**	**Committee**
B/R.7.120	Highways Development Management - increase income forecast	-200	-	-	-	-	Increased income from charges made to developers making applications. In previous years we have over achieved on our income forecast so this represents a more realistic forecast of financial impact of existing practice	**E&E**
	Changes to ring-fenced grants							
B/R.7.202	Change in Public Health Grant	-	-	153	-	-	Change in ring-fenced Public Health grant to reflect change of function and treatment as a corporate grant from 2019-20 due to removal of ring-fence.	**E&E, H&CI**
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-48,178**	**-49,315**	**-49,866**	**-50,572**	**-51,241**		
	TOTAL NET EXPENDITURE	**41,255**	**42,608**	**42,882**	**44,238**	**45,650**		

FUNDING SOURCES								
8	**FUNDING OF GROSS EXPENDITURE**							
B/R.8.001	Budget Allocation	-41,255	-42,608	-42,882	-44,238	-45,650	Net spend funded from general grants, business rates and Council Tax.	**E&E, H&CI**
B/R.8.002	Public Health Grant	-153	-153	-	-	-	Funding transferred to Service areas where the management of Public Health functions will be undertaken by other County Council officers, rather than directly by the Public Health Team.	**E&E, H&CI**
B/R.8.003	Fees & Charges	-41,390	-42,527	-43,231	-43,937	-44,606	Fees and charges for the provision of services.	**E&E, H&CI**
B/R.8.004	PFI Grant - Street Lighting	-3,944	-3,944	-3,944	-3,944	-3,944	PFI Grant from DfT for the life of the project.	**H&CI**
B/R.8.005	PFI Grant - Waste	-2,691	-2,691	-2,691	-2,691	-2,691	PFI Grant from DEFRA for the life of the project.	**H&CI**
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-89,433**	**-91,923**	**-92,748**	**-94,810**	**-96,891**		

Section 3 - B: Place and Economy
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Ongoing	131,742	63,286	12,799	14,837	15,982	15,597	14,051	-4,810
Committed Schemes	293,423	226,328	21,582	10,109	1,958	3,297	6,101	24,048
2018-2019 Starts	821	-	821	-	-	-	-	-
TOTAL BUDGET	**425,986**	**289,614**	**35,202**	**24,946**	**17,940**	**18,894**	**20,152**	**19,238**

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000	Committee
B/C.01	**Integrated Transport**												
B/C.1.002	Air Quality Monitoring	Funding towards supporting air quality monitoring work in relation to the road network with local authority partners across the county.		Ongoing	115	-	23	23	23	23	23	-	**E&E**
B/C.1.009	Major Scheme Development & Delivery	Resources to support the development and delivery of major schemes.		Ongoing	1,000	-	200	200	200	200	200	-	**E&E**
B/C.1.011	Local Infrastructure improvements	Provision of the Local Highway Improvement Initiative across the county, providing accessibility works such as disabled parking bays and provision of improvements to the Public Rights of Way network.		Ongoing	3,410	-	682	682	682	682	682	-	**H&CI**
B/C.1.012	Safety Schemes	Investment in road safety engineering work at locations where there is strong evidence of a significantly high risk of injury crashes.		Ongoing	2,970	-	594	594	594	594	594	-	**H&CI**
B/C.1.015	Strategy and Scheme Development work	Resources to support Transport & Infrastructure strategy and related work across the county, including long term strategies and District and Market Town Transport Strategies, as well as funding towards scheme development work.		Ongoing	1,725	-	345	345	345	345	345	-	**E&E**
B/C.1.019	Delivering the Transport Strategy Aims	Supporting the delivery of Transport Strategies and Market Town Transport Strategies to help improve accessibility and mitigate the impacts of growth.		Ongoing	6,730	-	1,346	1,346	1,346	1,346	1,346	-	**H&CI**
	Total - Integrated Transport				**15,950**	**-**	**3,190**	**3,190**	**3,190**	**3,190**	**3,190**	**-**	
B/C.02	**Operating the Network**												
B/C.2.001	Carriageway & Footway Maintenance including Cycle Paths	Allows the highway network throughout the county to be maintained. With the significant backlog of works to our highways well documented, this fund is crucial in ensuring that we are able to maintain our transport links.		Ongoing	46,069	-	9,918	9,415	8,912	8,912	8,912	-	**H&CI**
B/C.2.002	Rights of Way	Allows improvements to our Rights of Way network which provides an important local link in our transport network for communities.		Ongoing	700	-	140	140	140	140	140	-	**H&CI**

Section 3 - B: Place and Economy
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000	
B/C.2.004	Bridge strengthening	Bridges form a vital part of the transport network. With many structures to maintain across the county it is important that we continue to ensure that the overall transport network can operate and our bridges are maintained.		Ongoing	12,820	-	2,564	2,564	2,564	2,564	2,564	-	H&CI
B/C.2.005	Traffic Signal Replacement	Traffic signals are a vital part of managing traffic throughout the county. Many signals require to be upgraded to help improve traffic flow and ensure that all road users are able to safely use the transport network.		Ongoing	4,250	-	850	850	850	850	850	-	H&CI
B/C.2.006	Smarter Travel Management - Integrated Highways Management Centre	The Integrated Highways Management Centre (IHMC) collects, processes and shares real time travel information to local residents, businesses and communities within Cambridgeshire. In emergency situations the IHMC provides information to ensure that the impact on our transport network is mitigated and managed.		Ongoing	1,000	-	200	200	200	200	200	-	H&CI
B/C.2.007	Smarter Travel Management - Real Time Bus Information	Provision of real time passenger information for the bus network.		Ongoing	825	-	165	165	165	165	165	-	H&CI
	Total - Operating the Network				**65,664**	**-**	**13,837**	**13,334**	**12,831**	**12,831**	**12,831**	**-**	
B/C.03	**Infrastructure Management & Operations**												
B/C.3.001	Highways Maintenance (carriageways only from 2015/16 onwards)	This fund allows the Council to increase its investment in the transport network throughout the county. With the significant backlog of works to our transport network well documented, this fund is crucial in ensuring that we reduce the rate of deterioration of our highways.		Ongoing	83,200	62,932	4,300	4,300	4,300	4,300	3,068	-	H&CI
B/C.3.012	Waste – Household Recycling Centre (HRC) Improvements	To deliver Household Recycling Centre (HRC) improvements by acquiring appropriate sites, gaining planning permission, designing and building new or upgraded facilities. A new facility is proposed in the Greater Cambridge area, a site is required to replace the current facility in March and works are required to maintain/upgrade other HRCs in the network. The programme also includes funds to develop the St Neots HRC reuse facility.		Committed	8,183	455	395	3,357	581	395	3,000	-	H&CI
B/C.3.101	Development of Archives Centre premises	Development of fit for purpose premises for Cambridgeshire Archives, to conserve and make available unique historical records of the county as part of an exciting new cultural heritage centre.		Committed	5,246	2,635	2,611	-	-	-	-	-	H&CI
B/C.3.108	New Community Hub / Library Service Provision Darwin Green	Contribution to the fit -out of new community hub / library facilities in areas of growth in the county.		2018-19	340	-	340	-	-	-	-	-	H&CI
	Total - Infrastructure Management & Operations				**96,969**	**66,022**	**7,646**	**7,657**	**4,881**	**4,695**	**6,068**	**-**	

Section 3 - B: Place and Economy
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000	
B/C.04	**Strategy & Development**												
B/C.4.001	Ely Crossing	The project will alleviate traffic congestion on the A142 at the level crossing adjacent to Ely railway station, which will benefit local businesses and residents. The station area is a gateway to the city. Implementation of the bypass option would remove a significant amount of traffic around the station and enhance the gateway area, making the city more attractive to tourists and improve the local environment.		Committed	36,000	34,923	1,077	-	-	-	-	-	E&E
B/C.4.006	Guided Busway	Guided Busway construction contract retention payments.		Committed	149,791	145,091	500	3,460	370	370	-	-	E&E
B/C.4.017	Cambridge Cycling Infrastructure	Cambridge Cycling Infrastructure		Committed	5,103	3,897	1,206	-	-	-	-	-	E&E
B/C.4.021	Abbey - Chesterton Bridge	The Chisolm Trail cycle route scheme is being delivered as part of the City Deal Programme and will link together three centres of employment in the city along a North / South axis, including Addenbrooke's hospital, the CB1 Area and the Science Park. The Abbey - Chesterton Bridge scheme is one element of the trail that is not included within the City Deal scheme.		Committed	4,600	2,677	1,923	-	-	-	-	-	E&E
B/C.4.023	King's Dyke	The level crossing at King's Dyke between Whittlesey and Peterborough has long been a problem for people using the A605. The downtime of the barriers at the crossing causes traffic to queue for significant periods of time and this situation will get worse as rail traffic increases along the Ely to Peterborough railway line in the future. The issue is also made worse during the winter months as the B1040 at North Brink often floods, leading to its closure and therefore increasing traffic use of the A605 across King's Dyke.		Committed	13,580	6,917	6,663	-	-	-	-	-	E&E
B/C.4.024	Soham Station	Proposed new railway station at Soham to support new housing development.		Committed	6,700	1,241	-	-	-	1,500	2,000	1,959	E&E
B/C.4.028	A14	Improvement of the A14 between Cambridge and Huntingdon. This is a scheme led by the Highways Agency but in order to secure delivery a local contribution to the total scheme cost, which is in excess of £1bn, is required. The Council element of this local contribution is £25m and it is proposed that it should be paid in equal instalments over a period of 25 years commencing in 2020.		Committed	25,200	200	-	-	1,000	1,000	1,000	22,000	E&E

Section 3 - B: Place and Economy
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000	
B/C.4.029	Energy Efficiency Fund	Establish a funding stream (value £250k per year, for four years) for investment in energy and water efficiency improvement measures in Council buildings.	F/R.5.002	Ongoing	1,000	354	250	250	146	-	-	-	E&E
	Total - Strategy & Development				**241,974**	**195,300**	**11,619**	**3,710**	**1,516**	**2,870**	**3,000**	**23,959**	
B/C.05	**Other Schemes**												
B/C.5.002	Investment in Connecting Cambridgeshire	Connecting Cambridgeshire is working to ensure businesses, residents and public services can make the most of opportunities offered by a fast-changing digital world. Led by the Council, this ambitious partnership programme is improving Cambridgeshire's broadband, mobile and Wi-Fi coverage, whilst supporting online skills, business growth and technological innovation to meet future digital challenges.		Committed	36,290	27,290	6,000	3,000	-	-	-	-	E&E
	Total - Other Schemes				**36,290**	**27,290**	**6,000**	**3,000**	**-**	**-**	**-**	**-**	
B/C.06	**Libraries, Archives & Information**												
B/C.3.110	Milton Road Library	Fitout costs for the ground floor area of the new Milton Road Library building, to include library space, two community rooms, office, kitchen and toilets.		2018-19	481	-	481	-	-	-	-	-	H&CI
B/C.3.111	Community Hubs - Sawston	To develop a community hub in Sawston combining the library, children's centre, locality team and flexible community meeting facilities, in close association with Sawston Village College.		Committed	1,502	1,002	500	-	-	-	-	-	H&CI
	Total - Libraries, Archives & Information				**1,983**	**1,002**	**981**	**-**	**-**	**-**	**-**	**-**	
B/C.08	**Capital Programme Variation**												
B/C.6.001	Variation Budget	The Council has decided to include a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis.		Ongoing	-34,072	-	-8,778	-6,237	-4,485	-4,724	-5,038	-4,810	E&E, H&CI
B/C.6.002	Capitalisation of Interest Costs	The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year.		Committed	1,228	-	707	292	7	32	101	89	E&E, H&CI
	Total - Capital Programme Variation				**-32,844**	**-**	**-8,071**	**-5,945**	**-4,478**	**-4,692**	**-4,937**	**-4,721**	
	TOTAL BUDGET				**425,986**	**289,614**	**35,202**	**24,946**	**17,940**	**18,894**	**20,152**	**19,238**	

Section 3 - B: Place and Economy
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Funding	Total Funding £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Government Approved Funding								
Department for Transport	204,577	99,958	16,794	16,088	16,708	16,691	16,669	21,669
Specific Grants	38,275	37,463	-188	-	-	1,000	-	-
Total - Government Approved Funding	**242,852**	**137,421**	**16,606**	**16,088**	**16,708**	**17,691**	**16,669**	**21,669**
Locally Generated Funding								
Agreed Developer Contributions	26,660	18,929	4,481	3,250	-	-	-	-
Anticipated Developer Contributions	12,800	400	300	200	200	1,000	1,000	9,700
Capital Receipts	39	39	-	-	-	-	-	-
Prudential Borrowing	112,911	107,651	7,865	5,608	1,232	203	2,483	-12,131
Prudential Borrowing (Repayable)	-	4,523	-4,123	-200	-200	-	-	-
Other Contributions	30,724	20,651	10,073	-	-	-	-	-
Total - Locally Generated Funding	**183,134**	**152,193**	**18,596**	**8,858**	**1,232**	**1,203**	**3,483**	**-2,431**
TOTAL FUNDING	**425,986**	**289,614**	**35,202**	**24,946**	**17,940**	**18,894**	**20,152**	**19,238**

Section 3 - B: Place and Economy
Table 5: Capital Programme - Funding
Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
Ongoing	131,742	81,410	-1,193	-868	-	52,393
Committed Schemes	293,423	161,442	40,219	31,592	39	60,131
2018-2019 Starts	821	-	434	-	-	387
TOTAL BUDGET	**425,986**	**242,852**	**39,460**	**30,724**	**39**	**112,911**

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000	Committee
B/C.01	**Integrated Transport**										
B/C.1.002	Air Quality Monitoring		-	Ongoing	115	115	-	-	-	-	E&E
B/C.1.009	Major Scheme Development & Delivery		-	Ongoing	1,000	1,000	-	-	-	-	E&E
B/C.1.011	Local Infrastructure improvements		-	Ongoing	3,410	3,410	-	-	-	-	H&CI
B/C.1.012	Safety Schemes		-	Ongoing	2,970	2,970	-	-	-	-	H&CI
B/C.1.015	Strategy and Scheme Development work		-	Ongoing	1,725	1,725	-	-	-	-	E&E
B/C.1.019	Delivering the Transport Strategy Aims		-	Ongoing	6,730	6,730	-	-	-	-	H&CI
	Total - Integrated Transport		**-**		**15,950**	**15,950**	**-**	**-**	**-**	**-**	
B/C.02	**Operating the Network**										
B/C.2.001	Carriageway & Footway Maintenance including Cycle Paths		-	Ongoing	46,069	46,069	-	-	-	-	H&CI
B/C.2.002	Rights of Way		-	Ongoing	700	700	-	-	-	-	H&CI
B/C.2.004	Bridge strengthening		-	Ongoing	12,820	12,820	-	-	-	-	H&CI
B/C.2.005	Traffic Signal Replacement		-	Ongoing	4,250	4,250	-	-	-	-	H&CI
B/C.2.006	Smarter Travel Management - Integrated Highways Management Centre		-	Ongoing	1,000	1,000	-	-	-	-	H&CI
B/C.2.007	Smarter Travel Management - Real Time Bus Information		-	Ongoing	825	825	-	-	-	-	H&CI
	Total - Operating the Network		**-**		**65,664**	**65,664**	**-**	**-**	**-**	**-**	
B/C.03	**Infrastructure Management & Operations**										
B/C.3.001	Highways Maintenance (carriageways only from 2015/16 onwards)		-	Ongoing	83,200	3,639	-	-	-	79,561	H&CI
B/C.3.012	Waste – Household Recycling Centre (HRC) Improvements		-	Committed	8,183	-	2,603	-	-	5,580	H&CI
B/C.3.101	Development of Archives Centre premises		-	Committed	5,246	-	-	-	-	5,246	H&CI
B/C.3.108	New Community Hub / Library Service Provision Darwin Green		-	2018-19	340	-	299	-	-	41	H&CI
	Total - Infrastructure Management & Operations		**-**		**96,969**	**3,639**	**2,902**	**-**	**-**	**90,428**	
B/C.04	**Strategy & Development**										
B/C.4.001	Ely Crossing		-	Committed	36,000	22,000	1,000	6,294	-	6,706	E&E
B/C.4.006	Guided Busway		-	Committed	149,791	94,667	29,488	9,282	-	16,354	E&E
B/C.4.017	Cambridge Cycling Infrastructure		-	Committed	5,103	-	5,103	-	-	-	E&E
B/C.4.021	Abbey - Chesterton Bridge		-	Committed	4,600	2,025	2,025	550	-	-	E&E

Section 3 - B: Place and Economy
Table 5: Capital Programme - Funding
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000	
B/C.4.023	King's Dyke		-	Committed	13,580	8,000	-	3,500	-	2,080	E&E
B/C.4.024	Soham Station		-	Committed	6,700	1,000	-	741	-	4,959	E&E
B/C.4.028	A14		-	Committed	25,200	25,000	-	200	-	-	E&E
B/C.4.029	Energy Efficiency Fund	F/R.5.002	-550	Ongoing	1,000	-	-	-	-	1,000	E&E
	Total - Strategy & Development		**-550**		**241,974**	**152,692**	**37,616**	**20,567**	**-**	**31,099**	
B/C.05	**Other Schemes**										
B/C.5.002	Investment in Connecting Cambridgeshire		-	Committed	36,290	8,750	-	11,025	-	16,515	E&E
	Total - Other Schemes		**-**		**36,290**	**8,750**	**-**	**11,025**	**-**	**16,515**	
B/C.06	**Libraries, Archives & Information**										
B/C.3.110	Milton Road Library		-	2018-19	481	-	135	-	-	346	H&CI
B/C.3.111	Community Hubs - Sawston		-	Committed	1,502	-	-	-	39	1,463	H&CI
	Total - Libraries, Archives & Information		**-**		**1,983**	**-**	**135**	**-**	**39**	**1,809**	
B/C.08	**Capital Programme Variation**										
B/C.6.001	Variation Budget		-	Ongoing	-34,072	-3,843	-1,193	-868	-	-28,168	E&E, H&CI
B/C.6.002	Capitalisation of Interest Costs		-	Committed	1,228	-	-	-	-	1,228	E&E, H&CI
	Total - Capital Programme Variation		**-**		**-32,844**	**-3,843**	**-1,193**	**-868**	**-**	**-26,940**	
	TOTAL BUDGET				**425,986**	**242,852**	**39,460**	**30,724**	**39**	**112,911**	

Section 3 - C: Corporate and Managed Services
Table 1: Revenue - Summary of Net Budget by Operational Division
Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	Corporate Services							
952	Corporate Director	1,896	-102	1,794	-1,455	-2,750	-2,746	-2,767
197	Chief Executive	200	-3	197	197	197	197	197
1,350	Business Intelligence	1,692	-333	1,359	1,359	1,359	1,359	1,359
1,027	Greater Cambridge Partnership	5,082	-4,323	759	729	729	729	729
533	Communications & Information	596	-51	545	545	545	545	545
1,705	Customer Services	1,831	-111	1,720	1,720	1,720	1,720	1,720
1,919	IT and Digital Service	1,968	-41	1,927	1,927	1,927	1,927	1,927
165	Elections	165	-	165	165	165	165	165
876	Redundancy, Pensions & Injury	1,039	-173	866	856	846	846	846
-500	Commercial approach to contract management	-260	-	-260	-260	-260	-260	-260
-280	Organisational Structure Review	-1,008	-	-1,008	-1,008	-1,008	-1,008	-1,008
-182	Citizen First, Digital First	-182	-	-182	-182	-182	-182	-182
-	Automation	-100	-	-100	-100	-100	-100	-100
-	Shared Arrangements with Peterborough City Council	-300	-	-300	-300	-300	-300	-300
7,762	**Subtotal Corporate Services**	**12,619**	**-5,137**	**7,482**	**4,193**	**2,888**	**2,892**	**2,871**
	Deputy Chief Executive							
142	Resources Directorate	183	-40	143	143	143	143	143
133	Transformation Team	144	-	144	144	144	144	1,437
275	**Subtotal Deputy Chief Executive**	**327**	**-40**	**287**	**287**	**287**	**287**	**1,580**
	Managed Services							
141	External Audit	141	-	141	141	141	141	141
-24	Finance Managed	295	-319	-24	-24	-24	-24	-24
2,074	Insurance	2,274	-	2,274	2,274	2,274	2,274	2,274
2,285	IT Managed	3,194	-200	2,994	4,135	4,135	4,135	4,135
1,032	Members Allowances	1,034	-	1,034	1,034	1,034	1,034	1,034
168	Organisational & Workforce Development Managed	169	-	169	169	169	169	169
-	Redundancy Reserve	-	-	-	-	-	-	1,000
4,884	Transformation Fund	4,536	-	4,536	88	-	-	-
10,560	**Subtotal Managed Services**	**11,643**	**-519**	**11,124**	**7,817**	**7,729**	**7,729**	**8,729**
-	**UNIDENTIFIED SAVINGS TO BALANCE BUDGET**	**-4,318**	**-**	**-4,318**	-16,276	-38,111	-44,180	-57,183

Section 3 - C: Corporate and Managed Services
Table 1: Revenue - Summary of Net Budget by Operational Division
Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	Future Years							
-	Inflation	-	-	-	113	238	363	488
-	Savings	-	-	-	-	-	-	-
18,597	**CS BUDGET TOTAL**	**20,271**	**-5,696**	**14,575**	**-3,866**	**-26,969**	**-32,909**	**-43,515**

Section 3 - C: Corporate and Managed Services
Table 2: Revenue - Net Budget Changes by Operational Division
Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Corporate Services							
Corporate Director	952	4	-	838	-	-	1,794
Chief Executive	197	-	-	-	-	-	197
Business Intelligence	1,350	9	-	-	-	-	1,359
Greater Cambridge Partnership	1,027	-	-	-	-268	-	759
Communications & Information	533	12	-	-	-	-	545
Customer Services	1,705	15	-	-	-	-	1,720
IT and Digital Service	1,919	8	-	-	-	-	1,927
Elections	165	-	-	-	-	-	165
Redundancy, Pensions & Injury	876	-	-	-	-	-10	866
Commercial approach to contract management	-500	-	-	340	-	-100	-260
Organisational Structure Review	-280	-	-	-	-	-728	-1,008
Citizen First, Digital First	-182	-	-	-	-	-	-182
Automation	-	-	-	-	-	-100	-100
Shared Arrangements with Peterborough City Council	-	-	-	-	-	-300	-300
Subtotal Corporate Services	**7,762**	**48**	**-**	**1,178**	**-268**	**-1,238**	**7,482**
Deputy Chief Executive							
Resources Directorate	142	1	-	-	-	-	143
Transformation Team	133	11	-	-	-	-	144
Subtotal Deputy Chief Executive	**275**	**12**	**-**	**-**	**-**	**-**	**287**
Managed Services							
External Audit	141	-	-	-	-	-	141
Finance Managed	-24	-	-	-	-	-	-24
Insurance	2,074	200	-	-	-	-	2,274
IT Managed	2,285	7	-	702	-	-	2,994
Members Allowances	1,032	2	-	-	-	-	1,034
Organisational & Workforce Development Managed	168	1	-	-	-	-	169
Redundancy Reserve	-	-	-	-	-	-	-
Transformation Fund	4,884	-	-	-	-348	-	4,536
Subtotal Managed Services	**10,560**	**210**	**-**	**702**	**-348**	**-**	**11,124**
UNIDENTIFIED SAVINGS TO BALANCE BUDGET	**-**	**-**	**-**	**-**	**-**	**-4,318**	**-4,318**
CS BUDGET TOTAL	**18,597**	**270**	**-**	**1,880**	**-616**	**-5,556**	**14,575**

Section 3 - C: Corporate and Managed Services

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
1	**OPENING GROSS EXPENDITURE**	**23,305**	**20,271**	**1,835**	**-21,464**	**-27,399**	
C/R.1.001	Base Adjustments	5,375	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2017-18.
C/R.1.002	Base adjustment - CCR Phase 2	292	-	-	-	-	CCR revenue staffing budgets moved to Corporate Services from P&C.
C/R.1.003	Budget Prep virement to CS from ETE	18	-	-	-	-	CCR revenue budgets moved from ETE to Corporate Services.
C/R.1.004	Base Adjustment - Transfer of Cultural Services from Corporate Services to ETE in 2017-18	-487	-	-	-	-	Transfer of Cultural Services from Corporate Services to ETE in 2017-18
C/R.1.005	Base Adjustment - Transfer of Strengthening Communities Service from Corporate Services to People & Communities in 2017-18	-1,215	-	-	-	-	Transfer of Strengthening Communities Service from Corporate Services to People & Communities in 2017-18
C/R.1.006	Base Adjustment - Re-Phasing of Adults 17-18 Transformation Funding	-3,000	3,000	-	-	-	As per submission to GPC the funding allocated as part of the 2017-18 business planning process is to be re-phased with £3m spent in 2018-19 rather than 2017-18
1.999	**REVISED OPENING GROSS EXPENDITURE**	**24,288**	**23,271**	**1,835**	**-21,464**	**-27,399**	
2	**INFLATION**						
C/R.2.001	Inflation	275	118	130	130	130	Some County Council services have higher rates of inflation than the national level. For example, this is due to factors such as increasing running costs of Council properties. This overall figure comes from an assessment of likely inflation in all Corporate services. Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.
2.999	**Subtotal Inflation**	**275**	**118**	**130**	**130**	**130**	
3	**DEMOGRAPHY AND DEMAND**						
3.999	**Subtotal Demography and Demand**	**-**	**-**	**-**	**-**	**-**	
4	**PRESSURES**						
C/R.4.009	Disaster Recovery facility for critical business systems	-	41	-	-	-	Implementation of a second technology platform, in LGSS's Angel Street data centre, able to deliver core and critical IT services in the event of disaster or disruption to the Shire Hall data centre.
C/R.4.010	Impact of Local Government Pay offer on CCC Employee Costs	838	1	4	4	-	The cost impact of the December local government pay offer which covers all CCC staff below Professional band. This has been fully modelled for 18-19, the 19-20 impact will be updated once the final settlement is agreed.

