STRATEGY AND RESOURCES

Cambridgeshire County Council

Friday, 16 December 2022

Democratic and Members' Services
Linda Walker
Interim Monitoring Officer

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

10:00

The Red Kite Room, New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE
[Venue Address]

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

1. **Apologies for absence and declarations of interest**

   Guidance on declaring interests is available at *http://tinyurl.com/ccc-conduct-code*

2. **Minutes - 20th October 2022 and Action Log**

   Strategy and Resources meeting 20/10/2022

   Action Log **5 - 8**

3. **Petitions and Public Questions**

KEY DECISIONS

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

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

The Council does not guarantee the provision of car parking on the New Shire Hall site. Information on travel options is available at: Travel to New Shire Hall hyperlink

Meetings are streamed to the Council's website: Council meetings Live Web Stream hyperlink

The Strategy and Resources comprises the following members:

Councillor Lucy Nethsingha (Chair) Councillor Elisa Meschini (Vice-Chair) Councillor Chris Boden Councillor Steve Corney Councillor Steve Count Councillor Steve Criswell Councillor Lorna Dupre Councillor Mark Goldsack Councillor Neil Gough Councillor Richard Howitt Councillor Samantha Hoy Councillor Edna Murphy Councillor Tom Sanderson Councillor Alan Sharp and Councillor Graham Wilson

Clerk Name:	Michelle Rowe
Clerk Telephone:	01223699180
Clerk Email:	michelle.rowe@cambridgeshire.gov.uk

Agenda Item No.2

STRATEGY AND RESOURCES COMMITTEE MINUTES-ACTION LOG

This is the updated action log as at 8th December 2022 and captures the actions arising from the most recent Strategy and Resources Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 20th October 2022

Minute number	Item title	Responsible officer(s)	Action	Comments	Completed
101	Minutes – 30th September 2022 and Action Log	David Allatt	The Chair asked for all members to receive a detailed briefing on bus services. It should also include a briefing from the School Transport Team regarding how the 40p mile would be publicised to parents quickly and how parents who did not have a car on affected routes would be supported.	Briefing by the Assistant Director: Transport Strategy and Network Management circulated to all members on 25 October 2022. Briefing by Assistant Director: Educational Capital and Place Planning circulated to all members on 9 November 2022.	Complete
103	Integrated Finance Monitoring Report for the Period Ending 31 August 2022	Stephen Moir	To review how the communication and oversight of members in relation to recruitment, retention and development of the workforce offer could be reinforced.	This is being considered as part of the ongoing work of the Children's Workforce Programme Board and reporting arrangements to the Children and Young People's Committee, as the relevant policy/service committee will reviewed during the course of December.	In-progress

Minute number	Item title	Responsible officer(s)	Action	Comments	Completed
108	Corporate Performance Report	Stephen Moir Tom Kelly	To review changes to the contract rules to ensure controls were as robust as possible.	The Contract Procedure Rules (CPR) were revised earlier in 2022 following approval by the Constitution and Ethics and Full Council. The section 151 officer has reviewed the latest position with the Head of Procurement & Commercial and is satisfied that the CPR properly points waivers at the extenuating circumstances in which the CPRs cannot be fully complied with. The alternative controls in place around “fewer than 3 bids” include a very robust evaluation and due diligence process for supplier selection, meaning that collusive bids would be identified proactively. The Procurement Governance Board is considering an update on progress with procurement compliance actions following external audit findings and CLT is considering procurement guidance and definition documents for the organisation. The next routine review of the CPR is scheduled for Spring 2023 and will take account of any matters arising across these activities.	Complete

Minute number	Item title	Responsible officer(s)	Action	Comments	Completed
		Sue Grace	The Chair drew attention to indicator 190: Proportion of information enquiries resolved at first point of contact which was performing very well and asked the Executive Director of Strategy and Partnership to pass on her thanks to the Contact Centre.	The message has been passed to the Contact Centre.	Complete
111	Property acquisitions in Impington and St Neots	Tom Kelly	Action set out in confidential minute.	Since the Committee met, the tenant proposed by the vendor has changed and the Council and its advisors are considering the adherence of this proposition with the terms of the put option. An update on the overall progress and further information on the origin of the put option will be provided to Members in a briefing note later in December.	Ongoing

Agenda Item No: 4

Annual review of the Cambridgeshire County Council and Peterborough City Council Joint Working Agreement

To:	Strategy and Resources Committee
Meeting Date:	16 December 2022
From:	Service Director: Finance & Procurement
Electoral division(s):	All
Key decision:	Yes
Forward Plan ref:	2022/101
Outcome:	The annual review of the Joint Working Agreement (JWA) between Cambridgeshire County Council (CCC) and Peterborough City Council (PCC) ensures that arrangements for sharing services between the two councils remains appropriate and lawful and that the separate identities of each Council are protected.
Recommendation:	The committee is asked to agree that the revised Joint Working Agreement should be signed by the Chief Executive on behalf of Cambridgeshire County Council, delegating authority to the Chief Executive to agree final amendments.

Officer contact:
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Tel: 01223 703599

Member contacts:
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Post: Chair/Vice-Chair
Email: Lucy.Nethsingha@cambridgeshire.gov.uk
Elisa.Meschini@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

1.1 The Joint Working Agreement (JWA) between Cambridgeshire County Council (CCC) and Peterborough City Council (PCC) sets out the principles and protocols which govern the way in which CCC and PCC share services to develop and enhance service delivery, build resilience and achieve future efficiencies.

1.2 The JWA includes a Sovereignty Guarantee designed to protect the separate legal and political identities of each Council.

1.3 The JWA, which was signed by Cambridgeshire County and Peterborough City Councils in October 2018, has a requirement for the Senior Responsible Officer ("SRO") to carry out an annual review of the Arrangements. The 2022 review was carried out by Finance, Legal, HR, IT and Information Governance leads from both councils, and was led by the then SRO, the Director of Business Improvement and Development (shared services SRO for both councils at the time of the review).

1.4 In light of the changes in politics, priorities and leadership in both councils since the last review, several of the JWA protocols and governance have been updated to reflect the current context and two new protocols – one for Procurement and one for Exit Arrangements have been added at schedules 10 and 11 respectively.

1.5 The Shared Service Governance Group recommends that the revised JWA (available to the Committee through the intranet WAY Joint Working Agreement (with Protocols).docx) is formally adopted by CCC and PCC.

2. Establishment and implementation of the JWA

2.1 In November 2017, CCC's General Purposes Committee (GPC) noted Peterborough City Council's (PCC) request to its Chief Executive – who was at the time shared with Cambridgeshire County Council (CCC) - to explore shared services as a model which would protect delivery of front-line services. GPC agreed that these opportunities should be developed jointly between CCC and PCC.

2.2 During December 2017, a piece of work was undertaken to identify areas of opportunity to be proposed for further exploration and analysis. This work was commissioned by the Shared and Integrated Services Programme Board (at the time comprising of members of the Strategic Management Team at CCC and the Corporate Management Team at PCC) and carried out by a working group comprising officers from both councils. The working group provided access to management information held by each of the councils and assisted in the compilation and analysis of the data.

2.3 In May 2019, a Programme Team were appointed to develop the governance and support the delivery of the programme, including:

- A legal Joint Working Agreement and Protocols produced and formally adopted in both councils.
- Internal governance arrangements developed and adopted, including the establishment of the Shared Services Governance Group.
- A Shared Services Business Case process aligned to the parameters set out in the

JWA and Protocols developed and adopted.

- Definition of the different legal mechanisms that enable shared working across the two Councils and facilitating discussions to ensure the right arrangements are put in place (i.e. Section 113/delegation 101/ other).
- Establishment of a central record of all the shared roles to date including the financial agreements.
- A review of the historic shared posts (prior to the JWA) and business cases to ensure intended benefits were being realised.
- Reporting to Committee and Cabinet reports as per the Terms of Reference.

2.4 In November 2019, the Joint Management Team agreed that appropriate systems and governance were embedded in both councils and that the dedicated project team could move to other work. The JWA was updated to reflect these changes.

2.5 In 2020 the annual review of the JWA recommended minimal changes as shared service governance was working appropriately and business cases were delivering intended benefits.

2.6 In 2021, the new Joint Administration in CCC requested a review of shared services. This review was undertaken alongside the Local Government Association's Peer Challenge in both councils and its report can be read in full at this link.

2.7 A workshop involving both council Leaders and the shared Chief Executive was facilitated by Local Partnerships in August 2021. An action plan was agreed and recruitment to two separate Chief Executives was started in September.

2.9 From January 2022 to April 2022, some changes in senior leadership were made to ensure capacity in both councils and across the public sector system could meet requirements and the following roles were taken out of shared service arrangements:

- Service Director: Communities (returned to 100% PCC)
- Director: Business Improvement and Development (returned to 100% CCC)
- Executive Director Place and Economy (moved to 50% CCC, 50% CPCA)

2.10 In June, both Chief Executives presented their councils with proposals for future Shared Service arrangements. The CCC paper can be read at this link.

3. Changes to the Joint Working Agreement

3.1 There are minimal text changes throughout the document which reflect new terminology, job titles and responsibilities.

3.2 Each of the protocols has been reviewed and updated to ensure that they appropriately cover new scenarios and services.

3.3 Previous versions of the JWA referenced cross party workshops for Members to consider shared service opportunities and benefits. Given that the arrangements are not expanding in scope and that it is not currently the priority of either council to develop new opportunities, consideration has been given to appropriate member engagement. The Governance Group's recommendation, supported by the CCC Corporate Leadership Team

(CLT), is that twice yearly updates to this committee and equivalent at Peterborough would be more appropriate.

3.4 The Programme Board for Shared Service Governance - which formally reviews the progress and benefits of shared service arrangements twice a year through an update from the SRO - was the Joint Management Team (JMT). As the CLTs at CCC and PCC are now separate, the Governance Group's recommendation – which has been supported by CLT at both councils - is that a twice-yearly meeting between both Councils' CLTs to carry out these reviews would satisfy this part of the JWA governance.

3.5 The SRO and Chair of the Governance Group was the Director: Business Improvement since the establishment of the formal programme. It is currently necessary as part of the JWA to have an SRO (or joint SRO) who is responsible for keeping the JWA up to date and for reporting to the Programme Board. As the nature of the programme has shifted from a change and improvement initiative to an operational management process over time and it has been agreed by both CLTs that the Governance Group will be co-chaired by the Section 151 officer at Cambridgeshire County Council and the monitoring officer at Peterborough City Council. (There are also similar co-chairing governance arrangements for this Council's lead authority shared back-office services with Milton Keynes, North Northamptonshire and West Northamptonshire Councils.)

3.6 Clause 23.10 (termination) relates to the practical impact of any termination of the JWA. Over the last year, some arrangements - whether specific roles like the two Chief Executives or Directors listed in 2.9 or whole services – have come out of the shared service agreement. These changes have been managed individually and appropriately in line with clause 23.10 but as we move into the next phase of arrangements, more services will exit formal arrangements. The Governance Group recommended that an exit strategy protocol should be appended to the JWA setting out the process required where either the JWA terminates or a shared team or role ceases to operate. This is now included as schedule 11 and has already been considered and endorsed by the Staffing and Appeals Committee.

3.7 Previous versions of the JWA included a Sovereignty Guarantee which is designed to protect the separate legal and political identities of each Council. Therefore, neither Council can procure or commission services on behalf of the other, or contract for third party services on behalf of the other, without the relevant legal and political/governance authorisation in place. However, the JWA did not specifically identify the principles and protocols that govern these processes. The Governance Group recommended that procurement leads in each council work together to develop a procurement protocol which lays out the process and governance for joint procurements. This is now included as schedule 10.

3.8 With these changes and additions, the Shared Service Governance Group recommends that the updated JWA, available to Members at the link shown in the Source Documents, should be signed by both councils. There is the possibility of some remaining technical variations to be agreed by the two Councils and the recommendation to this Committee is to delegate agreement of any final amendments to the Chief Executive on behalf of Cambridgeshire County Council.

3.9 Clause 24 of the JWA outlines the process to follow when there are variations to the original agreement. Any variation of the agreement and/or the protocols must be in writing and signed by or on behalf of each of the Parties.

4. Alignment with corporate priorities

4.1 Environment and Sustainability

There are no significant implications for this priority.

4.2 Health and Care

There are no significant implications for this priority.

4.3 Places and Communities

There are no significant implications for this priority.

4.4 Children and Young People

There are no significant implications for this priority.

4.5 Transport

There are no significant implications for this priority.

5. Significant Implications

5.1 Resource Implications
There are no significant implications within this category.
The joint working agreement includes a financial protocol which sets out the approach to cost apportionment and sharing where activities or shared services are shared with Peterborough City Council.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications
It is proposed to add a procurement protocol to the joint working agreement which sets out the ways in which the PCC and CCC procurement teams will work together and the models for contractual collaboration where this is agreed by both partners.

5.3 Statutory, Legal and Risk Implications
The joint working agreement primarily relies on Section 113 of the Local Government Act 1972 which permits a local authority to enter into an agreement to place their staff at the disposal of another local authority, for the purposes of their functions.

5.4 Equality and Diversity Implications
There are no significant implications in this category.

5.5 Engagement and Communications Implications
There are no significant implications in this category.

5.6 Localism and Local Member Involvement
There are no significant implications in this category.

5.7 Public Health Implications
There are no significant implications in this category.

5.8 Environment and Climate Change Implications on Priority Areas

5.8.1 Implication 1: Energy efficient, low carbon buildings.
Neutral Status – no significant implications

5.8.2 Implication 2: Low carbon transport.
Neutral Status – no significant implications

5.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Neutral Status – no significant implications

5.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Neutral Status – no significant implications

5.8.5 Implication 5: Water use, availability and management:
Neutral Status – no significant implications

5.8.6 Implication 6: Air Pollution.
Neutral Status – no significant implications

5.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.
Neutral Status – no significant implications

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Stephen Howarth

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes
Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? Yes
Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your EqIA Super User? Yes
Name of Officer: Faye McCarthy

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

Have any localism and Local Member involvement issues been cleared by your Service Contact? Not applicable

Name of Officer: Tom Kelly

Have any Public Health implications been cleared by Public Health? Yes
Name of Officer: Jyoti Atri

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes
Name of Officer: Emily Bolton

6. Source documents

6.1 Source documents

The Cambridgeshire County Council and Peterborough City Council Joint working Agreement and Protocols – WAY Joint Working Agreement (with Protocols).docx
CCC Intranet / finance@cambridgeshire.gov.uk

Contact for documents finance@cambridgeshire.gov.uk

Agenda Item No: 5

Integrated Finance Monitoring Report for the period ending 31 October 2022

To:	Strategy & Resources Committee
Meeting Date:	16 December 2022
From:	Service Director: Finance & Procurement
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable
Outcome:	The Committee will have received information setting out the current financial position of the Council enabling it to assess delivery of the Council's business plan. It will also have made decisions around the allocation of resources. Overall, this will contribute to good financial management and stewardship of public funds.
Recommendation:	Strategy & Resources Committee (S&R) is recommended to note and comment on the report.

Officer contact:
Name: Stephen Howarth
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Member contacts:
Names: Councillors Nethsingha & Meschini
Post: Chair/Vice-Chair
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Elisa.Meschini@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

1.1 The purpose of this report is to present financial and performance information to assess progress in delivering the Council's Business Plan.

2. Main Issues

2.1 Please see the attached Integrated Finance Monitoring Report for the period ending 31 October 2022 at Appendix A and the Corporate Services Finance Monitoring Report for the period ending 31 October 2022 at Appendix B.

3. Alignment with corporate priorities

3.1 Environment and Sustainability

Please see the Environment and Climate Change Implications outlined in 4.8 below.

3.2 Health and Care

There are no significant implications for this priority.

3.3 Places and Communities

There are no significant implications for this priority.

3.4 Children and Young People

There are no significant implications for this priority.

3.5 Transport

There are no significant implications for this priority.

4. Significant Implications

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

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no significant implications within this category.

4.3 Statutory, Legal and Risk 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 Communications 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.

4.8 Environment and Climate Change Implications on Priority Areas

4.8.1 Implication 1: Energy efficient, low carbon buildings.
4.8.2 Implication 2: Low carbon transport.
4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
4.8.5 Implication 5: Water use, availability and management.
4.8.6 Implication 6: Air Pollution.
4.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people

Status: Neutral
Explanation: There are no significant implications within these categories.

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Stephen Howarth

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? No
Name of Officer: Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? No
Name of Legal Officer: Not applicable

Have the equality and diversity implications been cleared by your EqIA Super User? 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

5. Source documents

5.1 Source documents

Place & Sustainability Finance Monitoring Report (October 22)
People Services and PH Finance Monitoring Report (October 22)
CS Finance Monitoring Report (October 22)
Capital Monitoring Report (October 22)
CCC Debt Reporting Pack (October 22)
CCC Prompt Payment KPIs (October 22)

Cambridgeshire County Council

Integrated Finance Monitoring Report October 2022

Appendix A

Contents

1. Executive Summary

1.1 This report sets out the main overall management accounts for the Council and presents financial and other information to assess the Council's financial position and delivery of the business plan.

The Council's financial accounts are produced annually and are available on our website.

The Council's total service budgets for 2022/23 are:
- Revenue: £456m net budget
- Capital: £153m (with a total programme of over £1bn)

The table below shows the key forecast information by service:

Service	Revenue Budget Variance £000	Revenue Budget Variance %	Net Capital Budget Variance £000	Net Capital Budget Variance %
People Services	1,281	0.4%	-5,689	-8.7%
Place & Sustainability	1,087	1.5%	0	0.0%
Strategy & Partnerships	2	0.0%	-2,079[1]	-13.5%
Finance & Resources	2,427	13.6%		
Public Health	0	0.0%	-	-
Capital Financing	-2,280	-6.9%	-	-
Funding Items	225	2.1%	-	-
Net Spending Total	**2,742**	**0.6%**	**-7,767**	**-5.1%**

Notes on this table:
1. The capital variance of -£2,079k is the combined position across Strategy & Partnerships and Finance & Resources

Item	Change for 2022/23 £000
Inflation	9,991
Demand growth	9,615
Pressures	16,236
Investments	7,253

In setting this year's budget, this growth had to be met through additional taxation, savings and government funding. We also have significant budget gaps over the next few years, including at least £13m in 2023/24 after over £10m of mitigations have been found over October and November.

Detailed financial information about each service area is contained in the relevant Finance Monitoring Report. These can be found published at each scheduled committee meeting, and on the Council's website.

Summary financial information in this report is presented with the assumption that any accompanying recommendations to committees will be agreed.

1.2 Key Issues

We are currently forecasting a small (0.6%) revenue overspend for 2022/23, mainly due to the effects of the expected level of public sector pay inflation for this year, which exceeds the estimates used in budgeting. This is in the context of large budget increases that were planned in for this year as noted above, alongside uncertainty due to the impacts of inflation and patterns of demand. If we remain overspent at year-end, the general reserve will provide balancing funding in line with policy, with that reserve needing to be topped back up to its minimum level.

In June, the Council allocated additional resources to meet expected inflationary pressures this year, mainly driven by energy prices and some of our large contracts that are linked to national inflation indices. It also created a reserve to meet unexpected inflationary pressures. Other than with pay inflation, we do therefore expect to mostly be able to meet the costs of inflation on our revenue budgets this financial year as things stand. It remains a significant concern, however, in looking ahead to setting our medium-term financial plan for the next five years.

Inflation is also impacting on our capital programme, alongside international supply chain disruption, making deliverability less clear. This is having an in-year impact on capital schemes as well as affecting future years. We are now seeing an underspend expected on the revenue cost of the Council's capital programme. This is partly due to some slippage but mainly reflects a lower than expected borrowing requirement as the Council's cash balances have been quite high this year.

There is uncertainty caused by changes in national government and their potentially different priorities. Funding levels for both Councils and the NHS are uncertain, and it is not clear whether the government will press on with several reforms (such as of the adult social care system).

We continue to move forward with local investments and reforms through the Just Transition Fund, particularly in the areas of Net Zero and flood mitigation.

Over recent years we have generally succeeded in managing risks within budget, alongside delivering ambitious savings plans that are necessary to close our funding gap. We are also pro-actively managing our large contracts, ensuring value for money, and maximising grant funding where possible from government. Investment by the Council, such as in free school meal provision during holidays, should provide some further support to people.

Demand for our services so far this financial year appears to be within original projections in most cases, but remains an uncertainty over the coming months. In particular, the impact of Autumn and Winter on social care budgets is difficult to predict, and the national economic picture may increase demand on Council services.

1.3 Key Issues by Service Area

1.3.1 People Services – Adults

We are seeing financial pressures across Learning Disability, Physical Disability and Mental Health, but at the current time these are being offset by forecast underspends elsewhere, and particularly in the costs of services for Older People. Following on from the pandemic we are continuing to see demand for residential care for Older People at below pre pandemic levels and it is anticipated that this trend will continue for some time to come.

Care providers are continuing to report cost pressures related to both workforce issues and the current cost of living rises. These are putting pressure on uplift budgets across all care types. The position of the care market, particularly related to workforce issues, is making some placements more difficult to source, particularly at the more complex end of provision and the financial implications of the government's social care reforms are expected to be very significant in 2023/24 and beyond. This is contingent on government reforms being progressed per the timetables originally set in 2021.

In line with the social care reform agenda the Council has been undertaking "cost of care" exercises with both homecare and care home providers. The outcomes of these exercises are a gap for many providers between what is currently paid, and the "cost of care" derived from provider data. Whilst we have some funding from government for 2022/23 to start to close this gap, and more expected in 2023/24, this will be far from enough to fund the cost increases indicated by the "cost of care" exercises which are estimated at £23.4m per annum for homecare for all Adults and care homes for Older People. Increased rates in these areas are also likely to increase the costs of other care packages not currently included in the remit of the "cost of care" work such as care homes for people aged under 65 and supported living placements.

The social care reforms are also expected to require additional social care and financial assessments staff within the Council to deal with the increased number of assessments the reforms will generate. Recruitment to these posts will be challenging against a backdrop of the current high level of vacant posts, current recruitment difficulties and a national shortage of staff experienced in these roles. Strategy and Resources Committee approved the use of up to £790k from the Adult Social Care risk reserve to support preparation for the reforms in 2022/23. Further funding is expected to be needed for this work in 2023/24 and 2024/25 above the levels of funding to be received from government.

Key activity data for Adult Services at the end of October 2022 is:

Older people aged 65+ receiving long term services	**Budgeted no. of care packages 2022/23**	**Actual Oct 22**	**Actual May 22**	**Trend in service user numbers since May 22**	**Trend in average weekly unit cost since May 22 (budget expects an increase)**
Nursing	617	565	537	Increasing	Increasing
Residential	947	832	837	Decreasing	Increasing
Community	2,399	2,212	2,225	Increasing	Increasing

Working Age Adults receiving long term services	**Budgeted no. of care packages 2022/23**	**Actual Oct 22**	**Actual May 22**	**Trend in service user numbers since May 22**	**Trend in average weekly unit cost since May 22 (budget expects an increase)**
Nursing	37	38	36	Stayed the same	Increasing
Residential	342	341	334	Increasing	Increasing
Community	2,626	2,720	2,644	Increasing	Increasing

1.3.2 People Services – Children's & Education

In order to address continuing difficulty in recruiting to Social Worker posts, which resulted in a significant staffing underspend last financial year, a Programme Board has been established to focus on recruitment, retention and development of the workforce offer. A children's workforce strategy framework has been produced and work is underway on both medium and long term strategies to address the issues. In the short term, a team of agency workers are supporting permanent staff with the current workload.

There are pressures emerging with Home to School Transport budgets, particularly due to growth in numbers of children with special educational needs being transported. Constrained special school capacity is also requiring longer routes. These should be mitigated over time through the Safety Valve work to manage high needs spend. More difficult to mitigate are rising contractor costs due to staff shortages and fuel costs.

Better utilisation of vacant provision within the fostering service, and continuing savings within adoption allowances have mitigated the overall position somewhat.

Key activity data for Children in Care in October 2022 is:

Children in Care	Budgeted no. of care packages 2022/23	Actual Oct 22	Actual May 22	Trend in service user numbers since May 22	Trend in average weekly unit cost since May 22 (budget expects an increase)
Children in Care placements	278	265	260	Stayed the same	Increasing
Fostering and Supervised Contact	242	218	249	Decreasing	Increasing
Adoption	461	409	424	Decreasing	Increasing

1.3.3 Place & Sustainability

The largest financial risk within P&S is within the Waste service, and work to ensure compliance with odour regulations. A large capital investment is expected, as well as revenue costs while waste is diverted. For this financial year, much of this risk is mitigated by budget provision made or reserves created last year.

We are seeing some delay in realisation of additional revenue expected from several of our renewable energy schemes. These programmes expect a significant net revenue return due to the selling of clean electricity, but delays to some capital works are pushing back the expected realisation of income. When income does commence, we expect it to be higher than in the original plan due to rising electricity prices.

Highways Maintenance Expenditure in a number of areas is low at present. This is due to a number of schemes being programmed for late in the year due to road space availability, as well as staff resource pressures in the service causing design and costing to be later than expected. The service remains confident of delivery high with road space booked up to the full budget level and the works in the contractors' programmes. The programme is slightly over-committed versus budget to allow for some degree of slippage to take place.

As noted above, there are also risks of increased costs within the P&S capital programme due to inflation, and we continue to monitor spend and the future pipeline of works to be undertaken.

1.3.4 Corporate Services

Corporate Services are forecasting an overspend due to the expected level of staff pay inflation. The nationally and locally agreed pay awards are higher than the level budgeted. As services will be fully funded for the cost of pay inflation, the pressure is retained centrally and offset in the next year's business planning.

Work is commencing within the Customer and Digital service to look at implementing the longer-term strategy of moving to predominantly cloud based services away from physical IT assets. This will have a revenue cost impact as services cease to be able to be capitalised, something that is being closely reviewed over coming months.

The Council's investments, both financial and property, are continuing to perform well and delivering an annual revenue return to us.

Centrally, there are some residual pandemic-related risk provisions left over from previous business plans, but this is at a greatly reduced level compared to the last two years. We expect some ventilation works this year to use up some of this provision.

We are now forecasting an underspend on our capital financing budgets. While this is partly due to slippage on some capital schemes, reported below, it is predominantly due to the Council's cash position being better than expected for much of this year resulting in an overall lower level of borrowing than planned. We aim to retain a minimum cash balance and only borrow when this is projected to be breached. The cash position is better than expected partly due to additional government grants received but not yet fully spent.

1.3.5 Public Health

The Public Health Directorate is funded wholly by ringfenced grants, mainly the Public Health Grant. The work of the Directorate was severely impacted by the pandemic, as capacity was re-directed to outbreak management, testing, and infection control work. The majority of the pandemic work has now come to an end and the Directorate is focussed on returning business as usual public health activity to full capacity as soon as possible and addressing issues arising from the pandemic which have impacted on the health of the County's population.

The service is forecasting a small underspend due to reduced activity on some contracts, alongside difficulty recruiting to a number of posts earlier in the year. There are several risks to PH budgets:

i) much of the Directorate's spend is contracts with, or payments to, the NHS for specific work. The NHS re-focus on the pandemic response and vaccination reduced activity-driven costs to the PH budget throughout 2020/21 and 2021/22. The NHS continues to be under pressure and it may take some time for activity levels to return to pre pandemic levels;
ii) the unprecedented demand for Public Health staff across the country has meant recruitment has been very difficult through the pandemic resulting in underspends on staffing budgets. This position has improved in the second part of the year.
iii) recruitment challenges are reflected in our provider services which has affected their ability to deliver consistently.

Public Health services are key to wider preventative activity and can help reduce future costs both in social care and the health service.

The Public Health Grant increased in 2022/23 by around £800k, which was fully invested into the service.

2 Revenue Budget

2.1 This table shows summary information for the Council's revenue budgets at the end of October 2022:

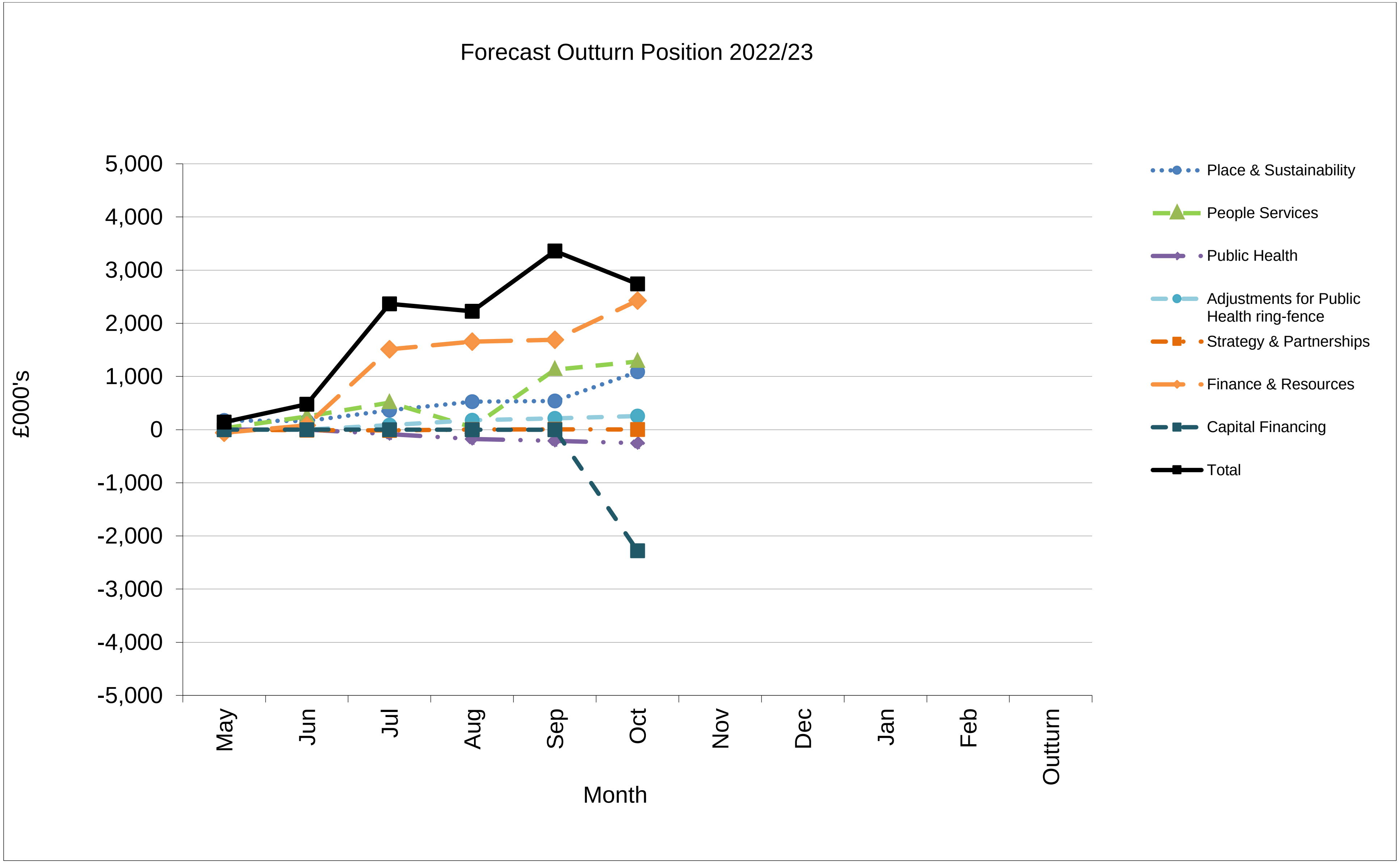
Previous Forecast Variance £000	Service	2022/23 Budget £000	Actuals £000	Forecast Variance £000	Forecast Variance %
1,129	People Services	308,010	151,473	1,281	0.4%
537	Place & Sustainability	71,514	31,283	1,087	1.5%
5	Strategy & Partnerships	14,781	5,012	2	0.0%
1,688	Finance & Resources	17,835	6,338	2,427	13.6%
-212	Public Health	27,301	1,929	-255	-0.9%
0	Capital Financing	33,275	13,900	-2,280	-6.9%
0	Funding Items	10,647	11,047	225	2.1%
3,147	**Net Spending Total**	**483,363**	**220,982**	**2,487**	**0.5%**
212	Adjustments for Public Health ring-fence	-27,301	-20,746	255	-0.9%
3,359	**Overall Total**	**456,062**	**200,235**	**2,742**	**0.6%**
-	Schools	149,099	-	-	-

Notes on this table:

1. The budget and actual figures are net
2. The budget column shows the current budget. For virements between services throughout the year see appendix 3
3. The 'funding items' budget consists of the £9.7m Combined Authority Levy, the £433k Flood Authority Levy and £530k change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a positive forecast indicates an adverse variance, i.e. less income received than budgeted.
4. The Adjustments for Public Health ring-fence line shows adjustments needed to the net spending total to account for Public Health Grant income and the year-end transfer to PH reserves of any underspend. The budget line currently only shows the grant element sat within the PH directorate. A small balance is allocated to other directorates and is netted off their totals.