Section 3 - C: Corporate and Managed Services
Table 3: Revenue - Overview
Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
C/R.4.011	Commercial approach to contract management	340	-	-	-	-	A savings target of £500k was put forward in the 17/18 Business plan to review all the contracts that the council has. The focus was to be on contract management through improved commissioning and procurement. However most of the major contracts are already being reviewed and are part of other savings proposals in the business plan, so the opportunities to achieve this saving have reduced.
C/R.4.013	IT service - Microsoft ESA	702	-	-	-	-	Per GPC decision in July the Council will be moving from a capitalised 3-year Enterprise Support Agreement with Microsoft to an annual subscription equivalent.
C/R.4.014	De-capitalisation of rolling laptop refresh	-	1,100	-	-	-	After review of the capital business case it was identified that there was no financial benefit to the continued capitalisation of of the rolling laptop refresh.
4.999	**Subtotal Pressures**	**1,880**	**1,142**	**4**	**4**	**-**	
5	**INVESTMENTS**						
C/R.5.001	Pilot of additional safeguarding posts in the Multi-Agency Safeguarding hub	116	-116	-	-	-	Transformation fund investment relating to improved capacity, leading to better business processes
C/R.5.002	Support investment in modernising social care payments	100	-100	-	-	-	Investment in modern payment mechanisms in social care including payment cards and establishing direct debit system – to ensure that the system is as efficient as possible for the authority to administer and as easy as possible for service users to engage with.
C/R.5.003	Dedicated social work and commissioning capacity	786	-786	-	-	-	Transformation fund investment relating to savings across the Learning Disability Partnership - A/R.6.114/.122/.126/.127
C/R.5.004	Additional capacity in team conducting financial assessments	280	-280	-	-	-	Investment in additional financial and benefits advice capacity with a focus on ensuring that service users financial assessments are up to date, that changes to charging policy are applied and that we support people to access all the benefits to which they are entitled.
C/R.5.005	Investment in additional upstream mental health social work	340	-340	-	-	-	Investment in additional capacity as part of the integrated care model for people with mental health needs through the the Cambridgeshire and Peterborough NHS Foundation Trust. The additional capacity will be focussed on early intervention, working closely with primary care, adult early help teams and within communities to ensure early social care support is in place and to prevent needs
C/R.5.006	Housing related support review	250	-250	-	-	-	Transformation Fund investment relating to saving A/R.6.172
C/R.5.007	Investment in Looked After Children Placement budget	705	-705	-	-	-	Investment in a diagnostic assessment of the children's social care system – to develop an understanding of the causes of Cambridgeshire's higher than average number of children in care. Investment also in additional recruitment, market and support capacity in the in-house fostering service – to ensure we significantly increase the number of in-house foster carers. This investment links to BP saving A/R.6.253

Section 3 - C: Corporate and Managed Services
Table 3: Revenue - Overview
Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
C/R.5.008	Review of Local Authority's ongoing statutory role in learning	50	-50	-	-	-	Investment in dedicated specialist programme management required to support the incoming Director of Learning in reviewing the current model, facilitating delivery of a new approach and the establishment of new partnerships across the education sector to achieve savings proposed in A/R.6.227
C/R.5.009	Dedicated capacity to undertake case reviews of specialist transport provision	50	-	-50	-	-	Investment for A/R.6.254 - Looked After Children Transport. Dedicated resource to look at reviewing routes and improving internal processes.
C/R.5.010	Library Service Transformation	98	-98	-	-	-	Investment in dedicated time-limited business development capacity – focused on generating new income streams and maximising the impact of our libraries. Investment to also include budget for marketing, minor building works, and investments in new technology solutions
C/R.5.011	External Funding	40	-40	-	-	-	Funding for advertising and sponsorship coordination capacity to develop Council-wide structures and processes – it is planned that role will be self-sustaining in future years.
C/R.5.013	Social work capacity to review out of area placements	75	-75	-	-	-	Transformation Fund investment relating to saving A/R.6.127
C/R.5.319	Re-phasing of £3m ASC/OP Investment Required to Manage and Reduce Demand & Cost to Serve	-357	-3,000	-	-	-	to be completed
C/R.5.900	Reversal of 17-18 Transformation Fund Investments	-2,881	-1,608	-38	-	-	Transformation funded projects are provided with investments for 1-3 years in order to deliver ongoing savings. This is the reversal of the investment for schemes funded in 2017-18. It is anticipated that further transformation funds will come through for funding in 2018-19.
C/R.5.953	Greater Cambridge Partnership Revenue Costs	-268	-30	-	-	-	The Council's contribution to the Greater Cambridge Partnership's revenue costs funded by the growth in New Homes Bonus, revised following a reduction in the number of payment years.
C/R.5.954	Wisbech Community Led Local Development (CLLD) Fund	-	-	-	-	-21	The Council's financial contribution to the administration of the Wisbech CLLD Fund, unlocking an overall Fund of £2.1m for investment in Wisbech's communities
5.999	**Subtotal Investments**	**-616**	**-7,478**	**-88**	**-**	**-21**	
6	**SAVINGS** **GPC**						
C/R.6.101	Shared Arrangements with Peterborough City Council	-300	-	-	-	-	We are continuing to explore further opportunities to share activities and costs and learn from one another's best practice with Peterborough City Council
C/R.6.102	Organisational Review	-728	-	-	-	-	Review of organisational arrangements in a range of areas - a number of different streams including reviewing spans of management control in service structures, amendments to terms and conditions for staff and managing expenditure on business mileage.
C/R.6.105	Automation - Contact Centre, Front Door	-100	-	-	-	-	Reduction in staff costs in service teams and Contact Centre from review of Customer Front Door across Cambridgeshire and Peterborough.
C/R.6.106	Reduction in costs on Redundancy, Pensions & Injury budget	-10	-10	-10	-	-	Reduction in costs on Redundancy, Pensions & Injury budget, held within Corporate Services.

Section 3 - C: Corporate and Managed Services
Table 3: Revenue - Overview
Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
C/R.6.107	Capitalisation of Redundancies	-	-	-	-	1,000	Reversal of the use of the flexibility of capital receipts direction to fund redundancies from capital instead of being funded by revenue.
C/R.6.109	Capitalisation of the Transformation team	-	-	-	-	1,293	Reversing the use of the flexibility of capital receipts direction to fund the transformation team from capital instead of being funded by revenue.
C/R.6.110	Corporate Services Later Years Savings Targets	-	-3,250	-1,500	-	-	These are high level figures which are considered achievable. Work is ongoing to establish the detail behind the targets and identify where the savings will be allocated.
C/R.6.111	Efficiencies in Procurement Spend under £100k	-100	-	-	-	-	To review spending below £100,000 in specific areas, with a view to ensuring the best possible contract and commercial terms are in place. This will include whether frameworks, bulk purchasing with other LGSS partners or smarter invoicing should be considered
6.999	**Subtotal Savings**	**-1,238**	**-3,260**	**-1,510**	**-**	**2,293**	
	UNIDENTIFIED SAVINGS TO BALANCE BUDGET	**-4,318**	**-11,958**	**-21,835**	**-6,069**	**-13,003**	
	TOTAL GROSS EXPENDITURE	**20,271**	**1,835**	**-21,464**	**-27,399**	**-38,000**	
7	**FEES, CHARGES & RING-FENCED GRANTS**						
C/R.7.001	Previous year's fees, charges & ring-fenced grants	-1,263	-5,696	-5,701	-5,505	-5,510	Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward.
C/R.7.002	Increase in fees, charges & ring-fenced grants	-4,428	-	-	-	-	Adjustment for changes to fees, charges & ring-fenced grants reflecting decisions made in 2016-17.
C/R.7.003	Fees and charges inflation	-5	-5	-5	-5	-5	Uplift in external charges to reflect inflation pressures on the costs of services.
	Changes to fees & charges						
C/R.7.201	Change in Public Health Grant	-	-	201	-	-	Change in ring-fenced Public Health grant to reflect treatment as a corporate grant from 2019-20 due to removal of ring-fence.
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-5,696**	**-5,701**	**-5,505**	**-5,510**	**-5,515**	
	TOTAL NET EXPENDITURE	**14,575**	**-3,866**	**-26,969**	**-32,909**	**-43,515**	

FUNDING SOURCES							
8	**FUNDING OF GROSS EXPENDITURE**						
C/R.8.001	Budget Allocation	-14,575	3,866	26,969	32,909	43,515	Net spend funded from general grants, business rates and Council Tax.
C/R.8.002	Public Health Grant	-201	-201	-	-	-	Funding transferred to Service areas where the management of Public Health functions will be undertaken by other County Council officers, rather than directly by the Public Health Team.

Section 3 - C: Corporate and Managed Services

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
C/R.8.003	Fees & Charges	-5,495	-5,500	-5,505	-5,510	-5,515	Fees and charges for the provision of services.
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-20,271**	**-1,835**	**21,464**	**27,399**	**38,000**	

Section 3 - C: Corporate and Managed Services
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Ongoing	-2,581	-	-2,113	-183	-170	-115	-	-
Committed Schemes	23,959	6,204	9,151	2,868	2,868	2,868	-	-
2018-2019 Starts	2,032	-	1,415	342	275	-	-	-
TOTAL BUDGET	**23,410**	**6,204**	**8,453**	**3,027**	**2,973**	**2,753**	**-**	**-**

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
C/C.01	**Corporate Services**											
C/C.1.001	Essential CCC Business Systems Upgrade	The new Business Intelligence team is reviewing the Council's key business systems. This resource will be used to upgrade or replace legacy systems that are at the end of life.		Committed	300	261	39	-	-	-	-	-
C/C.1.003	Citizen First, Digital First	Further improvements to be made to automate our systems and processes. To take out costs and to improve the speed of transactions with the Council for our customers, partners and providers.		Committed	3,546	730	1,091	575	575	575	-	-
C/C.1.004	Mosaic IT Infrastructure	Procurement of Management Information systems for People and Communities in accordance with Contract Regulations and to ensure that systems are fit for purpose to meet the emerging financial, legislative and service delivery requirements. This will require replacement or upgrade of some or all of the Council’s current systems.		Committed	3,000	2,420	580	-	-	-	-	-
	Total - Corporate Services				**6,846**	**3,411**	**1,710**	**575**	**575**	**575**	**-**	**-**
C/C.02	**Managed Services**											
C/C.2.006	CPSN Replacement	This is for the procurement of a replacement Wide Area Network solution. The current contracted service (CPSN) is due to end in June 2018, but we have secured continuance to June 2019. This proposal is for funding for the 2017-18 and 2018-19 financial years to allow for the procurement and transition to a new service (EastNet).		Committed	5,500	500	5,000	-	-	-	-	-
C/C.2.007	Improved display screens	Replace oldest and smallest of the display screens attached to new docking stations in CCC offices		2018-19	84	-	84	-	-	-	-	-

Section 3 - C: Corporate and Managed Services
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
C/C.2.008	Disaster Recovery facility for critical business systems	Implementation of a second technology platform, in LGSS's Angel Street data centre, able to deliver core and critical IT services in the event of disaster or disruption to the Shire Hall data centre.		2018-19	458	-	458	-	-	-	-	-
C/C.2.009	Pro-active upgrade to Exchange email systems	Pro-active upgrade to Exchange email systems, to maintain stability, supportability and security of hardware and software, and access to email for CCC staff.		2018-19	251	-	251	-	-	-	-	-
C/C.2.010	IT Infrastructure Refresh	Upgrades/refresh of the core CCC IT systems that underpin use of IT across the Council. This essential work will ensure that the critical IT Infrastructure continues to be fit for purpose and supports changes in technology and business requirements		2018-19	660	-	220	165	275	-	-	-
C/C.2.011	Replacement of office networking hardware	Replacement of end-of-life networking hardware (switches) in all CCC offices to maintain stability, supportability and security of access to business systems for CCC staff.		2018-19	354	-	177	177	-	-	-	-
C/C.2.012	Laptop refresh	Ensure our new mobile computing platform stays current, supportable and fit-for-purpose by continually replacing the oldest, worst performing, most damaged models.		2018-19	225	-	225	-	-	-	-	-
	Total - Managed Services				**7,532**	**500**	**6,415**	**342**	**275**	**-**	**-**	**-**
C/C.03	**Transformation**											
C/C.3.001	Capitalisation of Transformation Team	Funding the Transformation team from capital instead of revenue, by using the flexibility of capital receipts direction.		Committed	6,465	1,293	1,293	1,293	1,293	1,293	-	-
C/C.3.002	Capitalisation of Redundancies	Funding the cost of redundancies from capital instead of revenue, using the flexibility of capital receipts direction.		Committed	5,000	1,000	1,000	1,000	1,000	1,000	-	-
	Total - Transformation				**11,465**	**2,293**	**2,293**	**2,293**	**2,293**	**2,293**	**-**	**-**
C/C.10	**Capital Programme Variation**											
C/C.10.001	Variation Budget	The Council has decided to include a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis.		Ongoing	-2,581	-	-2,113	-183	-170	-115	-	-

Section 3 - C: Corporate and Managed Services
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
C/C.10.002	Capitalisation of Interest Costs	The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year.		Committed	148	-	148	-	-	-	-	-
	Total - Capital Programme Variation				**-2,433**	**-**	**-1,965**	**-183**	**-170**	**-115**	**-**	**-**
	TOTAL BUDGET				**23,410**	**6,204**	**8,453**	**3,027**	**2,973**	**2,753**	**-**	**-**

Funding	Total Funding £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Government Approved Funding								
Total - Government Approved Funding	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Locally Generated Funding								
Capital Receipts	11,465	2,293	2,293	2,293	2,293	2,293	-	-
Prudential Borrowing	11,945	3,911	6,160	734	680	460	-	-
Total - Locally Generated Funding	**23,410**	**6,204**	**8,453**	**3,027**	**2,973**	**2,753**	**-**	**-**
TOTAL FUNDING	**23,410**	**6,204**	**8,453**	**3,027**	**2,973**	**2,753**	**-**	**-**

Section 3 - C: Corporate and Managed Services
Table 5: Capital Programme - Funding
Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
Ongoing	-2,581	-	-	-	-	-2,581
Committed Schemes	23,959	-	-	-	11,465	12,494
2018-2019 Starts	2,032	-	-	-	-	2,032
TOTAL BUDGET	**23,410**	**-**	**-**	**-**	**11,465**	**11,945**

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
C/C.01	**Corporate Services**									
C/C.1.001	Essential CCC Business Systems Upgrade		-	Committed	300	-	-	-	-	300
C/C.1.003	Citizen First, Digital First		-2,455	Committed	3,546	-	-	-	-	3,546
C/C.1.004	Mosaic IT Infrastructure		-	Committed	3,000	-	-	-	-	3,000
	Total - Corporate Services		**-2,455**		**6,846**	**-**	**-**	**-**	**-**	**6,846**
C/C.02	**Managed Services**									
C/C.2.006	CPSN Replacement		-	Committed	5,500	-	-	-	-	5,500
C/C.2.007	Improved display screens		-	2018-19	84	-	-	-	-	84
C/C.2.008	Disaster Recovery facility for critical business systems		-	2018-19	458	-	-	-	-	458
C/C.2.009	Pro-active upgrade to Exchange email systems		-	2018-19	251	-	-	-	-	251
C/C.2.010	IT Infrastructure Refresh		-	2018-19	660	-	-	-	-	660
C/C.2.011	Replacement of office networking hardware		-	2018-19	354	-	-	-	-	354
C/C.2.012	Laptop refresh		-	2018-19	225	-	-	-	-	225
	Total - Managed Services		**-**		**7,532**	**-**	**-**	**-**	**-**	**7,532**
C/C.03	**Transformation**									
C/C.3.001	Capitalisation of Transformation Team		-	Committed	6,465	-	-	-	6,465	-
C/C.3.002	Capitalisation of Redundancies		-	Committed	5,000	-	-	-	5,000	-
	Total - Transformation		**-**		**11,465**	**-**	**-**	**-**	**11,465**	**-**
C/C.10	**Capital Programme Variation**									
C/C.10.001	Variation Budget		-	Ongoing	-2,581	-	-	-	-	-2,581
C/C.10.002	Capitalisation of Interest Costs		-	Committed	148	-	-	-	-	148
	Total - Capital Programme Variation		**-**		**-2,433**	**-**	**-**	**-**	**-**	**-2,433**
	TOTAL BUDGET				**23,410**	**-**	**-**	**-**	**11,465**	**11,945**

Section 3 - C: Corporate and Managed Services

Table 6: Revenue - Financing Debt Charges Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
1	**OPENING GROSS EXPENDITURE**	**25,503**	**25,983**	**28,971**	**34,693**	**36,707**	
G/R.1.001	Base Adjustments - Movement of CHIC to C&I	-1,276	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2017-18.
1.999	**REVISED OPENING GROSS EXPENDITURE**	**24,227**	**25,983**	**28,971**	**34,693**	**36,707**	
2	**INFLATION**						
2.999	**Subtotal Inflation**	**-**	**-**	**-**	**-**	**-**	
3	**DEMOGRAPHY AND DEMAND**						
3.999	**Subtotal Demography and Demand**	**-**	**-**	**-**	**-**	**-**	
4	**PRESSURES**						
4.999	**Subtotal Pressures**	**-**	**-**	**-**	**-**	**-**	
5	**INVESTMENTS**						
G/R.5.001	Revenue impact of Capital decisions	1,509	3,028	4,292	528	1,295	Change in borrowing costs as a result of changes to levels of prudential borrowing in the capital programme.
5.999	**Subtotal Investments**	**1,509**	**3,028**	**4,292**	**528**	**1,295**	
6	**SAVINGS**						
	GPC						
G/R.6.003	MRP: Accountable Body	566	660	849	-	-	As Accountable Body the Council incurs certain administrative costs in undertaking this role. However it also holds the cash on an interim basis pending utilisation by those parties. The Council maximises the use of these resources whilst not detrimentally affecting those resources. This is only possible where the body or partnership does not use the funds that have been awarded in the financial year in which they are provided.
G/R.6.004	Capitalisation of interest on borrowing	-319	-700	581	1,486	524	Through a change in the Council's accounting policy in 2017-18, the cost of borrowing within all schemes will be capitalised. This will help to better reflect the cost of assets when they actually become operational.
6.999	**Subtotal Savings**	**247**	**-40**	**1,430**	**1,486**	**524**	
	TOTAL GROSS EXPENDITURE	**25,983**	**28,971**	**34,693**	**36,707**	**38,526**	

Section 3 - C: Corporate and Managed Services
Table 6: Revenue - Financing Debt Charges Overview
Budget Period: 2018-19 to 2022-23

		Detailed Plans	Outline Plans				
Ref	**Title**	**2018-19 £000**	**2019-20 £000**	**2020-21 £000**	**2021-22 £000**	**2022-23 £000**	**Description**
7	**FEES, CHARGES & RING-FENCED GRANTS**						
G/R.7.001	Previous year's fees & charges	-2,700	-	-	-	-	Previous year's fees and charges for the provision of services rolled forward.
G/R.7.003	Changes to brought forward Fees and Charges due to decisions made in 2017-18	2,700	-	-	-	-	0
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-**	**-**	**-**	**-**	**-**	
	TOTAL NET EXPENDITURE	**25,983**	**28,971**	**34,693**	**36,707**	**38,526**	

FUNDING SOURCES							
8	**FUNDING OF GROSS EXPENDITURE**						
G/R.8.101	Budget Allocation	-25,983	-28,971	-34,693	-36,707	-38,526	Net spend funded from general grants, business rates and Council Tax.
G/R.8.102	Fees and Charges	-	-	-	-	-	Fees and charges for the provision of services.
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-25,983**	**-28,971**	**-34,693**	**-36,707**	**-38,526**	

Section 3 - D: LGSS - Cambridge Office
Table 1: Revenue - Summary of Net Budget by Operational Division
Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	Central Management							
-2,337	Trading	4,693	-7,432	-2,739	-2,739	-2,739	-2,739	-2,739
-2,337	**Subtotal Central Management**	**4,693**	**-7,432**	**-2,739**	**-2,739**	**-2,739**	**-2,739**	**-2,739**
	Finance Services							
99	LGSS Business Planning and Finance	99	-	99	99	99	99	99
1,765	Professional Finance	1,773	-	1,773	1,773	1,773	1,773	1,773
-	Pensions Service	2,417	-2,417	-	-	-	-	-
292	Audit	741	-447	294	294	294	294	294
687	Financial Operations	835	-128	707	707	707	707	707
-26	Integrated Finance Services	472	-494	-22	-22	-22	-22	-22
2,817	**Subtotal Finance Services**	**6,337**	**-3,486**	**2,851**	**2,851**	**2,851**	**2,851**	**2,851**
	HR							
1,304	HR Business Partners	1,310	-	1,310	1,310	1,310	1,310	1,310
306	HR Policy & Strategy	367	-60	307	307	307	307	307
344	Transactional Services	452	-108	344	344	344	344	344
1,911	Organisational & Workforce Development	3,834	-1,897	1,937	1,937	1,937	1,937	1,937
3,865	**Subtotal HR**	**5,963**	**-2,065**	**3,898**	**3,898**	**3,898**	**3,898**	**3,898**
	Law & Governance							
97	Central Legal Services	97	-	97	97	97	97	97
388	Democratic & Scrutiny Services	418	-29	389	389	389	389	389
485	**Subtotal Law & Governance**	**515**	**-29**	**486**	**486**	**486**	**486**	**486**
	IT Services							
2,486	IT Services	2,501	-	2,501	2,501	2,501	2,501	2,501
2,486	**Subtotal IT Services**	**2,501**	**-**	**2,501**	**2,501**	**2,501**	**2,501**	**2,501**
	Business, Services, Systems and Change							
78	Customer Engagement	78	-	78	78	78	78	78
2,008	LGSS Business Systems and Change	1,735	-24	1,711	1,711	1,711	1,711	1,711
52	Procurement	101	-47	54	54	54	54	54

Section 3 - D: LGSS - Cambridge Office

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
2,138	**Subtotal Business, Services, Systems and Change**	**1,914**	**-71**	**1,843**	**1,843**	**1,843**	**1,843**	**1,843**
	Future Years							
-	Inflation	-	-	-	78	180	282	384
	Impact of National Living Wage pressure	-	-	-	1	6	11	11
	Transfer Public Health Grant to Base Budget	-	-	-	-	220	220	220
-	Savings	-	-	-	-619	-1,226	-1,792	-2,076
-	Additional Savings	-	-	-	-300	-600	-600	-600
9,454	**LGSS - CAMBRIDGE OFFICE BUDGET TOTAL**	**21,923**	**-13,083**	**8,840**	**8,000**	**7,420**	**6,961**	**6,779**

Section 3 - D: LGSS - Cambridge Office
Table 2: Revenue - Net Budget Changes by Operational Division
Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Central Management							
Trading	-2,332	-1	-	-	-	-406	-2,739
Subtotal Central Management	**-2,332**	**-1**	**-**	**-**	**-**	**-406**	**-2,739**
Finance Services							
LGSS Business Planning and Finance	99	-	-	-	-	-	99
Professional Finance	1,765	8	-	-	-	-	1,773
Pensions Service	-	-	-	-	-	-	-
Audit	292	2	-	-	-	-	294
Financial Operations	687	19	-	1	-	-	707
Integrated Finance Services	-26	4	-	-	-	-	-22
Subtotal Finance Services	**2,817**	**33**	**-**	**1**	**-**	**-**	**2,851**
HR							
HR Business Partners	1,304	6	-	-	-	-	1,310
HR Policy & Strategy	306	1	-	-	-	-	307
Transactional Services	344	-	-	-	-	-	344
Organisational & Workforce Development	1,911	10	-	1	15	-	1,937
Subtotal HR	**3,865**	**17**	**-**	**1**	**15**	**-**	**3,898**
Law & Governance							
Central Legal Services	97	-	-	-	-	-	97
Democratic & Scrutiny Services	388	1	-	-	-	-	389
Subtotal Law & Governance	**485**	**1**	**-**	**-**	**-**	**-**	**486**
IT Services							
IT Services	2,486	14	-	1	-	-	2,501
Subtotal IT Services	**2,486**	**14**	**-**	**1**	**-**	**-**	**2,501**
Business, Services, Systems and Change							
Customer Engagement	78	-	-	-	-	-	78
LGSS Business Systems and Change	2,008	3	-	-	-	-300	1,711
Procurement	52	2	-	-	-	-	54
Subtotal Business, Services, Systems and Change	**2,138**	**5**	**-**	**-**	**-**	**-300**	**1,843**

Section 3 - D: LGSS - Cambridge Office
Table 2: Revenue - Net Budget Changes by Operational Division
Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
LGSS - CAMBRIDGE OFFICE BUDGET TOTAL	**9,459**	**69**	**-**	**3**	**15**	**-706**	**8,840**

Section 3 - D: LGSS - Cambridge Office

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	2018-19 £000 (Detailed Plans)	2019-20 £000 (Outline Plans)	2020-21 £000 (Outline Plans)	2021-22 £000 (Outline Plans)	2022-23 £000 (Outline Plans)	Description
1	**OPENING GROSS EXPENDITURE**	**21,649**	**21,923**	**21,105**	**20,327**	**19,890**	
D/R.1.001	Base Adjustments	-2,363	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2017-18.
D/R.1.002	Base Adjusmtment - movement of OWD from P&C to LGSS in 2017-18	3,234	-	-	-	-	Organisational Workforce Development services were moved from P&C to LGSS in 2017-18, this is their gross budget being reallocated.
1.999	**REVISED OPENING GROSS EXPENDITURE**	**22,520**	**21,923**	**21,105**	**20,327**	**19,890**	
2	**INFLATION**						
D/R.2.001	Inflation	91	100	124	124	124	Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.
2.999	**Subtotal Inflation**	**91**	**100**	**124**	**124**	**124**	
3	**DEMOGRAPHY AND DEMAND**						
3.999	**Subtotal Demography and Demand**	**-**	**-**	**-**	**-**	**-**	
4	**PRESSURES**						
D/R.4.001	Professional and Management Pay Structure	2	-	-	-	-	Final stage of implementing new management pay structure.
D/R.4.002	Impact of National Living Wage (NLW) on CCC Employee Costs	1	1	5	5	-	The cost impact of the introduction of the NLW on directly employed CCC staff is minimal, due to a low number of staff being paid below the proposed NLW rates.
4.999	**Subtotal Pressures**	**3**	**1**	**5**	**5**	**-**	
5	**INVESTMENTS**						
D/R.5.001	Supporting Apprenticeships	15	-	-	-	-	CCC contribution to LGSS project to increase infrastructure supporting and creating apprenticeships, following the introduction of the apprenticeship levy.
5.999	**Subtotal Investments**	**15**	**-**	**-**	**-**	**-**	
6	**SAVINGS**						
	LGSS JC						
D/R.6.999	LGSS Savings	-706	-919	-907	-566	-284	Expected annual savings from LGSS - £300k saving will be achieved on the ERP Gold project (Fujitsu/Oracle savings), with additional savings being contributed from LGSS income growth, Partner/customer growth, new service review savings, and savings being driven out by the Milton Keynes Council partnership
6.999	**Subtotal Savings**	**-706**	**-919**	**-907**	**-566**	**-284**	
	TOTAL GROSS EXPENDITURE	**21,923**	**21,105**	**20,327**	**19,890**	**19,730**	

Section 3 - D: LGSS - Cambridge Office

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	2018-19 £000 (Detailed Plans)	2019-20 £000 (Outline Plans)	2020-21 £000 (Outline Plans)	2021-22 £000 (Outline Plans)	2022-23 £000 (Outline Plans)	Description
7	**FEES, CHARGES & RING-FENCED GRANTS**						
D/R.7.001	Previous year's fees, charges & ring-fenced grants	-13,883	-13,083	-13,105	-12,907	-12,929	Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward.
D/R.7.002	Fees and charges inflation	-22	-22	-22	-22	-22	Uplift in external charges to reflect inflation pressures on the costs of services.
D/R.7.003	Changes to fees and charges in 2017-18	822	-	-	-	-	Changes to fees and charges as a result of decisions in 2017-18.
	Changes to fees & charges						
D/R.7.201	Change in Public Health Grant	-	-	220	-	-	Change in ring-fenced Public Health grant to reflect treatment as a corporate grant from 2019-20 due to removal of ring-fence.
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-13,083**	**-13,105**	**-12,907**	**-12,929**	**-12,951**	
	TOTAL NET EXPENDITURE	**8,840**	**8,000**	**7,420**	**6,961**	**6,779**	

FUNDING SOURCES							
8	**FUNDING OF GROSS EXPENDITURE**						
D/R.8.001	Budget Allocation	-8,840	-8,000	-7,420	-6,961	-6,779	Net spend funded from general grants, business rates and Council Tax.
D/R.8.003	Fees & Charges	-12,863	-12,885	-12,907	-12,929	-12,951	Fees and charges for the provision of services.
D/R.8.004	Public Health Grant	-220	-220	-	-	-	Funding transferred to Service areas where the management of Public Health functions will be undertaken by other County Council officers, rather than directly by the Public Health Team.
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-21,923**	**-21,105**	**-20,327**	**-19,890**	**-19,730**	

Section 3 - E: Public Health

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	Children Health							
7,253	Children 0-5 PH Programme	7,253	-	7,253	7,015	7,015	7,015	7,015
1,707	Children 5-19 PH Programme - Non Prescribed	1,707	-	1,707	1,707	1,707	1,707	1,707
240	Children Mental Health	240	-	240	240	240	240	240
9,200	**Subtotal Children Health**	**9,200**	**-**	**9,200**	**8,962**	**8,962**	**8,962**	**8,962**
	Drugs & Alcohol							
5,780	Drug & Alcohol Misuse	5,742	-117	5,625	5,625	5,625	5,625	5,625
5,780	**Subtotal Drugs & Alcohol**	**5,742**	**-117**	**5,625**	**5,625**	**5,625**	**5,625**	**5,625**
	Sexual Health & Contraception							
3,975	SH STI testing & treatment - Prescribed	3,835	-	3,835	3,835	3,835	3,835	3,835
1,170	SH Contraception - Prescribed	1,170	-	1,170	1,170	1,170	1,170	1,170
152	SH Services Advice Prevn Promtn - Non-Prescribed	152	-	152	152	152	152	152
5,297	**Subtotal Sexual Health & Contraception**	**5,157**	**-**	**5,157**	**5,157**	**5,157**	**5,157**	**5,157**
	Behaviour Change / Preventing Long Term Conditions							
1,733	Integrated Lifestyle Services	1,649	-	1,649	1,649	1,649	1,649	1,649
281	Other Health Improvement	281	-	281	281	281	281	281
829	Smoking Cessation GP & Pharmacy	800	-	800	800	800	800	800
80	Falls Prevention	80	-	80	80	80	80	80
716	NHS Health Checks Prog - Prescribed	716	-	716	716	716	716	716
3,639	**Subtotal Behaviour Change / Preventing Long Term Conditions**	**3,526**	**-**	**3,526**	**3,526**	**3,526**	**3,526**	**3,526**
	General Prevention Activities							
56	General Prevention, Traveller Health	76	-20	56	56	56	56	56
56	**Subtotal General Prevention Activities**	**76**	**-20**	**56**	**56**	**56**	**56**	**56**
	Adult Mental Health & Community Safety							
263	Adult Mental Health & Community Safety	256	-	256	256	256	256	256
263	**Subtotal Adult Mental Health & Community Safety**	**256**	**-**	**256**	**256**	**256**	**256**	**256**

Section 3 - E: Public Health
Table 1: Revenue - Summary of Net Budget by Operational Division
Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	Public Health Directorate							
2,192	Public Health - Admin & Salaries	2,450	-293	2,157	2,157	2,157	2,157	2,157
-25,349	Public Health Grant	-	-25,348	-25,348	-24,655	-	-	-
-23,157	**Subtotal Public Health Directorate**	**2,450**	**-25,641**	**-23,191**	**-22,498**	**2,157**	**2,157**	**2,157**
	Future Years							
-	Inflation	-	-	-	18	41	64	87
1,078	**PUBLIC HEALTH TOTAL**	**26,407**	**-25,778**	**629**	**1,102**	**25,780**	**25,803**	**25,826**

Note: *Public Health - Admin & Salaries* includes direct delivery of health improvement programmes, health protection, and specialist healthcare public health advice services by public health directorate staff.

The above Public Health Directorate does not constitute the full extent of Public Health expenditure. The reconciliation below sets out where the Public Health grant is being managed in other areas of the County Council.

		2018-19
	Children, Families and Adults Services	
-	Public Health expenditure delivered by CFA	331
-	**Subtotal Children, Families and Adults Services**	**331**
	Economy, Transport and Environment Services	
-	Public Health expenditure delivered by ETE	153
-	**Subtotal Economy, Transport and Environment Services**	**153**
	Corporate Services	
-	Public Health expenditure delivered by CS	201
-	**Subtotal Corporate Services**	**201**
	LGSS - Cambridge Office	
-	Overheads associated with Public Health function	220
-	**Subtotal LGSS - Cambridge Office**	**220**
	PUBLIC HEALTH MANAGED IN OTHER SERVICE AREAS TOTAL	**905**
	PH Grant Managed in PH Directorate	25,348
	EXPENDITURE FUNDED BY PUBLIC HEALTH GRANT TOTAL	**26,253**

Section 3 - E: Public Health

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Children Health							
Children 0-5 PH Programme	7,253	-	-	-	-	-	7,253
Children 5-19 PH Programme - Non Prescribed	1,707	-	-	-	-	-	1,707
Children Mental Health	240	-	-	-	-	-	240
Subtotal Children Health	**9,200**	**-**	**-**	**-**	**-**	**-**	**9,200**
Drugs & Alcohol							
Drug & Alcohol Misuse	5,780	-1	-	-	-	-154	5,625
Subtotal Drugs & Alcohol	**5,780**	**-1**	**-**	**-**	**-**	**-154**	**5,625**
Sexual Health & Contraception							
SH STI testing & treatment - Prescribed	3,975	-	-	-	-	-140	3,835
SH Contraception - Prescribed	1,170	-	-	-	-	-	1,170
SH Services Advice Prevn Promtn - Non-Prescribed	152	-	-	-	-	-	152
Subtotal Sexual Health & Contraception	**5,297**	**-**	**-**	**-**	**-**	**-140**	**5,157**
Behaviour Change / Preventing Long Term Conditions							
Integrated Lifestyle Services	1,733	-	-	-	-	-84	1,649
Other Health Improvement	281	-	-	-	-	-	281
Smoking Cessation GP & Pharmacy	829	-	-	-	-	-28	800
Falls Prevention	80	-	-	-	-	-	80
NHS Health Checks Prog - Prescribed	716	-	-	-	-	-	716
Subtotal Behaviour Change / Preventing Long Term Conditions	**3,639**	**-**	**-**	**-**	**-**	**-112**	**3,526**
General Prevention Activities							
General Prevention, Traveller Health	56	-	-	-	-	-	56
Subtotal General Prevention Activities	**56**	**-**	**-**	**-**	**-**	**-**	**56**

Section 3 - E: Public Health

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Adult Mental Health & Community Safety							
Adult Mental Health & Community Safety	263	-	-	-	-	-7	256
Subtotal Adult Mental Health & Community Safety	**263**	**-**	**-**	**-**	**-**	**-7**	**256**
Public Health Directorate							
Public Health - Admin & Salaries	2,191	18	-	-	-	-52	2,157
Public Health Grant	-25,348	-	-	-	-	-	-25,348
PUBLIC HEALTH TOTAL	**1,078**	**17**	**-**	**-**	**-**	**-465**	**629**

Note: *Public Health - Admin & Salaries* includes direct delivery of health improvement programmes, health protection, and specialist healthcare public health advice services by public health directorate staff.

Section 3 - E: Public Health

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
1	**OPENING GROSS EXPENDITURE**	**20,560**	**26,407**	**26,188**	**26,212**	**26,236**	
E/R.1.001	Base Adjustments	11	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2017-18.
E/R.1.002	Movement of Budget for Drugs and Alcohol contracts from P&C to PH	6,173	-	-	-	-	The budget for the Drug and Alcohol treatment contracts was transferred from People and Communities to Public Health, due to the creation of the Public Health Joint Commissioning Unit (PHJCU) in May 2017.
E/R.1.003	Movement of Mental Health Youth Counselling Services from P&C to PH	111	-	-	-	-	The budget for youth counselling (funded from the PH grant) was transferred from People and Communities to Public Health in April 2017.
1.999	**REVISED OPENING GROSS EXPENDITURE**	**26,855**	**26,407**	**26,188**	**26,212**	**26,236**	
2	**INFLATION**						
E/R.2.001	Inflation	17	19	24	24	24	Forecast pressure from inflation in the Public Health Directorate, excluding inflation on any costs linked to the standard rate of inflation where the inflation rate is assumed to be 0%. Inflation appears low due to the majority of public health spend being committed to external contracts. Providers are expected to meet inflationary and demographic pressures within the agreed contract envelope.
2.999	**Subtotal Inflation**	**17**	**19**	**24**	**24**	**24**	
3	**DEMOGRAPHY AND DEMAND**						
3.999	**Subtotal Demography and Demand**	**-**	**-**	**-**	**-**	**-**	
4	**PRESSURES**						
4.999	**Subtotal Pressures**	**-**	**-**	**-**	**-**	**-**	
5	**INVESTMENTS**						
5.999	**Subtotal Investments**	**-**	**-**	**-**	**-**	**-**	
6	**SAVINGS**						
	Health						
E/R.6.001	PH Contribution to Milage Element of Organisation Review Saving	-3	-	-	-	-	As part of the Organisational Review (C/R.6.102) a cross cutting review of mileage allowances in 2017-18 was undertaken and areas where mileage could be reduced without impacting front line services were identified.
E/R.6.032	Miscellaneous Public Health Efficiencies	-7	-	-	-	-	Reduction in public mental health budget of £7k, resulting from removal of non-recurrent set up costs spent in 2017/18 for the adult ‘Keep Your Head’ website and the post suicide bereavement service. This saving will not result in any reductions to services.

Section 3 - E: Public Health

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

		Detailed Plans	Outline Plans				
Ref	**Title**	**2018-19 £000**	**2019-20 £000**	**2020-21 £000**	**2021-22 £000**	**2022-23 £000**	**Description**
E/R.6.033	Recommissioning Drug & Alcohol Treatment Services	-154	-	-	-	-	Savings will be secured through the re-commissioning of the Cambridgeshire Adult Drug and Alcohol Treatment Services, which will enable transformational changes. The Drug and Alcohol Treatment Services are currently commissioned as separate services but from the same provider, and the integration of drug and alcohol services through a planned formal contractual arrangement will afford efficiency savings. The Drugs and Alcohol Joint Strategic Needs Assessment, (2016) indicated changes in needs requiring a new service model. Notably an aging long-term drug using population that enter and re-enter the Service may have complex health and social problems. These clients do not require intensive acute drug treatment services but more cost effective support services to ensure that they have good mental & physical health and other support needs. There will be a focus on recovery using cost-effective peer support models to avoid readmission
E/R.6.034	Sexual Health Services - Changes to Delivery Model	-140	-	-	-	-	There are proposals to transform aspects of the model of delivery for sexual health services, firstly through moving to online screening and postal samples for low risk patients who do not have symptoms of infection. Secondly through reviewing the 'hub and spoke' model for sexual health clinics, as many patients prefer to use the 'hubs' and there is low attendance at some 'spoke' clinics. Thirdly through providing oral contraception to low risk patients who are registered with a GP for one year only and then referring back to their GP.
E/R.6.035	Integrated behaviour change services - efficiencies	-84	-	-	-	-	It is proposed that these savings would be made within the commissioned Integrated Lifestyle and Behaviour Change Services, through efficiencies and transformation following the transfer of the CAMQUIT Stop Smoking Service to Everyone Health earlier this year, which would not affect front line services.
E/R.6.036	Children's 0-19 Services - School Nursing and Health Visiting	-	-238	-	-	-	A year 2 (2019/20) saving of £238k is proposed for the Health Visiting and School Nursing services. This would be achieved through work on the wider integration of children's health and wellbeing services across local authorities and the NHS, carried out through the Children's Health Joint Commissioning Unit (CHJCU). The wider integration work will focus on ensuring that preventive and support services are organised around children and families in an integrated way which makes sense to them and avoids duplication, while minimising back office and management costs. The reduction in spend proposed of £238k was initially a year 1 (2018/19) saving, required in order to meet the 2018/19 reduction in the national ring-fenced public health grant. The resulting £238k budget shortfall in 2018/19 will be funded from public health reserves.

Section 3 - E: Public Health

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
E/R.6.037	Public Health Directorate - In house staff rationalisation	-49	-	-	-	-	The public health business programmes team is currently undergoing a restructure, to ensure that business management support reflects the integration of the wider public health directorate across Cambridgeshire and Peterborough. This will result in removal of one post with a shared saving across the two authorities. The remainder of the saving will be achieved through a review of pending vacancies and income generation opportunities.
E/R.6.038	Decreased demand for Stop Smoking Services	-28	-	-	-	-	This proposal is for a saving of £28k to be made from stop smoking services. In recent years there have been decreased costs created from a fall in demand for services associated with the use of e-cigarettes and a smaller number of people who smoke in the county. The savings are because GPs and community pharmacists who provide the service are paid for each person they support to stop smoking and in addition an associated reduction in costs of medications which the majority of smokers use when they are making a quit attempt. This funding was originally allocated to an evidence based pilot harm reduction project. This aimed to support smokers from high risk groups in Fenland to quit by extending the period when support was provided for stopping smoking. The pilot however was unable to recruit sufficient numbers of smokers and it was discontinued.
6.999	**Subtotal Savings**	**-465**	**-238**	**-**	**-**	**-**	
	TOTAL GROSS EXPENDITURE	**26,407**	**26,188**	**26,212**	**26,236**	**26,260**	
7	**FEES, CHARGES & RING-FENCED GRANTS**						
E/R.7.001	Previous year's fees, charges & ring-fenced grants	-26,351	-25,778	-25,086	-432	-433	Fees and charges expected to be received for services provided and Public Health ring-fenced grant from Government.
E/R.7.002	Changes to 2017-18 Fees and Charges	-119	-	-	-	-	Changes to fees and charges as a result of decisions in 2017-18.
E/R.7.003	Fess and Charges Inflation	-1	-1	-1	-1	-1	Inflation on external income.
	Changes to fees & charges						
E/R.7.201	Change in Public Health Grant	693	693	24,655	-	-	Grant reductions announced in the comprehensive spending review, and removal of the ring-fence in 2019-20
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-25,778**	**-25,086**	**-432**	**-433**	**-434**	
	TOTAL NET EXPENDITURE	**629**	**1,102**	**25,780**	**25,803**	**25,826**	

FUNDING SOURCES							
8	**FUNDING OF GROSS EXPENDITURE**						
E/R.8.001	Budget Allocation	-391	-1,102	-25,780	-25,803	-25,826	Net spend funded from general grants, business rates and Council Tax.

Section 3 - E: Public Health

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
E/R.8.002	Funding of expenditure from Public Health earmarked reserves	-238	-	-	-	-	Planned drawdown from public health reserves to defer the saving in School Nursing and Health Visiting to year 2 (see proposal E/R.6.036)
E/R.8.101	Public Health Grant	-25,348	-24,655	-	-	-	Direct expenditure funded from Public Health grant.
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-26,407**	**-26,188**	**-26,212**	**-26,236**	**-26,260**	

Section 3 - F: Commerical & Investments

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2018-19 to 2022-23

Net Revised Opening Budget 2018-19 £000	Policy Line	Gross Budget 2018-19 £000	Fees, Charges & Ring-fenced Grants 2018-19 £000	Net Budget 2018-19 £000	Net Budget 2019-20 £000	Net Budget 2020-21 £000	Net Budget 2021-22 £000	Net Budget 2022-23 £000
	Commerical & Investments							
1,111	Building Maintenance	1,225	-89	1,136	1,136	1,136	1,136	1,136
-4,404	County Farms	44	-4,949	-4,905	-4,913	-4,922	-4,930	-4,903
4,569	County Offices	6,423	-1,847	4,576	4,557	3,996	3,998	4,000
521	Property Services	124	-	124	124	124	124	124
106	Property Compliance	169	-63	106	106	106	106	106
453	Strategic Assets	805	-	805	805	805	805	805
-	Commercial Investments	-	-4,700	-4,700	-6,317	-6,322	-6,328	-6,334
-	Traded Services to Schools and Parents	-	-	-	-	-	-	-
-200	ICT Service (Education)	413	-1,060	-647	-647	-647	-647	-647
-71	Professional Development Centre Services	71	-142	-71	-71	-71	-71	-71
-186	Cambs Music	1,133	-1,129	4	4	4	4	4
-77	Outdoor Education (including Grafham Water)	1,440	-1,517	-77	-77	-77	-77	-77
-449	Cambridgeshire Catering & Cleaning Services	7,121	-7,570	-449	-449	-449	-449	-449
-1,424	Cambridgeshire Housing Investment Company	2,577	-6,923	-4,346	-5,850	-5,796	-6,063	-6,063
-51	**Subtotal Commerical & Investments**	**21,545**	**-29,989**	**-8,444**	**-11,592**	**-12,113**	**-12,392**	**-12,369**
-	**UNIDENTIFIED SAVINGS TO BALANCE BUDGET**	-	-	-	-	-	-	-
	Future Years							
-	Inflation	-	-	-	141	286	429	572
-	Savings	-	-	-	-	-	-	-
-51	**C&I TOTAL**	**21,545**	**-29,989**	**-8,444**	**-11,451**	**-11,827**	**-11,963**	**-11,797**

Section 3 - F: Commerical & Investments

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2018-19

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Commerical & Investments							
Building Maintenance	1,111	25	-	-	-	-	1,136
County Farms	-4,404	-	-	4	-	-505	-4,905
County Offices	4,569	154	-	-	-	-147	4,576
Property Services	521	4	-	-	-	-401	124
Property Compliance	106	-	-	-	-	-	106
Strategic Assets	453	5	-	349	-	-2	805
Commercial Investments	-	-	-	-	-	-4,700	-4,700
Traded Services to Schools and Parents	-	-	-	-	-	-	-
ICT Service (Education)	-200	-	-	53	-	-500	-647
Professional Development Centre Services	-71	-	-	-	-	-	-71
Cambs Music	-186	-	-	-	-	191	4
Outdoor Education (including Grafham Water)	-77	-	-	-	-	-	-77
Cambridgeshire Catering & Cleaning Services	-449	-	-	-	-	-	-449
Cambridgeshire Housing Investment Company	-1,424	-	-	-	1,301	-4,223	-4,346
Subtotal Commerical & Investments	**-51**	**188**	**-**	**406**	**1,301**	**-10,287**	**-8,444**
UNIDENTIFIED SAVINGS TO BALANCE BUDGET	-	-	-	-	-	-	-
C&I TOTAL	**-51**	**188**	**-**	**406**	**1,301**	**-10,287**	**-8,444**

Section 3 - F: Commercial and Investments
Table 3: Revenue - Overview
Budget Period: 2018-19 to 2022-23

Ref	Title	2018-19 £000 (Detailed Plans)	2019-20 £000 (Outline Plans)	2020-21 £000	2021-22 £000	2022-23 £000	Description
1	**OPENING GROSS EXPENDITURE**	**10,505**	**21,545**	**21,651**	**20,722**	**20,793**	
F/R.1.001	Base adjustments	-1,715	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2016-17.
F/R.1.002	Movement of Traded Services from P&C to C&I in 2017-18	9,934	-	-	-	-	Movement of gross expenditure on Traded Services moved from P&C into C&I in 2017-18.
F/R.1.003	Base Adjustment - Movement of CHIC to C&I in 2017-18	1,276	-	-	-	-	Movement of budget associated with CHIC to C&I reflecting move in 2017-18
1.999	**REVISED OPENING GROSS EXPENDITURE**	**20,000**	**21,545**	**21,651**	**20,722**	**20,793**	
2	**INFLATION**						
F/R.2.001	Inflation	188	141	145	143	143	Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.
2.999	**Subtotal Inflation**	**188**	**141**	**145**	**143**	**143**	
3	**DEMOGRAPHY AND DEMAND**						
3.999	**Subtotal Demography and Demand**	**-**	**-**	**-**	**-**	**-**	
4	**PRESSURES**						
F/R.4.001	Childrens Innovation and Development Service	50	-	-	-	-	Pressure from previous year unmade saving.
F/R.4.002	Professional and Management Pay Structure	3	-	-	-	-	Final stage of implementing new management pay structure.
F/R.4.003	Property Services Pressure	349	-	-	-	-	To fund a pressure created by the the ending of shared service arrangements for Property and Asset services with LGSS. As the equalisation between LGSS partners no longer applies for this service area, Cambridgeshire no longer receives the benefit of savings made at other partners.
F/R.4.903	Renewable Energy - Soham	4	5	4	5	40	Operating costs associated with the capital investment in Renewable Energy, at the Soham Solar
4.999	**Subtotal Pressures**	**406**	**5**	**4**	**5**	**40**	
5	**INVESTMENTS**						
F/R.5.001	Invest to Save Housing Schemes - Interest Costs	1,301	-21	-517	-79	-	Revenue costs associated with the development of the Cambridge Housing and Investment Company in order to generate long-term income streams.
5.999	**Subtotal Investments**	**1,301**	**-21**	**-517**	**-79**	**-**	
6	**SAVINGS** **C&I**						

Section 3 - F: Commercial and Investments

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
F/R.6.001	C&I Contribution to Mileage Element of Organisational Workforce Saving	-3	-	-	-	-	As part of the Organisational Review (C/R.6.102) a cross cutting review of mileage allowances in 2017-18 was undertaken and areas where mileage could be reduced without impacting front line services were identified.
F/R.6.107	Rationalisation of Property Portfolio	-	-	-553	-	-	Savings generated by the more efficient use of Council properties.
F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	-19	-19	-8	2	2	Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal F/C.2.119
F/R.6.109	Outcome Focussed Review of Property Services Delivery	-200	-	-	-	-	Savings arising from Outcome Focused Review of property services approaches including: o Generating new income o Sharing teams/function with other partner organisation o Efficiencies within our business processes of the property team o Efficiencies within the annual running cost of our property portfolio
F/R.6.110	Children's Centres - Building a new service delivery model for Cambridgeshire Communitities	-128	-	-	-	-	We want every child in Cambridgeshire to thrive and will target our prioritised targeted services for vulnerable children and young people. As an integral part of the Early Help Offer, our redesigned services will provide support to families when they really need them. We will provide a range of flexible services that are not restricted to delivery from children's centre buildings, in order to provide access to services when they are needed. We will also work in a more integrated way with partners across the 0-19 Healthy Child Programme, to provide comprehensive targeted support to vulnerable families. All of this will be supported by an effective on line resource tool as part of an improved on line offer for families. The saving will be achieved by re-purposing some existing children's centre buildings and streamlining both our management infrastructure and back office, associated service running and overhead costs. We intend to maintain the current level of front line delivery. A total saving of £900k is planned, with £249k from Buildings and Infrastructure costs. Of the £249k saving, £128k will be attributable to annual running costs of internally managed buildings and this budget is held by Corporate and Managed Services. The remaining element of the total saving, £772k, is shown in Table 3 for People and Communities, business plan reference A/R.6.224.
6.999	**Subtotal Savings**	**-350**	**-19**	**-561**	**2**	**2**	
	TOTAL GROSS EXPENDITURE	**21,545**	**21,651**	**20,722**	**20,793**	**20,978**	
7	**FEES, CHARGES & RING-FENCED GRANTS**						
F/R.7.001	Previous year's fees, charges & ring-fenced grants	-8,203	-29,989	-33,102	-32,549	-32,756	Previous year's fees and charges for the provision of services and ring-fenced grant funded rolled forward.
F/R.7.002	Increase in fees, charges & ring-fenced grants	-11,467	-	-	-	-	Adjustment for changes to fees, charges & ring-fenced grants reflecting decisions made in 2017-18.
F/R.7.003	Fees and charges inflation	-	-	-	-	-	Uplift in external charges to reflect inflation pressures on the cost of services.