2.2 Key budget variances are identified by exception and commented upon in appendix 1.

Key variances are those forecast to be in excess of +/-£250k



Forecast Outturn Position 2022/23
5,000
4,000
3,000
2,000
1,000
0
-1,000
-2,000
-3,000
-4,000
-5,000
£000's
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Outturn
Month
Place & Sustainability
People Services
Public Health
Adjustments for Public Health ring-fence
Strategy & Partnerships
Finance & Resources
Capital Financing
Total

2.3 This table shows a summary of the position of the Council's Dedicated Schools Grant position:

Opening Deficit Balance 2022/23 £m	Forecast In-year Deficit £m	Forecast Closing Deficit Balance 2022/23 £m
39.3	11.8	51.1

2.3.1 A cumulative DSG deficit of £39.3m has been carried forward into 2022/23, and this is expected to grow in year by £11.8m at this stage. Under current regulations, this is a ringfenced deficit that cannot be addressed using Council funds.

2.3.2 In 2020-21 the Department for Education (DfE) introduced the safety valve intervention programme in recognition of the increasing pressures on high needs. A total of 14 local authorities have now signed up to agreements, and the programme is being expanded to a further 20 local authorities, including Cambridgeshire in 2022-23.

2.3.3 The programme requires local authorities to develop substantial plans for reform to their high needs systems, with support and challenge from the DfE, to rapidly place them on a sustainable footing. If the authorities can demonstrate sufficiently that their DSG management plans create lasting sustainability and are effective for children and young people, including reaching an in-year balance as quickly as possible, then the DfE will enter into an agreement with the authority, subject to Ministerial approval.

2.3.4 If an agreement is reached, local authorities are held to account for the delivery of their plans and hitting the milestones in the plans via quarterly reporting to the DfE. If adequate progress is being made, authorities will receive incremental funding to eliminate their historic deficits, generally spread over five financial years. If the conditions of the agreement are not being met, payments will be withheld. Senior Officers are continuing to meet with the DfE to discuss the current situation and plans for deficit recovery. This process remains a major financial risk in the medium-term due to the scale of the growing deficit and the uncertain extent to which we will need to contribute our own funding to eliminate it.

2.4 Savings Tracker

2.4.1 The Savings Tracker is a reporting tool for summarising delivery of planned revenue savings. Within the Tracker, the forecast delivery of savings is shown against the original saving approved in the 2022-27 Business Plan. The Tracker is completed at the end of each quarter and reported in the next IFMR going to S&R committee. It is important to note the relationship between the reported savings projections and the overall revenue financial position reported in this report. If pressures arise in-year, further mitigation and/or additional savings will be required to deliver a balanced position.

2.4.2 Currently, the Council is on track to deliver £6.8m of savings against its original plan. Blue rated savings total £0.3m, exceeding the target on those initiatives. Green rated savings total £6.0m. The Savings Tracker as at the end of quarter 2 is included as Appendix 5 to this report.

2.4.3 A summary of Business Plan savings achieved in previous years as per the savings tracker is shown below for comparison:

Financial Year	Business Plan Original Savings £m	Savings Delivered £m	Total Variance £m
2016-17	43.4	35.5	7.9
2017-18	33.4	27.1	6.3
2018-19	38.3	27.8	10.5
2019-20	15.8	13.2	2.6
2020-21	15.9	8.9	7.1
2021-22	11.4	8.3	3.1
TOTAL	158.2	120.8	37.4

2.4.4 A summary of 2022-23 Business Plan savings by RAG rating is shown below:

RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	Total Original Savings	Total Variance
Blue	1	-250	-68	Green	33	-6,043	1	Amber	2	-353	155	Red	2	-1,255	1,021	Black	8	-2,698	2,698	-10,599	3,807

3 Revenue Funding Changes

This section highlights any new in-year changes to revenue budgets or funding that have taken place or that are proposed for agreement by Committee.

3.1 School Improvement Monitoring and Brokering Grant allocations for 2022-23

The Council is due to receive the final instalment of the School Improvement Monitoring and Brokering grant for September 2022 to March 2023 after which the grant will cease for 2023-24 onwards. The final allocations are paid at 50% of the pro-rated per school level of the October 2021 allocations. The total grant allocated to Cambridgeshire County Council is £211k which is £296k less than budgeted for 2022-23.

This is now a ringfenced grant rather than unringfenced. The grant must be exclusively used to support the authority’s statutory school improvement functions relating to maintained schools in Part 4 of the Education and Inspections Act 2006, and the school improvement expectations relating to maintained schools set out on page 36 of the Schools Causing Concern guidance. In delivering its school improvement functions relating to maintained schools, the authority must prioritise using the grant to actively support the successful and sustained return of all pupils to school and in addressing any adverse impacts of the pandemic on pupils’ education. The 2022-23 grant allocations will be transferred with matching income budget from Funding Items to People Services so that it can be managed in line with the grant conditions.

4 Capital Programme

4.1 Capital programme financial position

Previous Forecast Variance £000	Service	2022/23 Budget £000	Actuals £000	Net Forecast Variance £000	Forecast Variance %	Total Scheme Budget £000	Total Scheme Forecast Variance £000
0	Place & Sustainability	72,037	27,950	0	0.0%	588,896	5
-2,059	People Services	65,724	19,421	-5,689	-8.7%	574,760	1,453
-1,016	Corporate Services	15,426	3,202	-2,079	-13.5%	66,979	-357
-3,074	**Total**	**153,187**	**50,573**	**-7,767**	**-5.1%**	**1,230,635**	**1,101**

Notes on this table:

1. The Budget column incorporates any changes in the funding available to what was originally budgeted in the Business Plan. A breakdown of the budget changes made in-year can be found in 4.4
2. The Budget column also includes an assumed level of variations, called the ‘capital variations budget’ which is shown in section 4.2
3. The reported Place & Sustainability capital figures do not include the Greater Cambridge Partnership, which has a budget for 2022/23 of £40m and is currently forecasting a balanced position.
4. The columns setting out budgets and forecast variances for total schemes show financial information for all schemes in a service block across all financial years.

4.2 Capital variations budgets

4.2.1 A summary of the use of the 2022-23 capital programme variations budgets by services is shown below. These variation budgets are set annually and reflect an estimate of the average variation experienced across all capital schemes, and reduce the overall borrowing required to finance our capital programme. There are typically delays in some form across the capital programme due to unforeseen events, but we cannot project this for each individual scheme. We therefore budget centrally for some level of delay. Any known delays are budgeted for and reported at scheme level. If 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 rephasing exceeds this budget. The capital variations budgets have been recalculated following the CLT restructure (see also 4.5.1 below).

4.2.2 Capital variations summary

Service	Capital Variations Budget £000	Forecast Outturn Variance £000	Capital Variations Budget Used £000	Capital Variations Budget Used %	Net Forecast Outturn Variance
Place & Sustainability	-17,736	-8,438	8,438	47.6%	0
People Services	-9,114	-14,803	9,114	100.0%	-5,689
Corporate Services	-3,811	-5,890	3,811	100.0%	-2,079
Outturn adjustment	-	-	7,767	-	-
Total	**-30,661**	**-29,130**	**29,130**	**95.0%**	**-7,767**

4.2.3 As at the end of October, People Services and Corporate Services have exceeded the capital variations budgets allocated to them, forecasting in-year underspends of -£5.7m and -£2.1m respectively. The current overall forecast position is therefore a -£7.8m underspend; the forecast will be updated as the year progresses.

4.3 Key capital budget variances are identified by exception and commented upon in appendix 2.

Key variances are those forecast to be in excess of +/-£250k

4.4 Capital Funding Changes

4.4.1 This table sets out changes to funding for capital schemes in-year.

Funding Source	Business Plan Budget £m	Rolled Forward Funding £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	23.9	-5.0	0.2	0.2	**19.3**	19.5	0.2
Basic Need Grant	14.7	0.0	0.0	1.0	**15.7**	15.7	0.0
Capital Maintenance Grant	3.0	2.0	0.0	0.9	**5.9**	5.9	0.0
Devolved Formula Capital	0.8	1.2	0.0	-0.0	**2.0**	2.0	0.0
Specific Grants	19.7	2.4	-2.6	0.7	**20.2**	12.4	-7.8
S106 Contributions & Community Infrastructure Levy	28.0	0.4	-14.2	0.0	**14.3**	14.7	0.4
Capital Receipts	1.5	0.0	-0.1	0.0	**1.3**	1.7	0.3
Other Contributions	10.2	-0.4	-5.3	5.4	**9.7**	9.7	0.0
Revenue Contributions	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0
Prudential Borrowing	90.6	26.8	-45.3	-7.4	**64.8**	63.9	-0.9
TOTAL	**192.2**	**27.5**	**-67.3**	**0.8**	**153.2**	**145.4**	**-7.8**

Notes on this table:

1. The 'rolled forward funding' column reflects the difference between the anticipated 2021/22 year-end position used at the time of building the initial Capital Programme budget, as incorporated within the 2022/23 Business Plan, and the actual 2021/22 year-end position.

4.5 Capital Funding Changes to note

4.5.1 The table below details changes for committee to note (where the change is greater than £250k).

Funding	Service	Amount £m	Reason for Change
Revised Phasing	All services	-£0.040	Capital programme variations budgets The capital programme variations budgets have been revised for 2022/23 as a result of the changes following the restructuring of council services and also the rephasing of part of the Waterbeach Waste Treatment scheme. There is a resultant net change of -£0.040m across the directorates (People Services +£0.388m, Place & Sustainability +£0.924m and Corporate Services -£1.352m).

5 Balance Sheet

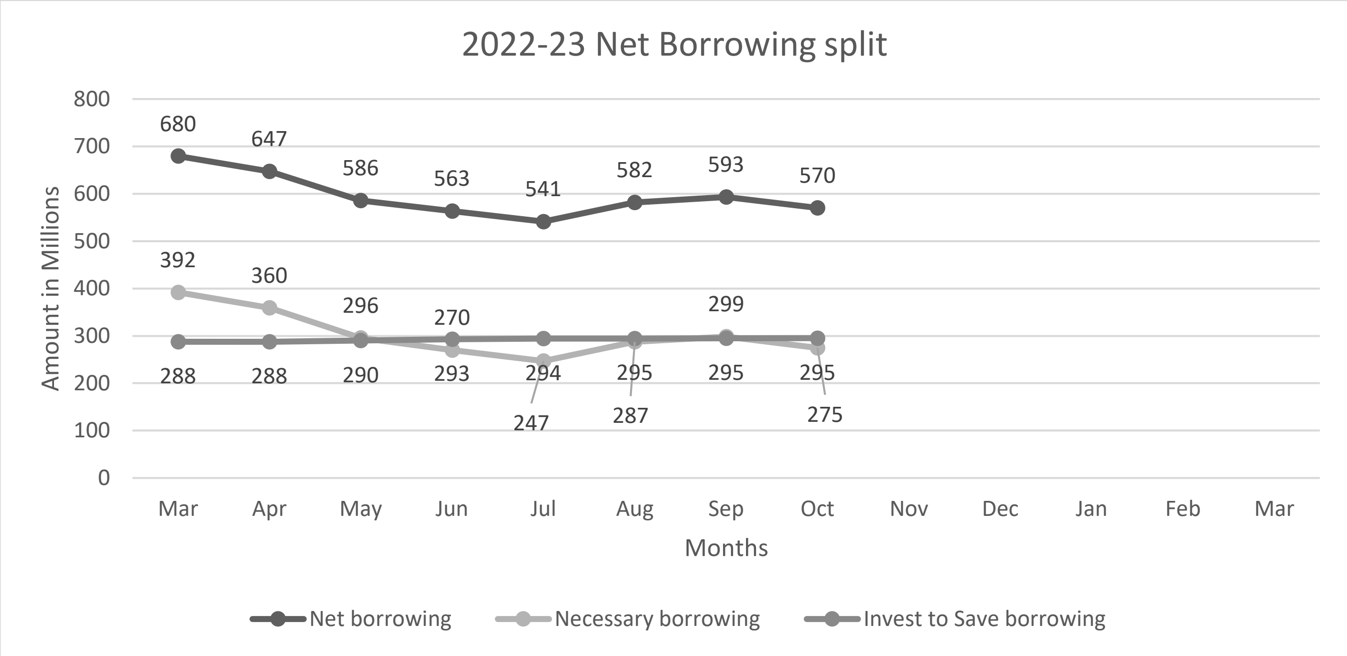
5.1 Reserves

At the end of October, the Council has revenue reserves totalling £160m. Most of these reserves are earmarked for specific purposes, and the breakdown of these can be seen in appendix 4. We retain a general fund reserve as our principal un-ringfenced reserve, which is held at a target balance of 4% of gross non-school expenditure.

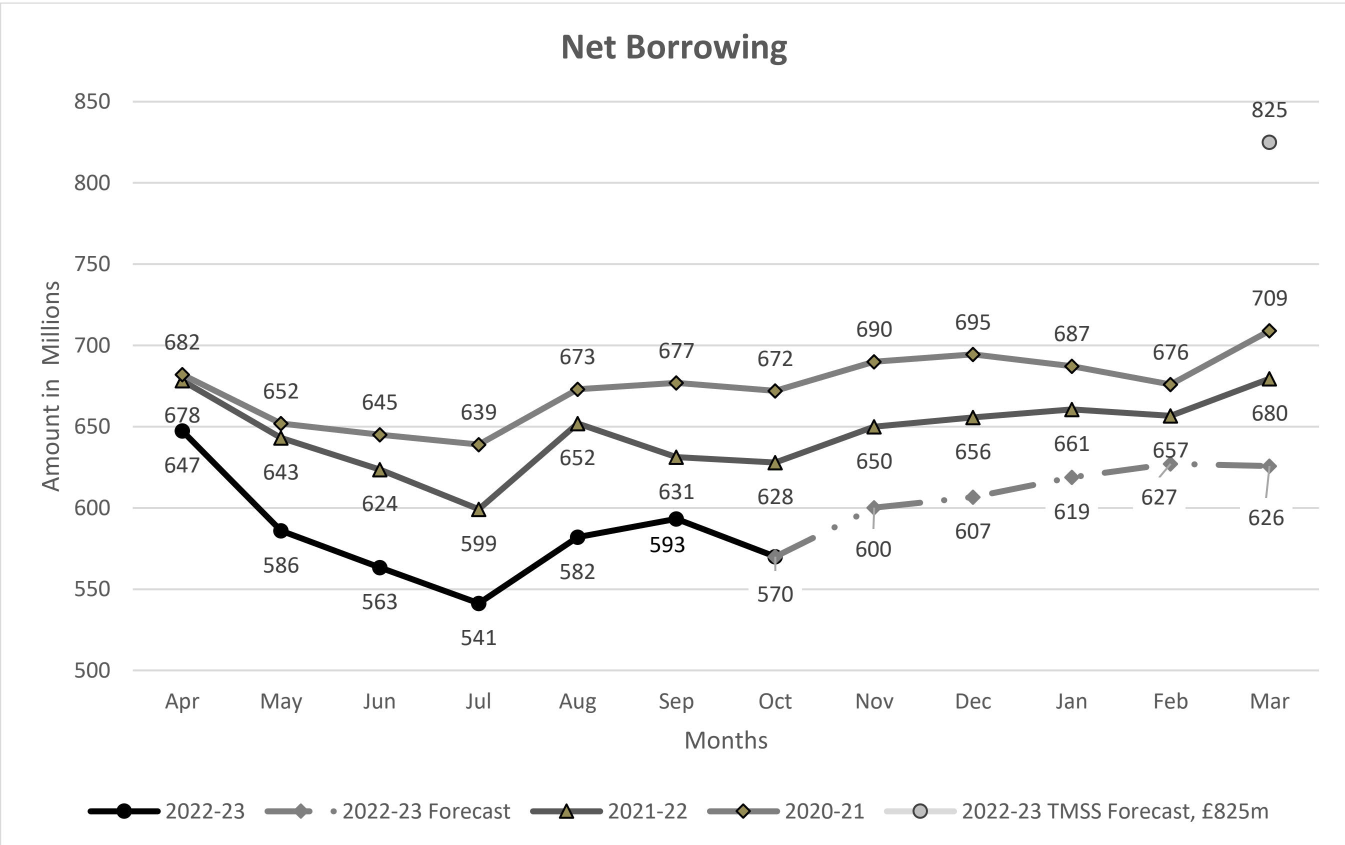
The medium-term financial strategy assumes a gradual reduction in the overall level of reserves as earmarked funds are spent, much of which is already planned into medium-term budgets.

5.2 Borrowing

The graph overleaf shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2022/23, it is estimated that £295m 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.



The graph below shows net borrowing (borrowings less investments) on a month-by-month basis and compares the position with previous financial years. At the end of October 2022, investments held totalled £188.1m (excluding all 3rd party loans, Equity and This Land) and gross borrowing totalled £758.1m, equating to a net borrowing position of £570.0m.



5.3 General Balance Sheet

An overview of other key balance sheet health issues is shown below:

Measure	Year End Target	Actual as at the end of Oct 2022
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	85%
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£9.96m	£12.90m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£2.89m	£2.47m
% of invoices registered on ERP within 2 working days	98.0%	99.6%
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	98.7%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	95.0%	83.6%

Note: following review, the outstanding debt targets have been updated with the principle established by Committee in 2018/19 of a target for adult social care and sundry debt of an 8% and 15% reduction respectively versus a baseline of March of the preceding financial year. This update was omitted earlier this year.

6 Treasury Management

6.1 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by 2021-22 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend. The 2022-23 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

6.2 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2022-23 TMSS was set in February 2022, it anticipated that net borrowing would reach £825.0m by the end of this financial year. Based on the 2021-22 outturn position and subsequent revisions to the capital programme, the net borrowing is currently predicted to be below this, at £626m by the end of this financial year.

6.3 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Council’s exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer-term borrowing should underlying interest rates be forecast to rise in a sustained manner.

6.4 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.

Appendix 1 – Revenue – commentaries on exceptions

1. People Services

- An overall pressure of £1.281m is forecast for year-end.

New commentaries

1a Strategic Management - Adults

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.8	+11%

A £0.770m pressure is forecast. This arises mainly from:

i) The 2022-23 Business Plan assumed an increased contribution of £1.1m from the NHS to the Learning Disability Pooled budget as a result of joint work being undertaken to reassess the cost sharing agreement between the Council and Health. The review of packages required to agree a revised split of costs for the pool has not yet commenced, and there is an increasing risk as the year progresses that the revised contribution will not be agreed in the current financial year, creating a budgetary pressure.

ii) Mitigations due to the Better Care Fund contribution from Health increasing from 2021/22 to 2022/23 at a higher percentage rate than anticipated in the Business Plan. This funding increase is held centrally to contribute to demand pressures across Adult Social Care.

1b Adoption

Forecast Outturn Variance £m	Forecast Outturn Variance %
-0.3	-4%

A -£0.250m underspend is forecast. This is primarily against Special Guardianship Orders, which is the continuation of savings realised from changes made to allowances following the introduction of a new means-testing tool, in line with DfE recommendations.

1c Home to School Transport – Mainstream

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.3	+3%

A £0.300m pressure is forecast. The change since last month is due to updated contract data following the retender process over the summer. As with all the transport budgets, driver shortages and inflation have increased contract costs. In addition, several areas in the county have a lack of local places meaning that pupils must be transported further at higher cost.

Previously reported commentaries, updated since last month:

1d Older People and Physical Disability Services

Forecast Outturn Variance £m	Forecast Outturn Variance %
-1.2	-2%

A -£1.200m underspend is forecast, which is a £0.540m increase in the underspend position previously reported last month. Older People's and Physical Disabilities Services have undergone a service redesign for the start of 2022-23 to realign the Long-Term care teams into single locality-based community care teams and a specialist care home team. As part of this redesign, a cohort of over-65 clients previously allocated to the Physical Disabilities care budget have been realigned to the Older People's care budget, which means that the Physical Disabilities care budgets relate to working-age adults only.

At this stage in the year, the service as a whole continues to forecast a net underspend of -£1.2m. Demand patterns that emerged during 2021-22 are continuing into 2022-23, and these are reflected in the individual forecasts for the service.

Ongoing analysis will be carried out to review in detail activity information and other cost drivers to validate this forecast position. This remains subject to variation as circumstances change and more data comes through the system.

Older People's North & South
It was reported throughout 2021-22 that despite high levels of activity coming into service, driven largely by Hospital Discharge systems, net demand for bed-based care remained significantly below budgeted expectations, and there was no overall growth in the number of care home placements over the course of the year. This trend is continuing into 2022-23. Based on activity so far this year, and with a high proportion of new placements being made within the Council's existing block bed capacity, we are reporting an underspend of -£2.469m.

Physical Disabilities North & South
There has been a significant increase in demand for community-based care above budgeted expectations. The increase in demand largely relates to home care, both in terms of numbers of clients in receipt of care and increasing need (i.e., average hours of care) across all clients. During 2021-22, this impact was offset by a reduction in demand in the over-65 cohort that have been realigned to the Older Peoples budget. This, in conjunction with a reduction in income due from clients contributing towards the cost of their care, is resulting in the reported forecast pressure of £1.269m.

1e Central Commissioning - Adults

Forecast Outturn Variance £m	Forecast Outturn Variance %
-0.6	-4%

A -£0.592m underspend is forecast within Central Commissioning – Adults, which an increase of -£0.248m on the underspend position previously reported last month.

Savings of -£575k have been made through the decommissioning of six local authority funded rapid discharge and transition cars as part of the wider homecare commissioning model. This offsets the pressure and delivers a net underspend on the budget. The long-term strategy is to decommission all the local authority funded cars, meeting the need for domiciliary care through other, more cost-effective means, such as:

- A sliding scale of rates with enhanced rates to support rural and hard to reach areas.
- Providers covering specific areas or zones of the county, including rural areas.
- Supporting the market in building capacity through recruitment and retention, as well as better rates of pay for care staff.

Ongoing savings are proposed from this budget in 2023/24 to account for this underspend.

Cambridgeshire County Council

Previously reported commentaries, unchanged since last month:

1f Mental Health

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.6	+4%

A £0.627m pressure continues to be forecast within Mental Health Services. The pressure reflects significant additional demand pressures within the Adult Mental Health service. This is partially offset by an expected underspend against the Section 75 Contract.

Adult Mental Health services are continuing to see significant additional demand within community-based care, particularly there has been a notable increase in the volume of new complex supported living placements made since the start of the year.

Older People's Mental Health services had previously seen a reduction in demand for community-based support. This is now returning to match budgeted expectations. Activity in bed-based care remains high, as reported last year, and this is contributing to the reported budget pressures this year.

1g Home to School Transport – Special

Forecast Outturn Variance £m	Forecast Outturn Variance %
+1.1	+6%

A £1.100m pressure is forecast. Growth in numbers of Education, Health and Care Plans (EHCPs) being agreed has led to the forecasted increase in numbers of children with Special educational needs and disability (SEND) being transported. The lack of special school places available locally has necessitated longer and less efficient transport routes. 330 SEND transport contracts have been re-procured this summer and this has occurred in a time of extremely uncertain market conditions. Average transport costs per contract have gone up by 18.5% from 2021.

1h Children in Care Transport

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.3	+18%

A £0.300m pressure is forecast. There has been an increase in transport demand arising from an increasing shortage in local placements, requiring children to be transported further. In addition, transport requests for Children In Care pupils as part of their care package have increased due to carers feeling unable to meet the increased fuel costs.

1i SEND Financing – DSG

Forecast Outturn Variance £m	Forecast Outturn Variance %
+11.8	+121%

An £11.800m pressure is forecast within the high needs block of the Dedicated Schools Grant (DSG). Due to the continuing increase in the number of children and young people with Education, Health and Care Plans (EHCPs), and the complexity of need of these young people, the overall spend on the High Needs Block element of the DSG funded budgets has continued to rise. The current in-year forecast reflects the initial latest identified shortfall between available funding and current budget requirements.

1j Financing - DSG

Forecast Outturn Variance £m	Forecast Outturn Variance %
-11.8	-11%

This line relates to the £11.800m that will be required to be drawn down from the DSG reserve to meet the in-year pressure on DSG funded services (mainly the high needs block as noted above). This reserve is currently negative (a deficit on the DSG). Within People Services, spend of £102.9m is funded from the ring-fenced Dedicated Schools Grant. The DSG balance brought forward from 2021/22 was a deficit of £39.3m.

Senior Officers continue to meet with the DfE to discuss the current situation and plans, and as such updates will be provided in due course.

2. Place and Sustainability

- An overall pressure of £1.087m is forecast for year-end.

New commentaries

2a Park & Ride

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.6	-%

An in-year pressure of £0.637m is forecast on the Park & Ride budget. There is a pressure on the Guided Bus Maintenance due to the installation of a temporary fence on the Southern Section of the Guided Busway, between the station and the Addenbrooke's spur, and implementation of the safety measures as recommended in the Mott Macdonald safety report. A Health & Safety Executive (HSE) investigation continues regarding the busway.

Post Covid, busway services have still not recovered to pre-Covid levels. This means less access charge income coming into the busway budget. The access agreement allows increases each April to the access charges to cover full maintenance costs of the busway. This would allow for some increase in April 2023. However, unless patronage increases between now and then the capacity for the operators to absorb a large increase is questionable. Even then, the access charge increase could not be used to pay for the additional expenditure on the maintenance track (cycleway/bridleway), additional safety works required by HSE as this would be regarded by the Bus operators as non-maintenance/non-busway expenditure.

Previously reported commentaries, updated since last month:

2b Lost Sales, Fees & Charges Compensation

Forecast Outturn Variance £m	Forecast Outturn Variance %
-0.7	-100%

Parking Enforcement

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.4	-%

Variance on these two budget lines is linked. Funding is held on the Lost Sales, Fees & Charges Compensation to offset the impact of Covid on parking enforcement income. The pressure on income collection is reported on the Parking Enforcement line. The amount of funding held in offset is greater than the pressure, resulting in a net underspend of £0.335m between the two lines, which is a reduced underspend of £0.145m since last month.

2c Energy Projects Director

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.3	+99%

An in-year pressure of £0.299m is forecast on the Energy Project Director budget. This is a decrease of £0.001m on the pressure position reported last month. Income and maintenance costs for the St Ives P&R Smart Energy Grid forecast for this year have been pushed back into 2022/23. This is due to the private wire connection points to the business customers requiring additional design work resulting from site/operational changes from the customers.

Babraham Road P&R smart energy grid has added an additional phase to its construction programme to address the number of available parking concerns during the construction programme. This has added an additional 14 weeks to the construction programme pushing back income generation and maintenance costs to start by October 2023. The North Angle Solar Farm project will be energised by June 2023 and not December 2022 as originally forecast. This is due to the private wire not being in place by December 2022 as a result of extended third party easement negotiations. This has resulted in an income and maintenance cost delay.

3. Finance & Resources

- An overall pressure of £2.427m is forecast for year-end.

New commentaries

3a Facilities Management

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.5	+8%

A +£0.470m pressure is forecast in Facilities Management. This is due to the continued cost of running the old Shire Hall site. Most of the expenditure is for business rates and progress is being made to reduce this.

Previously reported commentaries, updated since last month:

3b Central Services and Organisation-Wide Risks

Forecast Outturn Variance £m	Forecast Outturn Variance %
+1.6	+27%

A £1.620m pressure is forecast across Central Services and Organisation-Wide Risks, which is an increase of £0.120m on the pressure position previously reported last month. This budget line holds the inflation allocation for staff pay increases across the Council until a pay award is set at which point budget is allocated to services. The latest pay offer from the national employers, if it was replicated across the council, exceeds the budget provision made. We have assumed in this projection that due to the levels of vacancies across the organisation that the impact of the difference between budget (based on the staffing establishment) and actual pay inflation will be reduced.

Previously reported commentaries, unchanged since last month:

3c Contract Efficiencies & Other Income

Forecast Outturn Variance £m	Forecast Outturn Variance %
0.3	+75%

A £0.305m pressure is forecast across Contract Efficiencies & Other Income.

Contract Efficiencies: This is due to ongoing difficulties with supply chains – relating to increasing inflationary cost pressures and continued impact from the pandemic – opportunities to renegotiate current contracts without a change to specification is extremely limited. A procurement three-year pipeline is being created alongside a programme of contract review by the Head of Due Diligence and Best Value; it is anticipated savings will be identified through those processes once they commence fully.

External Income: This target originally focused on the achievement of surplus income generation from advertising and sponsorship. Activities in advertising and sponsorship have also been limited not only due to available revenues from businesses wishing to advertise but also the capacity to manage our assets for advertisement/sponsorship and our more exclusive intent for relevant policies to remove or reduce junk food, fossil fuels, etc. Further opportunities for other income are being explored.

4. Capital Financing

- An overall underspend of -£2.280m is forecast for year-end.

New commentaries

4a Capital Financing

Forecast Outturn Variance £m	Forecast Outturn Variance %
-2.3	-7%

A -£2.280m underspend is forecast across the Capital Financing budgets. This is primarily due to forecast underspends on interest payable, Minimum Revenue Provision (MRP) and interest receivable.

- Following a review of cashflow forecasts and borrowing requirements, the interest payable forecast has been revised giving a forecast £847k underspend. Whilst the cost of taking out PWLB borrowing has been significantly higher over this financial year due to rising interest rates, the Council has instead taken advantage of lower rates on shorter-term Local Authority borrowing when refinancing existing loans, as well as taking the opportunity to fix deals several months in advance to lock in lower rates. The cashflow position has been such that the Council is now forecasting to require less borrowing by the end of the financial year; as a result, some maturing loans will not need to be refinanced. The cashflow position will continue to be monitored closely over the remaining months of the year and levels of borrowing will be adjusted accordingly.
- The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the MRP). Following analysis of capital schemes completed in 2021/22 and how they were funded, the MRP payment for 2022/23 has been recalculated and the forecast year-end position is £846k lower than budgeted. This analysis takes some time following conclusion of the preceding financial year and production of statements of accounts.
- The forecast interest receivable is a £588k over achievement of income, primarily due to the effect of increased interest rates on our short-term investment income.

Appendix 2 – Capital – commentaries on exceptions

1. People Services

- Overall in-year forecast outturn variance of -£5.689m underspend.