Section 3 - F: Commercial and Investments

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
	Changes to fees & charges						
F/R.7.103	County Farms Investment (Viability) - Surplus to Repayment of Financing Costs	37	16	-4	-	-	Increase in County Farms rental income resulting from capital investment. Element surplus to repaying financing costs.
F/R.7.104	County Farms Investment (Viability) - Repayment of Financing Costs	-37	-16	4	-	-	Increase in County Farms rental income resulting from capital investment. Links to capital proposal F/C.2.101.
F/R.7.105	Renewable Energy Soham - Repayment of Financing Costs	-1	-8	100	70	16	Income generation resulting from capital investment in solar farm at Soham. Element to repay financing costs. Links to capital proposal C/C.2.102 in BP 2016-17.
F/R.7.106	Renewable Energy Soham - Surplus to Repayment of Financing Costs	-4	-5	-113	-83	-29	Income generation resulting from capital investment in solar farm at Soham. Element to surplus to repaying financing costs.
F/R.7.107	Solar PV - Repayment of Financing Costs	1	-	-	1	-	Income generation resulting from installation of solar PV at a further 5 CCC non-school sites. Element to repay financing costs.
F/R.7.108	Solar PV - Surplus to Repayment of Financing Costs	-1	-	-	-1	-	Income generation resulting from installation of solar PV at a further 5 CCC non-school sites. Element surplus to repayment of financing costs.
F/R.7.109	Additional commercial return on the Farms Estate	-500	-	-	-	-	We will Invest further in our farms estates to achieve additional income from commercial opportunities
F/R.7.110	Commercial Investments	-4,700	-1,500	-	-	-	Develop a portfolio of strategic investments which able to provide an income return. Will be developed through commercial research into options available, appropriate balanced portfolio and the extent of risk
F/R.7.111	External Funding	-200	-	-	-	-	Identifying and levering in new external funding to support CCC inititatives. This might come from a range of approaches, e.g. - Advertising - Sponsorship - Lottery - Crowdfunding - Social Finance - Private Investors - Timebanking We also know that our business partners, and especially the Cambridge Ahead group, are keen to invest in Cambridgeshire. They are particularly interested in initiatives which support families (i.e. their staff) or which increase the range of skills in the local workforce, or which have demonstrable social value.
F/R.7.112	Reviewing and Repositioning Existing Traded Services	-500	-	-	-	-	Service Reviews have been initiated in a number of existing traded services areas to identify greater profit potential with different operating models. The reviews cover the existing Cambridgeshire Catering and Cleaning, Outdoor Centres, Professional Centre Services, Education ICT and Cambridgeshire Music Services

Section 3 - F: Commercial and Investments

Table 3: Revenue - Overview

Budget Period: 2018-19 to 2022-23

Ref	Title	Detailed Plans 2018-19 £000	Outline Plans 2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Description
F/R.7.113	Invest to Save Housing Schemes - Income Generation	-4,223	-1,483	571	-188	-	The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.
F/R.7.114	Income from St Ives Smart Energy Grid	-	-117	-5	-6	-6	The Council is building a Smart Energy Grid at St Ives Park & Ride site, capital project reference F/C.2.118 This is the expected income from the sale of energy.
	Changes to ring-fenced grants						
F/R.7.201	Increase in Arts Council Funding from P&C	-191	-	-	-	-	This is a ring-fenced grant which was moved into C&I in 2017-18 along with Cambridgeshire Music as part of the Traded Services.
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-29,989**	**-33,102**	**-32,549**	**-32,756**	**-32,775**	
	TOTAL NET EXPENDITURE	**-8,444**	**-11,451**	**-11,827**	**-11,963**	**-11,797**	

FUNDING SOURCES							
8	**FUNDING OF GROSS EXPENDITURE**						
F/R.8.001	Budget Surplus	8,444	11,334	11,705	11,835	11,663	Net surplus from Commercial and Investment activities contributed to funding other Services.
F/R.8.003	Fees & Charges	-29,207	-32,203	-31,645	-31,846	-31,859	Fees and charges for the provision of services.
F/R.8.004	Arts Council Funding	-782	-782	-782	-782	-782	Ring-fenced grant from the Arts Council to part-fund Cambridgeshire Music
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-21,545**	**-21,651**	**-20,722**	**-20,793**	**-20,978**	

Section 3 - F: Commercial and Investments
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Ongoing	12,357	6,870	-1,214	301	800	800	800	4,000
Committed Schemes	191,775	113,989	45,158	6,657	-	11,251	-	14,720
2017-2018 Starts	20,251	367	3,330	16,554	-	-	-	-
2018-2019 Starts	100,000	-	76,000	24,000	-	-	-	-
TOTAL BUDGET	**324,383**	**121,226**	**123,274**	**47,512**	**800**	**12,051**	**800**	**18,720**

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
F/C.	**Commercial & Investments**											
F/C.2.101	County Farms investment (Viability)	To invest in projects which protect and improve the County Farms Estate's revenue potential, asset value and long term viability.	C/R.7.104	Ongoing	4,820	1,820	300	300	300	300	300	1,500
F/C.2.103	Local Plans - representations	Making representations to Local Plans and where appropriate following through to planning applications with a view to adding value to County Farms and other Council land, whilst meeting Council objectives through the use / development of such land.		Ongoing	1,000	-	100	100	100	100	100	500
F/C.2.109	Community Hubs - East Barnwell	Creation of a community hub in the Abbey ward by renovating and extending East Barnwell community centre and adjoining preschool. To accommodate a library, a base for the South City locality team, to extend the childcare facility to address insufficiency in local provision, as well as provide flexible community facilities with dedicated space for young people.		Committed	1,950	31	1,919	-	-	-	-	-
F/C.2.111	Shire Hall	This budget is used to carry out essential maintenance and potentially limited improvements required to occupy Shire Hall for a further 10 years to 2020, in accordance with the previous Cabinet decision in November 2009.		Ongoing	6,150	5,050	550	550	-	-	-	-
F/C.2.112	Building Maintenance	This budget is used to carry out replacement of failed elements and maintenance refurbishments.		Ongoing	6,000	-	600	600	600	600	600	3,000
F/C.2.114	MAC Joint Highways Depot	The Joint Highways Depot Project will facilitate the physical co-location of partner organisations to a single depot site, with joint-working practices implemented initially, with an aspiration to develop shared services in the future.		Committed	5,198	482	100	4,616	-	-	-	-
F/C.2.116	Shire Hall Relocation	The Council plans to vacate Shire Hall and relocate to outside of Cambridge.	TBC	2017-18	16,606	171	-	16,435	-	-	-	-

Section 3 - F: Commercial and Investments
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
F/C.2.117	Commercial Investments	Develop a portfolio of strategic investments which are able to provide an income return. Will be developed through commercial research into options available, appropriate balance of portfolio and the extent of risk.	F/R.7.110	2018-19	100,000	-	76,000	24,000	-	-	-	-
F/C.2.118	Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	Low carbon energy generation assets with battery storage on Council assets at St Ives Park and Ride	F/R.7.114	2017-18	3,645	196	3,330	119	-	-	-	-
F/C.2.240	Housing schemes	The Council is in a position of continuing to be a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.	G/R.5.002, G/R.7.002	Committed	184,493	113,476	43,086	1,960	-	11,251	-	14,720
	Total - Commercial & Investments				**329,862**	**121,226**	**125,985**	**48,680**	**1,000**	**12,251**	**1,000**	**19,720**
F/C.	**Capital Programme Variation**											
F/C.3.001	Variation Budget	The Council has decided to include a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis.		Ongoing	-5,613	-	-2,764	-1,249	-200	-200	-200	-1,000
F/C.3.002	Capitalisation of Interest Costs	The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year.		Committed	134	-	53	81	-	-	-	-
	Total - Capital Programme Variation				**-5,479**	**-**	**-2,711**	**-1,168**	**-200**	**-200**	**-200**	**-1,000**
	TOTAL BUDGET				**324,383**	**121,226**	**123,274**	**47,512**	**800**	**12,051**	**800**	**18,720**

Section 3 - F: Commercial and Investments
Table 4: Capital Programme
Budget Period: 2018-19 to 2027-28

Funding	Total Funding £000	Previous Years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later Years £000
Government Approved Funding								
Specific Grants	1,822	-	1,759	63	-	-	-	-
Total - Government Approved Funding	**1,822**	**-**	**1,759**	**63**	**-**	**-**	**-**	**-**
Locally Generated Funding								
Agreed Developer Contributions	260	-	260	-	-	-	-	-
Capital Receipts	110,764	2,726	78,833	24,000	2,205	-	500	2,500
Prudential Borrowing	22,094	4,790	-764	16,873	-1,405	800	300	1,500
Prudential Borrowing (Repayable)	-	113,560	43,186	6,576	-13,542	7,051	-2,706	-154,125
Ring-Fenced Capital Receipts	4,800	-	-	-	600	4,200	-	-
Other Contributions	184,643	150	-	-	12,942	-	2,706	168,845
Total - Locally Generated Funding	**322,561**	**121,226**	**121,515**	**47,449**	**800**	**12,051**	**800**	**18,720**
TOTAL FUNDING	**324,383**	**121,226**	**123,274**	**47,512**	**800**	**12,051**	**800**	**18,720**

Section 3 - F: Commercial and Investments
Table 5: Capital Programme - Funding
Budget Period: 2018-19 to 2027-28

Summary of Schemes by Start Date	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
Ongoing	12,357	-	-	150	10,733	1,474
Committed Schemes	191,775	-	260	184,493	4,831	2,191
2017-2018 Starts	20,251	1,822	-	-	-	18,429
2018-2019 Starts	100,000	-	-	-	100,000	-
TOTAL BUDGET	**324,383**	**1,822**	**260**	**184,643**	**115,564**	**22,094**

Ref	Scheme	Linked Revenue Proposal	Net Revenue Impact	Scheme Start	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
F/C.	**Commercial & Investments**									
F/C.2.101	County Farms investment (Viability)	C/R.7.104	-3,116	Ongoing	4,820	-	-	-	422	4,398
F/C.2.103	Local Plans - representations		-	Ongoing	1,000	-	-	-	-	1,000
F/C.2.109	Community Hubs - East Barnwell		-	Committed	1,950	-	260	-	31	1,659
F/C.2.111	Shire Hall		-	Ongoing	6,150	-	-	150	2,273	3,727
F/C.2.112	Building Maintenance		-	Ongoing	6,000	-	-	-	-	6,000
F/C.2.114	MAC Joint Highways Depot		-183	Committed	5,198	-	-	-	4,800	398
F/C.2.116	Shire Hall Relocation	TBC	-	2017-18	16,606	-	-	-	-	16,606
F/C.2.117	Commercial Investments	F/R.7.110	-217,000	2018-19	100,000	-	-	-	100,000	-
F/C.2.118	Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	F/R.7.114	-1,594	2017-18	3,645	1,822	-	-	-	1,823
F/C.2.240	Housing schemes	G/R.5.002, G/R.7.002	-395,200	Committed	184,493	-	-	184,493	-	-
	Total - Commercial & Investments		**-617,093**		**329,862**	**1,822**	**260**	**184,643**	**107,526**	**35,611**
F/C.	**Capital Programme Variation**									
F/C.3.001	Variation Budget		-	Ongoing	-5,613	-	-	-	-	-5,613
F/C.3.002	Capitalisation of Interest Costs		-	Committed	134	-	-	-	-	134
	Total - Capital Programme Variation		**-**		**-5,479**	**-**	**-**	**-**	**-**	**-5,479**
F/C.9.001	Excess Corporate Services capital receipts used to reduce total prudential borrowing			Ongoing	-	-	-	-	8,038	-8,038
	TOTAL BUDGET				**324,383**	**1,822**	**260**	**184,643**	**115,564**	**22,094**

Budget Consultation Survey 2017

Cambridgeshire County Council

Report V2.0

January 2018

Contents Page

Project details and acknowledgements

Title	Budget Consultation Survey 2017
Client	Cambridgeshire County Council
Project number	17147
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BUDGET CONSULTATION 2017 - Executive summary

Cambridgeshire County Council

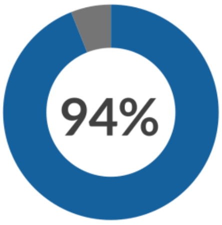
Like all councils, Cambridgeshire County Council faces the major challenge of shrinking budgets along with rising costs and increased demand on services. This means that the Council has to do a lot more with less money. To better understand residents views on services and to inform the Council's transformation plans, Cambridgeshire County Council commissioned M·E·L Research to undertake a public survey on their behalf.

A doorstep survey was carried out with residents which was representative by District, age group and gender to the County as a whole. The fieldwork took place in November 2017 and 1,105 residents responded to the survey. The section presents the key findings of the research.

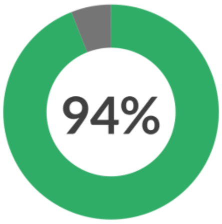
Level of support for proposals (% fully support / support)

Legend: theme of support

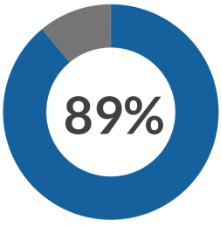
- Improving support to prevent people from needing more costly services later on
- Changing the way some services are charged for or regulations enforced
- Changing the way services are commissioned
- Making the best use of modern technology
- Sharing more services or job roles with other Councils
- Seeking new opportunities to earn money or putting some services on to a commercial footing



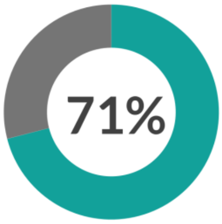
Offering early advice & help for older people before they need care services



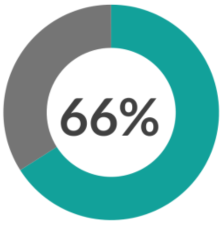
Using specialist tech which allows the elderly & people with learning disabilities to stay independent for longer



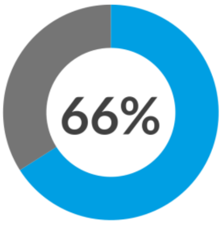
New support so that children going into care is minimised



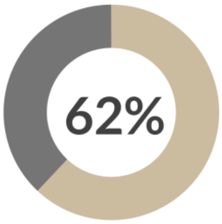
Changing the way we deliver & commission our health services such as health visits, alcohol treatment etc.



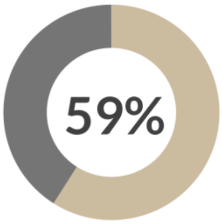
Making savings when commissioning care e.g. for older people or for children who are in care



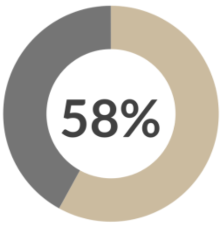
Sharing more Council roles & services with Peterborough City Council



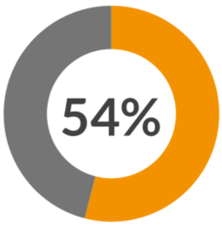
Installing additional bus lane cameras to enforce bus lane violations



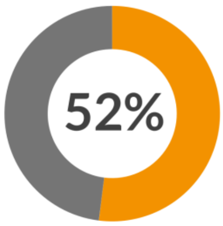
Change charging policy for adult social care so we charge for the same things as other LA's



Increasing on-street parking fees in Cambridge whilst removing Park & Ride parking charges



Changing our support for schools: charging services & giving schools a more independent role in managing standards



Charge for some services within libraries and also introduce new services that can be charged for

Volunteering & Community Participation

16% CURRENTLY VOLUNTEER
n=1,105

38% UP TO 5 HRS PER MONTH
n=181

12% WILLING TO PROVIDE MORE TIME
n=1,105

MAIN BARRIER TO VOLUNTEERING

Lack of time for both communities and individuals

Quality of life (% great / some contribution)

HOW COUNTY SERVICES IMPACT ON QUALITY OF LIFE

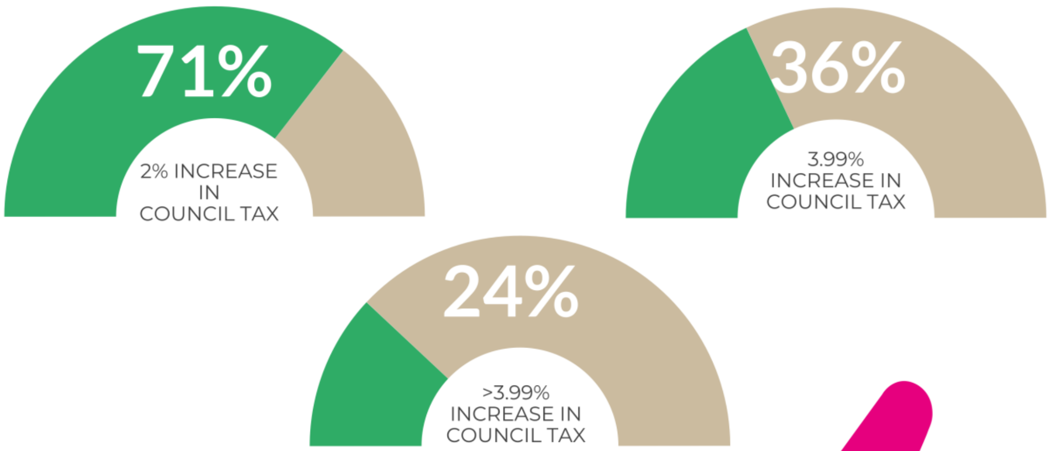
81% The quality of life within your wider community

76% Your own quality of life and that of your household

n=1,054 - 1,090

Council Tax (% fully support / support)

SUPPORT FOR INCREASING COUNCIL TAX



SUPPORT FOR ADDITIONAL VOLUNTARY COUNCIL TAX AIMED AT WEALTHIER HOMES

58%

n=1,035-1,105

Background

Context

Like all councils, Cambridgeshire County Council faces the major challenge of shrinking budgets along with rising costs and increased demand on services. This means that the Council has to do a lot more with less money. To better understand residents views on services and to inform the Council's transformation plans, Cambridgeshire County Council commissioned M·E·L Research to undertake a public survey on their behalf. The main aim of this research was to;

- understand the relationship between people's quality of life and how this relates to the County Council and the services they receive;
- explore community resilience as an alternative to County Council / public sector delivery and working with communities to manage the demand,
- seek residents views and the extent of support on savings and income generating proposal to deliver services in the future; and,
- establish the level of support for increasing council tax.

Methodology

A 10-minute, face-to-face (doorstep) survey was carried out by trained interviewers using a Computer Aided Personal Interview (CAPI) approach with a broad cross-section of residents during November 2017.

A sample of starting addresses was drawn randomly from the Postcode Address File and was stratified by District. From each starting postcode, interviewers aimed to achieve approximately 6 interviews. In addition to achieving the desired number of interviews by District, quotas were set for age groups and gender. Interviewers were sent to urban and rural areas to reflect the same split as the county.

In total, 1,105 residents participated in the survey. A marked up questionnaire, which incudes data counts and percentages, alongside the questions can be viewed in **Appendix A**.

Response rates and statistical significance

The achieved confidence interval gives an indication of the precision of results. With 1,105 residents having completed the survey, this returns a confidence interval of ±2.94 % for a 50% statistic. This means that for example, where 50% of residents indicate they agree with a certain aspect, the true figure could in reality lie within the range of 47.1% to 52.9%.

The table below shows the confidence intervals for differing response results (sample tolerance).

Size of sample	Approximate sampling tolerances*		
	50%	30% or 70%	10% or 90%
	±	±	±
1,105 surveys	2.94	2.70	1.77

** Based on a 95% confidence level*

Analysis and reporting

Cross-tabulations were calculated by key variables including district, age, ethnicity, gender, working status and number of people in the home to represent the demography profile of the county. Mean scores were computed for survey questions with a 0 to 10 scale, and compared to national averages, were applicable.

Differences in views of sub-groups of the population were compared using z-tests and statistically significant results (at the 95% level) are indicated in the text. Statistical significance means that a result is unlikely due to chance (i.e. It is a real difference in the population).

Within the main body of the report, where percentages do not sum to 100 per cent, this is due to computer rounding or multiple choice answers. Where figures do not appear in a chart or graph, these are 3% or less. The 'base' or 'n' figure referred to in each chart is the total number of residents responding to the question.

In addition, analysis for agreement/ level of support questions are reported for valid responses only, meaning that this excludes residents who were unable to rate their level of agreement – 'don't know' was therefore classified as non-valid response.

Icon glossary

- District

- Age group

- Disability or long term illness

- Household size

- Children in the home

- Working status

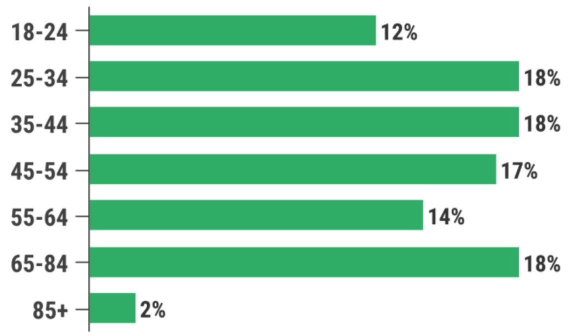
- Gender

- Classified as a carer

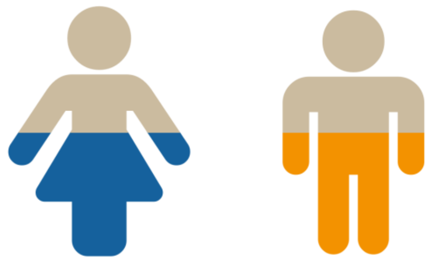
Results

Who we spoke to:

Age group



Gender



50% 50%

Ethnic group

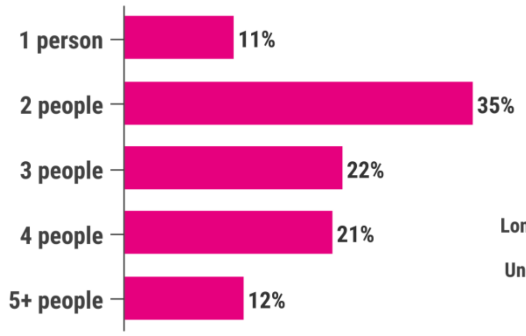
94%

White

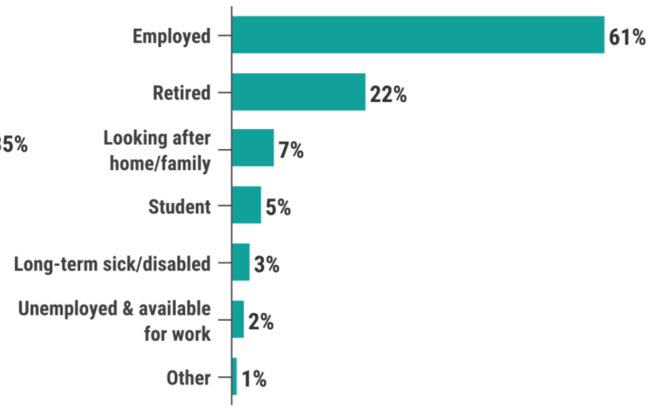
Those with a disability / long standing illness

15%

Household size



Working status



Children under 16 in the home

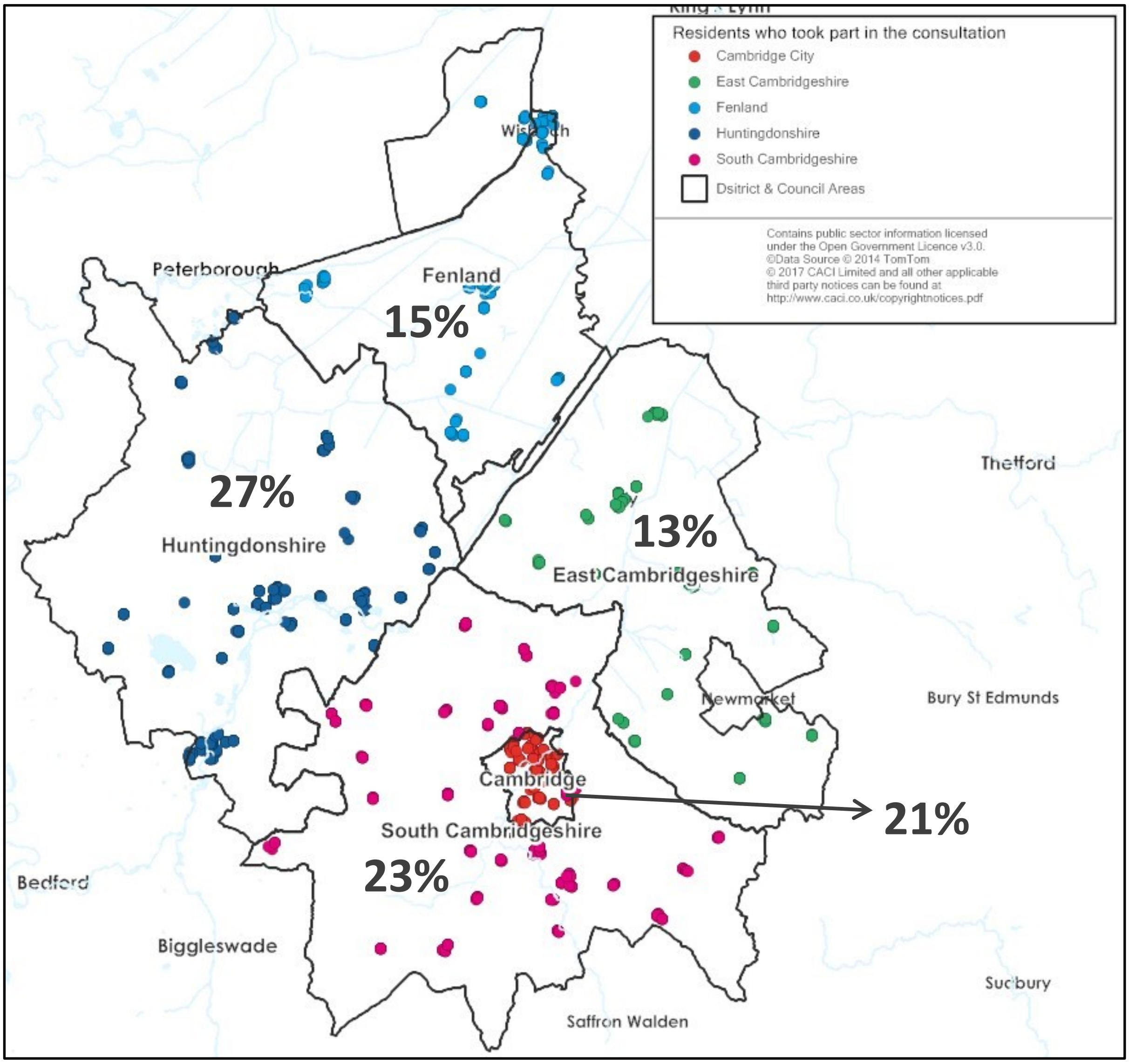
42%

Classified as a carer

8%

n=1,150 - 1,101

Map 1: Residents who took part in the consultation, alongside the percentage interviewed by district



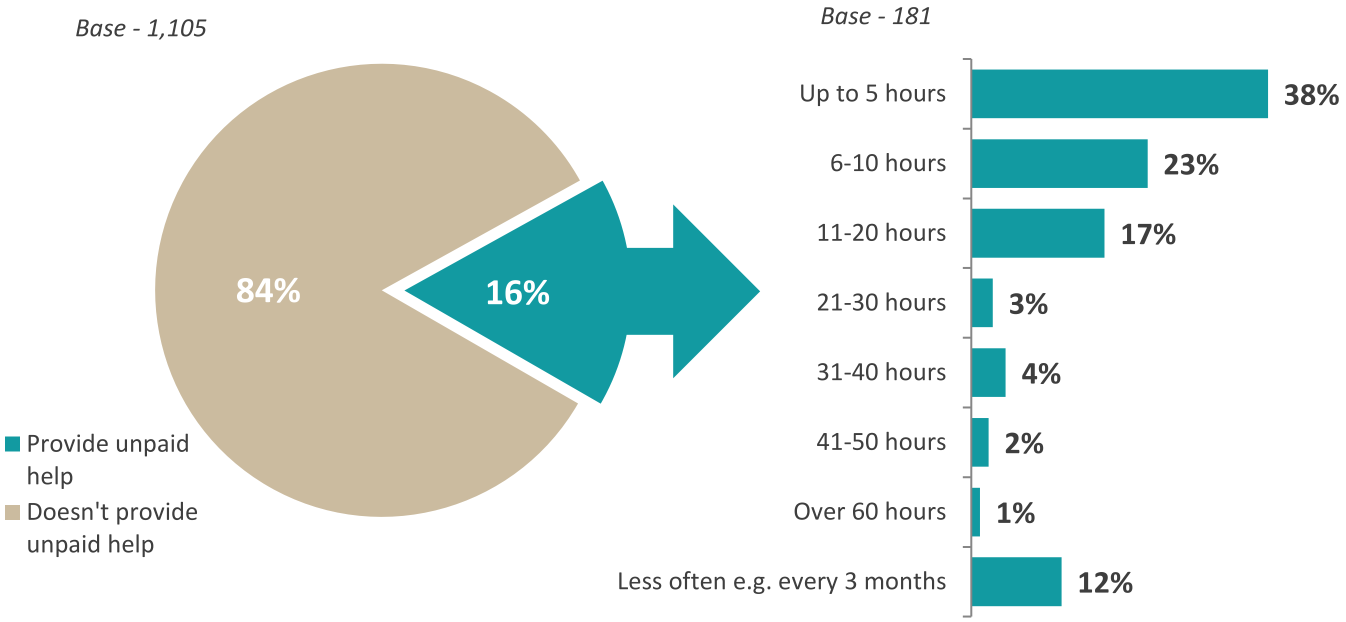
This following sections present the results of the consultation.

Section 1: Volunteering and Community Participation

The County wanted to understand the current level of unpaid help and support within the local community, as well as exploring residents' willingness to provide more voluntary support; alongside any barriers in doing so.

Residents were first asked on average per month, how many hours they spend giving unpaid help to groups, clubs, or organisations in their community that was not a part of any job. Overall, 16% of residents provided unpaid help and support; of which almost two fifths (38%) provided on average 5 hours or less per month.

Figure 1: Residents providing unpaid help and support, and how many hours on average they provide per month



Who are the 16%? To understand the type of people who volunteer, the results were analysed using CACI Insite Geographical Information Software. The software uses a combination of ACORN[1] classification, census data (2011) and other national data sources to provide a better understanding of populations. Residents who said they volunteered were profiled against those who didn't volunteer to assess is there were any differences in these two groups.

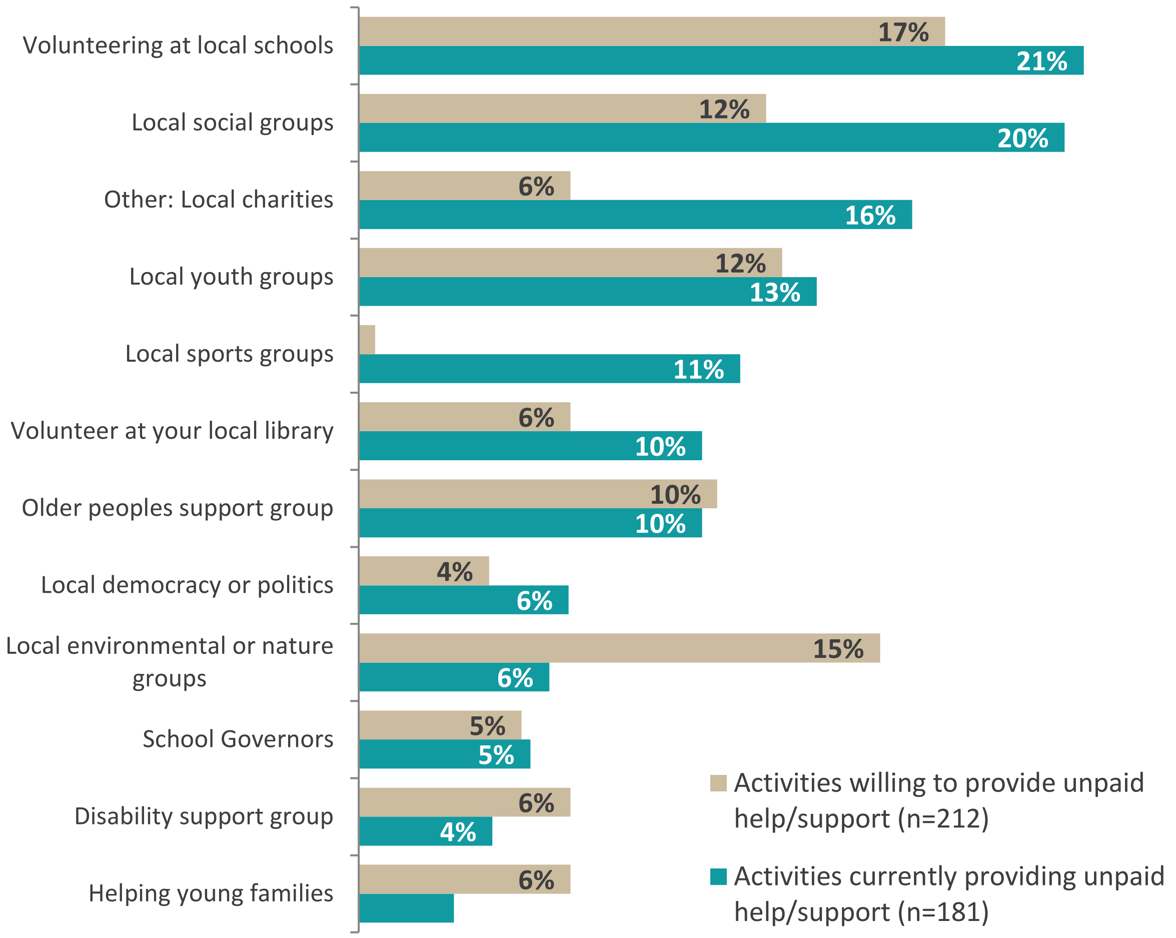
[1] Acorn is a classification system that segments the UK population by analysing demographic data, social factors, population and consumer behaviour. Acorn is broken down into three tiers; 6 categories, 18 groups and 62 types. Acorn provides valuable insight into helping to target and understand the attributes of households and postcodes areas.

Results showed that the age structure and household size was fairly similar to those that didn't volunteer, although there were less lone parent families; which could indicate a more stable family structure. Residents who said they volunteered were more likely to live in detached homes, and much less likely to be renting their homes (specifically social rented). Residents who volunteered were also more likely to have higher levels of income compared to those who didn't volunteer and be on a higher social grade.

Activities supported

Residents who provided unpaid help were asked what activities they currently support. A fifth (21%) gave their time at local schools; this was followed by 'local social groups' at 20%. Other common responses were local charities or church groups at 16% and local youth groups at 13%. All residents were then asked if they would be willing or able to provide more of their time to support activities in their local community. The majority (88%) said 'no', they wouldn't be willing to provide additional time. Of those that were willing, 17% said they could provide more time volunteering at local schools and 15% stated 'Local environmental or nature groups'.

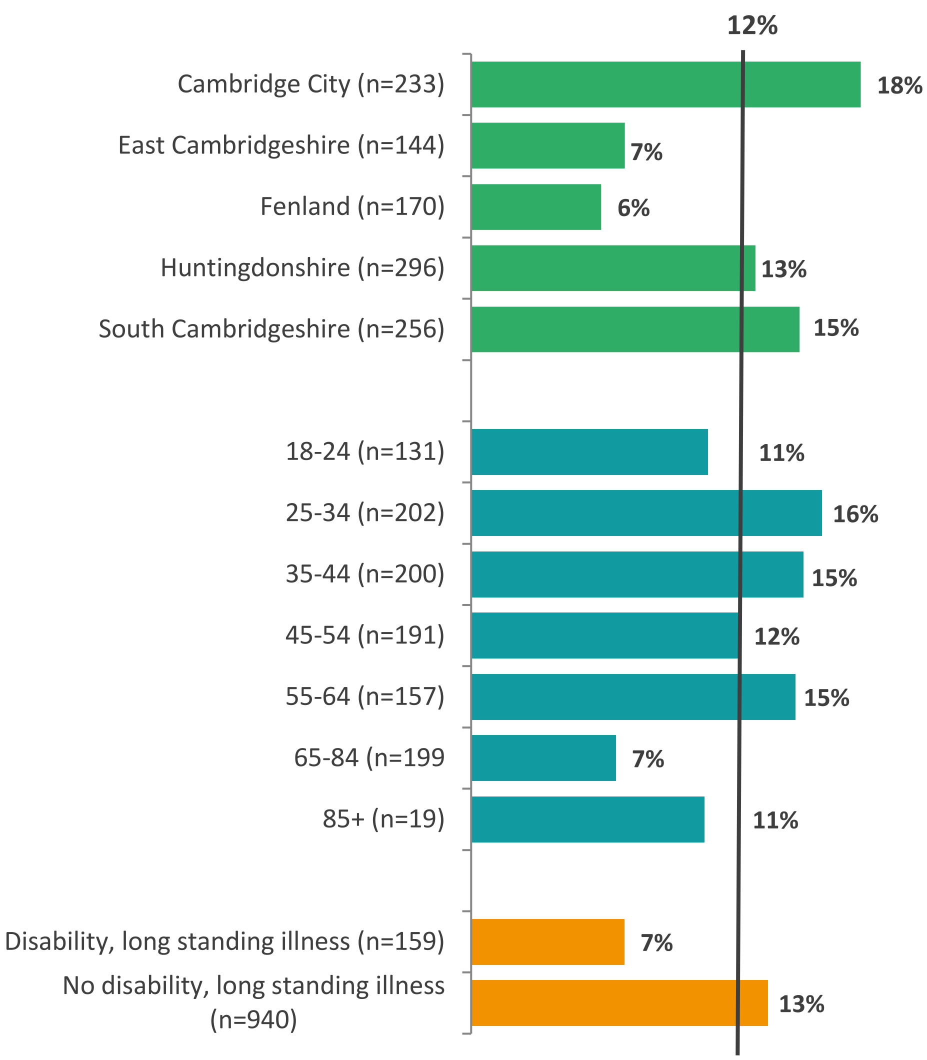
Figure 2: Current unpaid help and support provided and willingness to provide more time by activity



Sub-group analysis shows that there are some significant differences by those unwilling or unable to provide more unpaid help than they currently do:

	Significantly less residents in Fenland and East Cambridgeshire were willing to provide more unpaid time compared to residents living in the other districts.
	Significantly more residents aged 65-84 were not willing to provide more unpaid time compared to the other age groups, specifically those falling into the 25-44 and 55-64 age groups.
	Those with a disability or long standing illness were significantly more likely to not want to provide more unpaid time than they already do.

Figure 3: Those willing or able to provide more unpaid help than they currently do by district, age group and disability status



Residents were then asked what they think the top three reasons were that stops residents from getting involved in helping to support the community, as well as themselves personally.

- Just over eight out of ten (82%) residents felt that a lack of time (for both communities and individuals) stopped people generally getting involved. This was also the top reason selected for residents personally, with 73% stating this.
- 'Not knowing what opportunities are available' was the second most commonly stated barrier for both people generally and for the residents themselves at 40% and 23% respectively.
- The third most stated reason for people in general, was the unwillingness amongst communities and individuals (31%)
- The third most stated reason for residents personally was a combination of reasons such as their health limits their involvement or that they were too old (22%).

Table 1: Top 3 reasons that stop people in general and the resident personally from getting involved in helping to support the community

	People in General (n=1,101)		You personally (n=1,099)	
	Count	%	Count	%
Lack of time (for communities and individuals)	906	82%	804	73%
Not knowing what opportunities are available	444	40%	249	23%
Other (health issues, too old)	45	4%	236	22%
Unwillingness among communities and individuals	336	31%	54	5%
Lack of money / funding	148	13%	53	5%
Lack of community facilities	93	8%	39	4%
Community volunteering already at capacity	36	3%	30	3%
Don't know	104	9%	21	2%
Trust within communities	31	3%	15	1%
Trust between communities and the council	15	1%	7	1%

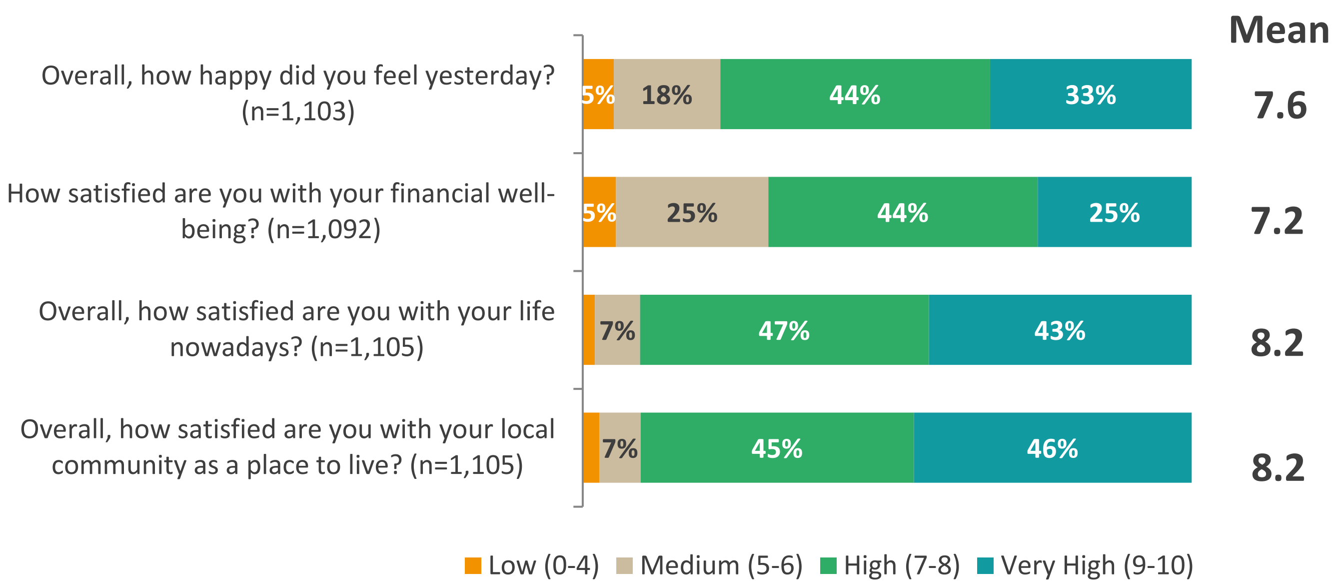
Section 2: Quality of Life

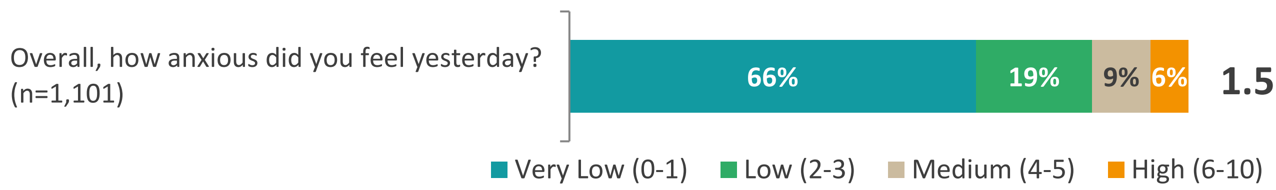
The County wanted to understand the relationship between people's quality of life and how this is related to the County Council and the services they provide.

Residents were asked to respond on a scale of 0 to 10, where 0 is "not at all" and 10 is "completely" to a set of questions. These ratings are then banded into low, medium, high and very high. Mean scores were produced for all five personal well-being questions. The fifth measure, relating to feeling anxious, is presented in a separate chart due to the banded response ratings being different (very low, low, medium, high)

- Residents reported high levels of satisfaction with their local community as a place to live and with their life nowadays; both measures scored a mean of 8.2 (out of 10).
- Levels of happiness scored slightly lower, with 77% rating this as 'high' or 'very high', this measure scored a mean score of 7.6, and which is just above the national average (7.5).
- Satisfaction with financial wellbeing scored the lowest with 70% rating this as 'high' or 'very high' – and with a mean score of 7.2.
- The majority (84%) reported 'low' to 'very low' levels of anxiety; this measure scored a mean of 1.5 which is well below the national average of 2.9.

Figure 4: Results and average (mean) ratings across five measures of personal well-being





Further analysis was carried out to understand if residents who said they volunteered reported any variations in perceptions in their quality of life compared to those who didn't volunteer (please see Table 2 overleaf). There were no significant variations, but generally, **residents who volunteered reported higher levels** of happiness, satisfaction with financial wellbeing, their life nowadays, their local community as a place to live and lower levels of anxiety.

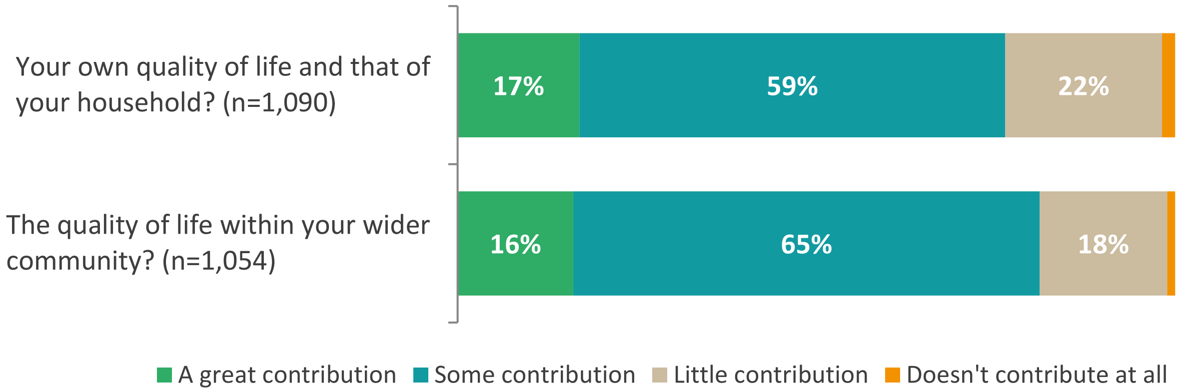
Table 2: Personal wellbeing by resident who volunteered

		Very Low (0-4)	Medium (5-6)	High (7-8)	Very High (9-10)	High or very high
Sat with your local community as a place to live	Don't volunteer	3%	7%	46%	45%	**90%**
	Volunteer	1%	7%	41%	51%	**92%**
Sat with your life nowadays	Don't volunteer	2%	8%	48%	42%	**90%**
	Volunteer	1%	6%	46%	47%	**93%**
Sat with your financial wellbeing	Don't volunteer	5%	26%	46%	23%	**69%**
	Volunteer	8%	19%	36%	37%	**72%**
How happy did you feel yesterday?	Don't volunteer	6%	18%	45%	32%	**77%**
	Volunteer	2%	17%	41%	39%	**81%**
		Very Low (0-1)	**Low (2-3)**	**Medium (4-5)**	**High (6-10)**	**Very low or low**
How anxious did you feel yesterday?	Don't volunteer	66%	18%	10%	6%	**84%**
	Volunteer	64%	23%	7%	7%	**87%**

Residents were then asked how much County Council services contributed to their own lives and to that of the wider community.

Results show that residents believe that County Services provide slightly more of a contribution to the wider community with 81% stating either 'a great' (16%) or 'a small' (65%) contribution. This is compared to 76% stating that the County Services has an 'a great' (17%) or 'a small' (59%) contribution towards the quality of their own lives.

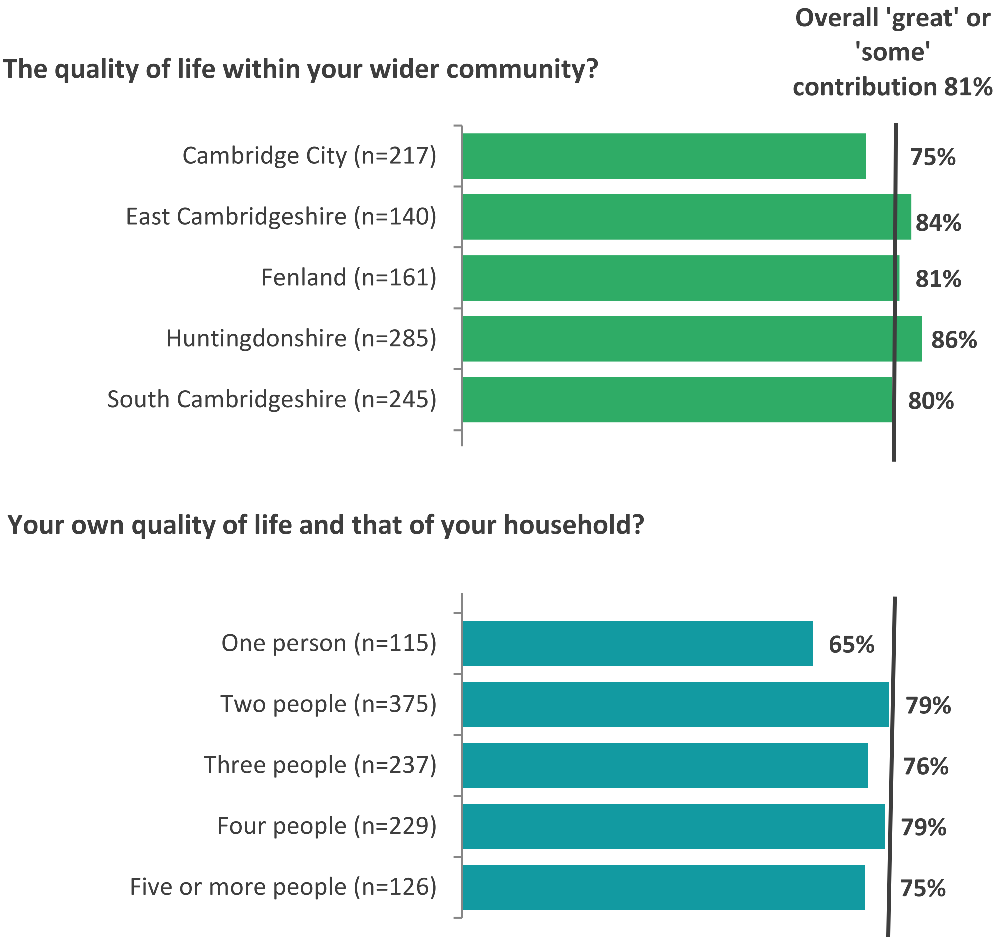
Figure 5: How much County Council services contribute to their own lives and to that of the wider community?



Sub-group analysis shows that there are some significant differences between the level of contribution County Services have on the wider community and of that of the household (results are also presented graphically in Figure 6 and compares this against the overall figure):

	Residents in Huntingdonshire were significantly more likely to feel that County Services have a ‘great’ or ‘some’ contribution to the quality of life in the wider community, compared to residents from Cambridge City.
	One person homes were significantly less likely to feel that the County Services contribute ‘greatly’ or ‘somewhat’ towards residents own quality of life and that of their household.

Figure 6: Those stating County Services has a ‘great’ or ‘some’ contribution to the quality of the wider community and of the residents own life and household by district and household size



Section 3: Meeting & dealing with increasing demand

In order for the County Council to respond to increasing demand within its limited resources they are considering a number of business plan proposals for 2018. These approaches focus on the following;

- Improving and increasing support to prevent people from needing more costly services later on;
- Changing the way services are designed and then paid for by the Council (commissioned) in order to save money;
- Becoming a more commercial Council by seeking new opportunities to earn money or putting some services on to a commercial footing;
- Changing the way some services are charged for or how regulations are enforced;
- Sharing more services or job roles with other Councils or other public bodies;
- Making the best use of modern technology to support people to be more independent.

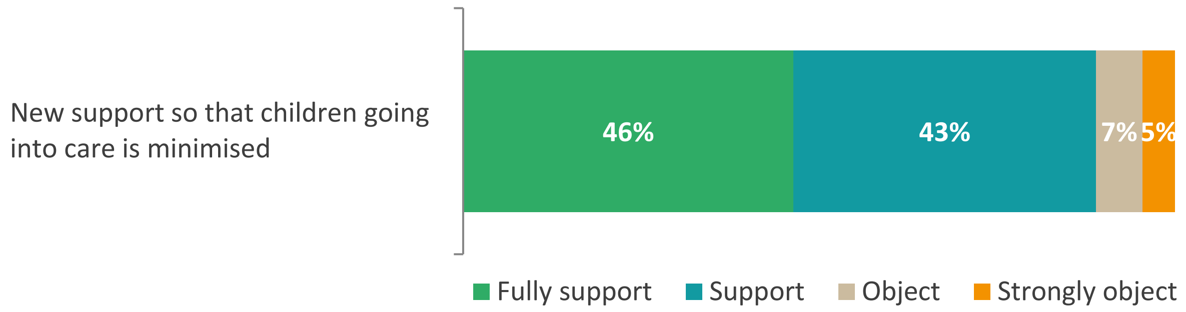
Residents were provided with a showcard which listed eleven approaches the council is considering and were asked how strongly they supported each of them. Below presents the results for each approach and any significant variations by sub- groups.

New support so that children going into care is minimised

Almost nine out of ten (89%) residents either 'fully supported' (46%) or 'supported' (43%) the proposal that the County could provide new support so that children going into care is minimised. Only 11% objected to this proposal.

Figure 7: Level of agreement

Base – 1,054



Sub-group analysis shows that there are some significant differences between the level of support for this proposal by district and whether there were children in the home.