New commentaries:

1a Waterbeach New Town Primary

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
350	300	0	300

An in-year pressure of £0.300m is forecast on the Waterbeach New Town Primary scheme. This is due to expected accelerated spend to cover redesign fees which will be incurred this financial year.

1b Sir Harry Smith Community College

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
3,200	-500	0	-500

An in-year underspend of -£0.500m is forecast on the Sir Harry Smith Community College scheme. The start on site has been delayed from 24.10.22 to early November 2022 to allow additional time to value engineer the project to budget.

1c Cambourne Village College Phase 3b

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
14,000	-2,000	0	-2,000

An in-year underspend of -£2.000m is forecast on the Cambourne Village College Phase 3b scheme. Rephasing of £2.000m is expected as it has taken time to ensure the project can be delivered on budget. A slightly longer programme schedule is anticipated with project completion now expected in April 2024.

1d Temporary Accommodation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
750	-299	-299	0

An in-year underspend of -£0.299m is forecast on the Temporary Accommodation scheme. There has been a significant reduction in the number of new temporary solutions required across the county, realising a £0.299m underspend in 2022/23.

1e Independent Living Service: East Cambridgeshire

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,084	-523	0	-523

An in-year underspend of -£0.523m is forecast on the Independent Living Service: East Cambridgeshire scheme. This is due to rephasing in the project, caused by a delay in the purchase of land. The NHS is not able to release the site until they have received approval for their own capital project, which has been delayed

Schemes previously reported on, updated since last month:

1f Soham Primary Expansion

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
49	700	0	700

An in-year pressure of £0.641m is forecast on the Soham Primary Expansion scheme. This is a decrease of £0.059m since last month. Completion and delivery of works has been rephased one year from 2025-26 to 2026-27 but land purchase has completed ahead of expectation.

1g People Services Capital Variation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-9,114	9,114	0	9,114

Any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, £9.114m of the overall £14.803m underspend is balanced by use of the capital variations budget.

Schemes previously reported on, unchanged since last month:

1h Northstowe 2nd Primary

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
200	500	500	0

An in-year pressure of £0.500m is forecast on the Northstowe 2nd Primary scheme; this is also a total scheme pressure. This is due to increased scheme costs identified at MS2. The scheme delivery schedule has now also been confirmed. Revised costs were presented at August capital programme board and a revised business case is being taken through the 2023-24 Business Planning process.

1i St Philip's Primary

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
600	-550	0	-550

An in-year underspend of -£0.550m is forecast on the St Philip's Primary scheme. Rephasing is anticipated following the latest delivery programme received. Works will not now commence on site until next summer to avoid disruption to the school. Works will be to alterations and the main entrance.

1j Alconbury Weald Secondary and Special

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
14,500	-11,000	1,000	-12,000

An in-year underspend of -£11.000m is forecast on the Alconbury Weald Secondary and Special scheme. A new tendering approach is being taken for the procurement of this project following increases in the estimated cost for SEN works. The SEN School will now be delivered one year later in July 2024 at the same time as the secondary; a combined approach will hopefully achieve a single agreed MS4 sum and overall reduced contract period.

1k LA Early Years Provision

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,803	-1,403	0	-1,403

An in-year underspend of -£1.403m is forecast within LA Early Years Provision. Two priority schemes have been identified as requiring investment to ensure sufficiency but due to planning and design the schemes will not start construction until 2023/24.

2. Place and Sustainability

- Overall in-year forecast outturn variance is balanced.

New commentaries

2a Safety Schemes

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,480	-997	0	-997

An in-year underspend of -£0.997m is forecast on Safety Schemes. The majority of the budget relate to two schemes, Puddock Road Ramsey and Swaffham Heath Crossroads. For both of these schemes it is expected that the majority of construction work will take place next financial year. For Swaffham Heath, discussions are currently being held with the landowner and should be clearer in December.

2b Delivering the Transport Strategy Aims: Highway schemes

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
2,542	-742	0	-742

An in-year underspend of -£0.742m is forecast on Delivering the Transport Strategy Aims: Highway schemes. Although expenditure is low at present, detailed design work is currently ongoing, and it is expected that delivery will begin across several projects in quarter 4. However, the following projects in the programme will be delayed due to,

- a mixture of legal and landownership issues: A605 Elton NMU, Merivale Way Ely,
- roadspace requirements and having to work over the Easter holidays: Maids Causeway, A603 Barton Road, Ely City 20mph, PROW improvements in Brampton
- delays caused by third parties: 20mph Quick Win projects.

2c St Ives local Improvements

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,000	-725	0	-725

An in-year underspend of -£0.725m is forecast on the St Ives local Improvements scheme. Design work is currently being undertaken and it is not expected that any construction will take place until next financial year.

2d Swaffham Prior Community Heat Scheme

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
6,943	-399	0	-399

An in-year underspend of -£0.399m is forecast on the Swaffham Prior Community Heat Scheme. The split of costs for the Private Wire has been adjusted between the two projects (North Angle Solar Farm and Swaffham Prior Community Heat Project) to better reflect where the main benefits of the private wire will accrue and therefore how the costs should be apportioned. The North Angle Solar Farm as the generator of clean electricity will benefit more from energy sales as a result of the private wire.

Schemes previously reported on, updated since last month:

2e Carriageway & Footway Maintenance incl Cycle Paths

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
9,298	-500	0	-500

An in-year underspend of -£0.500m is forecast on the Carriageway & Footway Maintenance incl Cycle Paths scheme. This is an increase of £0.025m on the underspend position reported last month. Although expenditure is low at present, work is committed (£6.8m) or underway and it is expected that expenditure will be in line with the total budget. A robust and realistically resourced forward delivery programme is in place and agreed with our contractor and their suppliers which takes us up to the end of this financial year. Due to network constraints a number of high value surfacing schemes had to be delivered in quarter 4, whilst others in the drainage programme are currently going through detailed design to end of November before being priced and delivered in February / March 2023. Network constraints also mean the A505 VRS budget (£950k) will likely only be around 50% spent in year, with work starting in February and running through to May 23, so £500k is projected to carry into quarter 1 23/24.

2f B1050 Shelfords Road

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
800	-800	0	-800

An in-year underspend of £0.800m is forecast on the B1050 Shelfords Road scheme. This project is currently going through detailed design and several different options are being costed for Members to consider. The earliest delivery date due to the complexity of the project will be Summer 2023.

2g St Neots Future High St Fund

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
831	-502	0	-502

An in-year underspend of -£0.502m is forecast on the St Neots Future High St Fund scheme. This is an increase of £0.019m on the underspend position previously reported last month. The district council governance/approval process required has been accommodated and construction is now programmed to commence in May 2023 therefore no construction expenditure is expected during the current financial year, resulting in reduced forecasted figures.

2h Babraham Smart Energy Grid

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
5,630	-1,790	0	-1,790

An in-year underspend of -£1.790m is forecast on the Babraham Smart Energy Grid scheme. This is a change of -£2.126m from the pressure position reported last month. The construction of this project is now being delivered in three phases. This has directly impacted on the timescales for delivery, extending the programme by 14 weeks. In addition, the complexities associated with altering the programme for construction delayed the start date of the works by 16 weeks.

2i Fordham Renewable Energy Network Demonstrator

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
609	-409	0	-409

An in-year underspend of -£0.409m is forecast on Fordham Renewable Energy Network Demonstrator scheme. This is an increase of -£0.105m on the underspend position reported last month. Capacity constraints within the team meant that this project was unable to be progressed as quickly as had been intended. The forecast reflects the associated delay in expenditure on the development of this project.

2j Environment Fund - Decarbonisation Fund - School Low Carbon Heating Programme

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
0	403	0	403

An in-year pressure of £0.403m is forecast on the Environment Fund - Decarbonisation Fund - School Low Carbon Heating Programme scheme. This is a decrease of £0.043m on the position previously reported last month. Last year the schools low carbon heating programme sat together with the Council’s office buildings low carbon heating programme but this is now separated out. This will allow closer monitoring of the additional Council’s Environment Fund contributions for low carbon heating for maintained schools to match fund any Government Public Sector Decarbonisation Scheme funding. This change was implemented post March 2022 and will therefore be seen as a variance all year.

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2k Place & Sustainability Capital Variation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-17,736	8,438	0	8,438

Any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, the net £8.438m underspend is balanced by use of the capital variations budget. The £5.532m increase since last month is primarily due to the underspends on Safety Schemes, Delivering the Transport Strategy Aims: Highway schemes, St Ives local Improvements, Swaffham Prior Community Heat Scheme and the Babraham Smart Energy Grid scheme as reported above.

Schemes previously reported on, unchanged since last month:

2l Girton to Oakington cycling scheme

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
339	-301	0	-301

Completion of Phase 2 detailed design and the acquisition of third party land is to be undertaken during 2022/23. The remaining budget will not be adequate to complete construction, so other funding sources are being investigated. There may be additional funding which would move the project forward in 2022/23.

2m Delivering the Transport Strategy Aims- Other Cycling schemes

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,092	-501	0	-501

An in-year underspend of £0.501m is forecast on the Delivering the Transport Strategy Aims- Other Cycling schemes. The underspend relates to three schemes: B1049 A14 Histon junction, Eddington to Girton and Ditton Lane, Fen Ditton. For each of these schemes, feasibility and preliminary design work will be undertaken this financial year to establish likely construction costs. Any construction will take place in 2023/24 and the funding will be rephased for this.

2n Wisbech Town Centre Access Study

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
693	-359	-359	0

An in-year underspend of £0.359m is forecast on the Wisbech Town Centre Access Study scheme. The Forecast Spend Outturn is less than the Revised Budget for 2022/23 to take into account utility refunds yet to be received during this year.

3. Corporate Services

- Overall in-year forecast outturn variance of -£2.079m underspend.

New commentaries:

3a Community Fund

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
2,429	-1,722	0	-1,722

An in-year underspend of £1.722m is forecast on the Community Fund scheme. Rephasing into 2023-24 will be required; the total scheme forecast is unaffected.

Schemes previously reported on, updated since last month:

3b Condition Survey Works

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,841	-909	0	-909

An in-year underspend of £0.909m is forecast on Condition Survey Works. This is an increase of £0.309m on the underspend position since last month. The underspend is primarily due to work being delayed on the Hereward Hall heating system and also reprofiling of other smaller projects.

3c CS Capital Variation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-3,811	3,811	0	-3,811

Any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, £3.811m of the overall £5.689m underspend is balanced by use of the capital variations budget.

Schemes previously reported on, unchanged since last month:

3d Data Centre Relocation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,530	-872	0	-872

An in-year underspend of £0.872m is forecast on the Data Centre Relocation scheme. Post Data Centre migration we can now seek further convergence of IT infrastructure and services and realise further economies; some of these opportunities also have the potential to migrate to a Cloud based model. Consequently, the shift from a 'like for like' replacement approach has extended the overall timelines for the selection and implementation of some products and services which subsequently requires a rephasing of the budget.

3e Hawthorns - Intensive Therapeutic Support Hub

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
3,227	-1,600	0	-1,600

An in-year underspend of £1.600m is forecast on the Hawthorns - Intensive Therapeutic Support Hub scheme. The forecast has been updated to reflect the new timescale for completion.

3f Mill Farmhouse

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
450	-338	0	-338

An in-year underspend of £0.338m is forecast on the Mill Farmhouse scheme. There has been a delay with the planning process. Rephasing into 2023-24 will be required; the total scheme forecast is unaffected.

Cambridgeshire County Council

Appendix 3 – Budget transfers between services in 2022/23

This table shows budget movements of at least £1k between service blocks in 2022/23

Budgets and Movements	**People Services £'000**	**Place & Sustainability £'000**	**Public Health £'000**	**Strategy and Partnerships £'000**	**Finance and Resources £'000**	**Capital Financing £'000**	**Financing Items £'000**
Opening Cash Limits as per Business Plan	321,579	66,101	45	0	27,811	34,044	5,777
Post BP, pre initial budget load adjustments between CS and P&E-Energy Schemes		-336			336		
Allocation of unringfenced grant £1,143k Domestic Abuse Act Statutory Duty funding 22-23 to People & Communities as per S&R 29th March 2022	1,143						
Children's Homes Building Maintenance and Children & Safeguarding restructure transfer	-45				45		
Budget transfer for 1.75% pay award for 21-22	1,829	191			-2,020		
Transfer of Market sustainability full grant budget to P&C	-750						
Budget resetting movements as approved by S&R 27th June (May IFMR)	-3,454	2,251			1,520	-769	655
22-23 BP virements to replace expenditure budgets with reserve draw down lines	-3,606	-455	-45		-155		4,261
Allocation of unringfenced grant £10k Biodiversity Net Gain Grant carry forward to Place & Economy		10					
Allocation of unringfenced grant £100k ASC Charging Implementation Support Grant to Adults Services	100						
Transfer of IT budget P&C to CS	-13				13		
Transfer of Qtr 1 Mileage Savings	-156	-5			161		
Transfer re postage P&C to CS	-20				20		
Place Planning transfer P&C to CS	-26				26		
Sept 2022 Directorate restructure	-8,467	3,798		14,629	-9,961		
Vacancy savings transfer		-15		-367	381		

Budgets and Movements	People Services £'000	Place & Sustainability £'000	Public Health £'000	Strategy and Partnerships £'000	Finance and Resources £'000	Capital Financing £'000	Financing Items £'000
Correction of Public Health income budgets to match 2022/23 MoU	-68			68			
Transfer of Qtr 2 Mileage Savings	-130	-5		-18	153		
Transfer towards central savings target		-31		31			
CLT restructure virements	90	10		437	-493		-44
Current budget	**308,008**	**71,514**	**0**	**14,781**	**17,892**	**33,275**	**10,648**
Rounding	-2	0	0	0	1	0	1

Cambridgeshire County Council

Appendix 4 – Reserves and provisions

This section shows the reserves available to the Council, which are one off funds held either for general or specific purposes.

Fund Description	Balance at 31 March 2022 £000s	Movements in 2022-23 (or in budgeting) £000s	Balance at 31 Oct 2022 £000s	Forecast Balance at 31 March 2023 £000s	Notes
General Reserves					
- County Fund Balance	46,475	-18,260	28,215	28,215	
General Reserves subtotal	46,475	-18,260	28,215	28,215	
1 Insurance	4,719	5	4,724	4,724	
2 People Services & Schools	15,247	904	16,151	8,505	
3 PH	8,503	0	8,503	4,661	
4 Place & Sustainability	10,852	1,188	12,040	5,794	Includes reserve for Waterbeach waste facility works- revenue impact of plant closure
5 Strategy & Partnerships	2,464	-254	2,210	2,285	
6 Finance & Resources	4,262	-642	3,620	2,280	
7 Just Transition Fund	0	13,605	13,605	10,033	Starting balance of £14m, with allocations made totalling £9.9m across medium-term
8 High Needs Block Offset Reserve	0	12,435	12,435	12,435	
9 Transformation Fund	25,012	-21,322	3,691	0	Balance for legacy Transformation projects
10 Cultivate Cambs Fund	442	350	792	442	
11 Corporate- COVID	26,987	-4,573	22,414	21,164	Includes remainder of COVID-19 Support Grants. Allocated over medium-term.
12 Specific Risks Reserve	2,140	1,429	3,569	3,569	
13 This Land Credit Loss & Equity Offset	5,850	0	5,850	5,850	
14 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	2,940	
15 Collection Fund Volatility & Appeals Account	3,690	544	4,234	4,234	
16 Local Government Settlement phasing reserve	0	4,324	4,324	4,324	Applying the temporary elements of the 2022/23 finance settlement over multiple years
17 Post-pandemic recovery and budgeting account	0	7,017	7,017	7,017	
18 Business change reserve	0	3,896	3,896	3,750	
19 Grant carry forwards	14,031	-14,031	0	0	Carry forward of unspent ring-fenced grants
Earmarked Funds subtotal	127,139	4,875	132,014	104,006	
SUBTOTAL	**173,614**	**-13,385**	**160,229**	**132,220**	
20 People Services	6,116	0	6,116	0	
21 Place & Sustainability	4,063	0	4,063	0	
22 Finance and Resources	13,857	691	14,548	14,057	
23 Corporate	73,787	16,680	90,467	80,777	
Capital Reserves subtotal	111,016	17,371	115,194	94,834	
GRAND TOTAL	**284,630**	**3,986**	**275,423**	**227,054**	

Fund Description	Balance at 31 March 2022 £000s	Movements in 2022-23 £000s	Balance at 31 Oct 2022 £000s	Forecast Balance at 31 March 2023 £000s	Notes
1 Place & Sustainability	0	0	0	0	
2 People Services	16	0	16	16	
3 Finance & Resources	2,093	0	2,093	2,093	
Short Term Provisions subtotal	2,109	0	2,109	2,109	
4 Finance & Resources	4,746	0	4,746	4,746	
Long Term Provisions subtotal	4,746	0	4,746	4,746	
GRAND TOTAL	**6,855**	**0**	**6,855**	**6,855**	

Appendix 5 – Savings Tracker 2022-23 Quarter 2

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
Green	A/R.6.176	Adults Positive Challenge Programme - demand management	People	A&H	-154	-154	0	0.00%	⇔	On track
Green	A/R.6.177	Cambridgeshire Lifeline Project	People	A&H	-10	-10	0	0.00%	⇔	On track
Green	A/R.6.179	Mental Health Commissioning	People	A&H	-24	-24	0	0%	⇔	Delivered
Green	A/R.6.185	Additional block beds - inflation saving	People	A&H	-390	-390	0	0%	⇔	On track
Amber	C/F 21-22 Saving	Adult Social Care Transport	People	A&H	-220	-168	52	24%	↑	All routes now retendered saving achieved is lower than expected due to the inflationary pressures on transport
Amber	A/R.6.188	Micro-enterprises Support	People	A&H	-133	-30	103	77%	⇔	At risk due to capacity in the market.
Green	A/R.6.190	iBCF	People	A&H	-240	-240	0	0%	⇔	Delivered
Green	A/R.6.191	Extra care retendering	People	A&H	-87	-87	0	0%	⇔	Delivered
Green	A/R.6.192	Shared lives	People	A&H	-50	-50	0	0%	⇔	On track
Green	A/R.6.193	Expansion of Emergency Response Service	People	A&H	-210	-210	0	0%	⇔	On track
Green	A/R.6.194	Interim Bed recommissioning	People	A&H	-412	-412	0	0%	⇔	Delivered
Green	A/R.6.195	Increased support for carers	People	A&H	-219	-219	0	0%	⇔	On track
Green	A/R.6.197	Community Equipment Service contract retender	People	A&H	-121	-121	0	0%	⇔	Delivered
Green	A/R.6.198	Decommissioning of domiciliary care block provision	People	A&H	-236	-236	0	0%	⇔	Delivered
Green	A/R.6.200	Expansion of Direct Payments	People	A&H	-234	-234	0	0%	⇔	On track
Green	A/R.7.111	Client Contributions Policy Change	People	A&H	-562	-562	0	0%	⇔	On track
Green	A/R.7.112	Community Equipment Pool	People	A&H	-155	-155	0	0%	⇔	Delivered
Black	A/R.7.113	Learning Disability Partnership Pooled Budget Rebaselining	People	A&H	-1,125	0	1,125	100%	↓	At risk due to delays in commencement of detailed work with ICB
Green	A/R.6.255	Children in Care - Placement composition and reduction in numbers	People	C&YP	-600	-600	0	0%	⇔	On track
Green	A/R.6.257	Special Guardianship Orders	People	C&YP	-250	-250	0	0%	⇔	On track
Green	A/R.6.268	Transport - Children in Care	People	C&YP	-380	-380	0	0%	⇔	On track
Green	A/R.6.269	Virtual School	People	C&YP	-50	-50	0	0%	⇔	On track

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
Green	A/R.6.271	Maximising use of existing grants	People	C&YP	-350	-350	0	0%	↔	On track
Green	A/R.6.213	Registrars	S&P	C,SM&I	-200	-200	0	0%	↔	On track
Green	A/R.6.214	C&P efficiencies	S&P	C,SM&I	-250	-250	0	0%	↔	On track
Green	C/F 21-22 Saving	Communities and Partnership Review	S&P	C,SM&I	-200	-200	0	0%	↔	On track
Green	B/R.6.215	Recycle asphalt, aggregates and gully waste	Place & Sustainability	H&T	-15	-15	0	0%	↔	On track
Green	B/R.6.216	Review Street Lighting Service requirements	Place & Sustainability	H&T	-10	-9	1	10%	↔	On track
Green	B/R.6.220	Highway Services Contract Efficiencies	Place & Sustainability	H&T	-110	-110	0	0%	↔	On track
Green	C/R.6.105	Members Allowances	S&P	S&R	-40	-40	0	0%	↔	On track
Black	C/R.6.106	Contract Efficiencies	F&R	S&R	-200	0	200	100%	↓	Inflationary cost pressures and continued impact from the pandemic – opportunities to renegotiate current contracts without a change to specification is extremely limited.
Black	C/F 21-22 Saving	External Income	F&R	S&R	-205	0	205	100%	↓	Due to a change in policy for advertising and sponsorship and no new options this will be harder to meet.
Black	C/R.6.107	Senior Management Staffing	S&P	S&R	-100	0	100	100%	↔	Full Council resolved to make an investment into senior management capacity
Red	C/R.7.101	BP 19/20 - Council Tax: Increasing Contributions	F&R	S&R	-650	-66	584	90%	↓	Unlikely to meet. MOU is still being deliberated by authorities. CFO group has made progress agreeing the terms and South Cambs are currently updating the MOU. Investment has not yet been spent. Recruitment will begin once MOU has been agreed and signed.
Green	B/R.7.127	Alconbury Solar Carport	Place & Sustainability	E&GI	-37	-37	0	0%	↔	On track
Green	C/R.7.105	Renewable Energy Soham - Income Generation	F&R	S&R	-13	-13	0	0%	↔	On track
Black	B/R.7.128	St Ives Smart Energy Grid - Income Generation	Place & Sustainability	E&GI	-44	0	44	100%	↔	Income and maintenance costs for the St Ives P&R Smart Energy Grid forecast for this year have been pushed back into 2023/24. This is due to the private wire connection points to the business customers requiring additional design work resulting from site/operational changes from the customers.
Black	B/R.7.129	Babraham Smart Energy Grid - Income Generation	Place & Sustainability	E&GI	-48	0	48	100%	↔	Babraham Road P&R smart energy grid has added an additional phase to its construction programme to address the number of available parking concerns during the construction programme. This has added an additional 14 weeks to

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
										the construction programme pushing back income generation and maintenance costs to start by October 2023.
Black	B/R.7.132	North Angle Solar Farm, Soham - Income Generation	Place & Sustainability	E&GI	-678	0	678	100%	↔	The North Angle Solar Farm project will be energised by June 2023 and not December 2022 as originally forecast. This is due to the private wire not being in place by December 2022 as a result of extended third party easement negotiations. This has resulted in an income and maintenance cost delay.
Black	B/R.7.133	Swaffham Prior Community Heat Scheme - Income Generation	Place & Sustainability	E&GI	-298	0	298	100%	↔	The customer connections to the Swaffham Prior Community Heat Project are just now starting. The aim is to start connecting the customers that are signed up to the project already over the next few months. As customers connect, income will come forward from the Renewable Heat Incentive and from the heat charges to customers. Some income will come forward during 2022/23 and this will grow as customers are connected over the next five years.
Green	C/R.7.115	Brunswick House - Income Generation	F&R	S&R	-27	-27	0	0%	↔	On track
Green	C/R.7.117	Tesco - Income Generation	F&R	S&R	-34	-34	0	0%	↔	On track
Green	C/R.7.120	County Farms - Agricultural Rent	F&R	S&R	-45	-45	0	0%	↔	On track
Blue	C/R.7.155	Investment Income	F&R	S&R	-250	-318	-68	-27%	↔	Q1 dividend received & new forecast has exceeded the budget
Red	C/F 21-22 Saving	Cambs 2020 Operational Savings	F&R	S&R	-605	-168	437	72%	↑	This saving will not be met until the site is handed over.
Green	E/R.6.034	Reduction in demand led Public Health budgets	PH	A&H	-328	-328	0	0%	↔	Delivered

Key to RAG ratings

Total saving	Over £500k	£100-500k	Below £100k
Black	100% non-achieving	100% non-achieving	100% non-achieving
Red	Percentage variance more than 19%	-	-
Amber	Under-achieving by 14% to 19%	Percentage variance more than 19%	Percentage variance more than 19%
Green	Percentage variance less than 14%	Percentage variance less than 19%	Percentage variance less than 19%
Blue	Over-achieving	Over-achieving	Over-achieving

Appendix B

Service: Corporate Services
Subject: Finance Monitoring Report – October 2022
Date: 16 December 2022

Key Indicators

Category	Target	Section Ref.
Income and Expenditure	Balanced year end position	1.1 – 1.3
Capital Programme	Remain within overall resources	2

Contents

1. Revenue Executive Summary

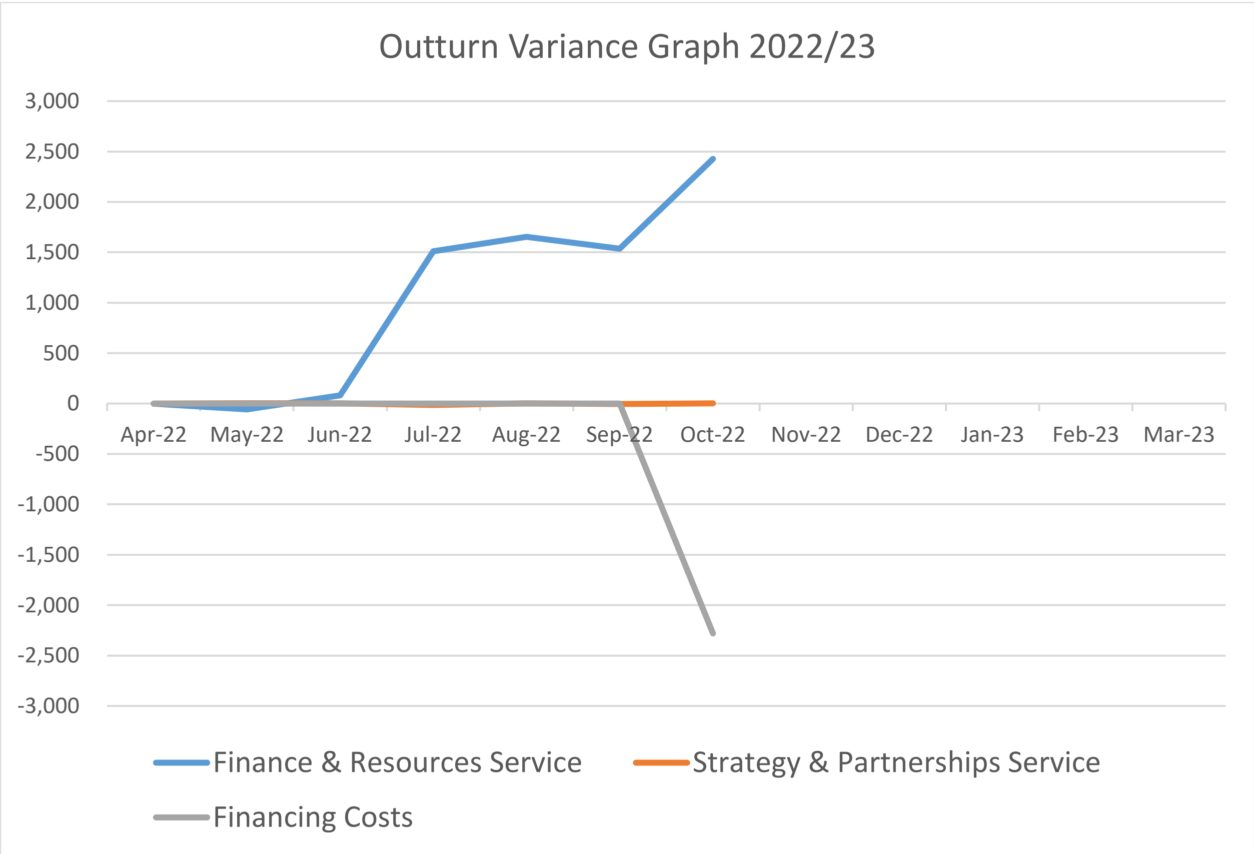
1.1 Overall Position

Strategy & Partnerships Service has a budget of £14,781k in 2022/23 and is currently forecasting an overspend of £2k.

Following the recent restructure, we are now including the following services, previously reported on within People & Communities:

- Strategic Management - CES
- Public Library Services
- Cambridgeshire Skills
- Archives
- Cultural Services
- Think Communities
- Youth and Community Services

Finance & Resources Service (including financing costs) has a budget of £51,110k in 2022/23 and is currently forecasting an overspend of £147k.



1.2 Summary of Revenue position by Directorate

The service level budgetary control report for the year 2022/23 can be found in appendix 1

Outturn Variance (previous) £'000	**Directorate**	**Budget £'000**	**Actual £'000**	**Outturn Variance £'000**	***Outturn Variance %***
5	Strategy & Partnerships Service	14,781	5,012	2	0.0%
1,688	Finance & Resources Service	51,110	20,238	147	0.3%
1,693	**Overall Total**	**65,891**	**25,250**	**149**	0%

1.3 Significant Issues

Strategy & Partnerships Service are currently forecasting an overspend of £2k, a decrease of £3k from the previous forecast.

There are no exceptions to report this month.

Finance & Resources Service are currently forecasting an overspend of £147k, a decrease of £1,541k from the previous forecast.

There are three exceptions to report this month.

Property Services are currently forecasting an overspend of £470k. This is due to the continued cost of running the old Shire Hall site. Most of the expenditure is for business rates and progress is being made to reduce this.

External Audit budget is currently forecasting an overspend of £244k, this is an increase of £162k from the previous month. This is due to the increased costs for external auditor fees.

Financing costs are currently forecasting an underspend of £2,280k. This is primarily due to forecast underspends on interest payable, Minimum Revenue Provision (MRP) and interest receivable.

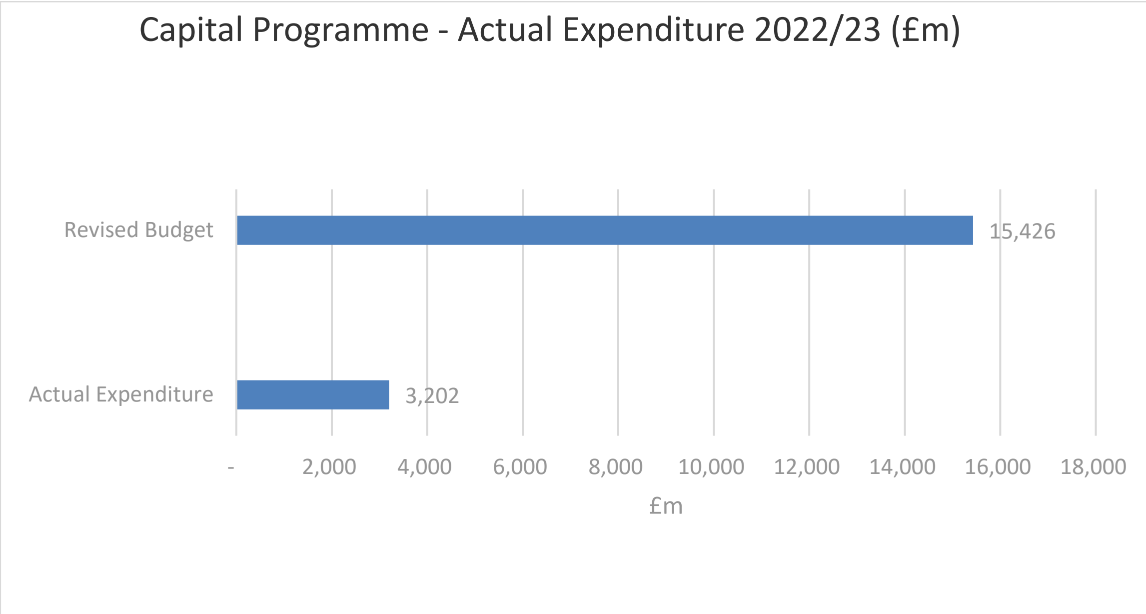
- Following a review of cashflow forecasts and borrowing requirements, the interest payable forecast has been revised giving a forecast £847k underspend. Whilst the cost of taking out PWLB borrowing has been significantly higher over this financial year due to rising interest rates, the Council has instead taken advantage of lower rates on shorter-term Local Authority borrowing when refinancing existing loans, as well as taking the opportunity to fix deals several months in advance to lock in lower rates. The cashflow position has been such that the Council is now forecasting to require less borrowing by the end of the financial year; as a result, some maturing loans will not need to be refinanced. The cashflow position will continue to be monitored closely over the remaining months of the year and levels of borrowing will be adjusted accordingly.