Residents in Cambridge City were significantly more likely to support this idea (95%), followed by those living in Fenland (93%). Results were analysed by household size and whether there were children in the home.

There were significantly fewer homes with two people in Cambridge City (28%), compared to those in Fenland (41%).

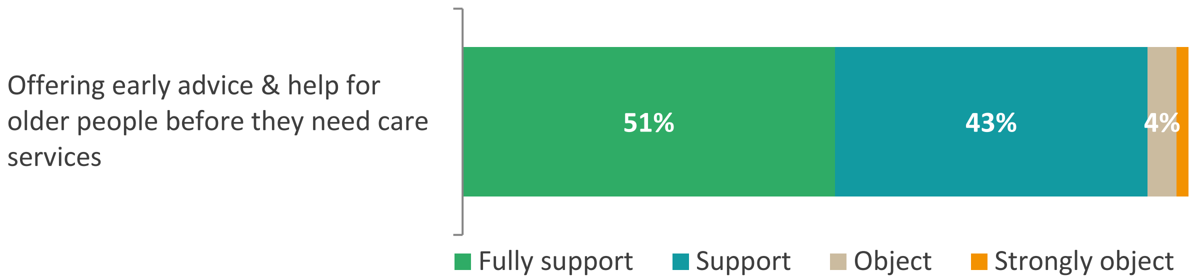
Significantly more residents with children in the home (95%) supported this idea, compared to those without children in the home (89%).

Offering early advice and help for older people before they need care services

The majority (94%) of residents either ‘fully supported’ (51%) or ‘supported’ (43%) the proposal that the County could offer early advice and help for older people before they need care services. Just 6% objected to this proposal.

Figure 8: Level of agreement

Base – 1,099



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by district and gender.

Residents in Cambridge City were significantly more likely to support this idea (98%) compared to the other four Districts.

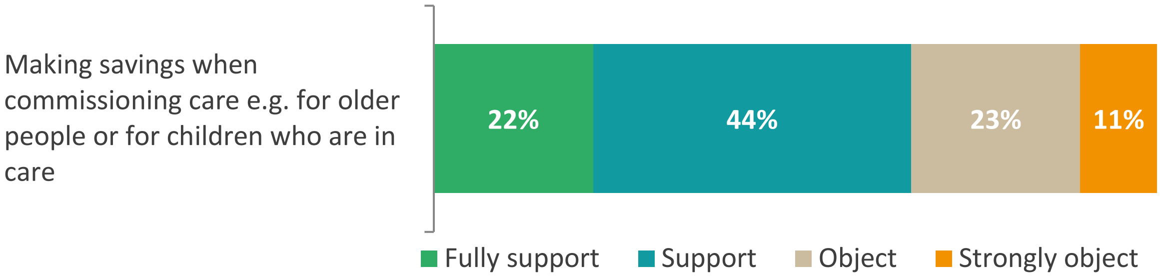
Women were significantly more likely to support this proposal compared to men, at 96% and 93% respectively.

Making savings when commissioning care, for example for older people or for children who are in care

Two thirds (66%) of residents either 'fully supported' (22%) or 'supported' (44%) the proposal that the County could make savings when commissioning care, whilst around a third (34%) objected to this idea.

Figure 9: Level of agreement

Base – 1,027



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by age group, gender and whether there were children in the home.

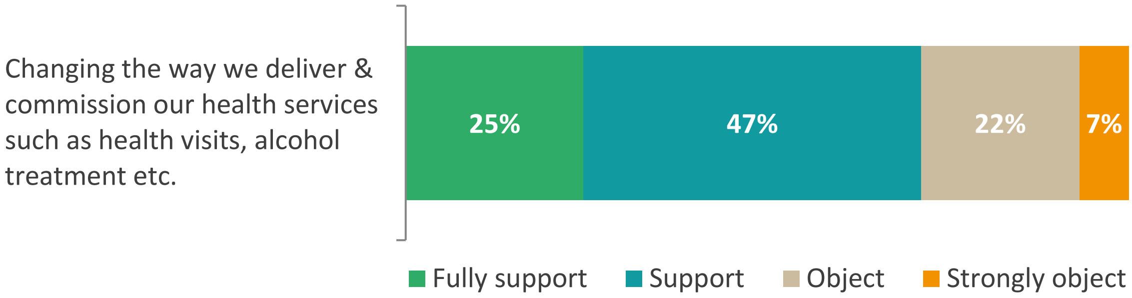
	As age increased, the level of support for this proposal significantly decreased, for example 77% of the 18-24 age group supported this idea, compared to 57% of the 55-64 age group.
	Men were significantly more likely to support this proposal compared to women at 69% and 63% respectively.
	Significantly more residents with children in the home (68%) supported this idea, compared to those without children in the home (66%).

Changing the way we deliver & commission our health services such as nursing, health visits, sexual health, and drug & alcohol treatment

Just over seven out of ten (71%) residents either 'fully supported' (25%) or 'supported' (47%) the proposal that the County could change the way they deliver and commission some health services. Almost three out of ten (29%) objected to this idea.

Figure 10: Level of agreement

Base – 894



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by age group, disability and employment status.

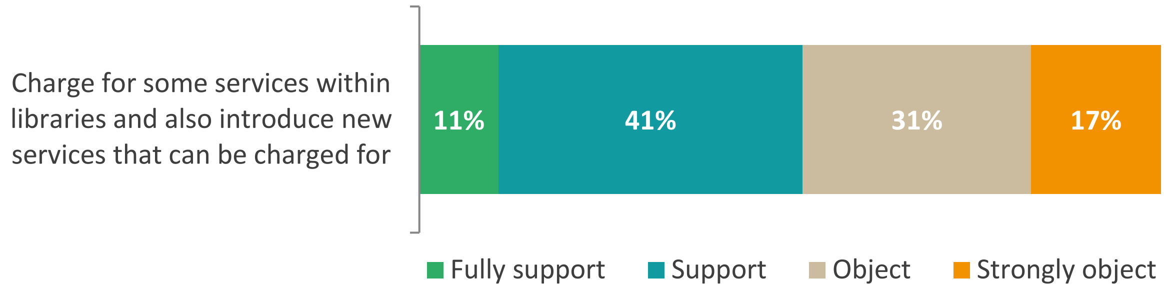
	There were significant variations by age group, with the 55-64 age group more likely to support this idea at 80% compared to 66% of the 45-54 age group and 65% of the 65-84 age group.
	Those with a disability or long standing illness were significantly less likely to support this idea, compared to those without, at 62% and 73% respectively.
	Those in employment were significantly more likely to support this idea (73%) compared to those who are retired (64%).

Charge for some services within libraries and also introduce new services that can be charged for

This proposal had the lowest level of support, with just over half (52%) of residents stating they either 'fully supported' (11%) or 'supported' (41%) the idea for the County to charge for some services within libraries and introduce new services that can be charged for. Just under a half (48%) of residents either 'objected' (31%) or 'strongly objected' (17%) this idea.

Figure 11: Level of agreement

Base – 1,075



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by district, age group and household size.

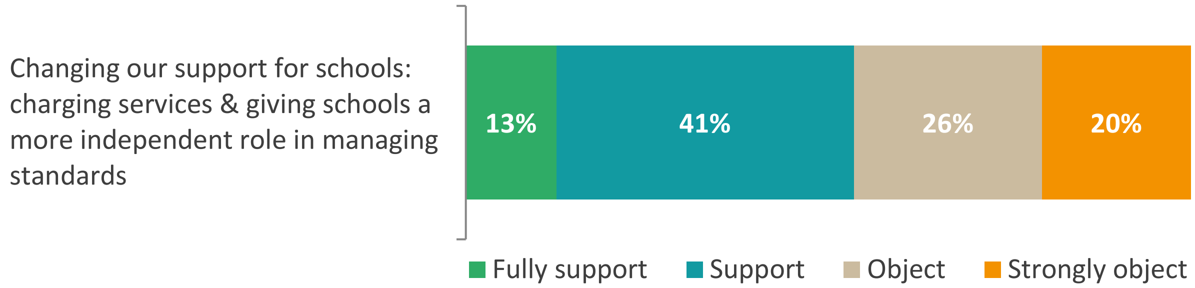
	Residents living in Cambridge City were more likely to object to this idea at 59%, compared to the other districts, such as those living in East Cambridgeshire (39%) and Fenland (47%).
	The 18-24 age group was significantly more likely to object to this idea at 63%, compared to those aged 25 and older (ranging from 42% to 52% objecting).
	Those living in homes with three people were significantly more likely to object to this idea (55%) compared to those living in one and two person homes at 43% and 44% respectively. There were no significant variations by whether children were in the home.

Changing our support for schools: charging for some services and giving schools a more independent role in managing standards

This proposal had the second lowest level of support from residents; 54% stated they either ‘fully supported’ (13%) or ‘supported’ (41%) this idea. Just under half (46%) of residents either ‘objected’ (26%) or ‘strongly objected’ (20%) to this proposal.

Figure 12: Level of agreement

Base – 1,031



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by district and gender.

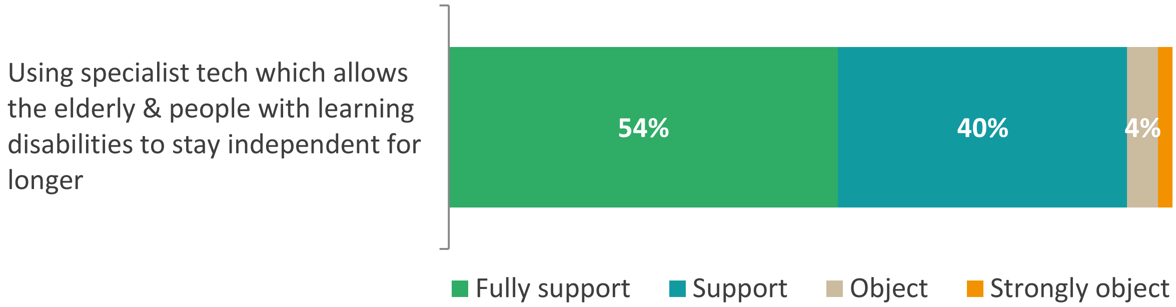
	Residents living in Cambridge City (49%) and Huntingdonshire (50%) were more likely to object to this idea, compared to the other districts, such as those living in East Cambridgeshire (38%).
	Men (50%) were significantly more likely to object to this proposal, compared to women (43%).

Using specialist technology which allows the elderly and people with learning disabilities to stay independent for longer

The majority (94%) of residents either ‘fully supported’ (54%) or ‘supported’ (40%) the proposal that the County could use technology to help the elderly and people with learning disabilities to stay independent for longer. Just 6% objected to this proposal. There were no significant variations by socio-demographics.

Figure 13: Level of agreement

Base – 1,094

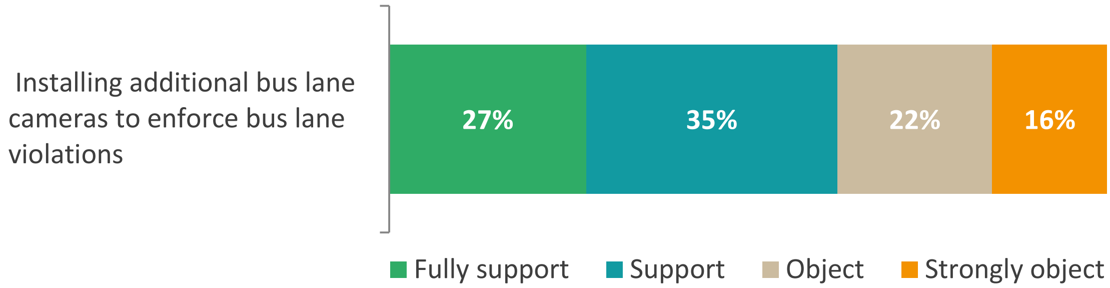


Installing additional bus lane cameras to enforce bus lane violations

Around two thirds (62%) of residents either 'fully supported' (27%) or 'supported' (35%) the proposal for the County to install additional bus lane cameras to enforce bus lane violations. Just under two fifths (38%) objected to this idea.

Figure 14: Level of agreement

Base – 1,069



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by district, age group and working status.

Residents living in Cambridge City (71%) were more likely to support this idea, compared to the other more rural districts, such as those living in Fenland (57%), Huntingdonshire (62%) and South Cambridgeshire (57%).

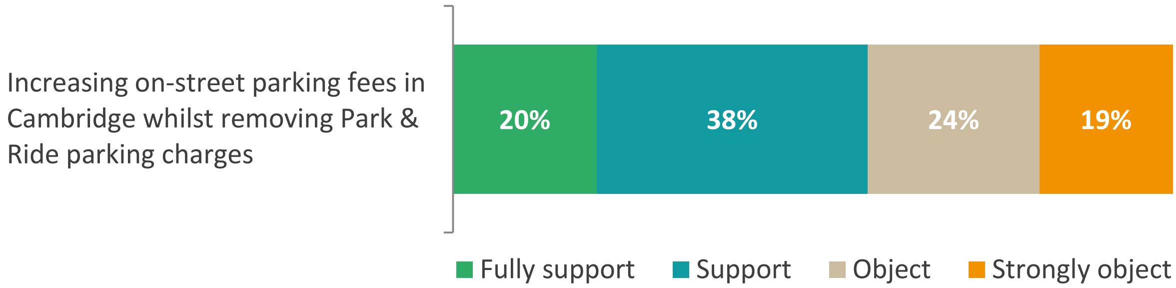
	Those aged 45-64 were least likely to support this proposal, with just over half (45-54 age group at 52% & 55-64 age group at 55%) supporting this, compared to the younger (>44 years) and older (<65 years) age groups (ranging from 62% to 71% supporting this idea).
	Residents who were retired (68%) were significantly more likely to support this idea, compared to those who were in employment (57%)

Increasing on-street parking fees in Cambridge whilst removing Park & Ride parking charges

This was the third least supported proposal, with 58% stating they either ‘fully supported’ (20%) or ‘supported’ (38%) the idea that the County could increase on-street parking fees in Cambridge whilst removing Park & Ride parking charges. Just over two fifths (42%) objected to this idea.

Figure 15: Level of agreement

Base – 1,048



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by district, age group, working status and household size.

	Residents living in East Cambridgeshire (67%) were significantly more likely to support this idea, compared to those living in Huntingdonshire (52%).
	The younger age groups were significantly more likely to object to this proposal compared to the older age groups. For example, 31% of the 65-84 age group, objected compared to 58% of the 18-24 age group.

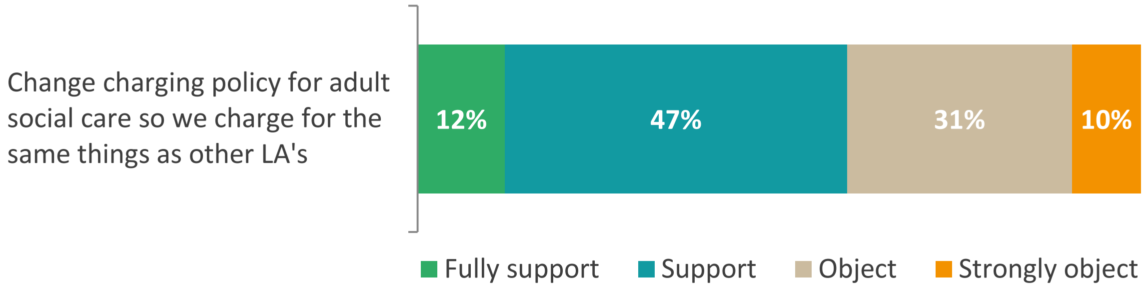
	Residents who were in employment (46%) were significantly more likely to object to this idea, compared to those who were retired (32%).
	The larger the household size the more likely they were to object to this idea. For example, 49% of homes with three people in them objected, compared to 36% of homes with one person resident.

Change charging policy for adult social care so we charge for the same things as other local authorities (some families would pay more)

Almost six out of ten (59%) residents either 'fully supported' (12%) or 'supported' (47%) the Counties proposal to change their charging policy for adult social care. Just over two fifths (41%) objected to this proposal.

Figure 16: Level of agreement

Base – 963



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by district and household size.

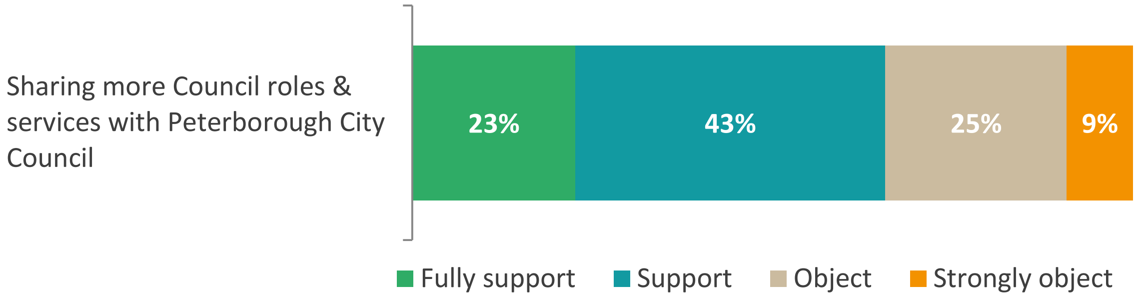
	Residents living in Fenland (65%) were significantly more likely to support this idea compared to those living in Cambridge City (53%).
	The larger the household, the less likely they were to support this proposal. For example those living in homes with one person (67%) were significantly more likely to support the proposal, compared to those in homes of five or more people (51%).

Sharing more Council roles & services with Peterborough City Council

Two thirds (66%) of residents either ‘fully supported’ (23%) or ‘supported’ (43%) the proposal that the council could share roles and services with Peterborough City Council. Around a third (34%) objected to this idea.

Figure 17: Level of agreement

Base – 1,003

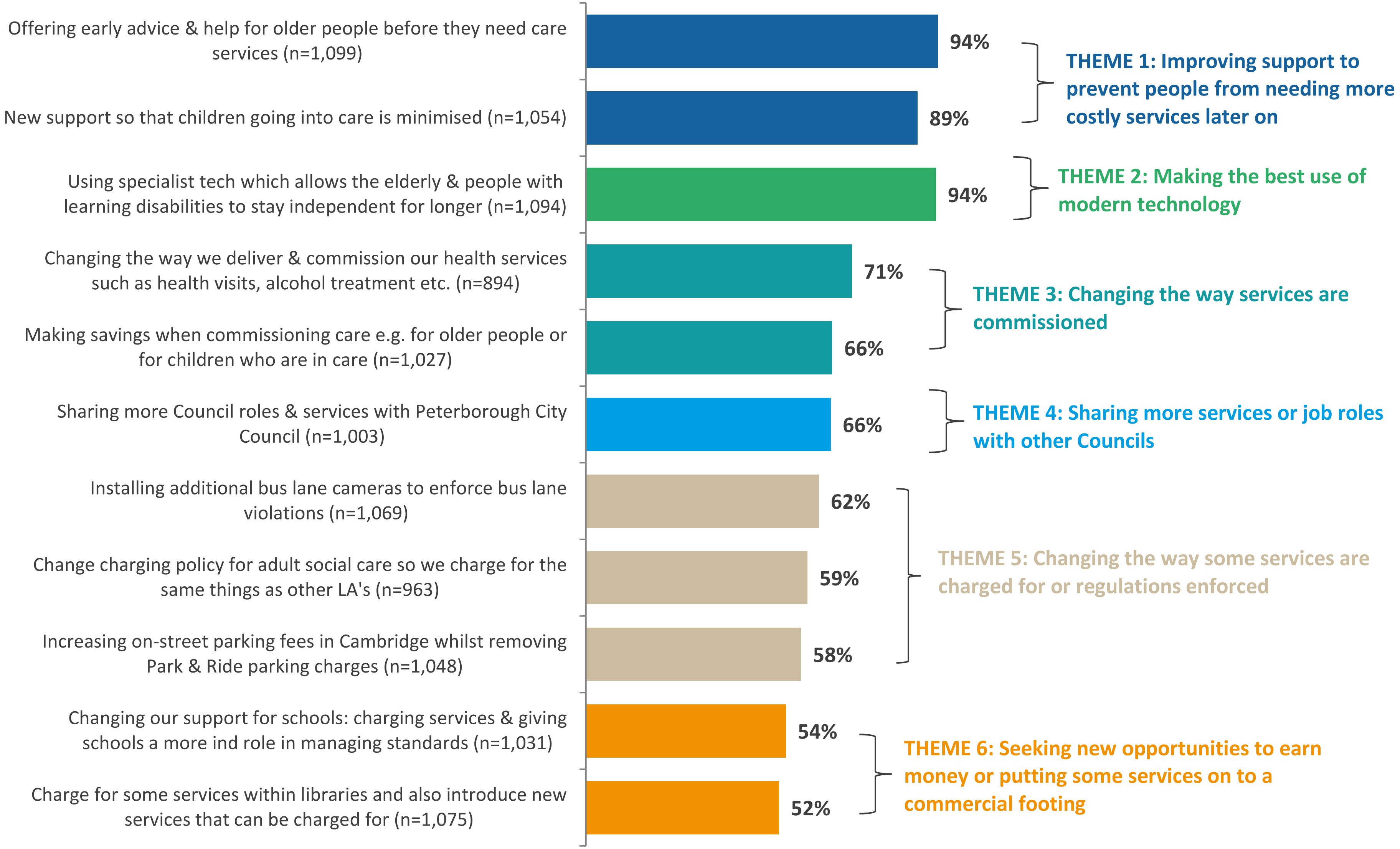


Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by district and age group.

	Residents living in Fenland (80%) were significantly more likely to support this idea compared to those living in the other districts (support ranged from 57% in Cambridge City, to 66% in Huntingdonshire).
	The 25-34 age group (70%) were significantly more likely to support this proposal compared to those aged 65-84 (59%).

Figure 18 overleaf, presents a summary of the level of agreement for each approach and groups each of these into six key themes. Preventative measures are more highly favoured by residents, such as offering early advice and help, whilst approaches that incurred some form of charge or suggested services become more commercial were least favoured.

Figure 18: Summary of the level of support for each approach and grouped by theme (% stating support or fully support)



All residents were offered the opportunity to provide any further comments on the proposals, such as any perceived impacts, innovation to the ideas etc. Of those that provided a response, the main comments focused on the following:

- Education and schools need more funding and support

"Schools standards are currently low, and they need more funding to upgrade."

"They should spend more for kids and the elderly."

"Education needs out extra help and support."

- Improve infrastructure

"Better road infrastructure needed, safe parking for bicycles and more parking at station. Easier public transport access to town and cheaper."

"We need to invest in transport infrastructure and housing for young and low income groups."

"More cycle ways between Alconbury and Hunttingdon will be good."

- Health care needs more funding and support

"Changes are important, but health services need extra support."

"Social care and the NHS need more money."

"It is important that we fund schools and health services, but we can cut on luxury services but not the essentials."

Section 4: Council tax

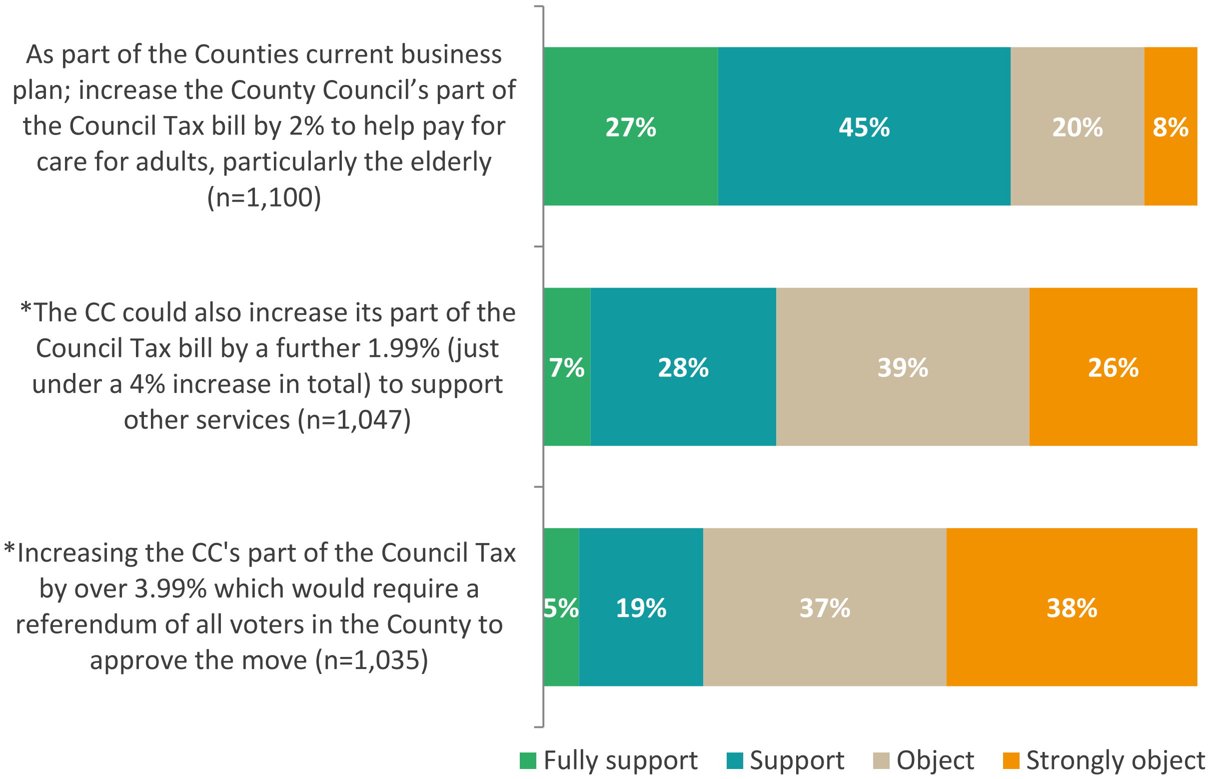
The final section focused on residents' willingness to accept an increase in council tax.

Residents were asked a set of options focusing on increasing Council Tax rates, it should be noted that the options marked with a '*' are not included in current business plan and was only asked to assess residents views on this.

There are clear variations in the level of support between increasing Council Tax by just 2% compared to increasing this above 2%.

- Just over seven out of ten (71%) either 'fully supported' (27%) or 'supported' (45%) an increase in Council Tax by 2%. Almost three out of ten (29%) objected to an increase of 2%.
- Just over third (36%) of residents either 'fully supported' (7%) or 'supported' (28%) an increase of a further 1.99% (totalling of 3.99% increase) in Council Tax. Two thirds (64%) objected to this idea.
- Almost a quarter (24%) of residents either 'fully supported' (5%) or 'supported' (19%) an increase of over 3.99% in Council Tax, whilst almost eight out of ten (76%) objecting to this idea.

Figure 19: Level of support



Sub-group analysis shows that there are some significant differences between the levels of support for this proposal by district, age group, disability or long term illness status, working status, household size and those who are carers.

Residents living in Fenland (72%) were significantly more likely to object to the idea of increasing the Council Tax bill by just under 3.99%, compared to those in East Cambridgeshire (57% objecting).

Following similar trends to the above, residents in Fenland (83%) were significantly more likely to object to an increase in Council Tax above 3.99%, compared to those living in East Cambridgeshire (72%) and Huntingdonshire (71%).

The 18-24 age group (78%) were significantly more likely to support an increase of 2% in Council Tax, compared to those aged 35-44 (67%).

Those without a disability or long standing illness (74%) were significantly more likely to support an increase of 2% in Council Tax, compared to those with a disability or long standing illness (60%).

Following similar trends to the above, those without a disability or long standing illness (38%) were significantly more likely to support an increase in the Council Tax bill by just under 3.99%, compared to those with a disability or long standing illness (24%).

Again, those without a disability or long standing illness (26%) were significantly more likely to support an increase in the Council Tax bill by over 3.99%, compared to those with a disability or long standing illness (16%).

Residents who were working (73%) were significantly more likely to support an increase of 2% in Council Tax, compared to those who are looking after the home or family (61%).

Residents living on their own (76%) were significantly more likely to object an increase in the Council Tax bill by just under 3.99%, compared to those living in homes of two or more people (ranging from 62% for two person homes, to 65% for homes with three people).

Residents who classified themselves as carers (34%) were significantly more likely to support an increase in the Council Tax bill by over 3.99%, compared to those who aren't carers (24%).

Further analysis was carried out on the level of support for increases to council tax by whether residents volunteered (please see Table 3 overleaf). Resident who said they volunteered were significantly more likely to 'support' or 'fully support' the options to increase council tax, compared to those who didn't volunteer.

Table 3: Council Tax increase options by resident who volunteered

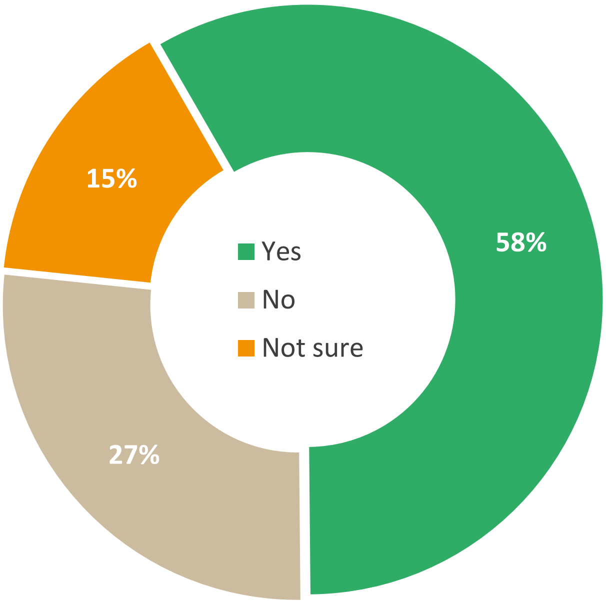
		Support or fully support	Object or strongly object
Increase the County Council's part of the Council Tax bill by 2% to help pay for care for adults, particularly the elderly	Don't volunteer	69%	31%
	Volunteer	83%	17%
Increase its part of the Council Tax bill by a further 1.99% (just under a 4% increase in total) to support other services	Don't volunteer	34%	66%
	Volunteer	46%	54%
Increasing the County Council's part of the Council Tax by over 3.99% which would require a referendum of all voters in the County to approve the move	Don't volunteer	23%	77%
	Volunteer	31%	69%

Nationally, some councils are considering schemes that allow people to pay an extra voluntary contribution to services together with their regular Council Tax bill. This is aimed at better off households. Residents were asked if they supported this idea.

Almost six out of ten (58%) residents said yes they support this idea, 27% said no and 15% were unsure.

Figure 20: Support for a voluntary tax contribution

Base – 1,105



	Significantly more residents living in Cambridge City (67%) agreed with an additional voluntary Council Tax contribution, compared to those living in Fenland (51%) and Huntingdonshire (53%).
	Women (62%) were significantly more likely to have agreed with this, compared to men (54%).
	The younger age groups were significantly more (18-24 at 60% and 25-34 at 68%) likely to agree with an additional voluntary Council Tax contribution. This is compared to those aged 35 years and over (agreement was 57% or below across these age groups).

Appendix A: Marked up questionnaire

Appendix A: Marked up questionnaire

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m·e·l research

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 Commercial & Investment (C&I) Committee, and will be informed by the Council's Asset Management Strategy and Investment Strategy. It is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding.

2: Vision and outcomes

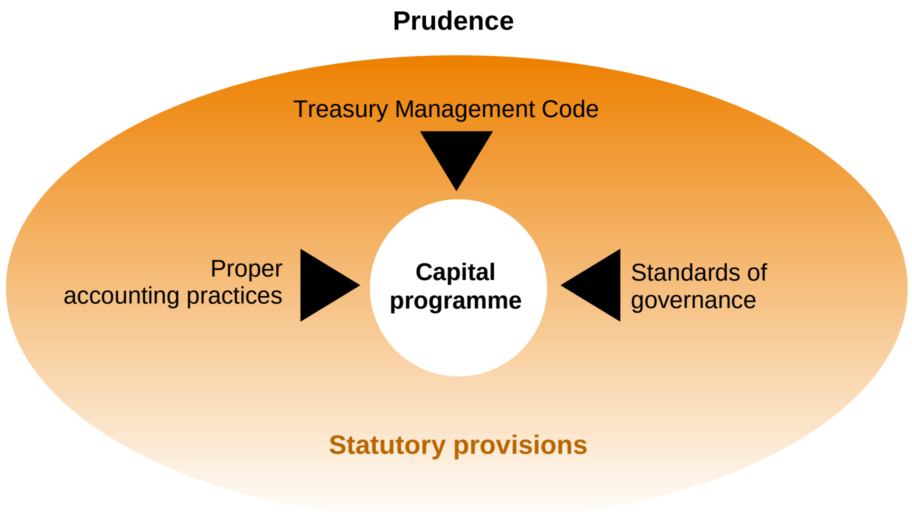
The Council achieves its vision of *"Making Cambridgeshire a great place to call home"* through delivery of its Business Plan which targets key priority outcomes. To assist in delivering the Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'), 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:



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 2017-18) 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 £10,000 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. 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

[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.

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.

Developer Contributions

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 has recovered 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 2018, 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.

Government Grants

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 brought together for the first time the Government's plans for economic infrastructure with those to support delivery of housing and social infrastructure. It included the Pothole Action Fund (new from 2016-17), for which the Council was allocated an additional £1.0m in 2016-17 and £1.2m in 2017-18, 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 acknowledged the development of Northstowe as a major housing site.

In addition to this, the Autumn Statement 2016 announced a National Productivity Investment Fund (NPIF), which will provide an additional £1.1 billion of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks, as well as announcing the intention to consult on lending authorities up to £1 billion at a new local infrastructure rate for three years to support infrastructure projects that are high value for money. In January 2017, the DfT announced individual allocations for 2017-18 from the National Productivity Investment Fund, which allocated to the Council £2.9m for improving the road network and £1.2m for a specific safety scheme on the A1303.

The Autumn Budget 2017 announced a £1.7bn Transforming Cities Fund would be created out of the NPIF in 2018-19 to target projects that drive productivity by improving connectivity, reducing congestion and utilising mobility services and technology. The Cambridgeshire and Peterborough Combined Authority has been allocated £74m from this fund. The Pothole Action Fund will also be allocating a further £51m for 2017-18, however the Council is still waiting to determine what share of this it will receive.

The Budget also announced some key measures in relation to the Cambridge-Milton Keynes-Oxford corridor, including; a commitment to build up to £1m new homes in the area by 2050, £5m to develop the proposals for Cambridge South Station, construction on key elements of the Expressway between Cambridge and Oxford, ready to be open by 2030. Finally, the Budget confirmed the previous intention to introduce a new discounted interest rate that will be accessible to authorities for 3 years to support up to £1bn of infrastructure projects that are 'high value for money'.

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 initial 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 related to funding for demographic pressures and new communities, i.e., infrastructure that we have a statutory responsibility to provide, and therefore we had 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.

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 providing data to the DfE in such a way as to maximise our allocation. The new allocations are £25.0m for 2018-19 and £6.9m for 2019-20. 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 also revised the methodology used to distribute condition allocations in 2015/16, in order to target areas of highest condition need. A floor protection was put in place to ensure no authority received more than a 20% cut in the level of funding until 2018. The £1.2m reduction in allocation for Cambridgeshire for 2015-16 hit this floor; therefore from 2018 it is anticipated that the Council's funding from this area will reduce further, although confirmation of this will not be received until March 2018.

The National Infrastructure Delivery Plan commits to investment of £23bn over the period 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. To date, the Government has agreed to fund 8 new free schools within Cambridgeshire, however – partly due to the location of the schools not always being where there is a basic need issue – these schools are only a small step towards fully funding the county's demographic need. However, the DfE announced in October 2017 an additional £100m funding stream called the Healthy Pupil Capital Fund which will be available for schools to provide physical education and after-school activities, as well as to support healthy eating, mental health and well-being and medical conditions. The Council is yet to determine how much of this fund it will receive for 2018-19.

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 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 Highways Maintenance increase in part replaced 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 a Challenge Fund and an Incentive Fund. The Challenge Fund is to enable local authorities to bid for major maintenance projects that are otherwise difficult to fund through the normal maintenance funding. The Council entered a joint bid with Peterborough City Council for a £5m share of this funding, which it was awarded in April 2017. The Incentive Fund is 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 3 being the highest performing). The Council has successfully achieved Band 3, for 2017-18, which provides the maximum available funding (£13.3m). The deadline to submit the self-assessment for 2018-19 is 2nd February 2018.

Moving forward, the recently formed Combined Authority (CA) has taken on the responsibilities of the local highway authority and therefore the CA now receives DfT funding designated to the local highway authority, instead of the Council. It is anticipated that it will then commission the County Council to carry out the required works on the highway network.

<u>External Pressures</u>

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 in order to 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 increases 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. One of the Council's most significant newly created partnerships is between the Council, Cambridgeshire's city and district councils, Peterborough City Council and the Greater Cambridge / Greater Peterborough Local Enterprise Partnership (LEP) to set up a Combined Authority for Cambridgeshire and Peterborough in order to deliver the region's devolution deal; this was agreed by all member authorities in November 2016 and had already previously been backed by the LEP. The proposal included;

- A new £20m annual fund for the next 30 years to support economic growth, development of local infrastructure and jobs,
- A £100m housing fund, and
- A new £70m fund to be used to build more council rented homes in Cambridge.

The Mayoral Combined Authority is now in place, following Mayoral elections in May 2017.

The Council has also 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.

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 worked with the Greater Cambridge / Greater Peterborough 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 DfT to agree a funding package for improvements to the A14 between Cambridge and Huntingdon, which was secured with work having started in Autumn 2016. The Council will continue with this approach where infrastructure improvements are shown to have widespread benefits to our partners.

The Greater Cambridge / Greater 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. The Autumn Statement 2016 announced a third round of growth deals; the individual allocation for the Greater Cambridge / Greater Peterborough LEP was announced in January 2017 as an additional £37m.

The One Public Estate (OPE) group has replaced the Making Assets Count (MAC) programme as one of the key partnerships in relation to the overarching Capital Strategy. Like MAC, OPE 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. Before it ceased, MAC successfully led bids to Wave 3 of DCLG's One Public Estate programme, securing up to £0.5m 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.

Due to the introduction of the Community Infrastructure Levy (CIL) on all but large scale developments, the Council also works more closely with the city and district councils on the creation of 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 or recently 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
- OPE projects, being delivered in conjunction with OPE 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 C&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 requires 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 for the provision of back office accommodation.

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 initially specified in an outline Business Planning Proposal, and then a Capital Business Case as the proposal becomes more developed. 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 Business Case, 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.

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 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 3 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 also extended the cross-cutting approach to delivering the Business Plan introduced for the 2016-17 process, by introducing the transformation fund. This is an alternative cross-cutting approach, designed to ensure we maximise opportunities across the Council and with partners to deliver services in a different way. For further detail on this approach, please see section 3 of the Medium Term Financial Strategy (Section 2 of the Business Plan). 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 Treasury Management in the Public Services Code 2017 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 is 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.

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government would allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. As part of the 2017-18 Business Plan, the Council decided to use this flexibility to fund transformational activity, and as a result, prudential borrowing undertaken by the Council for the years 2017-18 to 2021-22 will be £2.3m higher in each respective year. This is expected to create additional Financing costs in the revenue budget of £146k each year. For further information, please see the Flexible Use of Capital Receipts Strategy contained within chapter 3 of the MTFS (Section 2).

In addition, the Council also amended its accounting policy for 2017-18 to include the capitalisation of the cost of borrowing within all schemes; this has helped the Council to better reflect the cost of assets when they actually become operational. Although the capitalised interest will initially be held on a Service basis within the Capital Programme, the funding will ultimately be moved to the appropriate schemes each year once exact figures have been calculated.

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. These feed into the Integrated Report which is scrutinised by CPB, submitted to 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. 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 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 is also implementing a post-implementation review process for any significant schemes (schemes over £1m, or for schemes between £0.5m and £1m where the variance is more than 20%) in order to ensure that the Council learns from any issues encountered and highlights and follows best practice where possible. In addition, the Board can request for a review to be completed on any scheme where it is thought helpful to have one.

13: Summary of the 2018-19 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 (£570m)
- Housing Provision (£184m)
- Commercial Investment Portfolio (£100m)
- Major road maintenance (£83m)
- Ely Crossing (£36m)
- Rolling out superfast broadband (£36m)
- A14 Upgrade (£25m)
- Shire Hall Relocation (£17m)
- King's Dyke Crossing (£14m)
- Integrated Community Equipment Service (£13m)
- Waste Facilities – Cambridge Area (£8m)
- Soham Station (£7m)
- Cambridgeshire Public Services Network Replacement (£6m)

- Cambridge Cycling Infrastructure (£5m)
- Abbey - Chesterton Bridge (£5m)
- MAC Joint Highways Depot (£5m)
- Development of Archive Centre premises (£5m)

The 2018-19 ten-year Programme, worth £804.9 million, is budgeted to be funded through £608.3 million of external grants and contributions, £122.0 million of capital receipts and £74.7 million of borrowing. This is in addition to an estimated previous spend of £609.1 million 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 £26.0 million in 2018-19, increasing to £38.5 million by 2022-23.

The 2018-19 Capital Programme includes the following Invest to Save / Invest to Earn schemes:

Scheme	**Total Investment (£m)**	**Total Net Return (£m)**
Housing Provision	184.5	395.2
Shire Hall Relocation	16.6	TBC
County Farms Investment	4.8	3.1
Citizen First, Digital First	3.5	2.5
Energy Efficiency Fund	1.0	0.6
MAC Joint Highways Depot	5.2	0.2
Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	3.6	1.6
Commercial Investments	100.0	217.0
TOTAL	**319.3**	**620.1**

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).
Borrowing costs	**Capital**	Any interest payable on expenditure incurred before the asset is in working condition can be added to the cost of the fixed asset. Any financing costs incurred after that date will be a charge to revenue. CCC is looking to amend its accounting policies in 2017-18 in order to be able to apply this.
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 Treasury Management in the Public Services Code 2017. 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: Capital Programme governance

Development of revenue implications

Development of initial proposals

Progression of schemes from non-CPB approved to approved

Investment Appraisals (IAs) and Business Cases (BCs)

One document completed in two phases to avoid duplication (IA then BC)

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
BC

Finance Support
Assists in building detailed business cases & acts as a critical friend ensuring the BC is fit for CPB submission

Capital Programme Board (CPB)
Reviews IA and BC 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 BCs (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

BCs for new / changed schemes sent to CPB before approval is requested by service committee / in monthly IR&PR

Section 7 – Treasury Management Strategy

Contents

1 Introduction

CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

CIPFA has defined treasury management as “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council has adopted CIPFA’s Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Code). The adoption is included in the Council’s Constitution.

CIPFA Prudential Code for Capital Finance in Local Authorities

The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Local authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc and Accounts).

The CIPFA Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.

Councils are required to set and monitor a range of prudential indicators for capital finance, covering affordability, prudence, capital expenditure, external debt and treasury management, as well as a range of treasury indicators.

Treasury Management Policy Statement

The Council’s Treasury Management Policy Statement is included in Appendix 2. The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

Treasury Management Practices

The Council’s Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.

The Council’s TMPs Schedules cover the detail of how the Council will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually and approved by the Council’s Chief Finance Officer.

The Treasury Management Strategy

It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year.

The Council's Treasury Management Strategy is drafted in the context of the key principles of the Treasury Code, as follows:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

The Treasury Management Strategy incorporates:

- The Council's capital financing and borrowing strategy for the coming year
- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit as required by the Local Government Act 2003.
- The Annual Investment Strategy for the coming year as required by the CLG revised Guidance on Local Government Investments issued in 2010.

The strategy takes into account the impact of the Council's Medium Term Financial Plan (MTFP), its revenue budget and capital programme, the balance sheet position and the outlook for interest rates.

The Treasury Management Strategy for 2018-19 also includes the Council's:

- Policy on borrowing in advance of need
- Counterparty creditworthiness policies

The main changes from the Treasury Management Strategy adopted in 2017-18 are:

- Updates to interest rate forecasts
- Updates to debt financing budget forecasts
- Updates to Prudential and Treasury Indicators

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is shown in Appendix 1.

2: Current Treasury Management position

The Council's projected treasury portfolio position at 31 March 2018, with forward estimates is summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

Any capital expenditure which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life. This is shown in graphical form in Appendix 1. The CFR and borrowing figures include borrowing undertaken or planned for third party loans.

	2017-18 Projected £m	2018-19 Estimate £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
External borrowing						
Borrowing at 1 April	439.0	616.1	713.4	810.4	818.3	836.6
Capital Borrowing Need	53.9	42.2	81.1	3.4	-11.0	-9.2
Loans advanced (repaid) to Housing & Investment Company	113.5	43.1	2.0	-12.9	11.3	-2.7
Actual borrowing at 31 March	**606.3**	**691.7**	**774.7**	**765.1**	**765.3**	**735.5**
CFR – the borrowing need*	**869.3**	**954.6**	**1037.7**	**1028.2**	**1028.4**	**1016.5**
Under/(over) borrowing	**263.0**	**263.0**	**263.0**	**263.0**	**263.0**	**263.0**
Total investments at 31 March						
Investments	**7.9**	**9.1**	**11.7**	**13.7**	**19.9**	**11.1**
Investment change	0.2	1.2	2.6	2.0	6.2	-8.8
Net borrowing	**598.4**	**682.6**	**763.0**	**751.4**	**745.4**	**742.4**

*The increase in the CFR forecast in 2018-19 relates to new elements in the capital programme which are not financed from capital grants, reserves and/or revenue resources. This also includes loans to be advanced to the Housing & Investment Company.

The Council's projected borrowing need is shown in the tables below:

Capital Borrowing Need	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Total Housing Schemes	113.5	43.1	2.0	-12.9	11.3	-2.7

Capital Borrowing Need	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Total excluding Housing*	63.6	54.2	95.0	20.8	7.0	9.3
Less MRP and other financing movements	9.7	12.0	13.9	17.4	18.1	18.4
Expected change in borrowing to fund capital programme	53.9	42.2	81.1	3.4	-11.0	-9.2

* Loans raised by Cambridgeshire County Council for the purposes of on-lending to Cambridgeshire Housing & Investment Company Limited will be classified as capital expenditure and therefore increase the Capital Financing Requirement. However, as the loans will be repaid, no MRP will be charged on this borrowing.

Within the set of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for current and next two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes except to cover short term cash flows.

The Chief Finance Officer (Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3: Prospects for interest rates

The Council has appointed Link Asset Services (LAS) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following graph gives the LAS central view for short term (Bank Rate) and longer fixed interest rates.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November 2017. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank Rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and Public Works Loan Board (PWLB) rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Federal Reserve Bank of America has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Federal Reserve Bank of America has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- The result of the October 2017 Austrian general election is likely to result in a strongly anti-immigrant coalition government. In addition, the new Czech prime minister is expected to be Andrej Babis who is strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump.

- A sharp Chinese downturn and its impact on emerging market countries.
- The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Federal Reserve Bank of America causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Federal Reserve Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

Investment and borrowing rates

- Investment returns are likely to remain low during 2018-19 but to be on a gently rising trend over the next few years.
- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September Monetary Policy Committee (MPC) meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

4: Borrowing strategy

The overarching objectives for the borrowing strategy are as follows:

- To manage the Council's debt maturity profile, leaving no one future year with a disproportionate level of repayments.
- To maintain a view on current and possible future interest rate movements, and to plan borrowing accordingly.
- To monitor and review the balance between fixed and variable rate loans against the background of interest rates and the Prudential Indicators
- Reduce reliance on the PWLB as a source of funding and review all alterative options available, including forward loan agreements.
- Support the launch of the UK Municipal Bonds Agency (MBA), as shareholder, and its bond issuance programme.
- Provide value for money and savings where possible to meet budgetary pressures.

The Council is currently maintaining an under borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances, and cash flow, has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is quite high.

Given that projections over the next three years show an increasing CFR and Bank Rate is expected to remain low, the Council will continue to use a mix of its own cash balances, short term borrowing and long term borrowing to finance further capital expenditure. This strategy maximises short term savings.

One of the temporary factors enabling an underborrowing position in recent years has been the County Council's role as the accountable body for Greater Cambridge Greater Peterborough Enterprise Partnership, meaning that cashflows have been held on their behalf. Going forward, the LEP is collaborating more closely with the Combined Authority, and the Council is planning that this additional cashflow will no longer be available to support underborrowing.

Additionally, the decision to maintain internal borrowing to generate short term savings will be evaluated against the potential for incurring additional long term borrowing costs in later years, when long term interest rates are forecast to be significantly higher.

Against this background and the risks within the economic forecast, caution will be adopted with the 2018-19 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Prudential & Treasury Indicators

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their prudential indicators. It should be noted that CIPFA undertook a review of the Code in early 2008 with a fully revised version being published in 2009 to incorporate changes towards implementing International Financial Reporting Standards (IFRS).

A full set of prudential indicators and borrowing limits are shown in Appendix 3.

Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within the forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Borrowing in advance will be made within the following constraints:

Year	Max. Borrowing in advance	Notes
2017-18	100%	Borrowing in advance will be limited to no more than the expected increase in borrowing need (CFR) over the period of the approved Medium Term Capital Programme, a maximum of 3 years in advance.
2018-19	50%	
2019-20	25%	

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the Councils reporting mechanism for treasury management and capital financing matters.

Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term borrowing to short term borrowing. However, these savings will need to be considered in the light of the current treasury position and the size of the cost/benefit of any debt repayment (premiums and discounts included).

The reasons for any rescheduling to take place will include:

- The generation of cash savings and/or discounted cash flow savings.
- Helping to fulfil the treasury strategy.
- Enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identifying whether there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the General Purposes Committee (GPC), at the next quarterly report following its action.

5: Minimum Revenue Provision

The Council is required to repay an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP).

CLG Regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the MRP Policy in Appendix 4.

The Council, in conjunction with its Treasury Management advisors, has considered the MRP policy to be prudent.

6: Investment strategy

Government Guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS to be combined into one document.

The Council's general policy objective is to invest its surplus funds prudently. Due to the ongoing uncertainty in the banking sector which has seen institutions fold, it is now felt more appropriate to focus on the safe return of the sum invested. As such the Council's investment priorities in priority order are:

- the security of the invested capital
- the liquidity of the invested capital
- the yield received from the investment

Looking ahead, the Council is increasing its investment activity in order to realise an improved financial return to the Council from its assets.

This includes the Cambridgeshire Housing and Investment Company (CHIC), established in 2016 as a wholly owned company. CHIC will develop residential housing on Council land, and elsewhere within Cambridgeshire, in order to secure proceeds for the Council from the strong demand for more homes in the County. In its initial years of operation, the Council will loan funds to CHIC in order that it can finance acquisition of assets from the Council and construction costs. The initial cash inflow to the Council is the interest on those loans. The financing arrangements for CHIC are overseen by the Commercial and Investment Committee.

A further development for 2018-19 is that the Council is planning to create a commercial investment portfolio, drawing on external advice to develop a balance portfolio of investments assets. Committee will consider a commercial acquisitons strategy and more detail is set out in the business case received by the Cocmmercial and Investments Committee in December.
https://tinyurl.com/CommerInveCCC (page 4)

A copy of the Council's Annual Investment Strategy is shown in Appendix 5.

7: Sensitivity of Forecast and Risk Analysis

Risk Management

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the Council's approved Treasury Management Practices. The main risks to the treasury activities are:

- Credit and counterparty risk (security of investments)
- Liquidity risk (adequacy of cash resources)
- Interest rate risk (fluctuations in interest rate levels)
- Exchange rate risk (fluctuations in exchange rates)
- Refinancing risks (impact of debt maturing in future years)
- Legal and regulatory risk (non-compliance with statutory and regulatory requirements)
- Fraud, error and corruption, and contingency management (in normal and business continuity situations)
- Market risk (fluctuations in the value of principal sums)

The TMP Schedules set out the ways in which the Council seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk).Council officers, in conjunction with the treasury advisers, will monitor these risks closely.

Sensitivity of the Forecast

The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the Council has no control.

Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the Council's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP

Schedules and the treasury strategy, and in line with the Council's risk appetite, to keep negative variations to a minimum. Any significant variations will be reported to GPC as part of the Council's regular budget monitoring arrangements.