- The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the MRP). Following analysis of capital schemes completed in 2021/22 and how they were funded, the MRP payment for 2022/23 has been recalculated and the forecast year-end position is £846k lower than budgeted.
- The forecast interest receivable is a £588k over achievement of income, primarily due to the effect of increased interest rates on our short term investment income.

2. Capital Executive Summary

2.1 Expenditure

The capital programme in 2022/23 is £15,426, with expenditure to date of £3,202k.



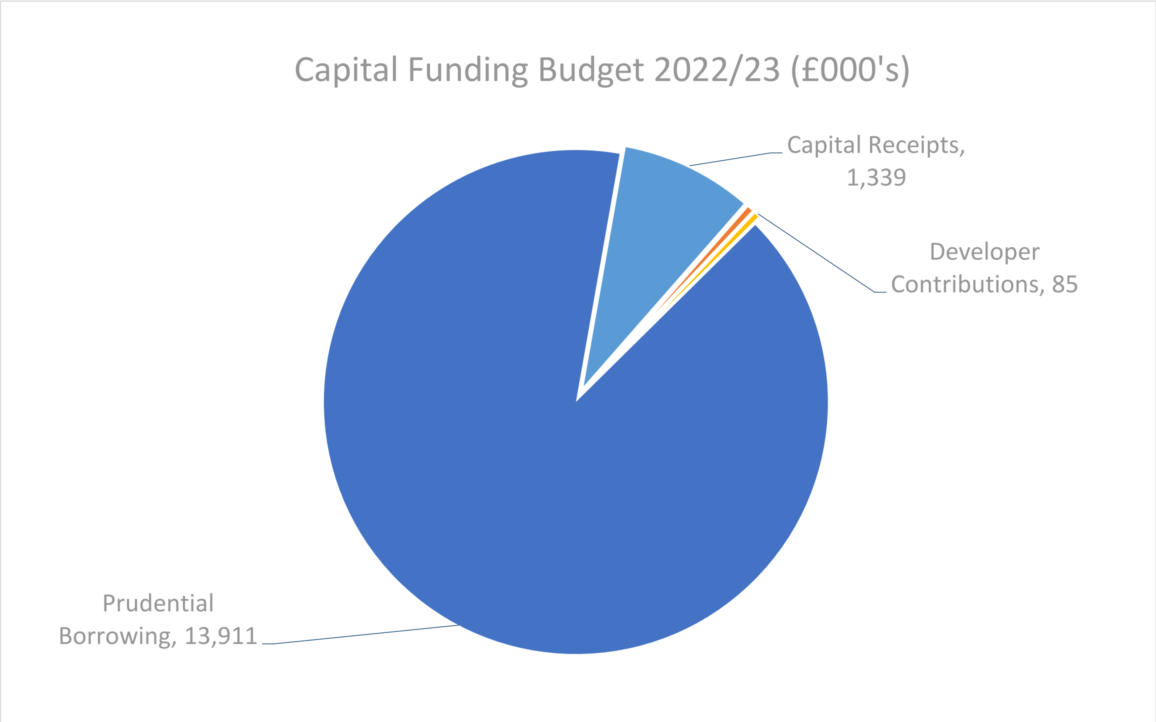
There is one exception to report this month.

The Community Fund capital scheme is forecasting an underspend of £1,722k in 2022/23. There is a requirement to re-phase the work into 2023-24.

2.2 Funding

The capital budget is £15,426k in 2022/23. This includes £6,800k of funding carried forward from 2021/22 & adjustments made to the total capital scheme budget.

Following the recent restructure, we are now including capital schemes previously report on in People & Communities; Community Fund, Histon Library rebuild, Libraires Open access, Libraries minor works and EverySpace. This has increased the budget by £3,236k in 2022/23.



Appendix 1 – Budgetary control report for the year 2022/23

Strategy & Partnerships Service Financial information

Previous Forecast Outturn Variance £000's		Budget 2022/23 £000's	Actual October 2022 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
0	Executive Director: Strategy & Partnerships	470	260	0	0%
0	Chief Executive's Office	244	111	0	0%
0	Communications	739	473	0	0%
0	Elections	175	0	0	0%
0	Human Resources	1,809	1,079	11	1%
1	Learning & Development	1,692	909	(1)	0%
	Legal & Governance				
0	Internal Audit	414	211	0	0%
0	Legal & Governance Services	92	113	10	11%
9	Information Management	920	574	9	1%
0	Democratic & Member Services	334	163	(8)	-2%
0	Members´ Allowances	1,013	572	(17)	-2%
9	**Legal & Governance Total**	**2,773**	**1,633**	**(5)**	**0%**
	Policy & Communities				
0	Policy, Design and Delivery	744	965	0	0%
0	Business Intelligence	1,233	947	0	0%
(4)	Emergency Planning	142	104	(3)	-2%
	Communities Employment & Skills				
0	Strategic Management - CES	246	10	0	0%
0	Public Library Services	3,803	2,147	0	0%
0	Cambridgeshire Skills	2,163	697	0	0%
0	Archives	376	200	0	0%
0	Cultural Services	318	139	0	0%
0	Think Communities	13,656	6,160	0	0%
0	Youth and Community Services	390	(19)	0	0%
0	**Communities Employment & Skills Total**	**20,953**	**9,334**	**0**	**0%**
(4)	**Policy & Communities Total**	**23,072**	**11,350**	**(3)**	**0%**
6	**Total**	**30,973**	**15,814**	**2**	**0%**
	Grant Funding				
	Non Baselined Grants	(16,193)	(10,802)	0	0%
0	**Grant Funding Total**	**(16,193)**	**(10,802)**	**0**	**0%**
6	**Overall Total**	**14,781**	**5,012**	**2**	**0%**

Finance & Resources Service Financial Information

Previous Forecast Outturn Variance £000's		Budget 2022/23 £000's	Actual October 2022 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
	Customer & Digital Services				
(9)	Customer Services	1,784	708	(77)	-4%
(79)	IT Services	10,837	9,224	(80)	-1%
(88)	**Customer & Digital Services Total**	**12,621**	**9,932**	**(157)**	**-1%**
	Finance & Procurement				
0	Service Director of Finance & Procurement	359	176	0	0%
0	Professional Finance	1,898	1,144	(0)	0%
15	Procurement	858	523	8	1%
(22)	CCC Finance Operations	150	(347)	(19)	-13%
0	Insurance Fund	2,436	1,377	0	0%
(1)	Lead Authority Services	1,196	1,466	60	5%
62	External Audit	75	(144)	244	327%
54	**Finance & Procurement Total**	**6,971**	**4,196**	**293**	**4%**
	Property Services				
33	Facilities Management	6,029	1,578	470	8%
3	Property Services	926	587	(2)	0%
1	Property Compliance	210	188	1	0%
0	County Farms	(4,502)	(2,171)	0	0%
(11)	Strategic Assets	830	(443)	(11)	-1%
26	**Property Services Total**	**3,494**	**(262)**	**458**	**13%**
	Investment Activity				
0	Property Investments	(3,610)	(4,019)	0	0%
0	Company Dividends & Fees	(571)	0	(0)	0%
0	This Land	(6,063)	(3,897)	0	0%
305	Contract Efficiencies & Other Income	(405)	0	305	75%
(109)	Collective Investment Funds	(1,050)	(308)	(109)	-10%
0	Renewable Energy Investments	(222)	(449)	0	0%
196	**Investment Activity Total**	**(11,920)**	**(8,672)**	**196**	**2%**
	Corporate & Miscellaneous				
1,500	Central Services and Organisation-Wide Risks	5,897	(190)	1,620	27%
0	Local Government Subscriptions	110	127	17	15%
0	Authority-wide Miscellaneous	662	1,207	0	0%
1,500	**Corporate & Miscellaneous Total**	**6,669**	**1,144**	**1,637**	**25%**
	Financing Costs				
0	Capital financing costs and minimum revenue provision	33,275	13,900	(2,280)	-7%
0	**Financing Costs Total**	**33,275**	**13,900**	**(2,280)**	**-7%**
1688	**Total**	**51,110**	**20,238**	**147**	**0%**

Agenda Item No: 6

Business Planning Proposals for 2023-28 – Current position

To:	Strategy and Resources Committee
Meeting Date:	16 December 2022
From:	Chief Executive & Service Director: Finance & Procurement
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable

Outcome: The committee is asked to consider:

- the current business and budgetary planning position and estimates for 2023-2028
- the principal risks, contingencies and implications facing the Committee and the Council's resources
- the process and next steps for the Council in agreeing a business plan and budget for future years

Recommendation: It is recommended that the Committee:

a. Note the progress made to date and the next steps required to develop the business plan for 2023 – 2028
b. Note the budget and savings proposals that are within the remit of the Committee as part of consideration of the Council's overall Business Plan
c. Note the changes to the capital programme that are within the remit of the Committee as part of consideration of the Council's overall Business Plan
d. Review and comment on the Strategic Framework
e. Note the draft Medium Term Financial Strategy for 2023/24
f. Note the draft Capital Strategy for 2023/24
g. Note the draft Sustainable Procurement Strategy
h. Agree the proposed capital financing limits for 2023-28, set out in section 10

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1. Overview

1.1 The Council's Business Plan sets out how we will spend our resources to achieve our vision and priorities for Cambridgeshire, and the key outcomes we want for the county and its people. This paper provides an overview of the updates to the Council's financial position since Committees were last consulted on the draft Business Plan for 2023-28. The paper sets out the evolving context in which the Business Plan is developed, further savings identified, the changes to key assumptions impacting financial forecasts, and next steps required to balance the budget and agree the Council's Business Plan for 2023-28. The Council has a legal requirement to set a balanced budget for 2023-24.

1.2 On 17 November, the Chancellor of the Exchequer delivered an Autumn Statement that updated on national economic projections and set out the government's approach to taxation and public spending over the medium-term. This followed a tumultuous period following the fiscal event in September 2022 under the previous government which caused a worsening of the country's economic outlook. The Autumn Statement confirmed that the country was facing strong economic headwinds with a public spending gap of £55bn over five years, which the Chancellor outlined plans to close equally through public spending constraint and taxation.

1.3 The economic situation comes on the back of many years of under-funding compared to other councils. The recent census results confirm that Cambridgeshire has been one of the fastest growing areas in the country and has been managing disproportionate increases in demand for services which have not been reflected in the revenue grant system. The Chancellor did announce several further grants to support social care authorities, but balancing this were changes to business rates policy, the minimum wage and funding received for the now cancelled rise in National Insurance. Section 2 below sets out more detail from the Autumn Statement.

1.4 This report builds on the information provided previously to this Committee and sets out the latest financial position regarding the Business Plan for the period 2023-28. A number of Business Cases have been developed which provide further details of the proposed changes to our budget, and these will be reviewed by their relevant Service Committees in December, prior to being reviewed by Strategy and Resources Committee in January for endorsement to full Council in February 2023.

1.5 The budget gaps over the medium-term previously presented to Committees were, in £000:

	2023-24	2024-25	2025-26	2026-27	2027-28
£000	28,624	26,367	16,812	17,384	18,762

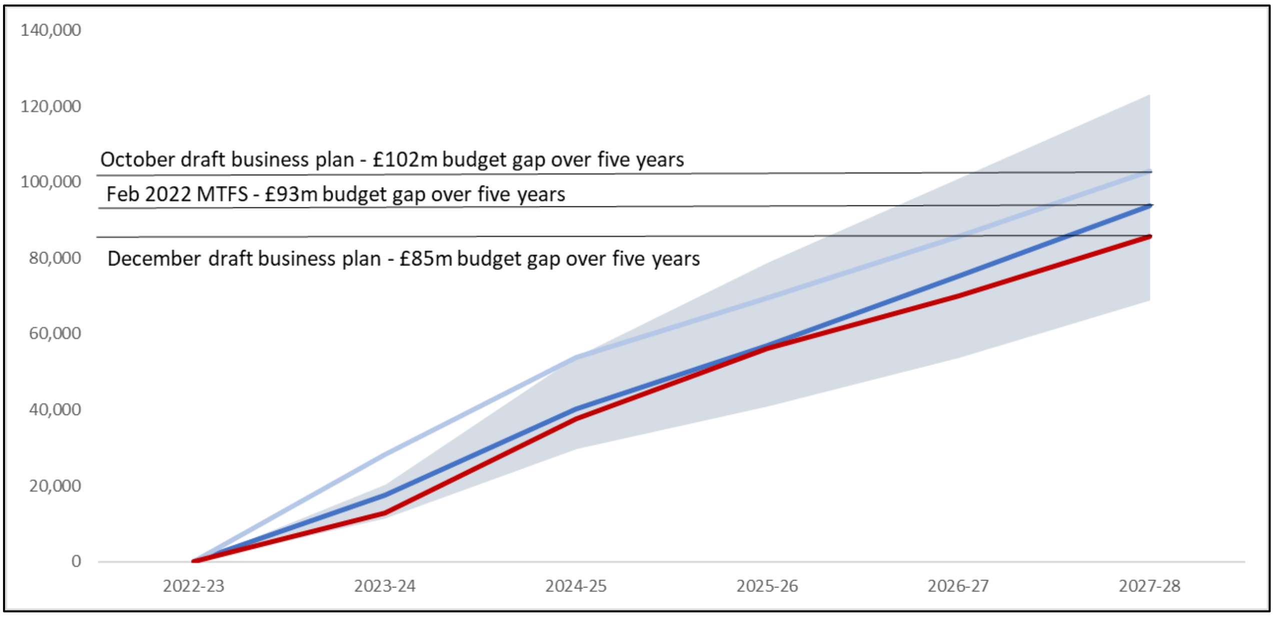
1.6 Since then, work has been ongoing to refine estimates and identify mitigations to reduce the budget gap, including savings and income generation schemes. Despite some further pressures identified, and a continuing challenging inflationary environment, the budget gap for 2023/24 is now estimated as £12.9m, and a cumulative budget gap over the five-year draft Business Plan of £86m:

	2023-24	2024-25	2025-26	2026-27	2027-28
£000	12,886	25,398	17,977	13,053	14,333

1.7 At the time of producing this iteration of the draft business plan, the impact of the Autumn Statement was not yet known and so could not be factored in. We set out in section 2 below what we estimate the impact of that to be. It is important to note, however, that the majority of detailed information regarding local government funding, including Council Tax limits, will actually be made available to us at the finance settlement which is expected around 21 December.

1.8 We have made significant progress since the last Committee, closing the projected budget gap for 2023/24 by over £15m. Despite this improvement, it will still be a challenge to balance the budget for next year as we are required to do. The Autumn Statement confirmed higher than projected inflation next year and made several other changes that will bring us further pressures. We do not expect any funding announced to fully address these new or our underlying pressures. This means we will need to close the gap mostly through decisions that are within the Council's control. These could include Council Tax, further savings or income generation, deployment of one-off reserves or use of grant funding to offset pressures built into budgets.

1.9 The below graph shows the potential range of the cumulative budget gap over the medium-term, assuming a 2% Council Tax rise in all years per the current Business Plan. As progress has been made to close the gap for 2023/24, the overall cumulative gap over five years is lower, and the range in the earlier years has narrowed – the red line reflects latest projections. Uncertainty remains in later years.



1.10 This analysis shows that there remains a risk of adverse movements in the budget gap over the five years, particularly as the effects of demand changes post-Covid become clearer, and also depending on how long the peak of inflation actually lasts for.

1.11 Further information on developments since the last Committee are set out below. The Council's legal obligation to set a balanced budget alongside a sustainable approach to our finances in future years means that difficult decisions will need to be taken in order to close the budget gap. Some of these are proposed in this update, and more will be needed as the final Business Plan is agreed.

1.12 The update to Committees in October provided details about the inflationary pressures that the Council is expecting to face next year. These pressures come in many forms, including contractual inflationary uplifts, the rising price of goods and services purchased at market value, rising utility prices, the increasing minimum wage and the need to provide for pay increases for Council staff. Inflation projections have mostly not changed significantly since October, as the general inflationary outlook over the next 12-18 months has not improved. We have updated our projections around energy costs, particularly electricity. Having expected larger increases within 2023, we now expect that after a 100% increase in prices from September 2022 that there will be modest growth in October 2023 and reductions in prices thereafter through the rest of the medium-term. It is important to note that increasing energy prices also brings us benefit from our energy generation schemes. There is a particular dependency now assumed around the North Angle Solar Farm generating electricity from next summer which is subject to construction and planning timelines. Increased income expectation from these, in line with rising energy prices, has reduced the budget gap.

1.13 Demand projections have been updated in some areas since October to reflect more up to date trend information and through ensuring that a moderate risk approach is used in all cases rather than a bad-case scenario.

1.14 We are continuing to review the Council's capital programme. Rising costs of materials and construction are affecting the overall budget requirement for schemes, and rising interest rates are increasing the cost of the borrowing which funds much of our capital programme. Increases in the costs of many schemes are reflected in the capital budget tables and rising borrowing costs have adversely affected the budget gap. We have reviewed the phasing, scope, design and cost of some schemes to bring costs down, and any relevant changes for this Committee are included in section 6 below.

1.15 The current draft business plan proposed capitalising a portion of our highways spend that was previously proposed for revenue funding, initially for two years. Capitalising this spend enables us to defray the cost over a longer period of time and produces an upfront reduction in revenue budget requirement. It will, however, result in increased borrowing costs over the life of the asset, which in most cases is thirty years. By doing this for an initial period of two years we will maximise the initial benefit while still ensuring good value-for-money on funding our highways assets over the longer-term.

1.16 In September, the government announced it was cancelling the increase in national insurance contributions that had been implemented in April 2022. That rise ceased from 4 November. The Council had to budget for around £2m in 2023/24 for the effect of this rise, both in terms of employer contributions for our own staff and mitigating the effect of the rise on the adult social care market. The removal of the increase means this budget increase can be reversed.

1.17 Since the previous Committee, progress has been made identifying mitigations to close the budget gap. These include further savings opportunities, income generation, and adjustments to demand/inflation projections. In total, this work has closed the gap by around £10m. New items identified within the remit of this Committee are detailed below in section 6. This represents good progress made in identifying savings and takes the total savings within this business plan to over £15m including items identified last year and earlier in this planning round. Not all of these will appear in the specific 'savings' section of the tables, as some will be income generation or net off against other projections.

1.18 Despite this progress, a budget gap remains both next year and in future years and so further service savings will be needed. We will continue working on cross-cutting changes to the way we work and how we support people who use our services to deliver sustainable change and reduce demand for our services. Until we have identified further savings and closed the budget gap, we cannot consider further investment requests from services.

1.19 The current Business Plan assumes 2% Council Tax increase each year. The Autumn Statement confirmed that councils would be able to raise Council Tax by up to 4.99% without a referendum in 2023/24 to provide for a closer to inflation rise in funding (2% of which would be Adult Social Care Precept). Strategy & Resources Committee will consider taxation levels in due course, with Full Council making the ultimate decision in February.

1.20 It is important to note that, while 2023/24 sees an improved position in this update, the 2024/25 budget gap of £24.6m remains a major challenge. Further mitigations to this position will need to be identified before the final Business Plan is agreed to ensure that there is a more sustainable medium-term plan. This position may be compounded by the announcements in Autumn Statement appearing to defer some of the contraction in spending power to beyond next year.

2. Autumn Statement: November 2022

2.1 On 17 November, the Chancellor of the Exchequer presented an Autumn Statement to Parliament. In introducing the statement, Mr Hunt referenced strong international economic headwinds, particularly rising inflation driven very significantly by the invasion of Ukraine. He reported a public spending gap of £55bn and outlined plans to close this gap over five years through a combination of public spending restraint and increased tax receipts.

2.2 This statement was accompanied by a full set of economic projections by the Office of Budgetary Responsibility (OBR). The OBR forecasts that we are in a recession that started in Q3 of 2022, with a contraction in GDP of -1.4% in 2023, and projects that inflation will fall back to 9.1% this calendar year and remain at 7.4% in 2023.

2.3 This revised inflation forecast for 2023 appears to make the average level of general inflation across next financial year higher than we have been projecting at Cambridgeshire in aggregate. We utilise the most appropriate indices or spend data for each category of Council spending and we will revise our calculations on the impact of inflation on costs and revise budget proposal where appropriate. Benefits, including state pension, will be increased by 10.1% in line with inflation.

2.4 Public spending over the remainder of the current spending review (2023-25) will increase at 3.7% a year on average. Beyond the spending review period, the Chancellor announced spending would still grow in real terms, but at a lower rate than growth in the economy, in order to get public debt falling.

2.5 On taxation, additional receipts are expected to be generated through freezing of income tax thresholds and personal allowances, as well as reducing the amount at which the 45p income tax rate begins from £150k to £125k. An increased windfall tax on the energy sector was also announced. An update was given on taxation relevant to local government, with Council Tax being allowed to rise by up to 5% without a referendum, and a business rates revaluation has been confirmed. The business rates multiplier will be frozen, and several new reliefs will be introduced. At this stage, we are concerned that these business rates changes could reduce the overall income received by Cambridgeshire.

2.6 Reforms to Adult Social Care charging have been delayed by two years to 2025. This has implications on all social care authorities which have been planning for this change but given uncertainties around funding for the reforms this removes a source of uncertainty in the immediate future. Additional funding was announced for social care authorities. As well as the flexibility to increase Council Tax by up to 5%, new grant funding will be made available. Around £1.3bn nationally will be paid to authorities as an increase to the existing un-ringfenced adult and children's social care grant, which part-funds our demand and inflationary pressures in those services. £600m will be allocated through the existing Better Care Fund, which is a pooled budget with the NHS, and a new ring-fenced grant of £400m nationally will be paid to support hospital discharges. It remains to be seen what the local allocations for these amounts will be, the distribution governance and conditions and how these compare with our previous expectations.

2.7 The minimum wage is being increased to £10.42, which is around 10p per hour higher than we had been budgeting for. This has cost implications for social care spend, potentially in the region of £1.5m of additional cost. The government is also expected to reverse funding that was supplied to councils to meet the cost of the now cancelled increase in National Insurance contributions, which could be up to a £2m reduction in CCC's funding.

2.8 As usual, local government will need to await the full Finance Settlement, usually in late December, for the implications on our funding to be revealed and Council-level allocations of grants to be confirmed. While targeted support appears to have been made available to adult social care, there is no specific support for the major pressures the Council is facing more widely such as in children's services, home to school transport, streetlighting or waste management.

2.9 The core budget for schools will be increased by £2.3bn nationally in both 2023/24 and 2024/25. This will assist schools with meeting inflationary pressures but does not appear to be a real term rise in funding.

2.10 The Household Support Fund was extended for a further twelve months. This is a much-needed source of funding to individuals and families in need of support and covers free school meals during school holidays. As we get more information about the scope of the extended fund, we will update the relevant committee.

2.11 The Chancellor announced that there would be two new fiscal rules to guide public spending and taxation decisions. Firstly, that over a five-year period public sector borrowing is to stay below 3% of GDP. Secondly, debt should be falling as a share of GDP by the fifth year of a rolling five-year cycle.

3. Building the Revenue Budget

3.1 Following the initial estimates of the five-year position for 2023-28 previously presented at Committee, we refine estimates for demand and inflation following any updating information that becomes available. We also apply the effects of any new savings or income initiatives that come forward, and the effects of any known funding changes.

3.2 Delivering a balanced budget in the current economic climate continues to be difficult, alongside uncertainty about key government reforms. In order to do this as well as produce an overall sustainable financial strategy and meet Joint Administration policy objectives we will need to review the services the Council provides and look for opportunities to dis-invest where they aren't meeting our objectives.

3.3 We develop the business plan using a reasonable balance of risk, which can be seen in some updates of demand and inflation projections. The Council retains reserves to mitigate against unforeseen risk.

3.4 The changes to the budget gap estimation between Committee meetings have been:

	2023-24	2024-25	2025-26	2026-27	2027-28
October budget gap	**28,624**	**26,367**	**16,812**	**17,384**	**18,762**
Inflation Updates					
Place Inflation	-2,514	-419	-1,061	-1,115	-1,174
People Services Inflation	769	526	129	130	128
Resources Inflation	-337	-315	-291	-231	-79
Staff Pay inflation	1,901	2,021	2,122	2,228	2,337
Energy Schemes	-3,233	-885	1,409	1,576	1,261
Inflation changes total	**-3,414**	**928**	**2,308**	**2,588**	**2,473**
Pressures/Investments Updates					
National Insurance Pressure, reversal	-1,998	0	0	0	0
Investment in Communities	230	0	0	0	0
CLT Structure	0	0	617	0	0
Pressures/investments total	**-1,768**	**0**	**617**	**0**	**0**
Further Savings*					
Adults Savings	-3,685	-3,068	-3,964	-4,148	-2,694
Invest to Save - Adults	155	0	0	0	0
Children's Savings	-1,402	100	0	0	0
Education Savings	-435	0	0	0	0
Place savings	-1,337	-2,098	-1,018	-8	399
Invest to Save - Place	90	-90	0	0	0
Strategy & Partnerships Savings	-230	0	0	0	0
Public Health Savings	-220	-30	0	0	0
Resources Savings	-2,691	488	-660	-719	-733
Further savings total	**-9,755**	**-4,698**	**-5,642**	**-4,875**	**-3,028**
Other changes					
Funding Changes	507	0	0	0	0
Capitalisation decisions	-3,435	215	4,000	0	0
Capital financing costs	2,015	2,636	-92	-2,099	-3,874
Miscellaneous changes	112	-50	-26	55	0
Revised budget gap in December	**12,886**	**25,398**	**17,977**	**13,053**	**14,333**

*reflects savings work undertaken in recent months, but numbers will appear in several sections in the financial tables depending on specific nature of change. This may be income generation, demand/inflation projections or reduced pressures.

3.5 More detail about the proposals that make up this table relevant to this Committee are set out in section 6 below.

3.6 This budget gap contains our best estimates of inflation, demand and other costs we will face in 2023-28, as well as best estimates of the impact of new savings and income plans.

3.7 As noted above, this table does not factor in the implications of the Autumn Statement. The next iteration of the draft business plan, presented to S&R Committee in January, will contain the full implications and refreshed funding and cost projections.

4. Capital

4.1 Following on from October service committees, a significant amount of further review has been undertaken to prioritise, rephase and reduce the Capital Programme where assessed as appropriate. This is alongside the ongoing refinement to schemes following challenge by Capital Programme Board, considering changes to overall funding or to specific circumstances surrounding individual schemes.

4.2 The revised draft Capital Programme is as follows:

Service Block	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Yrs £000
People Services	164,113	86,681	79,725	42,552	18,081	45,760
Place and Sustainability	77,227	57,445	40,213	22,331	22,261	18,810
Finance and Resources	7,842	2,799	1,261	800	800	13,920
Strategy and Partnerships	3,918	1,380	6	-	-	-
Total	**253,100**	**148,305**	**121,205**	**65,683**	**41,142**	**78,490**

4.3 This is anticipated to be funded by the following resources:

Funding Source	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Yrs £000
Grants	60,196	48,037	34,769	31,290	30,154	44,954
Contributions	75,433	27,407	21,648	37,124	38,848	63,668
Capital Receipts	2,846	29,845	24,340	3,000	2,500	15,000
Borrowing	115,865	42,894	40,948	22,148	6,486	3,994
Borrowing (Repayable)*	-1,240	122	-500	-27,879	-36,846	-49,126
Total	**253,100**	**148,305**	**121,205**	**65,683**	**41,142**	**78,490**

* Repayable borrowing nets off to zero over the life of each scheme and is used to bridge timing gaps between delivery of a scheme and receiving other funding to pay for it.

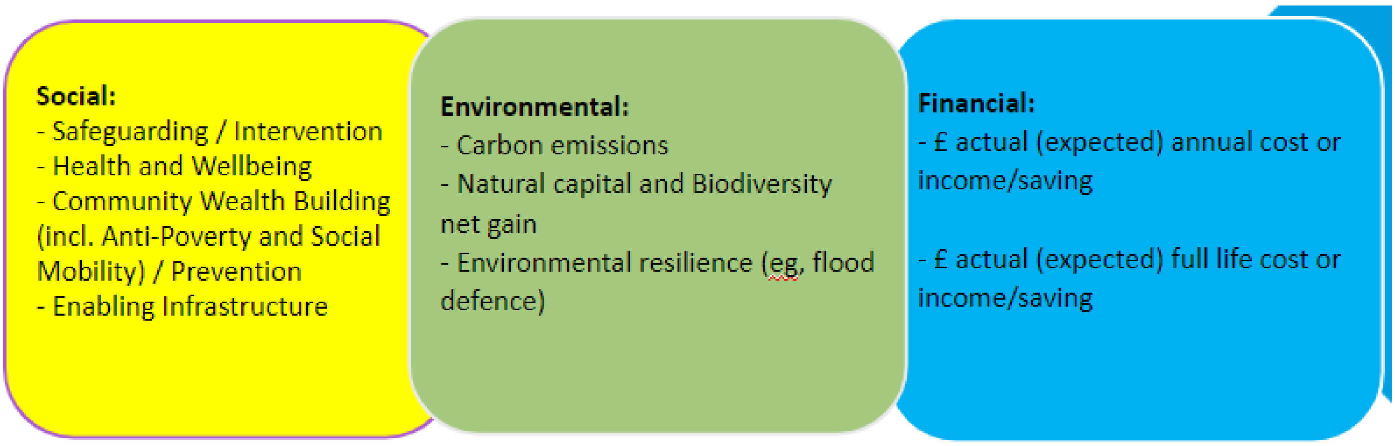
All funding sources above are off-set by an amount included in the capital variation budget, which anticipates a degree of slippage across all programmes and then applies that slippage to individual funding sources.

4.4 The level of prudential borrowing currently projected for this business plan is an increase of approximately £37.5m; this is a decrease of £2.0m since October committees (whilst there has been a significant reduction in borrowing for People Services, additional schemes and increases elsewhere, including movements from revenue to capital, have negated this reduction). The level of borrowing has a direct impact on the revenue position through interest payments and repayment of principal. The debt charges budget has undergone a thorough review of interest rates, internal cash balances, Minimum Revenue Provision charges and estimates of capitalisation of interest and as a result, the budget will rise by £1.3m to £38.0m for 2023-24, largely as a result of interest rate rises and delayed spend increasing the borrowing levels for 2023/24.

4.5 The Council is required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2021 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to achieve this, Strategy & Resources recommends an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. In order to afford a degree of flexibility from year to year, changes to the phasing of the limit is allowed within any three-year block (the current block starts in 2021-22), so long as the aggregate limit remains unchanged. Strategy & Resources are due to set limits for the 2023-24 Business Plan as part of the Capital Strategy review in December.

5. Triple Bottom Line Approach

5.1 The Triple Bottom Line (TBL) approach has been developed to aid balanced decision making and enable monitoring across social, environmental and financial factors using a scoring matrix ranging from –5 to +5, with a positive score denoting a positive impact in that pillar (i.e. improving social outcomes, contributing to our environmental priorities or addressing our sustainable budget setting). A negative score is a negative impact with 0 being a neutral impact score. This marks a first step in a significant change in approach for the way the Council will approach prioritisation and decision making, placing much greater emphasis on the impact County Council spending can have on our communities and environment.



5.2 The criteria have been set to ensure we are assessing and scoring the business cases objectively and consistently. The criterion is summarised as follows:

Social criteria: safeguarding / interventions, health and wellbeing, prevention, equalities, localism and enabling infrastructure.

Environmental criteria: carbon emissions, natural capital, biodiversity net gain, environmental resilience

Financial criteria: actual (expected) annual cost or income / saving and actual (expected) full life cost or income / savings

5.3 The Business Cases currently proposed for the 2023-24 Business Plan have been assessed using the TBL scoring criteria. These scores are shown in the table below reflecting the portfolio which has been assessed:

BUSINESS CASE		SOCIAL	ENVIRONMENTAL	FINANCIAL
ASC Recommissioning block cars	A & H	Neutral	Neutral	+5
Adults MH Employment Support	A & H	+1	Neutral	+1
Adults Hospital Discharge	A & H	+1	Neutral	+1
Realigning Schools Partnership & Improvement Service	CYP	Neutral	Neutral	+1
Review of non-statutory services	CYP	Neutral	+1	+1
Family Safeguarding	CYP	Neutral	Neutral	+1
Special guardianship orders	CYP	Neutral	Neutral	+1
Children in Care Placements	CYP	Neutral	Neutral	+4
ICT Service	CYP	Neutral	Neutral	+1
Cambridgeshire Music	CYP	Neutral	Neutral	Neutral
Childrens Residential Short Breaks	CYP	Neutral	Neutral	-2
Teachers Pensions	CYP	Neutral	Neutral	+1
Communities Investment	COSMIC	+5	+2	-1
P&S Vacancy Factor	E&GI	Neutral	Neutral	+1
Updated Street lighting efficiencies	H&T	Neutral	+4	+5
Stopping weed killing	H&T	Neutral	+1	+1
Resilience Winter Highway Network	H&T	Neutral	+1	+1
Council-wide milage reduction	S&R	Neutral	+1	+2
Corporate Vacancy Factor	S&R	Neutral	Neutral	+2
Biodiversity developer offsets	S&R	+3	+3	+2
Commercial Investment	S&R	Neutral	Neutral	+5
Insurance Claims & re-procurement	S&R	Neutral	Neutral	+2
ITDS Capital to Revenue	S&R	Neutral	2	-5

5.4 The table above shows the scores by committee and by criteria, for new business cases in this draft business plan (both investments and savings). These illustrate that notwithstanding the financial priority, risks and challenges, set out earlier in this report, the portfolio of initiatives through this position plan also promotes positive social and environmental outcomes for our communities. Scoring will be reviewed ahead of the final draft of the Business Plan.

6. Overview of the S&R Committee Draft Revenue Programme

6.1 This section provides an overview of the savings and income proposals within the remit of the Strategy and Resources Committee.

6.2 All of the proposals within the remit of the Committee are described in the business planning tables (Appendix 2) and business case summaries (Appendix 3).

6.3 The Committee is asked to comment on these proposals for consideration as part of the Council's Business Plan for the next five years. Please note that the proposals are still draft at this stage, and it is only at Full Council in February 2023 that proposals are finalised and become the Council's Business Plan.

6.4 The Committee's proposals include a £3.5m catch-up inflation for the impact of the 2022/23 pay award. Now that the pay award has been confirmed for most staff, this will be allocated to departments in the next draft of the Business Plan.

6.4 The proposals for the Strategy and Resources Committee include:

6.4.1 Council-wide mileage savings – we will permanently apply a saving to mileage budgets across the Council, reflecting new ways of working that emerged during the pandemic and that continue. The ability to join meetings remotely has greatly reduced the amount of travel that staff need to undertake.

6.4.2 Vacancy Factor – a vacancy factor is to be applied to budgets within the services overseen by this Committee. The vacancy factor adds an assumption to the budget that the nature of staff turnover and recruitment means that at any given time there will be vacant roles or roles in the process of being filled. The factor is around 2% of any budgets not funded by income, grants or capital, and reflects good practice in budget setting for any large organisation.

6.4.3 Biodiversity net gains offsets programme – Increasingly developers will need to ensure a biodiversity net gain as a result of their activities. In some circumstances it is not possible or conducive to provide this at the site of the develop. This initiative sees land on the Council's rural estate put forward as eligible offsite biodiversity land, within the district, for which payment is receivable from the developer.

6.4.4 Reduction in requirement for insurance claims provisions – following an extensive re-procurement in 2022, the overall projected cost of insurance contracts is expected to be lower than the overall budget.

6.4.5 Commercial investment – this proposal is further to the resolution by this Committee in October to continue with this transaction if certain contractual conditions, dating from January 2020 are met satisfactorily.

6.4.6 Lead authority governance – as the lead authority arrangements for transactional services (payroll, finance operations, insurance and business systems) that are shared with Milton Keynes Council, North Northamptonshire Council and West Northamptonshire Council, have matured since first implemented, it is now considered viable to realise efficiency in the performance and governance capacity that supports these services. The saving shown is 25% of the total, shared between all four partners.

6.4.7 External audit pressure – councils have been warned by the national procurer of external audit services for most of local government that the expected fees for external audits will increase by at least 150% from next year. This is to provide more funding into the sector to mitigate challenges that providers of these services have faced, which has manifested in delays in finalising and publishing accounts for a large majority of councils over recent years.

6.4.8 IT Digital service: Capital to Revenue – as more of the Council's IT and digital services are moving to cloud-based technology our ability to capitalise spend on systems, and on staff time implementing these systems, is reduced because the cloud-based system is more like a service than an asset. Over three years, it is proposed to remove the majority of capital funding from this service and replace with revenue, which should provide more flexibility and better value for money over the longer-term.

6.4.9 There is also a saving proposed in the draft business plan within the Strategy & Partnerships directorate. This saving is part of a set of changes proposed within that directorate, with a commensurate investment into the Communities team (within S&P but under remit of another committee). At this stage the detail behind this saving is not available, but it is expected to be deliverable based on preliminary work.

7. Overview of S&R Draft Capital Programme

7.1 The capital programme under the remit of this committee broadly covers:

- Finance & Resources:
  - IT & Digital Services
  - Property maintenance and strategic assets (such as the farms estate)
  - Investment activity and development
- Strategy & Partnerships:
  - Capital receipts funding for transformation and cost minimisation work. This is in line with the flexible use of capital receipts policy set by central government, under which staff time spent on savings or cost avoidance work can be capitalised. This is initially allocated against the Policy Service, but over the course of the year may be allocated to other teams as appropriate.

8. Strategic Framework

8.1 The Strategic Framework forms a central part of the Business Plan and sets the direction for the Council to deliver on its Corporate Strategy and associated Strategies and consists of the following elements:

- The Vision, describing the Council's long-term aim for Cambridgeshire
- The Ambitions which drive and direct our work of the Council to achieve the vision
- The Council's Business Plan which describes how we will allocate resources to deliver these outcomes within the resources we have
- A set of strategies, partnership agreement and action plans to deliver these outcomes within the resources
- Service plans which describe how each of our directorates work to deliver our Business Plan objectives and any transformational change
- The Performance Management Framework which underpins our performance management and allows us to track progress

8.2 The 2023-28 Strategic Framework can be found in Appendix 3 and sets out how we will continue to work towards the vision of 'creating a greener, fairer, more caring

Cambridgeshire', working alongside partners, voluntary sector and communities using a decentralised approach where possible.

9. Medium Term Financial Strategy

9.1 A key component of the Business Plan is the Medium-Term Financial Strategy (MTFS), which sets the financial framework that the Council should follow in developing and setting budget proposals. The MTFS and Business Plan are the responsibility of Full Council and cannot be delegated. This committee recommends the MTFS to Full Council as part of the overall draft business plan for adoption.

9.2 One of the major functions of the MTFS is to set out in summary the Council's projected resources for the next five years. It also sets out the financial picture facing the Council and the Council's strategy for managing its resources, including reserves, effectively in response to the economic climate. The strategy does not set out detailed budgets and individual savings plans, as these are contained elsewhere in the business plan. The MTFS will however provide a guide and a context to aid services in developing their budgets and agrees several corporate methodologies for this process.

9.3 There will be a number of factors that affect the final proposals, such as action taken to close the budget gap, revised funding projections, legislative changes, investments into services or unforeseen service pressures. Budget allocations for services are still being developed, and there remains a budget gap that needs to be closed.

9.4 The MTFS will include narrative around the national and local financial and demographic context. The purpose of this being to provide the reader with an overview of the position the Council is in when developing this strategy. By its nature, this context is more certain earlier in the financial cycle and cannot be meaningfully updated until the outcome of the national budget and funding settlement are known. Parts of the MTFS that are not so dependent on those national settlements can be found in Appendix 4.

9.5 At this stage, the sections of the strategy that can be reviewed are:

- 1: Executive summary
- 6: Revenue strategy: Balancing the budget
- 9: Reserves policy and position
- 10: Risks and sensitivities
- 12: Business plan roles and responsibilities

9.6 The remainder of the MTFS will be presented to this Committee in January before it is presented to Council along with the Business Plan in February. This will include the Council's fees and charges policy, which will be brought to Committee separately.

10. Capital Strategy

10.1 The Council's Capital Strategy is revised each year to ensure it is up to date, fully comprehensive and considers any new statutory or recommended guidance. The capital strategy was substantially re-written last year to reflect updated CIPFA guidance, with this year's update being more modest.

10.2 As all capital schemes have the potential to impact on the revenue position through the cost of borrowing and the ongoing revenue costs or benefits of a scheme, capital programme planning needs to be determined in parallel with the revenue budgeting process.

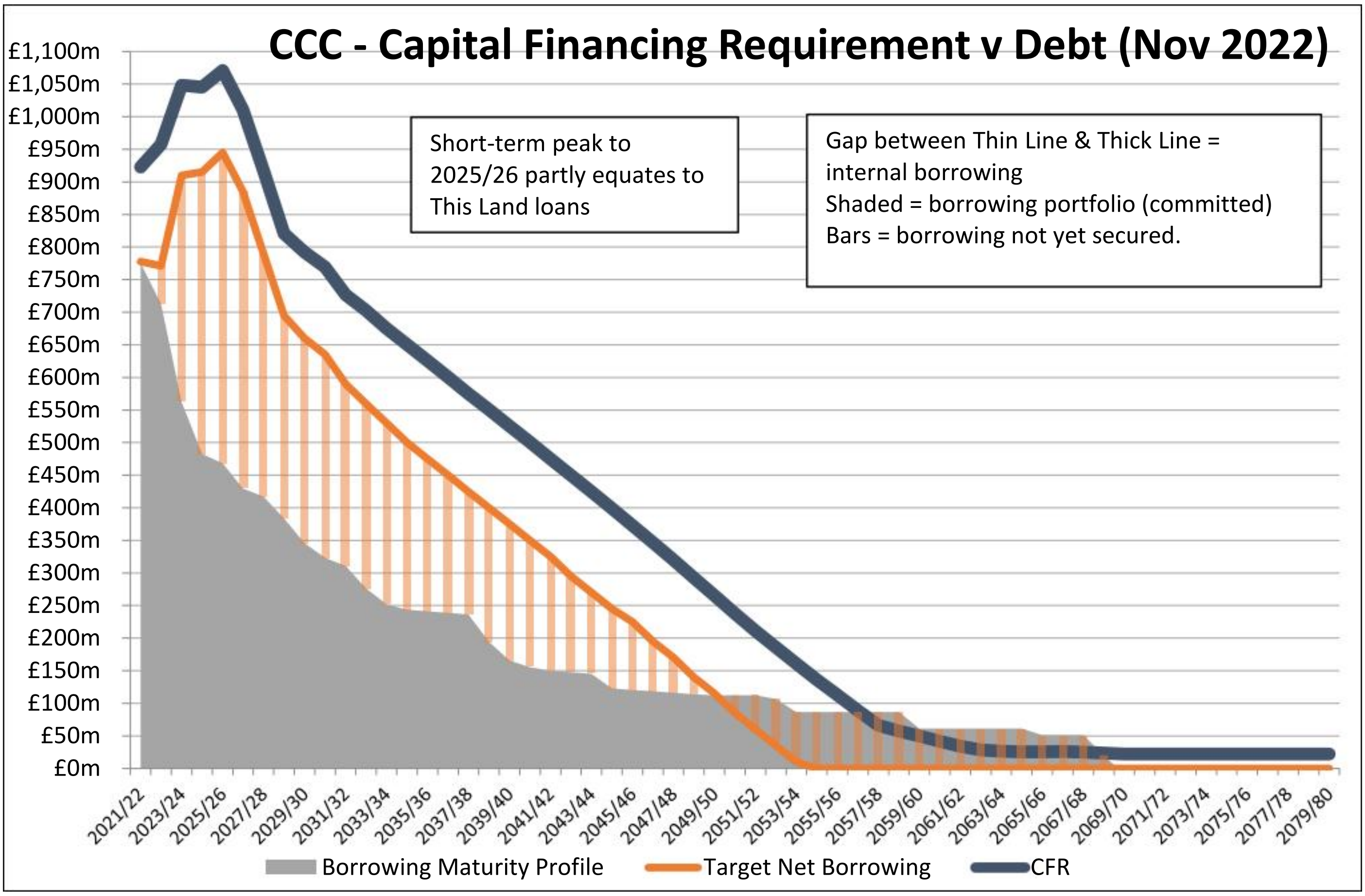
10.3 The Council is required by CIPFA's Prudential Code for Capital Finance in Local Authorities to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to ensure that it achieves this, we are proposing in this paper to agree the advisory limit on the annual financing costs of borrowing over the life of the Plan to ensure that the level of borrowing arising from capital programmes proposed by services committees is prudent. This is an annual process, with refreshed advisory limits produced each year using consistent methodology.

10.4 The table below sets out the proposed advisory limit on capital financing costs, compared against the capital financing costs budget based on capital schemes that are being proposed to committees in December:

Financing Costs	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
2023-24 draft BP (excluding Invest to Save / Earn schemes)	33.2	30.2	37.1	43.5	44.0	43.4
Recommend limit	39.7	40.5	41.3	42.2	43.0	43.9
HEADROOM	**-6.5**	**-10.4**	**-4.2**	**1.3**	**1.0**	**-0.5**
Recommend limit (3 years)	121.5			129.1		
HEADROOM (3 years)	**-21.1**			**1.8**		

10.5 Whilst noting that the impact of invest to save/earn schemes is not included in the above, even though the capital financing costs limit is not breached in the first year of the plan, this Committee still has an obligation to ensure that the overall level of debt remains affordable. The advisory limit is forecast to be breached in later years slightly, which will need to be considered as part of capital programming in future years. The following table and chart show the proportion of net budget (excluding schools) that is forecast to be spent on capital financing.

	2023-24	**2024-25**	**2025-26**	**2026-27**	**2027-28**
Debt charges (including Invest to Save / Earn schemes) as a percentage of Net Service Expenditure	9.6%	11.0%	10.3%	9.8%	9.1%
Debt charges (excluding Invest to Save / Earn schemes) as a percentage of Net Service Expenditure	8.0%	9.0%	8.4%	8.0%	7.4%



10.6 All capital schemes are subject to a rigorous business case process, including review of schemes committed in previous business plans but not yet complete. An appraisal of schemes is undertaken using the business case and reviewed by the officer Capital Programme Board. This process allows schemes across all services to be reviewed in comparison to each other and, if necessary, prioritised in light of the finite resources that the Council has.

11. Sustainable Procurement Strategy

10.1 For the first time as part of consideration of the Business Plan, the Council is proposing to adopt a Sustainable Procurement Strategy (show in draft at Appendix 6). The majority of the Council's expenditure and delivery of the business plan is through procured goods, works and services. We are one of the largest spending organisations in Cambridgeshire and leverage a major role through our purchasing in furthering our vision for a greener, fairer, more caring county.

10.2 The Strategy sets out what steps we will take and how we will measure progress towards key objectives for sustainable procurement:

- We will support the growth of local businesses and the third sector by making procurement spend more accessible.
- We will increase the levels of social value delivered by our suppliers.
- We will contribute to the Council's Net Zero Targets.
- We will deliver best value outcomes through procurement activity.

- We will ensure that our procurement processes are robust, transparent, non-discriminatory and compliant.

12. Next Steps

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

November / December	Draft business cases presented to committees for consideration. Draft versions of Strategic Framework, MTFS, Capital Strategy and Sustainable Procurement Strategy available for Strategy and Resources Committee.
January	Strategy and Resources Committee will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the draft Business Plan and must agree a balanced budget for 2023/24.

13. Alignment with corporate priorities

The purpose of the Business Plan is to consider and deliver the Council's vision and priorities and section 1 of this paper sets out how we aim to provide good public services and achieve better outcomes for communities. As the proposals are developed, they will consider the corporate priorities:

- Environment and Sustainability
- Health and Care
- Places and Communities
- Children and Young People
- Transport

14. Significant Implications

14.1 Resource Implications
The proposals set out the response to the financial context described in section 5 and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget will be described in the financial tables of the business plan. The proposals will seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

14.2 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no significant implications for the proposals set out in this report. Details for specific proposals will be set out in the business cases. All required procurement activity will be fully compliant with the Council's Contract Procedure Rules.

14.3 Statutory, Legal and Risk Implications
The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget. Cambridgeshire County Council will continue to meet the range of statutory duties for supporting our residents.

14.4 Equality and Diversity Implications
Each of the proposals will be developed alongside an Equality Impact Assessment to ensure we have discharged our duties in line with the Equality Act, including the Public Sector Equality Duty, as well as met our commitment to implementing the Socio-economic Inequalities Duty. Business cases will include a summary of key points from the relevant Equality Impact Assessment. These summaries will highlight any positive impacts identified and outline mitigations for any negative impacts or justification for retaining a negative impact where this is appropriate.

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

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

14.7 Public Health Implications
It will be important to secure a better understanding of the impact of COVID-19 upon Public Health outcomes along with other service areas. There is emerging evidence of increases on obesity and smoking along with other key Public Health areas. Over the longer term this will increase demand for preventative and treatment services. Savings made in the Public Health service will need to be realised through the substitution of grant funding against other existing Council services that are eligible under the Public Health Grant.

14.8 Environment and Climate Change Implications on Priority Areas
The climate and environment implications will vary depending on the detail of each of the proposals. Any positive or negative impacts will have been considered for each proposal as part of its development.

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Stephen Howarth

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes
Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council’s Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact? Yes
Name of Officer: Faye McCarthy

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

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes
Name of Officer: Julia Turner

Have any Public Health implications been cleared by Public Health? Yes
Name of Officer: Jyoti Atri

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes
Name of Officer: Emily Bolton

15. Source documents

15.1 Source documents

Appendix 1a: Intro to Finance tables
Appendix 1b: Financing & Resourcing Revenue Tables 1-3
Appendix 1c: Strategy & Partnerships Revenue Tables 1-3
Appendix 1d: Finance & Resourcing Capital Tables 4&5
Appendix 1e: Strategy & Partnerships Capital Tables 4&5

Appendix 2: Draft Business Case summaries

Appendix 3: Strategic Framework 2023-2026
Appendix 4: Draft MTFS
Appendix 5: Draft Capital Strategy
Appendix 6: Sustainable Procurement Strategy

Appendix 1a – Introduction to the Finance Tables

In the full business plan, there are usually six finance tables. Tables 1-3 and 6 relate to revenue budgets, while tables 4 and 5 relate to capital budgets and funding.

At this stage of the business planning cycle, we produce tables 1-3 for revenue, along with the capital tables (4 and 5).

Table 1

This presents the net budget split by policy line for each of the five years of the Business Plan. It also shows the revised opening budget and the gross budget, together with fees, charges and ring-fenced grant income, for 2022-23 split by policy line. Policy lines are specific areas within a service on which we report, monitor and control the budget. The purpose of this table is to show how the net budget for a Service Area changes over the period of the Business Plan.

Table 2

This presents additional detail on the net budget for 2022-23 split by policy line. The purpose of the table is to show how the budget for each policy line has been constructed: inflation, demography and demand, pressures, investments and savings are added to the opening budget to give the closing budget.

Table 3

Table 3 explains in detail the changes to the previous year's budget over the period of the Business Plan, in the form of individual proposals. At the top it takes the previous year's gross budget and then adjusts for proposals, grouped together in sections, covering inflation, demography and demand, pressures, investments and savings to give the new gross budget. The gross budget is reconciled to the net budget in Section 7. Finally, the sources of funding are listed in Section 8. An explanation of each section is given below:

- **Opening Gross Expenditure:**
  The amount of money available to spend at the start of the financial year and before any adjustments are made. This reflects the final budget for the previous year.

- **Revised Opening Gross Expenditure:**
  Adjustments that are made to the base budget to reflect permanent changes in a Service Area. This is usually to reflect a transfer of services from one area to another.

- **Inflation:**
  Additional budget provided to allow for pressures created by inflation. These inflationary pressures are particular to the activities covered by the Service Area.

- **Demography and Demand:**
  Additional budget provided to allow for pressures created by demography and increased demand. These demographic pressures are particular to the activities covered by the Service Area. Demographic changes are backed up by a robust programme to challenge and verify requests for additional budget.

- **Pressures:**
  These are specific additional pressures identified that require further budget to support.

- **Investments:**
  These are investment proposals where additional budget is sought, often as a one-off request for financial support in a given year and therefore shown as a reversal where the funding is time limited (a one-off investment is not a permanent addition to base budget).

- **Savings:**
  These are savings proposals that indicate services that will be reduced, stopped or delivered differently to reduce the costs of the service. They could be one-off entries or span several years.

- **Total Gross Expenditure:**
  The newly calculated gross budget allocated to the Service Area after allowing for all the changes indicated above. This becomes the Opening Gross Expenditure for the following year.

- **Fees, Charges & Ring-fenced Grants:**
  This lists the fees, charges and grants that offset the Service Area's gross budget. The section starts with the carried forward figure from the previous year and then lists changes applicable in the current year.

- **Total Net Expenditure:**
  The net budget for the Service Area after deducting fees, charges and ring-fenced grants from the gross budget.

- **Funding Sources:**
  How the gross budget is funded – funding sources include cash limit funding (central Council funding from Council Tax, business rates and government grants), fees and charges, and individually listed ring-fenced grants.

Table 4

This presents a Service Area's capital schemes, across the ten-year period of the capital programme. The schemes are summarised by start year in the first table and listed individually, grouped together by category, in the second table. The third table identifies the funding sources used to fund the programme. These sources include prudential borrowing, which has a revenue impact for the Council.

Table 5

Table 5 lists a Service Area’s capital schemes and shows how each scheme is funded. The schemes are summarised by start year in the first table and listed individually, grouped together by category, in the second table.

Section 3 - C: Financing & Resources

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

Budget Period: 2023-24 to 2027-28

Net Revised Opening Budget 2022-23 £000	Policy Line	Gross Budget 2023-24 £000	Fees, Charges & Ring-fenced Grants 2023-24 £000	Net Budget 2023-24 £000	Net Budget 2024-25 £000	Net Budget 2025-26 £000	Net Budget 2026-27 £000	Net Budget 2027-28 £000
	Customer & Digital Services							
2,076	Customer Services	2,456	-381	2,075	2,075	2,075	2,075	2,075
10,967	IT & Digital Service	12,551	-746	11,805	12,739	13,810	13,810	13,810
13,043	**Subtotal Customer & Digital Services**	**15,007**	**-1,127**	**13,880**	**14,814**	**15,885**	**15,885**	**15,885**
	Finance & Procurement							
359	Service Director of Finance & Procurement	555	-	555	555	555	555	555
1,899	Professional Finance	2,231	-331	1,900	1,900	1,900	1,900	1,900
920	Procurement	869	-41	828	828	828	828	828
149	CCC Finance Operations	244	-100	144	144	144	144	144
2,436	Insurance Fund	2,193	-55	2,138	2,138	2,138	2,138	2,138
75	External Audit	202	-	202	202	202	202	202
1,040	Lead Authority Services	3,617	-2,736	881	832	1,848	1,848	1,848
6,878	**Subtotal Finance & Procurement**	**9,911**	**-3,263**	**6,648**	**6,599**	**7,615**	**7,615**	**7,615**
	Corporate & Miscellaneous							
5,621	Central Services and Organisation-Wide Risks	12,294	-920	11,374	15,630	19,983	24,656	29,499
110	Local Government Subscriptions	110	-	110	110	110	110	110
817	Authority-wide Miscellaneous	441	-650	-209	-209	-209	-209	-209
6,548	**Subtotal Corporate & Miscellaneous**	**12,845**	**-1,570**	**11,275**	**15,531**	**19,884**	**24,557**	**29,400**
	Investment Activity							
-3,610	Property Investments	3,817	-8,578	-4,761	-5,128	-5,451	-5,644	-5,832
-571	Shareholder Company Dividends & Fees	-36	-572	-608	-608	-608	-608	-608
-6,063	Housing Investment (This Land Company)	2,437	-8,500	-6,063	-6,063	-6,063	-6,063	-6,063
-405	Contract Efficiencies & Other Income	-1	-213	-214	-414	-414	-414	-414
-1,050	Collective Investment Funds	-	-1,050	-1,050	-1,050	-1,050	-1,050	-1,050
-222	Renewable Energy Investments	895	-1,134	-239	-256	-256	-256	-256
-11,921	**Subtotal Investment Activity**	**7,112**	**-20,047**	**-12,935**	**-13,519**	**-13,842**	**-14,035**	**-14,223**
	Property Services							
6,029	Facilities Management	9,677	-2,086	7,591	7,154	6,858	6,855	6,852
925	Property Services	928	-	928	928	928	928	928
210	Property Compliance	273	-64	209	209	209	209	209
-4,502	County Farms	961	-6,065	-5,104	-4,813	-4,905	-5,041	-5,177

Section 3 - C: Financing & Resources

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

Budget Period: 2023-24 to 2027-28

Net Revised Opening Budget 2022-23 £000	Policy Line	Gross Budget 2023-24 £000	Fees, Charges & Ring-fenced Grants 2023-24 £000	Net Budget 2023-24 £000	Net Budget 2024-25 £000	Net Budget 2025-26 £000	Net Budget 2026-27 £000	Net Budget 2027-28 £000
830	Strategic Assets	845	-17	828	828	828	828	828
3,492	**Subtotal Property Services**	**12,684**	**-8,232**	**4,452**	**4,306**	**3,918**	**3,779**	**3,640**
	Financing Costs							
33,275	Debt Charges and Interest	38,058	-63	37,995	37,995	37,995	37,995	37,995
33,275	**Subtotal Financing Costs**	**38,058**	**-63**	**37,995**	**37,995**	**37,995**	**37,995**	**37,995**
	Greater Cambridge Partnership							
-	City Deal with Greater Cambridge Partnership	1,682	-1,682	-	-	-	-	-
-		-	-	-	-	-	-	-
-	**Subtotal Greater Cambridge Partnership**	**1,682**	**-1,682**	**-**	**-**	**-**	**-**	**-**
-	**UNIDENTIFIED SAVINGS TO BALANCE BUDGET**		**-**	**-12,886**	**-38,284**	**-56,261**	**-69,314**	**-83,647**
	Future Years							
-	Inflation	-	-	-	449	1,058	1,648	2,392
51,315	**F&R BUDGET TOTAL**	**97,299**	**-35,984**	**48,429**	**27,891**	**16,252**	**8,130**	**-943**

Section 3 - C: Financing & Resources

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2023-24

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Customer & Digital Services							
Customer Services	2,076	-1	-	-	-	-	2,075
IT & Digital Service	10,967	158	-	23	727	-70	11,805
Subtotal Customer & Digital Services	**13,043**	**157**	**-**	**23**	**727**	**-70**	**13,880**
Finance & Procurement							
Service Director of Finance & Procurement	359	-	-	-	196	-	555
Professional Finance	1,899	-	-	-	1	-	1,900
Procurement	920	-	-	-	-92	-	828
CCC Finance Operations	149	-5	-	-	-	-	144
Insurance Fund	2,436	108	-	-	-	-405	2,138
External Audit	75	-	-	127	-	-	202
Lead Authority Services	1,040	7	-	-	-	-166	881
Subtotal Finance & Procurement	**6,878**	**110**	**-**	**127**	**105**	**-571**	**6,648**
Corporate & Miscellaneous							
Central Services and Organisation-Wide Risks	5,621	8,988	-	-1,496	100	-1,839	11,374
Local Government Subscriptions	110	-	-	-	-	-	110
Authority-wide Miscellaneous	817	-	-	-	-1,026	-	-209
Subtotal Corporate & Miscellaneous	**6,548**	**8,988**	**-**	**-1,496**	**-926**	**-1,839**	**11,275**
Investment Activity							
Property Investments	-3,610	2	-	-	-35	-1,118	-4,761
Shareholder Company Dividends & Fees	-571	-1	-	-36	-	-	-608
Housing Investment (This Land Company)	-6,063	-	-	-	-	-	-6,063
Contract Efficiencies & Other Income	-405	191	-	-	-	-	-214
Collective Investment Funds	-1,050	-	-	-	-	-	-1,050
Renewable Energy Investments	-222	-	-	6	-9	-14	-239
Subtotal Investment Activity	**-11,921**	**192**	**-**	**-30**	**-44**	**-1,132**	**-12,935**
Property Services							
Facilities Management	6,029	1,564	-	-2	-	-	7,591
Property Services	925	-	-	-	3	-	928
Property Compliance	210	-1	-	-	-	-	209
County Farms	-4,502	81	-	-	-	-683	-5,104
Strategic Assets	830	-2	-	-	-	-	828
Subtotal Property Services	**3,492**	**1,642**	**-**	**-2**	**3**	**-683**	**4,452**

Section 3 - C: Financing & Resources

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2023-24

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Financing Costs							
Debt Charges and Interest	33,275	-	-	-	4,280	440	37,995
Subtotal Financing Costs	**33,275**	**-**	**-**	**-**	**4,280**	**440**	**37,995**
F&R BUDGET TOTAL	**51,315**	**11,089**	**-**	**-1,378**	**4,145**	**-3,855**	**61,315**