8: Reporting arrangements

In line with the Code full Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are:

a) Annual Treasury Management Strategy

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Interest payable	**16.591**	**17.686**	**18.524**	**18.395**	**18.362**
MRP	**11.984**	**13.923**	**17.408**	**18.063**	**18.445**
Interest receivable	0.031	-0.110	-0.190	-0.321	0.491
Internal Interest (net)	**0.164**	**0.298**	**0.347**	**0.481**	**0.614**
Debt Management Expenses	**0.100**	**0.100**	**0.100**	**0.100**	**0.100**
Technical & Other	**0.165**	**0.165**	**0.165**	**0.165**	**0.165**
Total	**29.035**	**32.061**	**36.354**	**36.882**	**38.177**
Capitalised Interest	-2.417	-3.117	-2.536	-1.050	-0.526
Accountable Body Saving	-0.634	0.026	0.875	0.875	0.875
Grand Total	**25.984**	**28.970**	**34.693**	**36.707**	**38.526**

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

b) Treasury Management Mid Year Report
This will update members with the progress of the capital position, amending prudential indicators as necessary, and indicating whether the agreed treasury strategy is meeting the Council's stated capital financing objectives, or whether any policies require revision.

c) Treasury Management Outturn Report
This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

In addition, GPC will receive quarterly **Monitoring Reports**. The second and fourth quarter report will go to full Council as described above. The quarterly reports will be subject to the Council's Scrutiny process.

9: Treasury Management budget

The table below provides a breakdown of the treasury management budget.

Assumptions behind the 2018-19 budget:

- Average rates achievable on investments will be 0.3%.
- New and replacement borrowing to fund the capital programme will be financed by a mixture of long term borrowing and short term at rates equating to approximately 2.5%.
- The MRP charge is in line with the Council's MRP policy.

10: Policy on the use of external service providers

The Council's treasury management advisor is Link Asset Services (LAS formerly Capita Asset Services). LAS was awarded a 2 year contract following a formal joint procurement exercise with other LGSS authorities during 2016-17.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

11: Future developments

Local Authorities are having to consider innovative strategies towards improving service provision to their communities. This approach to innovation also applies to councils' treasury management activities. The Government is introducing new statutory powers and policy change which will have an impact on treasury management approaches in the future. Examples of such changes are:

a) Localism Act

A key element of the Act is the "General Power of Competence": "A local authority has power to do anything that individuals generally may do." The Act opens up the possibility that a local authority can use derivatives as part of their treasury management operations. However the legality of this has not yet been tested in the courts even though CIPFA have set out a framework of principles for the use of derivatives in the Treasury Management Code and guidance notes. The Council has no plans at this point to use financial derivatives under the powers contained within this Act.

b) Loans to Third Parties

The Council may borrow to make grants or loans to third parties for the purpose of capital expenditure, as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146). This will usually be to support local economic development, and may be funded by external borrowing.

The following key projects in this respect are under way:

- Cambridgeshire Housing Investment Company (CHIC) – loans will be issued to CHIC at commercial rates, to facilitate the construction of residential housing in Cambridgeshire.

In addition, there is a loan facility available whereby the Council can provide an overdraft to its partly owned company LGSS Law Ltd.

c) UK Municipal Bonds Agency

The Agency raised £6m share capital from 56 local authorities, including Cambridgeshire County Council, plus the Local Government Association to launch the UK Municipal Bonds Agency.

The purpose of the Agency is to issue bonds in the capital markets on behalf of local authorities across the country and at lower rates than available from the PWLB.

This authority approved entry into the Framework Agreement, which allows the Council to borrow through the Municipal Bonds Agency (MBA) at lower rates than from the Public Works Loan Board. Currently four councils (including Westminster Council & Cambridgeshire County Council) have been approved for the first tranche of the bonds issuance. The sign off and dating of the Joint and Several Framework Agreement by the first four councils is underway. The indications are this might happen in early January 2018 with the bonds issuance to follow.

d) Proposals to amend the CIPFA Treasury Management and Prudential Codes

CIPFA is currently conducting a review of the Treasury Management Code of Practice and the Prudential Code. This review will particularly focus on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance these purchases, or the use of existing cash balances. Both actions would affect treasury management. A separate report is required on non-treasury investments to deal with such purchases, their objectives, how they have been appraised, how they have been financed, and what powers were used to undertake these purchases.

N.B. All non-treasury investments and financial guarantees, loans etc are already required to be part of the TMSS for Scottish authorities so this proposal would put English and Welsh authorities into a similar position.

CIPFA has also indicated in its draft proposals that they will be withdrawing the following prudential indicators which has caused confusion as to how to calculate them:

- Incremental impact of capital investment decisions on council tax.
- Estimates of the ratio of financing costs as a percentage of net revenue stream for three years ahead.

- Actual ratio of financing costs to net revenue stream (after the year-end).

Question 4 of the Prudential Code consultation questionnaire also questioned whether HRA indicators should be removed. These indicators will be retained in TMSS 2018-19 as they are important local indicators.

CIPFA have also indicated that they will change the requirement to report on investments for longer than 364 days to longer than 365 days.

e) Impact of MIFID II reforms from 3 January 2018

Under MIFID II, all local authorities will be classified as retail counterparties and will have to consider whether to opt up to professional status and for which types of investments. To ensure the Council maintains access to current trading arrangements it has utilised the CIPFA (PS Link) portal or corresponded directly with dealing platforms and related parties to opt up to professional status where applicable.

f) Impact of IFRS 9

An important consideration when assessing current and future investment policy is the implementation of accounting standard IFRS 9 in the 2018-19 Local Authority Code of Practice.

A key element of the new standard is the move from incurred losses on financial assets (i.e. an event that has happened) to expected loss (i.e. the likelihood of loss across the asset lifetime). Whilst this will not impact upon traditional treasury investments materially, the standard also encompasses other investment areas including: loans to third parties, subsidiaries, or longer dated service investments.

The expected credit loss model requires local authorities to make provision for these potential losses having assessed the asset with regard to the due diligence undertaken prior to investment, the nature of any guarantees, and subsequent regular updates.

The Council is planning to make the following material loan agreement with third parties:

- Cambridgeshire Housing Investment Company (CHIC) – loans will be issued to CHIIC at commercial rates, to facilitate the construction of residential housing in Cambridgeshire.

A provision might be required depending on the risk assessment of the investment.

In addition to the above, the new standard requires changes to the recognition and subsequent valuation treatment of certain investment products. These instruments such as property funds and equity funds, but also service investments that give rise to cashflows that are not solely payments of principal and interest (SPPI) on the principal outstanding. The current ability to release valuation gains and losses on these instruments via the Available for Sale reserve is removed. At the point of valuation therefore these nominal gains and losses must be recognised in the current year and therefore potentially impact upon the General Fund balance of the authority.

At the time of writing this Treasury Management Strategy Statement it remains unclear whether a statutory override will be introduced by the Department for Communities and Local Government (DCLG) to mitigate the risks described above when the final 2018-19 Code of Practice is adopted.

12: Training

A key outcome of investigations into local authority investments following the credit crisis has been an emphasis on the need to ensure appropriate training and knowledge in relation to treasury management activities, for officers employed by the Council, in particular treasury management staff, and for members charged with governance of the treasury management function.

Link Asset Services run training events regularly which are attended by the Treasury Team. In addition members of the team attend national forums and practitioner user groups.

Treasury Management training for committee members will be delivered as required to facilitate informed decision making and challenge processes.

13: List of appendices

Appendix 1: Treasury Management Scheme of Delegation and Role of Section 151 Officer
Appendix 2: Treasury Management Policy Statement
Appendix 3: Prudential and Treasury Indicators
Appendix 4: Minimum Revenue Provision (MRP) Policy Statement
Appendix 5: Annual Investment Strategy

Appendix 1: Treasury Management Scheme of Delegation and role of the Section 151 Officer

The Scheme of Delegation

Full Council

- Approval of annual strategy and mid-year update to the strategy.
- Approval of the annual Treasury Management report.
- Approval of the Treasury Management budget.

General Purposes Committee

- Approval of the Treasury Management quarterly update reports.
- Approval of the Treasury Management outturn report.

Scrutiny Committee

- Scrutiny of performance against the Strategy.

The Treasury Management role of the Section 151 Officer

The S151 (responsible) officer:

- Recommends clauses, Treasury Management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submits regular Treasury Management policy reports.
- Submits budgets and budget variations.
- Receives and reviews management information reports.
- Reviews the performance of the Treasury Management function.
- Ensures the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function.
- Ensures the adequacy of internal audit, and liaising with external audit.
- Recommends the appointment of external service providers.

Appendix 2: Treasury Management Policy Statement

This organisation defines its treasury management activities as:

“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management

Appendix 3: Prudential and Treasury Indicators

1: The Capital Prudential Indicators

The Council's capital expenditure plans are the key driver of Treasury Management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure. This prudential indicator shows the Council's capital expenditure plans; both those agreed previously, and those forming part of this budget cycle. Capital expenditure excludes spend on Private Finance Initiatives (PFI) and leasing arrangements, which are now shown on the balance sheet.

The table below summarises the capital expenditure plans which give rise to a net financing need (borrowing). Detailed capital expenditure plans are set out in the Capital Strategy.

	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Net financing need for the year - excluding Housing schemes	**63.6**	**54.2**	**95.0**	**20.8**	**7.0**	**9.3**

The Council's borrowing need (the Capital Financing Requirement). The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

Following accounting changes, the CFR includes any other long term liabilities (e.g. PFI schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The CFR below is shown net of these liabilities.

Capital Financing Requirement £m	2017-18 Projected	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Capital Financing Requirement						
Total CFR	**869.3**	**954.6**	**1037.7**	**1028.2**	**1028.4**	**1016.5**
Movement in CFR	**167.3**	**85.3**	**83.1**	**-9.5**	**0.2**	**-11.9**
Movement in CFR represented by:						
Net financing need for the year (above)	63.6	54.2	95.0	20.8	7.0	9.3
Loans to Housing & Investment Company	113.5	43.1	2.0	-12.9	11.3	-2.7
Less MRP and other financing movements	9.7	12.0	13.9	17.4	18.1	18.5
Movement in CFR	**167.3**	**85.3**	**83.1**	**-9.5**	**0.2**	**-11.9**

The operational boundary. This is the limit beyond which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

TMSS 2018-19

Operational Boundary	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Total Borrowing*	899.3	984.6	1,067.7	1,058.1	1,058.3	1,046.4

*Includes loans raised to on-lend to Housing & Investment Company

The authorised limit for external borrowing. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
The Council is asked to approve the following Authorised Limit (excluding PFI and Finance Lease Financing arrangements:

TMSS 2018-19

Authorised Limit	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Total Borrowing*	929.3	1,014.6	1,097.7	1,088.1	1,088.3	1,076.4

*Includes loans raised to on-lend to Housing & Investment Company

2: Treasury Management limits on activity

There are three debt related treasury activity limits. The purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs or improve performance. the indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The interest rate exposure is calculated a percentage of net debt. The formula is shown below. Due to the mathematical calculation exposures could be greater than 100% of below zero (i.e. negative) depending on the component parts of the formula. The formula is shown below:

$$\frac{\text{Total fixed (or variable) rate exposure}}{\text{Total borrowing – total investments}}$$

Fixed rate calculation:

$$\frac{\text{Fixed rate borrowing – fixed rate investments*}}{\text{Total borrowing – total investments}}$$

*defined as greater than 1 year to run

Variable rate calculation:

$$\frac{\text{Variable rate borrowing** – fixed rate investments**}}{\text{Total borrowing – total investments}}$$

**defined as less than 1 year to run to maturity, or in the case of LOBO borrowing, the call date falling within the next 12 months

	2018-19	2019-20	2020-21	2021-22	2022-23
Interest rate Exposures					
	Upper	**Upper**	**Upper**	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	150%	150%	150%	150%	150%
Limits on variable interest rates based on net debt	65%	65%	65%	65%	65%

Maturity Structure of borrowing 2018-19			
	Lower	**Upper**	**30th September 2016**
Under 12 months	0%	80%	8%
12 months to 2 years	0%	50%	1%
2 years to 5 years	0%	50%	6%
5 years to 10 years	0%	50%	21%
10 years and above	0%	100%	63%

The Treasury Management Code of Practice Guidance notes require that maturity is determined by the earliest date on which the lender can require repayment, which in the case of LOBO loans is the next break point. This indicator represents the borrowing falling due in each period expressed as a percentage of total borrowing.

Affordability Prudential Indicators
The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a) Actual and estimates of the ratio of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

This is calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local tax payers.

	2017-18 Projected %	2018-19 Estimate %	2019-20 Estimate %	2020-21 Estimate %	2021-22 Estimate %	2022-23 Estimate %
	7.2	8.3	9.2	9.7	9.7	9.9

b) Estimates of the incremental impact of capital investment decisions on Council Tax. This indicator identifies the revenue costs associated with proposed changes to the five year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a five year period.

The incremental impact of capital investment decisions on the Band D Council Tax is shown in the table below.

	2017-18 Projected £	2018-19 Estimate £	2019-20 Estimate £	2020-21 Estimate £	2021-22 Estimate £	2022-23 Estimate £
Council Tax - Band D	2.29	16.02	13.39	18.74	2.27	5.53

Appendix 4: Minimum Revenue Provision Policy Statement

Policy statement

The Council is required to repay an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required.

CLG Regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils in the guidance with the underlying principle that a prudent provision is made. General Purposes Committee considered a number of potential alternative methodologies in respect of changes to the “Regulatory Method” in January and February 2016. These covered both annuity and straight-line options and an average life of up to 50 years.

After considering the range of options available to the Council, the method proposed to replace the “Regulatory Method” is an annuity calculation but one that is directly linked to the remaining life of the assets held on the Council's balance sheet. This directly relates the cost of financing those assets with their expected useful life thereby aligning costs with benefits. The remaining borrowing is calculated on a straight line basis in line with estimates for the expected useful life of the asset. As part of this change in policy it was agreed that a fundamental review of the policy should be undertaken every five years to ensure the methodology and asset lives used were still appropriate.

Appendix 5: Annual Investment Strategy

1: Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

Investment instruments identified for use in the financial year are listed in section 8 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

2: Creditworthiness policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch; Moodys; and Standard & Poors. the credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies.
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands provided they meet the minimum sovereign rating described in section 3:

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK banks)
- Orange 1 year
- Red 6 months
- Green up to 100 days
- No Colour not to be used

The Link Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.

- If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

The Chief Finance Officer has discretion during the year to lift or increase the restrictions on the counterparty list and or to adjust the associated lending limits on values and periods should it become necessary, to enable the effective management of risk in relation to its investments.

3: Sovereign Limits

Expectation of implicit sovereign support for banks and financial institutions in extraordinary situations has lessened considerably in the last couple of years, and alongside that, changes to banking regulations have focussed on improving the banking sectors resilience to financial and economic stress.

The Council has determined that for 2018-19 it will only use approved counterparties from overseas countries with a sovereign credit rating from the three main ratings agencies that is equal to or above AA-. Banks domiciled in the UK are exempt from this minimum sovereign credit rating, so may be used if the sovereign rating of the UK fall below AA-.

The list of countries that qualify using these credit criteria as at the date of this report are shown below. This list will be amended by officers should ratings change in accordance with this policy.

AAA	**AA+**	**AA**
Australia	Finland	Abu Dhabi (UAE)
Canada	Hong Kong	France
Denmark	USA	Qatar
Germany	Netherlands	UK
Luxembourg		
Norway		
Singapore		**AA-**
Sweden		Belgium
Switzerland		

4: Banking services

Barclays currently provide banking services for the Council. The Council will continue to use its own bankers for short term liquidity requirements if the credit rating of the institution falls below the minimum credit criteria set out in this report. A pragmatic approach will be adopted and rating changes monitored closely.

5: Investment position and use of Council's resources

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short term interest rates (i.e. rates for investments up to 12 months).

The Council is asked to approve the following treasury indicator and limit 'total principal funds invested for greater than 364 days'. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year end. This indicator is calculated by adding together all investments which have greater than 364 days to run to maturity at a single point in time. This is a change from the previous year in that monetary limits apply.

The Council is asked to approve the treasury indicator and limit:

Maximum principal sums invested > 364 days					
£m	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Principal sums invested > 364 days	0	0	0	0	0

The Council does not expect to have any investments that exceed 364 days during the ordinary course of business, but may modify this approach and the limits above, via resolution of the Commercial and Investment Committee during 2018-19 as part of its approach to increase its level of commercial investment and acquisitions strategy that forms part of the proposed business plan going forward.

For its cash flow generated balances, the Council will seek to utilise its business reserve accounts, notice accounts, money market funds and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

6: Specified investments

An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long term investment (i.e. up to 1 year).
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
- The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
    - The United Kingdom Government.
    - A local authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland.

- o High credit quality is defined as a minimum credit rating as outlined in this strategy.

7: Non-specified investments

Non-specified investments are defined as those not meeting the above criteria.

Lending to third parties:

- The Council has the power to lend monies to third parties subject to a number of criteria. Any loans to or investments in third parties will be made under the Well Being powers of the Council conferred by section 2 of the Local Government Act 2000 or permitted under any other act.
- The Well Being power can be exercised for the benefit of some or all of the residents or visitors to a local authority's area. The power may also be used to benefit organisations and even an individual.
- Loans of this nature will be under considered circumstances and must be approved by General Purposes Committee or Commercial and Investment Committee.
- The primary aims of the Investment Strategy, in order of priority, are the security of its capital, liquidity of its capital and to obtain a return on its capital commensurate with levels of security and liquidity. These aims are crucial in determining whether to proceed with a potential loan.
- Recipients of this type of investment are unlikely to be a financial institution and therefore unlikely to be subject to a credit rating as outlined in the creditworthiness policy above. In order to ensure security of the Authority's capital, extensive financial due diligence must be completed prior to any loan or investment being agreed. The Authority will use specialist advisors to complete financial checks to ascertain the creditworthiness of the third party. Where deemed necessary additional guarantees will be sought. This will be via security against assets and/or through guarantees from a parent company.

8: The use of specified and non-specified investments

Investment instruments identified for use in the financial year are as follows:

- The tables below set out the types of investments that fall into each category and the limits placed on each of these. A detailed list of each investment type is available in the Treasury Management Practices guidance notes.

- Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is added by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.
- The counterparty limit with the Council's corporate bank (Barclays) may be breached on an overnight basis when cash surpluses are identified after the day's dealing position is closed. This occurs when the timing for receipt of funds is uncertain, for example the sale of a property. In such instances funds will be withdrawn as soon as reasonably practicable.

Criteria for specified investments:

Specified investments			
Investment	Minimum security / credit rating	Maximum amount	Maximum period
Debt Management Agency Deposit Facility (DMADF)	Government backed	No maximum	6 months
UK Treasury Bills	Government backed	No maximum	9 months
UK Local Authorities	Government backed	No maximum	1 year
Certificate of Deposit / Term Deposits (including callable deposits) All colours are as per Capita Asset Service's matrix.	Purple	£20m individual/group	1 year
	Blue	£20m individual/group	1 year
	Orange	£20m individual/group	1 year
	Red	£20m individual/group	6 months
	Green	£20m individual/group	100 days
	No colour	Not to be used	N/A
UK Government Gilts	Government backed	No maximum	1 year
Money Market Funds	AAA rated	£20m individual	Liquid
Bonds (multilateral development banks)	AAA	£20m	1 year

Criteria for non-specified investments:

Non-specified investments			
Investment	Minimum security / credit rating	Maximum amount	Maximum period
UK Government	Government backed	No maximum	5 years
UK Local Authorities	Government backed high security	No maximum	5 years
Certificate of Deposit / Term Deposits (including callable deposits) All colours are as per Capita Asset Service's matrix.	Yellow Purple	£20m individual/group	5 years 2 years
Property Funds Unit Trust	Considered on an individual basis	£20m	-
UK Government Gilts	Government backed	No maximum	5 years
Sovereign Issues	AAA or UK	£20m	5 years
Corporate Bonds Funds	Considered on an individual basis	£20m	-
UK Bonds	AAA / Government backed	£20m	5 years
Enhanced Money Market Funds	AAA variable net asset value	£20m	-
Bonds (multilateral)	AAA / Government backed	£20m	5 years
Equity	Considered on an individual basis	£20m	-

The Council may enter into forward agreements up to 3 months in advance of the investment commencing. If forward deposits are to be made, the forward period plus the deal period should not exceed the limits above.

9: Investments defined as capital expenditure

The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1) (d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as ‘non-specified investments’.

Investments in “money market funds” which are collective investment schemes and bonds issued by “multilateral development banks” – both defined in SI 2004 No 534 – will not be treated as capital expenditure.

A loan or grant or financial assistance by this Council to another body for capital expenditure by that body will be treated as capital expenditure.

10: Provisions for credit related losses

If any of the Council’s investments appear at risk of loss due to default (i.e. this is a credit related loss and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount.

11: End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

12: Pension fund cash

The Council will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, which were implemented on 1 January 2010. The Council will not pool pension fund cash with its own cash balances for investment purposes. Any investments made by the pension fund directly with this local authority will comply with the requirements of SI 2009 No 393.

GENERAL PURPOSES COMMITTEE AGENDA PLAN	Published on 2nd January 2018 Updated as at 12 January 2018 **Agenda Item No.7**	Cambridgeshire County Council

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	Deadline for draft reports	Agenda despatch date
23/01/18	1. Minutes – 19/12/17	M Rowe	Not applicable	10/01/18	12/01/18
	2. Integrated Resources and Performance Report (November)	R Barnes	2018/001		
	3. Resources and Performance Report (November) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	4. Business Plan*	C Malyon	Not applicable		
[27/02/18] Provisional Meeting				14/02/18	16/02/18
27/03/18	1. Minutes – 23/01/18	M Rowe	Not applicable	14/03/18	16/03/18
	2. Treasury Management Report – Quarter 3	L Chingwaru	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	3. Integrated Resources and Performance Report (January)	R Barnes	2018/002		
	4. Resources and Performance Report (January) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	5. Transformation Fund Monitoring Report Quarter 3 2017-18	J Wilson	Not applicable		
	6. Waste PFI Contract+	A Smith	2018/026		
[24/04/18] Provisional Meeting				11/04/18	13/04/18
29/05/18	1. Minutes – 27/03/18	M Rowe	Not applicable	16/05/18	18/05/18
	2. Integrated Resources and Performance Report (March)	R Barnes	2018/003		
	3. Resources and Performance Report (March) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	4. Treasury Management Report – Quarter 4 and Outturn Report*	L Chingwaru	Not applicable		
	5. Transformation Fund Monitoring Report Quarter 4 2017-18	J Wilson	Not applicable		
[26/06/18] Provisional Meeting					
24/07/18	1. Minutes – 29/05/18	R Barnes			
	2. Resources and Performance Report (May) – Corporate and Customer Services and LGSS Managed		Not applicable		
	3. Integrated Resources and Performance Report - May 2017	R Barnes	2018/012		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
[21/08/18] Provisional Meeting					
20/09/18	1. Minutes – 24/07/18				
	2. Resources and Performance Report (July) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report – July 2017	R Barnes	2018/015		
	4. Treasury Management Report – Quarter 1	L Chingwaru	Not applicable		
	5. Medium Term Financial Strategy	C Malyon	Not applicable		
	6. Capital Strategy	C Malyon	Not applicable		
	7. Strategic Framework	C Malyon	Not applicable		
	8. Investigation into alternative office software	S Smith	Not applicable		
	9. Transformation Fund Monitoring Report Quarter 1 2018-19	J Wilson	Not applicable		
23/10/18	1. Minutes – 20/09/18				
	2. Resources and Performance Report (August) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report - August 2017	R Barnes	2018/013		
	4. Service Committee Review of Draft Revenue Business Planning Proposals for 2019/20 to 2023/2024	C Malyon	Not applicable		
	5. Draft 2019/20 Capital Programme and Capital Prioritisation	C Malyon	Not applicable		
27/11/18	1. Minutes – 23/10/18				

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	2. Resources and Performance Report (September) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report - September 2017	R Barnes	2018/014		
	4. Treasury Management Report – Quarter 2*	L Chingwaru	Not applicable		
	5. Second Review of Draft 2019-20 Capital Programme and Capital Prioritisation	C Malyon	Not applicable		
	6. Business Planning 2019-20 to 2023-24 – update	C Malyon	Not applicable		
	7. Transformation Fund Monitoring Report Quarter 2 2018-19	J Wilson	Not applicable		
18/12/18	1. Minutes – 27/11/18				
	2. Resources and Performance Report (October) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report - October 2017	R Barnes	2018/016		
	4. Amendments to Business Plan Tables (if required)	C Malyon	Not applicable		
	5. Draft Revenue and Capital Business Planning Proposals for 2019-20 to 2023-2024 (whole Council)	C Malyon	Not applicable		
08/01/19	1. Minutes – 18/12/18				
	2. Resources and Performance Report (November) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report - November 2017	R Barnes	2019/001		
	4. Local Government Finance Settlement	C Malyon	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	5. Overview of Business Planning Proposals	C Malyon	Not applicable		
22/01/19	1. Minutes – 08/01/19				
	2. Capital Receipts Strategy	C Malyon	Not applicable		
	3. Treasury Management Strategy	C Malyon	Not applicable		
	4. Business Plan*	C Malyon	Not applicable		
	5. Consultation Report	S Grace	Not applicable		
[26/02/19] Provisional Meeting					
26/03/19	1. Minutes – 22/01/19				
	2. Resources and Performance Report (January) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report (January)	R Barnes	2019/002		
	4. Treasury Management Report – Quarter 3	L Chingwaru	Not applicable		
[30/04/19] Provisional Meeting					
28/05/19	1. Minutes – 26/03/19				
	2. Resources and Performance Report (March) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report (March)	R Barnes	2019/003		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	4. Treasury Management Report – Quarter 4 and Outturn Report*	L Chingwaru	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
2018/026	**27/03/18**	**Waste PFI Contract**	**General Purposes Committee**	**Report of Executive Director: Economy, Transport and Environment**	**Information relating to the financial or business affairs of any particular person (including the authority holding that information).**

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**
1.	Emergency planning	The Council's roles and responsibilities, how do we respond in an emergency		25th July 2017	Stuart Thomas / Sue Grace		GPC	Bailey Bates Bywater Count Criswell Dupre Hickford Hudson Jenkins Nethsingha Schumann Shuter	80%
2.	Business Intelligence	Data / system integration Date sharing with other authorities. The importance of good governance and information management. *(pre reading material required)*		28th November 2017	Tom Barden/ Sue Grace		GPC	Bailey Bywater Criswell Dupre Hickford Hudson Jenkins Kavanagh McGuire Nethsingha Shuter Wotherspoon	80%