Section 3 - C: Finance and Resources

Table 3: Revenue - Overview
Budget Period: 2023-24 to 2027-28

Ref	Title	2023-24 £000 (Detailed Plans)	2024-25 £000 (Outline Plans)	2025-26 £000 (Outline Plans)	2026-27 £000 (Outline Plans)	2027-28 £000 (Outline Plans)	Description	Committee
1	**OPENING GROSS EXPENDITURE**	**62,142**	**46,355**	**26,371**	**14,679**	**6,968**		
C/R.1.002	Base Adjustment - Restructure F&R to S&P	-10,668	-	-	-	-	Base Adjustment - Restructure F&R to S&P	S&R
C/R.1.003	Base Adjustments	631	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2022-23.	S&R
C/R.1.004	Splitting out PVs following CLT restructure - F&R to S&P	-863	-	-	-	-	Accounting for structure changes in respect of budget movements in the 2022/23 financial year.	S&R
C/R.1.014	Public health funding to support Health related spend	61	-	-	-	-	Public Health business planning for 2023-24 pulls together outstanding underspends across several service areas. These will have minimal disruption as they are demand led services which are already underspending. In addition, savings are available from contingency and holding funds where the funding is no longer required. Funding from the grant will be applied to other eligible costs across the Council.	S&R
C/R.1.015	Base Adjustment relating to Public Health Savings	-220	-30	250	-	-	Base Adjustment relating to Public Health Savings, which will contribute to costs across the rest of the Council in line with the Public Health Grant conditions.	S&R
1.999	**REVISED OPENING GROSS EXPENDITURE**	**51,083**	**46,325**	**26,621**	**14,679**	**6,968**		
2	**INFLATION**							
C/R.2.001	Inflation	1,964	491	649	704	791	Inflation for Finance & Resources budgets	S&R
C/R.2.003	Salary Inflation - All Services	4,838	5,031	5,208	5,391	5,579	Forecast pressure from inflation relating to pay and employment costs. 4% in years 1 and 2, and 3.5% in years 3 to 5. This is all held centrally until the pay award in each relevant year is confirmed, when it will be allocated to services.	S&R
C/R.2.004	Re-baselining of F&R Budgets	850	-	-155	-	-	Following review of several historic income targets, this adjustment is needed to bring budgets in line with expected income.	S&R
C/R.2.009	2022/23 Staff Pay Award	3,500	-	-	-	-	Pressure relating to the 2022/23 staff pay award. The pay award was higher than budgeted for in that year, and so catch-up funding is required.	S&R
2.999	**Subtotal Inflation**	**11,152**	**5,522**	**5,702**	**6,095**	**6,370**		
3	**DEMOGRAPHY AND DEMAND**							
3.999	**Subtotal Demography and Demand**	**-**	**-**	**-**	**-**	**-**		
4	**PRESSURES**							
C/R.4.018	IT - Continued Remote Working	-	-134	-55	-	-	Costs of data and licenses increased during the pandemic with more staff working remotely. This cost was expected to be temporary.	S&R

Section 3 - C: Finance and Resources

Table 3: Revenue - Overview
Budget Period: 2023-24 to 2027-28

Ref	Title	2023-24 £000 (Detailed Plans)	2024-25 £000 (Outline Plans)	2025-26 £000 (Outline Plans)	2026-27 £000 (Outline Plans)	2027-28 £000 (Outline Plans)	Description	Committee
C/R.4.021	IT - Microsoft Enterprise Agreement	114	241	50	-	-	Cambridgeshire County Council uses Microsoft software extensively across all services. The Council is licensed to do so under the terms of its Microsoft Enterprise Agreement, which was renewed in 2020 and the cost of the new contract increased. Following the migration to Office 365 and reviewing the strategic requirements of the organisation in areas such as reporting (PowerBI) and automation (Power Apps) additional licences are required at an additional cost.	S&R
C/R.4.025	Pandemic risks provision	-600	-	-	-	-	Phased reversal of temporary funding intended to mitigate against risks during the pandemic.	S&R
C/R.4.027	IT - Systems	189	-5	-	-	-	There are requirements for additional modules in existing systems to meet new requirements and planned projects in services. There may also be a period of dual running of systems in the Education space as services are migrated from one to the other.	S&R
C/R.4.028	IT - Telephony	50	-341	-	-	-	Funding for an increase in telephony costs due to a contract overlap, and then reduce the budget in 2024/25.	S&R
C/R.4.029	IT - Hardware & Infrastructure	-380	-	-	-	-	In order to ensure fit for purpose laptops for staff and members it was anticipated thata significant number of devices would need to be replaced in 2022-23. This budget has been revised to re-establish the ongoing requirement.	S&R
C/R.4.030	IT - Shared Health Care Record	50	-	-	-	-	This is the estimated revenue costs to CCC for funding towards the Cambridgeshire & Peterborough Shared Health Care Record.	S&R
C/R.4.032	Pathfinder Legal Services dividend expectation	-36	-	-	-	-	This line reflects the dividend that is likely to be payable from the Council's joint-owned legal services company. The primary financial purpose of the company is to provide cost effective services, which is achieved through fees, rather than the delivery of dividend.	S&R
C/R.4.034	Renewable Energy - Soham	6	6	-	-	-	Operating costs associated with the capital investment in Renewable Energy, at the Soham Solar Farm. Links to capital proposal C/C.2.102 in BP 2016-17.	S&R
C/R.4.035	Alconbury Solar Carport - operating costs	-2	2	-3	-	-	The proposal is to construct a series of four solar canopies over the car park, which will generate electricity that will be used to charge electric vehicles (EVs) on site and that can be used directly by the building to offset the use of grid electricity.	S&R
C/R.4.036	External Auditor Fees	127	-	-	-	-	The annual fee expected to meet statutory external audit costs is due to increase. The Council is opted-into the national commissioning arrangement for audit services, in line with the majority of councils.	S&R
C/R.4.037	Pension Fund Contribution Level	-666	-683	-700	-718	-736	The pension fund is currently more than fully funded for its anticipated liabilities, and so the annual contribution the Council makes to it can be slightly reduced. The pension contribution rates and benefits for employees are unchanged.	S&R
C/R.4.039	Increase in National Insurance - Council Staff	-230	-	-	-	-	Reversal of impact of increase in employers' national insurance payments for staff in Finance & Resources	S&R
4.999	**Subtotal Pressures**	**-1,378**	**-914**	**-708**	**-718**	**-736**		

Section 3 - C: Finance and Resources

Table 3: Revenue - Overview

Budget Period: 2023-24 to 2027-28

Ref	Title	2023-24 £000 (Detailed Plans)	2024-25 £000 (Outline Plans)	2025-26 £000 (Outline Plans)	2026-27 £000 (Outline Plans)	2027-28 £000 (Outline Plans)	Description	Committee
5	**INVESTMENTS**							
C/R.5.005	Renewable Energy Soham - Interest Costs	-9	-10	-	-	-	The Council has invested in building a solar park at Triangle Farm, Soham. These are the borrowing costs associated with the scheme to be repaid using income from the sale of energy.	S&R
C/R.5.006	Commercial Investments - Interest Costs	-35	-35	-35	-35	-35	The Council is developing a portfolio of commercial property investments. This change is required in order to amend the associated borrowing costs to be repaid using rental income generated from the leases of these properties.	S&R
C/R.5.009	ITDS Capital to Revenue Funding	726	1,173	1,076	-	-	A shift from capital to revenue funding is required for Information Technology & Digital Service (ITDS) programmes over the next 3 financial years, due to the nature of IT services changing to cloud based systems.	S&R
C/R.5.011	CLT Structure and Shared Posts Changes	208	-	-	-	-	The restructure of the extended Corporate Leadership Team and several shared posts was agreed by the Council in 2022/23. The net investment into posts will be funded through the business change reserve for two years until the eventual structure of the council is finalised at which point, if no mitigations, this investment will be required. This is the impact for Finance & Resources.	S&R
C/R.5.115	Think Communities - Creating a Unified Approach	-1,028	-	-	-	-	Planned reversal of the temporary transformation funding put into previous financial years. We are reviewing the long term funding options for this service.	S&R
C/R.5.119	Development of an Asset-Based Area Approach to Commissioning and Delivery	2	-92	-	-	-	Ongoing transformation funded scheme through to 2024/25. Development of a sustainable model of community-based care and support for adults using an Asset-Based Area approach to commissioning and delivery. The project aims to delay demand for long term adult social care and improve outcomes for adults with care and support needs in the community.	S&R
5.999	**Subtotal Investments**	**-136**	**1,036**	**1,041**	**-35**	**-35**		
6	**SAVINGS**							
	S&R							
C/R.6.106	Contract Savings	-	-200	-	-	-	The ability to renegotiate or procure to achieve contractual savings is expected in 2024-25.	S&R
C/R.6.108	IT - Education Software	-70	-	-	-	-	Estimated annual software saving expected from the implementation of the new education system.	S&R
C/R.6.109	Council Wide Mileage	-500	-	-	-	-	Reduction in mileage budgets across the council, reflecting permanently changed travelling patterns.	S&R
C/R.6.110	Corporate Vacancy Factor	-400	-	-	-	-	Whilst effort is made to ensure all critical posts are filled, this is to recognise slippage on staffing budgets that inevitably take place.	S&R
C/R.6.111	Public Health Grant Contribution to Overheads	-61	-	-	-	-	Funded by a ring-fenced grant, the Public Health service makes a contribution to the cost of overheads that support it in the rest of the Council. This contribution is inflated.	S&R

Section 3 - C: Finance and Resources

Table 3: Revenue - Overview
Budget Period: 2023-24 to 2027-28

Ref	Title	Detailed Plans 2023-24 £000	Outline Plans 2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Description	Committee
C/R.6.113	Insurance re-procurement	-405	-	-	-	-	Following a successful re-procurement of our Insurance contracts, a reduction in cost is expected from insurance premiums and provisions.	S&R
C/R.6.114	Lead Authority Services - Governance	-25	-	-	-	-	A saving target has been agreed for the Lead Authority Performance and Governance Service.	S&R
C/R.6.116	Payment Card Compliance	-19	-	-	-	-	Efficiencies from improved payment card processes.	S&R
6.999	**Subtotal Savings**	**-1,480**	**-200**	**-**	**-**	**-**		
	UNIDENTIFIED SAVINGS TO BALANCE BUDGET	**-12,886**	**-25,398**	**-17,977**	**-13,053**	**-14,333**		
	TOTAL GROSS EXPENDITURE	**46,355**	**26,371**	**14,679**	**6,968**	**-1,766**		
7	**FEES, CHARGES & RING-FENCED GRANTS**							
C/R.7.001	Previous year's fees, charges & ring-fenced grants	-34,331	-35,921	-36,475	-36,422	-36,833	Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward.	S&R
C/R.7.002	Changes to fees and charges from previous year	-134	-	-	-	-	Adjustment for permanent changes to income expectation from decisions made in 2022-23.	S&R
C/R.7.003	Fees and charges inflation	-63	-42	-40	-114	-47	Uplift in external charges to reflect inflation pressures on the costs of services.	S&R
C/R.7.004	2022/23 Staff Award Pay Inflation	-71	-	-	-	-	Recharges for shared staff are expected to be higher in light of the 2022/23 staff pay award.	S&R
C/R.7.005	Changes to Fees and Charges - Restructure F&R to S&P	1,422	-	-	-	-	Changes to Fees and Charges - Restructure F&R to S&P	S&R
	Changes to fees & charges							
C/R.7.104	Alconbury Solar Carport - Income Generation	-	-1	-1	-3	-3	The proposal is to construct a series of four solar canopies over the car park, which will generate electricity that will be used to charge electric vehicles (EVs) on site and that can be used directly by the building to offset the use of grid electricity.	S&R
C/R.7.105	Renewable Energy Soham - Income Generation	-14	-13	-	-	-	Income generation resulting from capital investment in solar farm at Soham. Links to capital proposal C/C.2.102 in BP 2016-17.	S&R
C/R.7.111	New rental income - Evolution Business Park	-938	-	-	-	-	Anticipated additional income from a new investment the Council is expected to make.	S&R
C/R.7.115	Student Accommodation - Income Generation	-70	-62	-65	-65	-65	Estimated annual rent increase.	S&R
C/R.7.116	Leisure Park - Income Generation	-38	-179	-	-	-	Estimated change in annual rent, including two vacant units for part of the year.	S&R

Section 3 - C: Finance and Resources

Table 3: Revenue - Overview
Budget Period: 2023-24 to 2027-28

Ref	Title	Detailed Plans	Outline Plans				Description	Committee
		2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000		
C/R.7.117	Supermarket Site - Income Generation	-80	-83	-85	-88	-88	Estimated annual change in rent income	S&R
C/R.7.118	Business Park - Income Generation	19	-8	-43	-5	-	Estimated annual change in rent income	S&R
C/R.7.119	Independent Living Service: East Cambridgeshire	-	-438	-292	-	-	Rent received from the lease of the new building.	S&R
C/R.7.120	County Farms -Agricultural Rent	-46	-129	-132	-136	-136	Increase expected in rental income for the county farms estate.	S&R
C/R.7.150	COVID Impact - Leisure Park	-16	-	-	-	-	Cromwell Leisure consists of a cinema and three restaurant units. This is the final recovery amount for the impact on rent received due to COVID.	S&R
C/R.7.154	COVID Impact - Commercial Income	-849	-	-	-	-	For the additional income expected across the Commercial Strategy, based on the current funds for investments, we forecast that the 2021-22 & 2022-23 target will be achieved in full by 2023-24.	S&R
C/R.7.155	Kingsbridge - Income Generation	5	-	-95	-	-	Estimated annual change in rent income.	S&R
C/R.7.156	Biodiversity Net Gain Offset	-637	420	40	-	-	To deliver an innovative Biodiversity Net Gain (BNG) scheme at Lower Valley Farm, Fulbourn, South Cambridgeshire. The annual maintenance is expected to be £15k per annum.	S&R
	Changes to ring-fenced grants							
C/R.7.201	Change in Public Health Grant	-80	-19	766	-	-	Change in ring-fenced Public Health grant to reflect expected contribution from Public Health to budget gap, and thereafter the expected removal of the grant ringfence.	S&R
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-35,921**	**-36,475**	**-36,422**	**-36,833**	**-37,172**		
	TOTAL NET EXPENDITURE	**10,434**	**-10,104**	**-21,743**	**-29,865**	**-38,938**		
FUNDING SOURCES								
8	**FUNDING OF GROSS EXPENDITURE**							
C/R.8.001	Budget Allocation	-10,034	10,304	21,743	29,865	38,938	Net budget balance of Corporate Services.	S&R
C/R.8.002	Public Health Grant	-747	-766	-	-	-	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.	S&R
C/R.8.003	Fees & Charges	-35,174	-35,709	-36,422	-36,833	-37,172	Fees and charges for the provision of services.	S&R
C/R.8.005	Public Health Reserve	-400	-200	-	-	-	Drawn down of public health reserve to fund pressures in service	S&R
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-46,355**	**-26,371**	**-14,679**	**-6,968**	**1,766**		

Section 3 - C: Strategy & Partnerships

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

Budget Period: 2023-24 to 2027-28

Net Revised Opening Budget 2022-23 £000	Policy Line	Gross Budget 2023-24 £000	Fees, Charges & Ring-fenced Grants 2023-24 £000	Net Budget 2023-24 £000	Net Budget 2024-25 £000	Net Budget 2025-26 £000	Net Budget 2026-27 £000	Net Budget 2027-28 £000
	Strategy & Partnerships							
351	Executive Director: Strategy & Partnerships	583	-87	496	496	496	496	496
244	Chief Executive	247	-3	244	244	244	244	244
738	Communication and Information	774	-36	738	738	738	738	738
175	Elections	184	-	184	184	184	184	184
1,865	Human Resources	2,064	-202	1,862	1,862	1,862	1,862	1,862
1,910	Learning & Development	2,163	-257	1,906	1,906	1,906	1,906	1,906
5,283	**Subtotal Strategy & Partnerships**	**6,015**	**-585**	**5,430**	**5,430**	**5,430**	**5,430**	**5,430**
	Policy & Communities							
708	Policy, Design and Delivery	775	-162	613	613	2,269	2,269	2,269
1,212	Business Intelligence	1,519	-279	1,240	1,240	1,240	1,240	1,240
149	Emergency Planning	216	-69	147	147	147	147	147
0	Cambridgeshire Skills	2,276	-2,311	-35	-35	-35	-35	-35
377	Archives	394	-18	376	376	376	376	376
112	Cultural Services	364	-252	112	112	112	112	112
-250	Strategic Management - Policy & Communities	130	-225	-95	-95	-95	-95	-95
3,566	Public Library Services	4,420	-819	3,601	3,601	3,601	3,656	3,656
475	Think Communities	728	-24	704	704	704	704	704
390	Youth and Community Services	571	-181	390	390	390	390	390
6,739	**Subtotal Policy & Communities**	**11,393**	**-4,340**	**7,053**	**7,053**	**8,709**	**8,764**	**8,764**
	Legal and Governance Services							
104	Strategic Management - Legal & Governance	115	-71	44	44	44	44	44
446	Internal Audit	517	-74	443	443	443	443	443
911	Information Management	978	-37	941	941	941	941	941
1,349	Democratic Services and Member Services	1,486	-110	1,376	1,376	1,376	1,376	1,376
2,810	**Subtotal Legal and Governance Services**	**3,096**	**-292**	**2,804**	**2,804**	**2,804**	**2,804**	**2,804**
	Future Years							
	Inflation	-	-	-	12	31	51	70
		-						
14,832	**S&P BUDGET TOTAL**	**20,504**	**-5,217**	**15,287**	**15,299**	**16,974**	**17,049**	**17,068**

Section 3 - C: Strategy & Partnerships

Table 2: Revenue - Net Budget Changes by Operational Division

Budget Period: 2023-24

Policy Line	Net Revised Opening Budget £000	Net Inflation £000	Demography & Demand £000	Pressures £000	Investments £000	Savings & Income Adjustments £000	Net Budget £000
Strategy & Partnerships							
Executive Director: Strategy & Partnerships	351	-	-	-	525	-380	496
Chief Executive	244	-	-	-	-	-	244
Communication and Information	738	-6	-	-	6	-	738
Elections	175	9	-	-	-	-	184
Human Resources	1,865	-8	-	-	5	-	1,862
Learning & Development	1,910	-4	-	-	-	-	1,906
Subtotal Strategy & Partnerships	**5,283**	**-9**	**-**	**-**	**536**	**-380**	**5,430**
Policy & Communities							
Policy, Design and Delivery	708	-2	-	-	-93	-	613
Business Intelligence	1,212	-5	-	-	33	-	1,240
Emergency Planning	149	-2	-	-	-	-	147
Cambridgeshire Skills	-	-	-	-	-35	-	-35
Archives	377	-1	-	-	-	-	376
Cultural Services	112	-	-	-	-	-	112
Strategic Management - Policy & Communities	-250	5	-	-	-	150	-95
Public Library Services	3,566	-20	-	55	-	-	3,601
Think Communities	475	-1	-	-	230	-	704
Youth and Community Services	390	-	-	-	-	-	390
Subtotal Policy & Communities	**6,739**	**-26**	**-**	**55**	**135**	**150**	**7,053**
Legal and Governance Services							
Strategic Management - Legal & Governance	104	-	-	-	-60	-	44
Internal Audit	446	-3	-	-	-	-	443
Information Management	911	30	-	-	-	-	941
Democratic Services and Member Services	1,349	27	-	-	-	-	1,376
Subtotal Legal and Governance Services	**2,810**	**54**	**-**	**-**	**-60**	**-**	**2,804**
S&P BUDGET TOTAL	**14,832**	**19**	**-**	**55**	**611**	**-230**	**15,287**

Section 3 - D: Strategy and Partnerships

Table 3: Revenue - Overview
Budget Period: 2023-24 to 2027-28

Ref	Title	2023-24 £000 (Detailed Plans)	2024-25 £000 (Outline Plans)	2025-26 £000	2026-27 £000	2027-28 £000	Description	Committee
1	**OPENING GROSS EXPENDITURE**	**-**	**20,504**	**20,556**	**22,268**	**22,383**		
D/R.1.001	Base Adjustment - Restructure Peoples to S&P	9,645	-	-	-	-	Base Adjustment - Restructure Peoples to S&P	S&R
D/R.1.002	Base Adjustment - Restructure F&R to S&P	10,672	-	-	-	-	Base Adjustment - Restructure F&R to S&P	S&R
D/R.1.003	Base Adjustment - Splitting out permanent virements - F&R to S&P	841	-	-	-	-	Accounting for structure changes in respect of budget movements in the 2022/23 financial year.	S&R
D/R.1.004	Base Adjustment - Splitting out permanent virements - Peoples to S&P	-1,170	-	-	-	-	Accounting for structure changes in respect of budget movements in the 2022/23 financial year.	S&R
D/R.1.007	Base funding for the teams funded by capital receipts	-	-	1,656	-	-	We can currently fund some posts from capital receipts if they are undertaking work that results in transformation of services. The rules that enable this are expected to expire in 2025-26 and so these teams will need base budget.	S&R
1.999	**REVISED OPENING GROSS EXPENDITURE**	**19,988**	**20,504**	**22,212**	**22,268**	**22,383**		
2	**INFLATION**							
D/R.2.001	Inflation	79	52	56	60	63	The total inflation allocation is calculated based on the different inflation indicator estimates for each budget type – for example pay awards, oil, gas, etc all have specific inflationary assumptions applied.	CSMI & S&R
2.999	**Subtotal Inflation**	**79**	**52**	**56**	**60**	**63**		
3	**DEMOGRAPHY AND DEMAND**							
3.999	**Subtotal Demography and Demand**	**-**	**-**	**-**	**-**	**-**		
4	**PRESSURES**							
D/R.4.023	Libraries to serve new developments	55	-	-	55	-	Growth reflecting increased demand in South Cambs from new developments - Cambourne library expansion & providing Northstowe outreach services in 2023-24, and Waterbeach new library estimated to open in 2026-27.	CS&I
4.999	**Subtotal Pressures**	**55**	**-**	**-**	**55**	**-**		
5	**INVESTMENTS**							
D/R.5.001	Investment into Communities	230	-	-	-	-	Investment into Communities services to give service ongoing budget	CS&I
D/R.5.002	CLT restructure changes	372	-	-	-	-	The restructure of the extended Corporate Leadership Team and several shared posts was agreed by the Council in 2022/23. The net investment into posts will be funded through the business change reserve for two years until the eventual structure of the council is finalised at which point, if no mitigations, this investment will be required. This is the impact for Strategy & Partnerships.	S&R
D/R.5.003	Governance	10	-	-	-	-	We are reviewing the level of staffing in the Legal & Governance directorate	S&R
5.999	**Subtotal Investments**	**612**	**-**	**-**	**-**	**-**		

Section 3 - D: Strategy and Partnerships

Table 3: Revenue - Overview

Budget Period: 2023-24 to 2027-28

Ref	Title	Detailed Plans 2023-24 £000	Outline Plans 2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Description	Committee
6	**SAVINGS**							
	S&R							
D/R.6.001	Review of S&P Budgets	-380	-	-	-	-	Budgets will be reviewed across Strategy & Partnership services to identify sufficient funding for the Communities investment listed at D/R.5.001 and historic saving at D/R.6.002.	S&R
	CS&I							
D/R.6.002	Reversal of previous year Communities savings	150	-	-	-	-	Savings allocated to Communities services in previous business plans have not been able to be fully delivered.	CS&I
6.999	**Subtotal Savings**	**-230**	**-**	**-**	**-**	**-**		
	TOTAL GROSS EXPENDITURE	**20,504**	**20,556**	**22,268**	**22,383**	**22,446**		
7	**FEES, CHARGES & RING-FENCED GRANTS**							
D/R.7.001	Previous year's fees, charges & ring-fenced grants	-	-5,217	-5,257	-5,294	-5,334	Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward.	S&R
D/R.7.002	Fees & Charges Inflation (S&P)	-60	-40	-37	-40	-44	Adjustment for permanent changes to income expectation from decisions made in 2022-23.	S&R
D/R.7.003	Changes to Fees and Charges - Restructure F&R to S&P	-1,422	-	-	-	-	Changes to Fees and Charges - Restructure F&R to S&P	S&R
D/R.7.004	Changes to Fees and Charges - Restructure Peoples to S&P	-3,716	-	-	-	-	Changes to Fees and Charges - Restructure Peoples to S&P	S&R
D/R.7.005	Splitting out permanent virements - F&R to S&P	-19	-	-	-	-	Accounting for structure changes in respect of budget movements in the 2022/23 financial year.	S&R
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-5,217**	**-5,257**	**-5,294**	**-5,334**	**-5,378**		
	TOTAL NET EXPENDITURE	**15,287**	**15,299**	**16,974**	**17,049**	**17,068**		
FUNDING SOURCES								
8	**FUNDING OF GROSS EXPENDITURE**							
D/R.8.001	Budget Allocation	-15,287	-15,299	-16,974	-17,049	-17,068	Net spend funded from general grants, business rates and Council Tax.	S&R
D/R.8.002	Fees and Charges	-5,217	-5,257	-5,294	-5,334	-5,378	Fees and charges for the provision of services.	S&R
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-20,504**	**-20,556**	**-22,268**	**-22,383**	**-22,446**		

Section 3 - C: Finance and Resources
Table 4: Capital Programme
Budget Period: 2023-24 to 2032-33

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000
Ongoing	3,858	1,092	-756	316	686	800	800	920
Committed Schemes	182,725	158,069	8,598	2,483	575	-	-	13,000
TOTAL BUDGET	**186,583**	**159,161**	**7,842**	**2,799**	**1,261**	**800**	**800**	**13,920**

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000	Committee
C/C.1	**Information Technology**												
C/C.1.006	Data Centre Relocation	Removal and relocation/transformation of all IT infrastructure & Systems from Shire Hall Data Centre prior to disposal of the site.		Committed	4,642	3,770	872	-	-	-	-	-	S&R
C/C.1.007	IT Strategy	Implementation of the IT Strategy to support sharing of services across Cambridgeshire and Peterborough. To include: - Operations - Business Systems - Digital Engagement		Committed	5,939	3,339	1,600	1,000	-	-	-	-	S&R
C/C.1.008	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.		Committed	674	568	106	-	-	-	-	-	S&R
C/C.1.010	IT Education System Replacement	This programme gathers the system information workflows across the Education Directorate, including the student journey and the touch points across the teams. With a myriad of systems in use there is a business challenge in maintaining consistent, accurate data, especially within shared data sets. Where the current systems are identified as not fit for purpose in supporting education services, the projects under the Education Systems Programme will then procure and implement the most suitable IT system solution, ensuring that separate reporting for both authorities is preserved.		Committed	2,921	1,832	1,089	-	-	-	-	-	S&R
	Total - Information Technology				**14,176**	**9,509**	**3,667**	**1,000**	**-**	**-**	**-**	**-**	

Section 3 - C: Finance and Resources
Table 4: Capital Programme
Budget Period: 2023-24 to 2032-33

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000	
C/C.2	**Investments**												
C/C.2.001	Housing schemes	The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. CCC has moved from being not only a seller of sites, but also a developer of sites, through a Housing Company. CCC is continuing to make the best use of its sites with development potential in a co-ordinated and planned manner, developing them for a range of options, generating capital receipts to support site development and also significant revenue and capital income to support services and communities.		Committed	148,720	135,720	-	-	-	-	-	13,000	S&R
C/C.2.002	Development Funding	Capital expenditure related to planning applications.		Committed	1,613	563	350	350	350	-	-	-	S&R
	Total - Investments				**150,333**	**136,283**	**350**	**350**	**350**	**-**	**-**	**13,000**	
C/C.3	**Property Services**												
C/C.3.003	Building Maintenance	This budget is used to carry out replacement of failed elements and maintenance refurbishments.		Ongoing	6,492	1,092	600	600	600	600	600	2,400	S&R
C/C.3.004	Condition Survey Works	Condition surveys have reviewed the structural, M&E and internal finishes of corporate buildings. The surveys are reviewed by the Property Services team to determine priority and criticality. Indicative costs are applied to each element of work. The scheme intends to make the necessary repairs to bring buildings back to a decent standard, taking into account statutory requirements, property H&S and compliance.		Committed	2,983	927	2,056	-	-	-	-	-	S&R
	Total - Property Services				**9,475**	**2,019**	**2,656**	**600**	**600**	**600**	**600**	**2,400**	
C/C.4	**Strategic Assets**												
C/C.4.001	Lower Portland Farm	To replenish the rural portfolio with agricultural land that has the opportunity for diversification in renewable energy projects, commercial and residential development whilst receiving regular income from agricultural land let to tenant farmers. Long Term (10 years) plan to obtain planning permissions for development leading to a significant increase in value across 68 acres of agricultural land.		Committed	3,741	3,516	-	-	225	-	-	-	S&R
C/C.4.006	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.		Ongoing	3,000	-	300	300	300	300	300	1,500	S&R

Section 3 - C: Finance and Resources

Table 4: Capital Programme

Budget Period: 2023-24 to 2032-33

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000	
C/C.4.007	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	S&R
C/C.4.008	Community Hubs - East Barnwell	Provision of a replacement community centre, children's nursery and library on a site owned by Cambridge City Council in the Abbey ward as part of a regeneration project led by the City Council which includes the existing community centre and library.		Committed	1,981	552	350	1,079	-	-	-	-	S&R
C/C.4.010	Cambs 2020 Spokes Asset Review	The Cambs 2020 Programme will see the current Shire Hall site will be disposed, moving to a 'Hub and Spokes' model with a central purpose built Hub in Alconbury Weald and Spokes sites across the County. This was an opportunity to review our asset portfolio based on organisational needs. This project includes: - acquisition of a new freehold asset - disposal of properties surplus to requirements - major refurbishment works - minor refurbishment works		Committed	5,582	5,542	40	-	-	-	-	-	S&R
C/C.4.011	Mill Farmhouse	Demolition of the exisiting house that has been deemed structurally beyond economical repair and replace with a new dwelling.		Committed	451	113	338	-	-	-	-	-	S&R
C/C.4.012	Intensive Therapeutic Support Hub - Hawthorns	This scheme is for developing and mobilising an accommodation and community-based Intensive Therapeutic Support Hub for children and young people (CYP) with SEN, disabilities and mental health difficulties, following successful award of a £1million grant from the Department for Education in March 2022, in line with a submission by CCC to the Respite Innovation Fund. The grant is for revenue for the project and requires capital investment by the Council to provide the accommodation to which the hub will be hosted. The preferred option for the ITSH is The Hawthorns in Cambridge, a current surplus asset for CCC that can be brought back into use.		Committed	3,227	1,627	1,600	-	-	-	-	-	S&R
	Total - Strategic Assets				**18,982**	**11,350**	**2,728**	**1,479**	**625**	**400**	**400**	**2,000**	

Section 3 - C: Finance and Resources

Table 4: Capital Programme

Budget Period: 2023-24 to 2032-33

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000	
C/C.6	**Capital Programme Variation**												
C/C.6.001	Variation Budget	The Council includes 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	-6,634	-	-1,756	-684	-314	-200	-200	-3,480	S&R
C/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	251	-	197	54	-	-	-	-	S&R
	Total - Capital Programme Variation				**-6,383**	**-**	**-1,559**	**-630**	**-314**	**-200**	**-200**	**-3,480**	
	TOTAL BUDGET				**186,583**	**159,161**	**7,842**	**2,799**	**1,261**	**800**	**800**	**13,920**	

Funding	Total Funding £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000
Government Approved Funding								
Total - Government Approved Funding	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Locally Generated Funding								
Agreed Developer Contributions	209	-	-	209	-	-	-	-
Capital Receipts	80,722	5,882	1,500	28,500	24,340	3,000	2,500	15,000
Prudential Borrowing	-31,935	26,088	6,342	-25,910	-23,079	-2,200	-1,700	-11,476
Prudential Borrowing (Repayable)	-	113,851	-	-	-	-27,879	-36,846	-49,126
Other Contributions	137,587	13,340	-	-	-	27,879	36,846	59,522
Total - Locally Generated Funding	**186,583**	**159,161**	**7,842**	**2,799**	**1,261**	**800**	**800**	**13,920**
TOTAL FUNDING	**186,583**	**159,161**	**7,842**	**2,799**	**1,261**	**800**	**800**	**13,920**

Section 3 - C: Finance and Resources

Table 5: Capital Programme - Funding

Budget Period: 2023-24 to 2032-33

Summary of Schemes by Start Date	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
Ongoing	3,858	-	-51	-2,604	74,840	-68,327
Committed Schemes	182,725	-	260	140,191	5,882	36,392
TOTAL BUDGET	**186,583**	**-**	**209**	**137,587**	**80,722**	**-31,935**

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
C/C.1	**Information Technology**										
C/C.1.006	Data Centre Relocation		-	Committed	4,642	-	-	-	-	4,642	S&R
C/C.1.007	IT Strategy		-	Committed	5,939	-	-	-	-	5,939	S&R
C/C.1.008	IT Infrastructure Refresh		-	Committed	674	-	-	-	-	674	S&R
C/C.1.010	IT Education System Replacement		-	Committed	2,921	-	-	-	-	2,921	S&R
	Total - Information Technology		**-**		**14,176**	**-**	**-**	**-**	**-**	**14,176**	
C/C.2	**Investments**										
C/C.2.001	Housing schemes		-58,161	Committed	148,720	-	-	140,191	5,851	2,678	S&R
C/C.2.002	Development Funding		-	Committed	1,613	-	-	-	-	1,613	S&R
	Total - Investments		**-58,161**		**150,333**	**-**	**-**	**140,191**	**5,851**	**4,291**	
C/C.3	**Property Services**										
C/C.3.003	Building Maintenance		-	Ongoing	6,492	-	-	-	-	6,492	S&R
C/C.3.004	Condition Survey Works		-	Committed	2,983	-	-	-	-	2,983	S&R
	Total - Property Services		**-**		**9,475**	**-**	**-**	**-**	**-**	**9,475**	
C/C.4	**Strategic Assets**										
C/C.4.001	Lower Portland Farm		-15,134	Committed	3,741	-	-	-	-	3,741	S&R
C/C.4.006	County Farms investment (Viability)		-5,000	Ongoing	3,000	-	-	-	-	3,000	S&R
C/C.4.007	Local Plans - representations		-	Ongoing	1,000	-	-	-	-	1,000	S&R
C/C.4.008	Community Hubs - East Barnwell			Committed	1,981	-	260	-	31	1,690	S&R
C/C.4.010	Cambs 2020 Spokes Asset Review			Committed	5,582	-	-	-	-	5,582	S&R
C/C.4.011	Mill Farmhouse		-	Committed	451	-	-	-	-	451	S&R
C/C.4.012	Intensive Therapeutic Support Hub - Hawthorns			Committed	3,227	-	-	-	-	3,227	S&R
	Total - Strategic Assets		**-20,134**		**18,982**	**-**	**260**	**-**	**31**	**18,691**	

Section 3 - C: Finance and Resources

Table 5: Capital Programme - Funding

Budget Period: 2023-24 to 2032-33

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.6	**Capital Programme Variation**										
C/C.6.001	Variation Budget		-	Ongoing	-6,634	-	-51	-2,604	-	-3,979	S&R
C/C.6.002	Capitalisation of Interest Costs		-	Committed	251	-	-	-	-	251	S&R
	Total - Capital Programme Variation		**-**		**-6,383**	**-**	**-51**	**-2,604**	**-**	**-3,728**	
C/C.9.001	Excess Corporate Services capital receipts used to reduce total prudential borrowing			Ongoing	-	-	-	-	74,840	-74,840	S&R
	TOTAL BUDGET				**186,583**	**-**	**209**	**137,587**	**80,722**	**-31,935**	

Section 3 - D: Strategy and Partnerships
Table 4: Capital Programme
Budget Period: 2023-24 to 2032-33

Summary of Schemes by Start Date	Total Cost £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000
Ongoing	-824	-	-485	-338	-1	-	-	-
Committed Schemes	19,254	13,278	4,251	1,718	7	-	-	-
2023-2024 Starts	152	-	152	-	-	-	-	-
TOTAL BUDGET	**18,582**	**13,278**	**3,918**	**1,380**	**6**	**-**	**-**	**-**

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000	Committee
D/C.1	**Policy & Communities**												
D/C.1.001	Capitalisation of Policy, Design and Delivery Team	Funding the Policy, Design and Delivery Team from capital instead of revenue, by using the flexibility of capital receipts direction.		Committed	12,612	9,248	1,682	1,682	-	-	-	-	**S&R**
D/C.1.004	Community Fund	A £5m fund that will help to deliver a range of community based investments that support the Council's aspiration of "Making Cambridgeshire a great place to live".		Committed	5,000	3,278	1,722	-	-	-	-	-	**CS&I**
D/C.1.006	Libraries - Open access & touchdown facilities	The introduction of Open Access (self-service) technology to maximise the use of our library properties supporting the Cambs 2020 hub and spokes approach with staff increasingly operating in localities. Open access will extend the times libraries are open to our communities and enable Council, public sector and partner agency staff, particularly peripatetic staff, to increasingly use libraries as touchdown and meeting sites, in line with the objectives of One Public Estate. This will provide open access in 9 hub libraries and equipment/furnishings to ensure fit for purpose accessible touchdown facilities and digital access across the library network.		Committed	1,172	680	492	-	-	-	-	-	**CS&I**
D/C.1.009	EverySpace - Library Improvement Fund	Refurbishment of 3rd floor at Cambridge Central and unused learning centre at March library as a pilot for a new flexible community space as part of the Future Libraries initiative.		Committed	389	72	301	9	7	-	-	-	**CS&I**
D/C.1.010	Darwin Green Library	New library provision to meet the community needs and emulates a welcoming central venue for the Darwin Green community.		2023-24	152	-	152	-	-	-	-	-	**CS&I**
	Total - Policy & Communities				**19,325**	**13,278**	**4,349**	**1,691**	**7**	**-**	**-**	**-**	

Section 3 - D: Strategy and Partnerships

Table 4: Capital Programme

Budget Period: 2023-24 to 2032-33

Ref	Scheme	Description	Linked Revenue Proposal	Scheme Start	Total Cost £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000	
D/C.6	**Capital Programme Variation**												
D/C.6.001	Variation Budget	The Council includes 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	-824	-	-485	-338	-1	-	-	-	S&R, CS&I
D/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	81	-	54	27	-	-	-	-	CS&I
	Total - Capital Programme Variation				**-743**	**-**	**-431**	**-311**	**-1**	**-**	**-**	**-**	
	TOTAL BUDGET				**18,582**	**13,278**	**3,918**	**1,380**	**6**	**-**	**-**	**-**	

Funding	Total Funding £000	Previous Years £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Later Years £000
Government Approved Funding								
Specific Grants	260	72	162	19	7	-	-	-
Total - Government Approved Funding	**260**	**72**	**162**	**19**	**7**	**-**	**-**	**-**
Locally Generated Funding								
Agreed Developer Contributions	281	-	281	-	-	-	-	-
Prudential Borrowing	6,102	3,958	2,119	26	-1	-	-	-
Prudential Borrowing (Repayable)	-	-	10	-10	-	-	-	-
Ring-Fenced Capital Receipts	11,939	9,248	1,346	1,345	-	-	-	-
Total - Locally Generated Funding	**18,322**	**13,206**	**3,756**	**1,361**	**-1**	**-**	**-**	**-**
TOTAL FUNDING	**18,582**	**13,278**	**3,918**	**1,380**	**6**	**-**	**-**	**-**

Section 3 - D: Strategy and Partnerships

Table 5: Capital Programme - Funding

Budget Period: 2023-24 to 2032-33

Summary of Schemes by Start Date	Total Funding £000	Grants £000	Develop. Contr. £000	Other Contr. £000	Capital Receipts £000	Prud. Borr. £000
Ongoing	-824	-	-	-	-673	-151
Committed Schemes	19,254	260	129	-	12,612	6,253
2023-2024 Starts	152	-	152	-	-	-
TOTAL BUDGET	**18,582**	**260**	**281**	**-**	**11,939**	**6,102**

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
D/C.1	**Policy & Communities**										
D/C.1.001	Capitalisation of Policy, Design and Delivery Team		-	Committed	12,612	-	-	-	12,612	-	**S&R**
D/C.1.004	Community Fund			Committed	5,000	-	-	-	-	5,000	**CS&I**
D/C.1.006	Libraries - Open access & touchdown facilities		-	Committed	1,172	-	-	-	-	1,172	**CS&I**
D/C.1.009	EverySpace - Library Improvement Fund			Committed	389	260	129	-	-	-	**CS&I**
D/C.1.010	Darwin Green Library			2023-24	152	-	152	-	-	-	**CS&I**
	Total - Policy & Communities		**-**		**19,325**	**260**	**281**	**-**	**12,612**	**6,172**	
D/C.6	**Capital Programme Variation**										
D/C.6.001	Variation Budget			Ongoing	-824	-	-	-	-673	-151	**S&R, CS&I**
D/C.6.002	Capitalisation of Interest Costs			Committed	81	-	-	-	-	81	**CS&I**
	Total - Capital Programme Variation		**-**		**-743**	**-**	**-**	**-**	**-673**	**-70**	
	TOTAL BUDGET				**18,582**	**260**	**281**	**-**	**11,939**	**6,102**	

Appendix 2

Summary report of draft business cases for S&R Committee

Activity Title:	Countywide Mileage Saving		
Reference No:	C/R.6.109		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 0	Environment Score 0	Financial Score 2
Business lead / sponsor:	Stephen Howarth, Head of Finance		
Document prepared by:	Stephen Howarth		
Financial Summary:	500k savings from 2023-24		
Date:	1/8/22	**Version**	1

1. Driver / reason for the activity

Since the beginning of the pandemic, a reduction in travel has meant that the Council's mileage budgets are significantly underspent. In 2021/22, over £1m of an approximately £3m budget for mileage was not spent / required.

A lower budget for mileage of £2.8m was set across the Council for 2022/23, giving a £378k saving as part of that year's business planning.

However, in the first quarter of 2022/23, there was still a £182k underspend on mileage. After allowing for the saving taken, that is a rate of underspend consistent with 2021/22, suggesting that currently there is no overall increase in the mileage being done. To continue with the current lower levels of mileage would result in an underspend / potential saving of £728k in 2022/23.

Any savings estimates will need to reflect that a temporary supplement was put in place for the 2022/23 financial year for CCC staff that are required to do a particularly high amount of mileage in their work such as front-line staff within social care. This was to reflect the rising fuel costs they will be facing.

2. Proposed activity or intervention(s)

As with the saving put into the 2022/23 business plan, we will apply an overall saving into the business plan for mileage in 2023/24 reflecting the likelihood of continuing underspend.
It is proposed that this is set at £500k. That is approximately two thirds of the anticipated underspend in 2022/23, which allows some room for increased mileage and for the temporary supplement that is paid to high mileage workers.

Later in 2022/23, we will review which cost centres have underspends on mileage in order to allocate out this saving.

No new activity is required as this saving should just reflect the new normal level of activity.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities

EqIA not applicable – confirmed

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

There are no changes to policies, service provision, or staff with this business case. It acknowledges a reduction in spend and a budget adjustment to reflect this.

4. Financial Impact on Business Plan 2023-28

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving	Permanent		-500				
Income							
Investment							
Pressure							
Total			-500				

Activity Title:	Corporate Vacancy Factor		
Reference No:	C/R.6.110		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 0	Environment Score 0	Financial Score 2
Business lead / sponsor:	Stephen Howarth, Head of Finance		
Document prepared by:	Stephen Howarth		
Financial Summary:	400k savings from 2023-24		
Date:	1/8/22	**Version**	1

1. Driver / reason for the activity

In 2021/22, staffing budgets in Corporate Services (Resources, Customer & Digital, Business Improvement & Development and Legal Services) underspent by over £500k. There has consistently been an underspend on corporate staffing budgets year on year – this reflects a level of inevitable slippage in staffing spend due to a variety of factors such as a time lag between resignations and appointments, the average FTE (full time employee) being slightly lower than budgeted or recruitment difficulties.

For nearly ten years, we have had a vacancy factor applied to budgets in People & Communities (P&C) to reflect this same phenomenon, and it is standard practice across many organisations to budget for slightly lower than your full establishment. Almost every year, staffing budgets in P&C have ended the year underspending by about the amount of the vacancy factor (recently it has been exceeded).

2. Proposed activity or intervention(s)

A vacancy factor to be applied to Corporate Services budgets equalling the percentage currently applied to budgets in P&C, which is 2.43%, and this will be held centrally rather than allocated to individual cost centres. On a quarterly basis, staffing underspends will be swept up to offset this saving.

Budgets that are funded by capital, grants or income will be excluded from the calculation. There is therefore a staffing budget of around £16.7m in scope. Applying a 2.43% vacancy factor would give a saving of approximately £400k.

We have considered whether this same logic could be applied to the Place & Sustainability services. Due to the high level of staffing funded by capital and income in those services, we do not anticipate the saving to be particularly large but a draft business case for the vacancy factor has been developed for Environment and Green Investment Committee with 112k saving for P&S.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities

EQIA not required.

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

There is no change in policy, to service provision or staff with this proposal. It is proposing a budget adjustment to better reflect actual spend.

4. Financial Impact on Business Plan 2023-28

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving	Permanent		-400				
Income							
Investment							
Pressure							
Total			-400				

Activity Title:	Biodiversity Net Gain Offsets Programme		
Reference No:	C.R.6.115		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 3	Environment Score 3	Financial Score 2
Business lead / sponsor:	Tom Kelly		
Document prepared by:	Jack Kennedy		
Financial Summary:	Income		
Financials signed off by:	Helen Boutell		
Date:	01/11/2022	**Version**	4

1. Driver / reason for the activity

Policy

The Environment Act 2021 has received royal assent and includes a mandate for developments in England to deliver at least 10% Biodiversity Net Gain (BNG). Secondary legislation is expected to be published in late 2023 which will specify how BNG is to be implemented and regulated. However, many Local Planning Authorities (LPAs) are already requiring developers to evidence how they will deliver net gains for biodiversity prior to issuing planning consent. This has resulted in delays in development where developers are struggling to meet the BNG requirement.

Moreover, the South Cambridgeshire District Council's Doubling Nature Strategy aspires to achieve 20% BNG through development. Thus, it is expected that this 20% requirement will be adopted in planning policy in due course.

Background

To deliver an innovative Biodiversity Net Gain (BNG) scheme at Lower Valley Farm, Fulbourn, South Cambridgeshire. The developer demand for off-site biodiversity units is already present and is expected to increase with the continuing growth of development across South Cambridgeshire. This initiative provides a solution to developers by enabling biodiversity units to be purchased 'off-the-shelf' from a highly credible public body.

The farm of c.140 ha is strategically located to provide significant opportunity to create habitats that connect to the wider surroundings and buffer valuable sites. The farm sits adjacent to the Roman Road SSSI (Site of Special Scientific Interest), notified for its chalk grassland, and there are several other SSSIs within its surroundings including the Gog Magog Golf Course SSSI. The Cambridge Nature Network identifies the site as a steppingstone extension within the Gog Magog Hills demonstrating a key opportunity to contribute to this habitat corridor.

2. Proposed activity or intervention(s)

- Baseline.
  A biodiversity baseline survey was conducted across the entire farm in September 2021 which informed the DEFRA (Department for Environment, Food, and Rural Affairs) Biodiversity Metric to provide the baseline habitat units and potential for uplift through habitat enhancement and creation. The Baseline Report identified that the farm consists of cereal crops, some patches of woodland and boundary hedgerows, with significant potential for biodiversity uplift through the creation of botanically diverse grassland, expansion of woodland, enhancement and creation of species-rich hedgerows, and creation of scrub.

- Landscape Design.
  The objective of this scheme is to increase biodiversity within the farm and provide effective habitat connectivity across the landscape. Additionally, the scheme will provide wider social benefits through the provision of public footpaths, viewpoints, informative signage, and potential for educational trips. The large scale of this scheme allows the landscape to be strategically designed for the creation of a mosaic of high-quality biodiverse habitats in a practical, cost-effective way that facilitates long term management.

- Environmental Management Plan.
  The scheme objectives and how they will be achieved are presented within an Environmental Management Plan, which includes methods for managing each specific habitat type to reach the target condition in alignment with the Biodiversity Metric. This Plan has also considered valuable inputs from stakeholders who all support the scheme including Natural England, Cambridge Past, Present and Future, The Wildlife Trust for Beds, Cambs and Northants, and Friends of the Roman Road.

- Actions:
  - We propose to deliver habitat creation/enhancement in two distinct phases which will allow for a phased transition from arable farming to biodiverse habitat enhancement and creation.
  - The Biodiversity Units have been marketed through Bidwells since early this year.
  - As further demand for biodiversity units arises the northern block will undergo conversion to biodiverse habitats, with potential for areas to act as layback land for livestock.

Conclusion
The scheme aligns with the South Cambridgeshire Biodiversity Strategy objectives

and has the support of key stakeholders including Greater Cambridge Shared Planning (GCSP). It will become a showcase for the effective delivery of BNG, demonstrating how offsetting development through habitat creation on a landscape scale is most efficient, cost-effective and maximises environmental and social outcomes. As well as being strategically located there are scale economies both in terms of cost-effective management but also large-scale biodiversity returns which are recognised as being better for nature. Moreover, the provision of biodiversity units 'off-the-shelf' reduces the risks and delays to developers in seeking credible solutions to satisfy off-site BNG requirements.

The financial details below are for part only of the land available. More customers are anticipated, and the expectation is that the revenue will be considerably more. Currently in the pipeline are 128 BNG units and the farm will provide more than 500.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities

Has an Equality Impact Assessment been completed? Yes

Summary of key points to consider in terms of benefits, negative impacts, and any mitigations:

The scheme aligns with the South Cambridgeshire Biodiversity Strategy objectives and has the support of key stakeholders including Natural England and GCSP. It will become a showcase for the effective delivery of BNG, demonstrating how offsetting development through habitat creation on a landscape scale is most efficient, cost-effective and maximises environmental and social outcomes.

Importantly, the scheme will meet the off-site BNG requirements proposed in the BNG consultation. The outcome of the consultation will be monitored to ensure the scheme adheres to secondary legislation. We will maintain communication with GCSP and no significant changes to the existing BNG implementation model at Lower Valley Farm are expected to be required.

Therefore, it is expected that the provision of these units will encourage more natural habitats and improve the environment for all people, regardless of any protected characteristics; as well as have no detrimental impact on any socio-economic inequalities.

4. Financial Impact on Business Plan 2023-2028

Revenue Implications:

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving							
Income			-637	420	40		
Investment							
Pressure							
Total			-637	420	40		

Activity Title:	Rental income – Evolution Business Park		
Reference No:	C/R.7.111		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 0	Environment Score 0	Financial Score 5
Business lead / sponsor:	Tom Kelly		
Financial Summary:	Recurrent income of £938k with £16.9m Capital Investment		
Date:	6 Oct 2022	**Version**	1.0

1. Driver / reason for the activity

In January 2020, the County Council acquired property in Impington, South Cambridgeshire, as a commercial investment. The principal decisions to acquire were made at the then Commercial & Investment Committee on 24 May 2019 and that Committee's Investment Working Group on 29 October 2019.

In January 2020, the Council purchased the whole site, with the exception of unit B.

2. Proposed activity or intervention(s)

The Council intends to purchase Unit B according with its contractual obligations under a 'put option' in the contract.

The purchase price for Unit B is determined according to a formula set out in the 'put option'.

Despite restrictions on Council's undertaking new investments for commercial gain implemented by the government, there is an exemption where there is a contractual obligation. We believe that the conditions in this case amount to a contractual obligation to purchase and so are compatible with the current regulatory regime around local authority investment.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities Assessments undertaken to inform the proposed activity

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

This Business Case is for the purchase of an existing unit with proposed tenant and no other changes to service delivery affecting residents or staff, no changed impact on any protected characteristics (positive or negative) or affecting any socio-economic inequalities.

4. Financial impact on business planning 2023-28

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving							
Income			-938				
Investment							
Pressure							
Total			**-938**				

Capital investment of £16.9m required

Activity Title:	Insurance re-procurement		
Reference No:	C/R.6.113		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 0	Environment Score 0	Financial Score 2
Business lead / sponsor:	Mark Greenall, Head of Insurance		
Document prepared by:	Mark Greenall		
Financial Summary:	£405k saving		
Date:	01/11/2022	**Version**	1

1. Driver / reason for the activity

Following the recent insurance procurement exercise, the Council has benefitted from a reduction in self-insured retention on its liability and material damage insurance. As a result of this a review has been undertaken of the required amount to be budgeted for retained claims spend. Based on actuarial advice, the Council is expected to be able to reduce the amount of internal claims provisions and service cost by £405k for the 23/24 financial year

2. Proposed activity or intervention(s)

Reduction in internal provision for liability and material damage claims for 23/24 financial year as a one-off saving. From 24/25 the expected cost of retained claims will start to increase from 23/24 levels as a result of expected claims inflation, which will be budgeted for through the inflation process.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities Assessments undertaken to inform the proposed activity

EQIA not required.

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

This Business Case does not impact on the direct provision of services or the access of any services or facilities by any employees or residents. It is purely a financial budget adjustment following procurement of insurance protections.

4. Financial Impact on Business Plan 2023-2028

Revenue Implications:

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	**2022-23 £000**	**2023-24 £000**	**2024-25 £000**	**2025-26 £000**	**2026-27 £000**	**2027-28 £000**
Saving	0	0	-405	0	0	0	0
Income	0	0	0	0	0	0	0
Investment	0	0	0	0	0	0	0
Pressure	0	0	0	0	0	0	0
Total	**0**	**0**	**-405**	**0**	**0**	**0**	**0**

Activity Title:	External Auditor Fees				
Reference No:	C/R.4.036				
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	0	0		0	
Business lead / sponsor:	Stephen Howarth, Head of Finance				
Document prepared by:	Stephen Howarth				
Financial Summary:	£127k pressure				
Financials signed off by:	Stephen Howarth				
Date:	24/10/22		Version		1

1. Driver / reason for the activity

The Council is part of national arrangements led by Public Sector Audit Appointments (PSAA)Ltd for procuring our external audit service – almost all eligible public sector bodies in the country are part of these arrangements. The PSAA procures audit services from firms and charges member councils a scale fee. Audit firms are entitled under current legislation to charge further costs to audited councils if additional work is required in the course of the audit.

The local government audit sector is currently facing a number of challenges - particularly an increased workload from more complex audit work, and recruitment and retention difficulties. In 2021, the Public Accounts Committee reported that the sector was ‘close to breaking point’ (Report available on the Public Accounts Committee website). This is reflected in the timeliness of external audits – in 2019/20 only 45% of local authorities published audited accounts on time. In 2020/21, this is even lower, as a national issue with infrastructure assets accounting has delayed the conclusion of external audits for most highways authorities and will further add to external auditor cost pressures.

The cost pressures faced by the audit firms cannot be ignored and we therefore expect an increase in the fees charged to councils when the next procurement round (2023-28) concludes. This expectation is increased by the departure from the audit market of several big firms, reducing the overall pool of suppliers (and thus the competition). PSAA have warned councils to expect a 150% increase in fees (Report available on the PSAA website).

2. Proposed activity or intervention(s)

We are estimating the cost of activity associated with the publication of accounts and external audit from 2023/24 to be:

Activity	Cost £
External audit fee	£181k
IAS19 Fee	£11k
Legal/accountancy advice	£10k
Budget required	**£197k**
Current budget	£75k
Increase needed	**£127k**

We do not yet know the fees that will be charged for the external audits from 2023-28; the PSAA procurement of audits and their costs will be consulted on in Autumn 2023.

We are assuming a significant increase in costs based on the above challenges that the local audit sector is facing and allowing for an ongoing cost for additional fees charged by our auditor to respond to objections. We are also assuming an ongoing cost for additional legal and/or specialist accounting advice as part of this process, reflecting costs that we are now facing each year.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

This Business Case does not impact on the direct provision of services or the access of any services or facilities by any employees or residents. It is purely a financial budget adjustment.

4. Financial Impact on Business Plan 2023-2028

Revenue Implications:

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving							
Income							
Investment							
Pressure	Permanent	127					
Total		**127**					

Activity Title:	IT & Digital Services Capital to Revenue funding		
Reference No:	C/R.5.009		
Triple Bottom Line Score:	Social Score 0	Environment Score 2	Financial Score -5
Business lead / sponsor:	Sam Smith, Assistant Director: Customer and Digital Services		
Financial Summary	Revenue impact 2023/24 £965k, 2024/25 £939k, 2025/26 £1,071		
Document prepared by:	Katherine Hlalat		
Date:	21/07/2022	**Version**	0.1

1. Driver / reason for the activity

Traditionally the IT Service has required the purchasing of physical assets which are hosted onsite (on-prem). Over the past three to five years the nature of IT services has changed, and more services are being delivered in the Cloud – where the supplier hosts the service, and the Council accesses it via a secure link on the internet.

Based on the historical nature of IT services, all IT projects have therefore been funded from Capital as there has been a physical asset which the Council maintains. As services move to the Cloud there is no longer a physical asset hosted on Council premises. Therefore, the funding model for IT projects also needs to be revised as the Council moves from capital funded projects with physical assets to revenue funded services that are 'consumed' by council staff, members & citizens. This will involve changing the funding model for IT to support the move to Cloud based systems and services with revenue budgets that include the implementation, management and maintenance of those services which relate to day to day running of the Council.

This business case also addresses other IT pressures.

2. Proposed activity or intervention(s)

This Business Case recommends the funding for IT projects and programmes is reprofiled over the next three financial years and funding is predominantly moved from Capital to Revenue permanently by the end of the 2025/26 financial year.

Projects identified in the 2023/24 programme of works are categorised into:

- Capital funded: those projects where there is a tangible or intangible asset

which is configured for the Council.
- Revenue funded: those projects, where there is no definable asset once the project is completed.

The programme of IT projects will continue to be tracked and reported on using the POWA project management and reporting systems.

It should be noted that there are some IT projects which will be funded from Capital due to the nature of the procurement. Each project will be costed and submitted to the Capital Programme Board for approval. The expenditure is not expected to exceed £500k per year and will be assessed according to the benefits anticipated, business criticality of the requirement, and the statutory requirement, such as PSN Compliance.

There will be a rolling programme of projects that support the implementation of Cloud based services to support the continuing use of critical business systems as well as enabling further use of technology. There will be initial periods of dual running of both the new services and existing until all services are shifted to Cloud based services; this is estimated to be completed by 2026. The exact profile of dual running will require further detailed work to complete and will form part of the individual project plans and reporting.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities Assessments undertaken to inform the proposed activity

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

There is no impact on people. The proposal is to change the funding source for IT Projects and Programmes. Each project will have its own EqIA which assesses the impact of the delivery of the project on people.

4. Financial Impact on Business Plan 2023-2028

Revenue Implications:

This table has been completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving							
Income							
Investment							
Pressure	Permanent		965	939	1071		
Total			965	939	1071		

Capital Implications:

Capital Funding:	22-23 £000	23-24 £000	24-25 £000	25-26 £000	26-27 £000	27-28 £000	28-29 £000	29-30 £000	30-31 £000
Prudential Borrowing		-726	-1,173	-1,076					
Grants									
Total		**-726**	**-1,173**	**-1,076**					

The current position for IT is a hybrid one, with some services in the Cloud and some physically onsite locally in Sand Martin House & Orton (On-Prem) and the IT budgets reflect this. There is a capital programme which supports the implementation and upgrades of systems (through project delivery) and a revenue budget which supports Cloud services and the ongoing costs for systems once they have been implemented as well as the staff to support them. Each system needs extensive work every three to five years to upgrade to the latest version and the underpinning infrastructure also requires period updates and replacement to remain secure and effective.

Experience shows that when taken on a case-by-case basis, the costs moving an individual system or application to the Cloud are higher than the cost of retaining that system OnPrem as the supplier will price in the costs of that cloud service and the Council still needs to retain the infrastructure to support the services that remain OnPrem. The analogy of a house can be used with each system representing the contents of a room. If a system is moved to the Cloud, then one room of the house is empty, but the rest of the house still exists and needs to be serviced and the bills paid. So essentially the Council ‘double-pays’ for some elements of IT until the whole process is complete.

We are proposing to increase the Telephony budget in 2023/24 due to contract overlap, and then reduce the budget in 2024/25. Also proposing to increase the Microsoft costs while we move from the current model of telephony to one driven by Microsoft solutions.

We were expecting to reduce the Mobile phone budget in 2023/24 by the additional value providing due to the increase in use during the pandemic. However, as usage is still high across the authority, we are now proposing to reduce the additional funds made available for Mobile usage over a two-year period from 2024/25.

For pressures / investments only, please provide further details regarding:

What is the service's forecast outturn for the current financial year?

Capital Budgets 2017/18 – 2021/22
The table below shows the capital spend on IT over the last five years. This has been broken down into two sections as there was a significant amount of budget allocated to the move of the Data Centre from Shire Hall and that was an a-typical project which won't be repeated. However, it should be noted that much of the work done for that move is the reason that the IT infrastructure is as optimised as it currently is and therefore why we are as well placed as we are to transition to cloud services and make best use of that investment.

Excluding the Data Centre move the average spend on IT over the last five years is 3.5 million and that figure can be used as an indicator of likely future spend.

Financial Year	Capital spend £m Data Centre Relocation	Capital spend £m Other (not DC related)
2017/18		3.27
2018/19		0.96
2019/20	0.03	8.05
2020/21	1.44	3.96
2021/22	1.50	1.59
Total	2.97	17.82

Note - This table includes the costs of project (Eastnet) which supported the move of the Councils Wide Area Network (WAN) from Virgin Media to the current supplier (MLL). This contract is a partnership one that runs until September 2025 so savings from this cannot be calculated yet, but it is anticipated that Strands 1 & 3 will result in a far lower set of technical requirements and significantly lower costs. Procurement for the replacement of that contract will need to start well in advance of the contract end date and if the transition to cloud does not happen then a more like for like approach will be needed which see another 'peak' of costs as that contract is replaced.

Proposed allocation of funding:
The table below shows the current revenue budget for IT & Digital Services. Note this includes uplifts to budget to cover specific pressures identified in 2021/22

	Current Revenue Budget 2023/24
Spend Type	£'000
Staffing	4,309
Hardware	1,784
Software	1,573
Microsoft	1,525
Telephony	291
Mobile Phones	145
Network	780
MFDs	216
Total Budget	**10,623**

What financial mitigations have been considered?

There are three potential approaches to future models of IT Budgets.

a) Continue as is with a hybrid revenue/capital model

b) 100% On Prem

A theoretical option would be to revert to a 100% OnPrem environment with minimal or no cloud services. From a practical point of view this has limited effectiveness as some services cannot be moved back (Microsoft 365) and others are moving towards cloud being the only offer from the supplier. The 'soft' benefits of cloud (automation, security, scalability and flexibility) would be lost, and the Council would retain a dependency on physical locations and assets which do not support the needs of a modern flexible Council.

This approach would retain a high capital programme as each system would need to be upgraded as described above and a revenue budget with high levels of staffing and physical assets. It is unlikely to amount to a significant reduction in the revenue budget and therefore has not been profiled.

c) 100% Cloud – recommended option

The preferred option and the one that supports the service vision is to transition to an entirely revenue-based budget for IT services over a period of three years. During that three-year period, it would be necessary to invest in addition software to facilitate the transition to Cloud services whilst the existing OnPrem services are migrated to a suitable Cloud alternative. That additional investment would be revenue rather than capital so the effect would be an initial increase in the revenue budget allocated to the service. Once the transition was complete the revenue position would be reviewed and the elements of it that support the current OnPrem environment and way of working would be removed.

This approach will allow the Council to achieve the ‘soft’ benefits of cloud (automation, security and flexibility) and be fully independent of physical locations - truly a modern flexible Council. The expectation is that there will be a very small capital allocation for anything that cannot be moved to the cloud (i.e., some infrastructure that supports Council buildings) or has physical life span of more than 10 years. Projects will still be required to manage IT change, and this will include staff time but the funding for these would be revenue rather than capital.

The work to profile this will be an iterative process as several elements are subject to formal procurement processes and full costs are unknown. Where possible indicative costs have been included.

What other funding sources have been explored?

On occasion, alternative funding streams are available, but they are generally focussed on a specific deliverable. Where available and appropriate, they will be utilised (for example, grant funding opportunities). However, this business case is specifically focussed on the proposed funding model change from Capital to Revenue.

Could you meet the costs from your own budget?

There are elements of the current IT revenue budgets that we would expect to use to offset the increased revenue costs of services in the cloud, but further work is needed to analyse these fully. An example would be changes to Telephony. It is anticipated that the additional costs of the Contact Centre as a Service (CCaaS) for the Customer Contact Centre and the other changes to telephony for staff overall will increase but that this can be met from savings in the current Telephony contract. Although the current IT revenue budgets will not be sufficient to meet the increased costs of the transition to cloud it is clear that such a move will negate the need for the majority of the capital spend that has been necessary to support IT services in the past. This is cost avoidance rather than saving but it is reasonable to take past expenditure as an indication of future need (under option 1)

Cambridgeshire County Council

Draft Strategic Framework 2023-2028







Cambridgeshire County Council

Joint Administration Foreword

Times are tough, for residents and for councils. We are facing the most difficult set of economic circumstances for decades. As residents see their own spending power fall because of inflation, so do councils. Our money buys less, but the need is greater than ever.

It is for these reasons our Joint Administration set as its vision to create a **Greener, Fairer and more Caring Cambridgeshire,** to create a sense of hope and optimism for the future, which we believe we **can** change for the better.

We want the work we do across the council to prioritise those people who are most affected by the cost of living crisis, and whose resilience is lowest, whether that is on their health, finances or the impacts of climate change. Supporting the vulnerable and tackling inequality go hand in hand. The need to look at the effect of poverty across the whole course of people's lives has never been more urgent.

The pressures of this year's economic woes will not distract us from the biggest threat to our area of all, which is climate change. As we manage increased need and falling spending power, we must not lose sight of the need to adapt to, or mitigate the effects of, climate change on our planet, our biodiversity, and our infrastructure. The drought this summer and changes to rain fall patterns have indicated that climate change is already having a major impact in Cambridgeshire and bringing new risks every year.

Our roads, houses, and safety infrastructure such as fire services have all seen extraordinary pressures and changes this year. We have ambitious plans to cut emissions and reduce our impact on the environment, because if we don't, the costs will get ever higher.

To achieve everything we need to do, we must acknowledge the need to navigate considerable complexity to achieve our outcomes.

In Cambridgeshire, we have a more complicated set of public service organisations than most areas, with district councils, a county council, 260 town and parish councils, a mayoral combined authority, and a local economic partnership around Greater Cambridge. Our 'rich' local government environment undoubtedly offers us opportunities, but it also affects our ability to have a single port of call for our residents.

We think this makes services and decision making seem further away. That isn't right. We need to make sure people feel closer to decision making and the services they are using, so the support and their outcomes are better. When people can influence services, the support is more personal.

So, we will work to make services more 'decentralised', or in other words more tailored around individual people and the families, households, and communities they live in. We will work to ensure that there are more opportunities for people to take part in the decisions about how those services are planned and run.

Cllr Lucy Nethsingha

Cllr Elisa Meschini

Cllr Tom Sanderson

Chief Executive Foreword

Cambridgeshire is a county of contrasts, a place of both opportunity and challenge. The role of Cambridgeshire County Council is about addressing both the issues of today and building sustainably for tomorrow. Cambridgeshire faces a triple threat from the climate crisis, economic downturn and the lingering effects of the pandemic.

It is our role, as a key public service institution to ensure that we, along with our partners from the public, private, community and voluntary sectors support people, families, and communities to address all of these issues positively and proactively.

In 2021, the Council invited local government peers from leading authorities around the UK to take a detailed look at the way our services were organised and delivered, including our shared arrangements with other authorities. This peer challenge provided us with a great deal of constructive feedback on how we could improve, and the council has responded positively to all these findings.

Since I joined the Council in February 2022, this has led to a much clearer focus on the needs and priorities of Cambridgeshire and its people.

At the same time, increasing demands and expectations for council services continue to grow. The scale, pace and complexity of Government reforms and policy changes continues to impact on the council and these need to be fully funded to enable their delivery.

Having reshaped and restructured our senior management arrangements, my team and I are focussed on working with our partners across Cambridgeshire to ensure we deliver the best possible outcomes for the people of the county. Ensuring we can deliver better outcomes requires us to address two fundamental organisational issues as a Council:

The medium-term financial sustainability of the Council needs to be secured. Working with our elected members, we will need to take difficult choices and prioritise what we do, because Cambridgeshire continues to receive less funding than we need as growing county.

We will focus on delivering services for the most vulnerable and those with the greatest need, but this may still require us to do so in different ways in the future.

Our talented and committed workforce is what makes this Council effective. We are fortunate to employ dedicated officers in a range of professions and specialisms across the whole council. However, we need to continue to need to attract, recruit, and retain capable, talented people to deliver high quality services, improved outcomes for residents and managing the impact of our operations on the environment.

Dr Stephen S. Moir

Cambridgeshire **and its people**

Population
678,600

17% 0-14 years
65% 15-64 years
19% 65+ years

9%
The resident population of Cambridgeshire has **grown by 9% in the past decade**

Much higher population growth was seen in **Cambridge**
18%

...than in our **rural districts**
5 to 9%

2nd
Cambridge City second fastest growing local authority area in the East of England

Our rural districts have seen much
HIGHER GROWTH IN OVER 65 POPULATION

and **SMALLER OR NO GROWTH** in the **YOUNGER POPULATION**

Source: ONS, Census 2021

“Create a greener, fairer, more caring Cambridgeshire”

We want to be ‘greener’, because tackling the climate crisis and looking after nature is necessary to help our communities to thrive in a changing environment

Carbon footprint for Cambridgeshire in 2020

6.89MILLION TONNES CO2e

the **largest share** was from the **Land Use, Land Use Change and Forestry** (LULUCF) sector, **followed by transport**

Source: combination of BEIS data and CCC calculations

CARBON FOOTPRINT
for Cambridgeshire County Council as an organisation 2020/21:
113,477 TONNES CO2e

the largest share was from waste, followed by Land Use, Land Use Change and Forestry (LULUCF)

Source: CCC Carbon Footprint Report 2020-21

“Create a greener, fairer, more caring Cambridgeshire”

We want to be ‘fairer’, because the pandemic and cost of living crisis that followed have worsened inequalities in health, income, and education, and we need to make sure the prosperity enjoyed in some parts of the County is enjoyed by all

Cambridgeshire has 16 Lower layer Super Output Areas in the 20% most relatively deprived nationally as measured by the Indices of multiple deprivation 2019.

11 of these are in Fenland, 3 in Cambridge City and 2 in Huntingdonshire

Source: CCC Indices of Multiple Deprivation 2019 – Key Findings in Cambridgeshire and Peterborough https://cambridgeshireinsight.org.uk/wp-content/uploads/2019/10/IMD-2019-Briefing-Including-Peterborough.pdf

LIFE EXPECTANCY

figures for males and females is NOT the same across the county

The range for males is 77.4 years in Fenland through to 82.4 years in South Cambridgeshire.

77.4 TO 82.4

82.3 TO 86.1

For females life expectancy is slightly higher than for males, however there is still inequalities with Fenland at 82.3 years through to South Cambridgeshire 86.1 years

Source: Fingertips https://fingertips.phe.org.uk/profile/health-profiles/data#page/3/gid/1938132696/pat/6/par/E12000006/ati/101/are/E07000012/iid/90366/age/1/sex/1/cat/-1/ctp/-1/yrr/1/cid/4/tbm/1

“Create a greener, fairer, more caring Cambridgeshire”

We want to be more ‘caring’, because the most vulnerable in our County are the most at risk of needing additional care and support. We can reduce these risks by intervening early to prevent further escalation of need

At any one time the County Council supports

Around 2,500 carers supported at any one time

Around 6,800 children supported with Education Health and Care Plans (EHCPs)

An increase of 100% since January 2017

2,750 social care cases at any one time... including around 600 children in care aged 0-17 and around 300 children with a recorded disability

Over 5,000 Children supported with an early help episode in the past 12 months

Around 7,700 adults aged 18+ receive long-term social care.

Fully or partially funded by the County Council

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The Cambridgeshire County Council **Vision**

All three elements of this vision interrelate, so that in pursuing one we pursue the others as well:

Being greener ➡ being fairer and more caring

- ✔ Reducing our dependence on fossil fuels reduces our carbon emissions and improves air quality, which reduces health inequalities and lessens the risk of fuel poverty for our residents during the cost of living crisis - boosting public transport is integral to this aim.
- ✔ Adapting to our changing climate includes making our roads more resilient and managing flood risk with our communities

Being fairer ➡ being greener and more caring

- ✔ Making the local economy work for local people will include the skills and investment needed to transition to a net zero carbon emission County
- ✔ Supporting people out of poverty will help to increase positive health and care outcomes for individuals and families

Being more caring ➡ being greener and fairer

- ✔ Our care services can be delivered in ways which are more local, better for quality and for the environment, and which seek to maximise choice and control by those who use the services
- ✔ Protecting our most vulnerable residents will help reduce health and socio-economic inequalities

The Cambridgeshire County Council **Vision**

This vision guides a 'decentralised' approach to our relationships with our partners, communities, and residents, so that Cambridgeshire can become greener, fairer, and more caring in the ways that are most suitable to the variety of people and communities we serve.

To do this we have SEVEN ambitions:

Ambition 1

Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes

Ambition 2

Travel across the county is safer and more environmentally sustainable

Ambition 3

Health inequalities are reduced

Ambition 4

People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs

Ambition 5

Helping people out of poverty and income inequality

Ambition 6

Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised

Ambition 7

Children and young people have opportunities to thrive

Delivering these ambitions often involves us working with our partners, the voluntary sector, businesses, and communities to make services tailored around people, families, and the communities they live in.

Ambition 1

Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes:

Delivering the Ambition:

- Planning for and managing climate risk, so we can cope with the impacts our changing climate brings
- Reducing the council's direct carbon emissions to net zero by 2030 and supporting partners and communities to reduce theirs
- Helping build a local circular economy to increase reuse and recycling while minimising waste
- Embedding net-zero by design and climate resilience into our transport delivery and maintenance programmes
- Delivering energy efficient and flexible street lighting infrastructure
- Maximising the extent and the quality of nature areas across Cambridgeshire, giving more people access to green space
- Supporting Local Nature Groups that manage and enhance their communities' green spaces
- Supporting Community Flood Groups to build resilience in areas at risk of flooding

The Environment & Green Investment Committee will track progress by

- ✓ Monitoring our annual county-wide carbon footprint data
- ✓ Measuring biodiversity to establish where and how we can bring the biggest benefits to nature

Ambition 2

Travel across the county is safer and more sustainable environmentally:

Delivering the Ambition:

- Working with our partners to deliver a single vision for transport across Cambridgeshire
- Engaging proactively with our partners to secure the greatest achievable benefits from major highway schemes
- Working with the Cambridgeshire and Peterborough Combined Authority and the Greater Cambridge Partnership to enhance bus services and to provide a sustainable long term local funding solution for bus service support
- Managing our Park and Ride sites, and the Cambridge Guided Busway, to contribute to sustainable and high-quality travel options
- Ensuring damaged infrastructure is assessed and repaired to keep people safe as they travel
- Becoming an Active Travel Centre of Excellence
- Ensuring the focus of travel solutions associated with new development are accessible and focus on active travel
- Working through the Vision Zero Partnership to achieve a consistent reduction in deaths or serious injuries by 2040
- Supporting local communities through the Local Highways Improvement programmes
- Recycling and reusing materials removed from highway maintenance works

The Highways and Transport Committee will track progress by

- ✔ **Monitoring the number of motorised vehicles and the take up of cycling and walking**
- ✔ **Assessing the condition of our road network**
- ✔ **Monitoring the numbers of killed or seriously injured casualties**

Ambition 3

Health inequalities are reduced

Delivering the Ambition:

Working with partners and the Health & Wellbeing Board to support the Integrated Care System:

- Improving outcomes for our children
- Reducing inequalities in preventable deaths under 75 years old
- Increasing the number of years that people live in good health

Delivering the Health & Wellbeing Strategy and Integrated Care System Strategy priorities:

- Creating an environment that gives people the opportunity to be as healthy as they can be
- Reducing poverty through better employment and housing
- Combatting health inequalities by ensuring that all council policies contribute to the better health of our population
- Protecting and enhancing directly provided services and guaranteeing the oversight of elected Members in shaping these services

The Adults and Health Committee will track progress by

- ☑ Monitoring healthy life expectancy
- ☑ Reducing the number of preventable deaths before the age of 75
- ☑ Scrutinising the quality of the Council’s public health programmes, prioritising activities which can genuinely ‘make a difference’

Ambition 4

People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs

Delivering the Ambition:

- Promoting early intervention and prevention measures to improve physical and mental health and wellbeing
- Involving local people in shaping services, which focus on helping people early, fully coordinating with the Council's other services, with the NHS, and our other partners
- Delivering care at a more local, neighbourhood level, personalising care around the individual in ways that maintain high quality services for people who need them, and which empower people and communities to stay healthy, connected, safe and independent
- Protecting and enhancing the choice and control of service users, adopting a rights-based approach to service delivery and expanding opportunities for use of direct payments, individual budgets, and personal assistants
- Ensuring that the services we commission drive up the quality and dignity of care work and bring additional benefits to Cambridgeshire's people and communities
- Ensuring adults at risk are safeguarded from harm in ways that meet their desired outcomes, providing transparency and accountability in cases where the health and care system falls short

The Adults and Health Committee will track progress by

- ☑ Monitoring the social care related quality of life
- ☑ Monitoring the number of permanent admissions to care homes

Ambition 5

Helping people out of poverty and income inequality

Delivering the Ambition:

- Supporting people to access short-term financial support in a crisis
- Helping households in need to boost their income and reduce costs
- Working with our partners to ensure that support for people is straightforward, equitable, and does not stigmatise
- Supporting families with access to free school meals and help for families during school holidays
- Supporting entry to, and good quality participation in, the labour market
- Providing Council Tax support for our care leavers
- Ensuring people can access support to develop their skills as a route to financial security
- Paying our workforce the real living wage and influencing our providers to do the same for theirs

The Communities, Social Mobility and Inclusion Committee will track progress by

- ☑ Monitoring the number of universal credit claimants
- ☑ Monitoring the percentage of learners who go on to further learning, work, or apprenticeships

Ambition 6

Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised

Delivering the Ambition:

- Promoting a mixed economy in Council services, expanding the numer of directly provided services and offering better access to locally-based community groups to be able to work as our partners
- Working alongside the Cambridgeshire and Peterborough Combined Authority to ensure the support for skills development is accessible, targeted, and relevant
- Supporting the local economy to keep the Cambridgeshire pound local
- Supporting small business start-ups, self-employment, and social enterprises
- Securing additional benefits for our communities when we procure and commission goods and services

The Communities, Social Mobility and Inclusion Committee will track progress by

- ☑ **Monitoring the social value, or additional benefits for communities, achieved from goods and services the council purchases**
- ☑ **Monitoring the percentage of organisational spend that is locally based**

Ambition 7

Providing families with high quality pre-birth and early years support

Delivering the Ambition:

- Ensuring our children are ready to enter education and exit education, prepared for the next phase in their lives
- Ensuring all children have access to education from early years through to post 16 provision
- Challenging and supporting all settings to set high aspirations for all children and young people
- Protecting children and young people from harm using safeguarding approaches
- Improving outcomes for children and young people with complex needs, including mental health needs
- Meeting need early and locally through our Special Educational Needs service
- Ensuring that young people who experience care can access the support they need to move into adult life
- Working with partners to coordinate Health, Early Help and Social Care, upholding our principles of directly providing services where this delivers the best outcomes for residents, and guaranteeing the oversight of locally elected and accountable bodies in shaping these services

The Children and Young People Committee will track progress by

- ☑ Monitoring the educational outcomes of our children in care
- ☑ Monitoring the educational attainments as key stages of learning
- ☑ Monitoring the number of children with a child protection plan

The Cambridgeshire County Council **Corporate Approach**

How our key corporate strategies enable delivery of our Vision and Ambitions, along with our set of service delivery strategies, policies and plans

- IT and Digital Strategy
- Workforce Strategy
- Equality, Diversity and Inclusion Strategy
- Climate Change and Environment Strategy
- Sustainable Procurement Strategy

- Health and Wellbeing Strategy
- Medium Term Financial Strategy
- Treasury Management Strategy
- Capital Strategy

AMBITION 1	AMBITION 2	AMBITION 3	AMBITION 4	AMBITION 5	AMBITION 6	AMBITION 7
Net zero carbon target	Safer, sustainable travel	Reduced health inequalities	Healthy, safe, independent lives	Anti-poverty	Places and communities prosper	Children and young people thrive

Financial details to follow after the budget setting meeting at Full Council in February www.cambridgeshire.gov.uk

Cambridgeshire County Council

Cambridgeshire County Council

Section 2

Medium Term Financial Strategy

2023-24 to 2027-28

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Contents

Note – other sections are to follow as the business plan is developed, and the sections presented here are subject to change.

Section 1 - Executive summary

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

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

This Strategy sets out the financial picture facing the Council over the coming five years, the resources available to the Council, and the Council's strategy for managing its resources effectively.

As well as outlining the Council's revenue strategy, this Medium-Term Financial Strategy includes the organisation's Fees and Charges Policy, Reserves Policy and Flexible Use of Capital Receipts Policy.

Budget figures over the MTFS period in this business plan generally show recurring changes. For example, an increase in budget of £100k in 2022-23 will carry over into future years' budgets. Changes for one year only, or that will be for only part of the MTFS period, are shown with a reversing figure in the year the budget is to come out.

The current economic climate, particular rising inflation and public spending constraints, alongside government reforms and the residual effects of the Covid-19 pandemic make forward planning with any degree of certainty extremely challenging. Medium-term planning in the first part of 2022-23 saw our projected budget shortfall in 2023-24 nearly double to over £30m as a result of the impact of inflation. The impact of inflation on our large contracts, staff pay, care costs and powering our buildings & streetlights had a massive impact that we received very little help from government to address, and which we are therefore having to mitigate. Our budget gap over the five-year medium-term plan has risen as well. At the same time, there is a need to invest in some services to improve outcomes, and to delivery longer-term sustainability or financial benefit, but our capacity to do this is now very limited.

The impact of inflation and fiscal tightening are expected to extend through most of this MTFS period. This is coupled with the longer-term impacts of Covid-19 that we are seeing feeding through into demand for services. Some of the specific challenges that the Council expects to face over the next five years are:

- Potential for growing regional and more local inequalities as a result of the economic fallout from the pandemic
- Ongoing lower levels of fees and charging income, as well as reduced local taxation receipts and increasing default on taxation or charge payments
- Uncertainty about local government funding levels, particularly whether they will rise with inflation
- Viability of business providing services to the Council at current costs
- Providing additional support for our local care markets to ensure sufficient appropriate care provision remains available

In June 2019, the Government legislated for reaching net zero carbon emissions by 2050, and locally the Council's joint administration has put responding to the climate emergency at the centre of our priorities. We have a target to make the Council net zero by 2030 and to work alongside partners to make the county net zero by 2045. Meeting this commitment will require a transformation of our procurement and commissioning practices, establishing a framework for financing the necessary investment, and developing productive relationships with public sector and other partners.

To help meet this commitment, and to ensure a wider ability to help Cambridgeshire move to more sustainable future, we established the Just Transition Fund in 2022. This £14m investment fund is available for work to meet our priority of creating a greener, fairer Cambridgeshire, and already has committed over £9m of funding to work such as our net zero programme and establishing more localised home care.

In the Autumn Statement of November 2022, the Chancellor of the Exchequer set out economic projections that confirmed the challenging context in which we set this business plan, with inflation expected to peak in 2022 at over 10% and remain at over 7% into 2023. He also addressed the public spending deficit of over £55bn, with plans to close that over five years through public sector spending constraint and increasing tax receipts. He confirmed that the UK is forecast to be in a recession through 2023/24.

In terms of public spending, we are expecting departmental budgets to grow by around 3.7% over the current spending review period (to end of 2024/25), with growth in budgets beyond that at a lower rate than growth in the overall economy. For local government, new grants were announced that we await full allocations of, and we are particularly concerned that the rate of growth in funding will not reflect pressures we face. Government policy is for councils to meet their pressures increasingly through higher local taxation, as they will permit a 5% increase for social care authorities in 2023/24 and expect 95% of councils to take that up fully.

Reforming local government funding allocations to reflected up to date needs and populations has not been mentioned by the current government as a priority. Cambridgeshire continues to receive much less per head of population than the average Council, and if it had the average funding of other county councils we might have an additional £20m per year of funding. The lack of reform in this area continues to be a major issue for Cambridgeshire.

The emerging results of the 2021 census are confirming that Cambridgeshire was one of the fastest growing areas of the country over the last decade. As a result of that we have faced rising demands from the number of people accessing our services. The general population is also ageing due to increased life expectancies which puts pressure on the ability of service users to contribute to the long-term costs of their care. In addition to this background population growth, the needs of those requiring care packages are becoming more complex and therefore costly. The uncertainty around this has been increased by the government's proposed reforms to care funding, both in terms of implementation timescales and the funding that will be made available to local government. The census has also confirmed that funding received by Cambridgeshire from central government has not reflected the full scale of our population growth and the needs of our population.

Where possible, we will aim to set a budget with some balance over the medium-term. The current annual nature of local government funding makes this difficult, however, as additional funding and taxation limits tend to be confirmed as late as December of the preceding financial year. Where feasible, though, we will look to longer-term transformation work and mitigations to demand pressures to bring later years of the medium-term closer to balanced. In this plan, over £10m of savings are in years 2-5.

In balancing our budget, some service reductions are inevitable, but we will always focus on reforming services or bringing in additional income rather than cutting services within this approach. The Council will 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 2023-28 do contain some proposals that reflect considerable risk and uncertainty. 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.

The key elements of this Strategy, on which basis the Business Plan is predicated, are set out below:

- An assumed increase in Council Tax of 2% for each year, with Strategy & Resources Committee and Full council to consider the level of Council Tax for 2023-24 in due course.
- An assumed increase in the tax base of 2% for council tax, and variably by district for business rates
- The strategic approach to closing budget gaps to support the business plan will continue to evolve, focussing on reducing demand for our services, increasing income, disinvesting from low priority services, decentralisation, finding efficiency and maintaining a medium-term outlook
- Funding for invest to save schemes or for service reform will continue to be made available through reserves, or capital where appropriate, subject to robust business cases
- The general reserve will be held at 4% of non-schools expenditure, and we will adopt a prudent approach in our reserves strategy to offsetting risks faced by the Council
- Staff pay inflation has been assumed to be 4.00% for 2023-25 and 3.5% thereafter, with an expected rise at the lower end to keep pace with the real living wage
- Fees and charges will be reviewed annually in line with the Fees and Charges Policy and where appropriate subject to inflationary increases
- The capital programme will be developed in line with the framework set out in the capital strategy, and the level of prudential borrowing by the Council over the medium-term will be reviewed
- 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 councils and the Combined Authority where there is a mutual financial benefit to do so;

- The Council will continue to lobby central government for fair funding leading into any national replacement of the current funding formula.

The Council's budget is divided into five main service blocks, and it is in these blocks that detailed budgets are shown in Section 3 of the business plan:

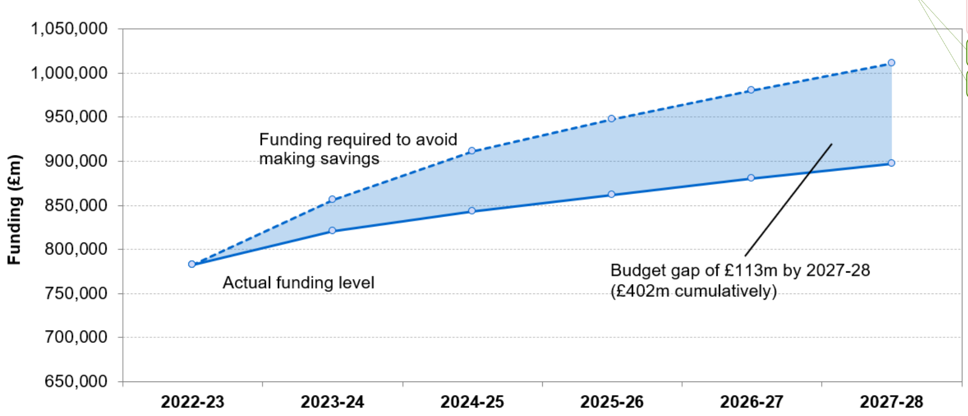
- People Services
- Public Health
- Place and Sustainability
- Strategy & Partnerships
- Finance & Resources

6 - Revenue Strategy: Balancing the budget

Every local authority has a legal obligation to set a balanced budget every year. It is the Section 151 Officer's statutory responsibility to provide a statement on the robustness of the budget proposals when they are considered by Council.

Inevitably, cost pressures are forecast to outstrip available resources over the medium-term, given the rising costs caused by inflation, growth and associated demand pressures and renewed pressure on levels of funding for local government from public sector spending restraint. Consequently, we will need to make significant further savings, or generate significant additional income, to close the budget gap next year and over the medium-term.

Figure 6.1: Current Budget gap before savings/income



Note: This graph shows the budget gap before the effect of savings or additional income being applied.

Closing this budget gap over the next five years will mean making tough decisions on which services to prioritise. Some savings or additional income are already included in the draft business plan that partly close this gap.

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.

We are facing inflationary pressures that are unprecedented in recent years, and demand pressures that are increasing year-on-year, as well as an uncertain economic outlook.

Commented [SH1]: @Ashling Manning ahead of committee, so by Wednesday 7th - could you fill in graphs/tables that need to go in under the highlighted sections in this strategy?

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Savings to be made from incremental efficiencies are likely to be minimal as we have had reducing government funding and cost pressures for over a decade. The easy savings have mostly been made, and so more difficult savings opportunities are increasingly the option available to us. We must therefore focus on reviewing any service areas where we can disinvest, drive more innovative and transformative change across the medium-term, ensure appropriate funding of services between public sector bodies, and maximise the income that can be generated locally.

We do not have a medium-term funding settlement for local councils given by central government, which is a key risk in our medium-term financial planning. We therefore cannot rely on any future increases in government funding to close our budget gap unless we have had confirmation of it or can reasonably expect it based on experience.

In working to balance the budget, we have worked in a cross-council way to identify the areas for saving or additional income. Individual services do not have a savings target, and it is the responsibility of senior leaders to identify together the best ways to balance the budget across the whole council. We prioritise the resources available to us to meet the changing and growing needs of communities, and only consider service reductions as a last resort.

Services review their budgets each year to identify any areas that have been given budget in excess of that needed to deliver the service. This is particularly the case in demand-led budgets, where estimates of growth or demand patterns will have been used and may subsequently change. In undertaking this review, services should bear in mind the corporate reserves position and the general provision for risk, and not assume an excessive amount of risk or contingency needing to be met within service budgets.

The Council also undertakes an annual budget review and rebaselining during the first quarter of each financial year to reassess the budget position in light of developments from the point at which the business plan is approved by Full Council in the preceding February. This allows the budget to be flexed to take account of material changes in circumstances such as significant increase in inflationary pressures or any new legislative requirements. This can contribute towards closing the budget gap in future years if budgets are reduced.
If savings are identified and made in the current financial year but were not planned for, for example a reduction in cost on a new contract, then these will be factored into the business plan for the next financial year. In the meantime,

they can be used to mitigate other pressures or funding can be transferred to the general reserve, but they should not be reinvested into ongoing costs.

In generating additional income, we will ensure the Fees & Charges policy is reviewed annually and should assume that by default, charges should go up by inflation each year if permitted.

We will also consider whether services are funded appropriately, or whether any changes can be made. An example of a change would be capitalising expenditure currently funded by revenue. Provided this is within capital financing regulations, it can defray revenue cost over the life of the linked asset.

As well as considering further savings or generating additional income, we need to ensure our projections for income from taxation are accurate. We will work with District Council colleagues, who collect local taxation on our behalf, at several stages throughout the year to receive updated projections for tax base levels and collection rates. Strategy & Resources Committee will also consider an updated approach to the level of Council Tax.

Savings, income generation or funding changes proposed, or already included in the business plan, to close the budget gap in 2023-24 and reduce the gap in future years are summarised below (and reconcile back to Finance Tables in section 3 of the Business Plan):

Table 6.2: New savings, funding adjustments or additional income proposals

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Peoples Adults	-3,786	-1,905	-2,533	-2,040	-412
Peoples C&YP	-2,844	-345	-	-	-
P&S	-11,264	-4,675	3,701	1,126	1,460
F&R	-4,144	-693	-673	-297	-292
S&P	-230	-	-	-	-
Total	-22,268	-7,618	495	-1,211	756

After these changes, budget gaps remain in years 2023-24 to 2027-28, shown below.

Table 6.3: Analysis of budget gap 2023-24 to 2027-28

	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Budget Gap	12,886	25,398	17,977	13,053	14,330

9 - Reserves Policy & Position

We need reserves to protect and enhance our medium-term financial sustainability. In particular, reserves 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
- enable us to deal with any unexpected changes in legislation or court judgements
- provide operational contingency at service level
- provide operational contingency at school level

We must also bear in mind the risks and sensitivity of assumptions outlined in chapter 9 above.

Reserve types

The Council maintained the following types of reserve coming in to 2021/22:

- **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 (such as insurance claims or ongoing litigation), or that we set aside for specific and designated purposes (such as a reserve for risks within adult social care). These can also include grant reserves.

- **Schools reserves** – we encourage schools to hold general contingency reserves within advisory limits. The Section 151 Officer and Director of Education, in collaboration with Schools Forum, monitor schools above the advisory limits, and take steps to encourage appropriate deployment. However, the Council's powers to intervene and insist on spending within delegated and ring-fenced schools budget is limited by legislation. It is also notable that after taking account of the carried forward deficit on the High Needs Block of the Dedicated Schools Grant, the consolidated schools balance is now negative. The Council is taking steps to manage demand on the high needs block and has engaged with government in the safety valve process.

- **COVID-19 related** – the Council received additional one-off funding from government related to the pandemic in advance of spending requirements. We earmarked some of that funding t to offset the medium- and longer-term effects of the pandemic and recovery.

- **Just Transition Fund** – a fund created to enable investments to be made into providing a fair and green transition to a low-carbon and more equal society. This allows for one-off investments that have a high return in line with the aims of the fund.

- **Post-pandemic Recovery & Budgeting Account** – a reserve created in 2022/23 to provide mitigation against unexpected pressures resulting from exiting the pandemic (and recovering services), and changes in economic conditions. This is not committed to spend and will be reviewed in light of the bulge in inflationary pressures faced in the early years of this medium-term plan.

- **Business Change Reserve** – a reserve created in 2022-23 to provide one off resource to enable organisational change and invest to save proposals.

In considering the planning for 2023-28, we are mindful of the additional uncertainty that we face, particularly from:

- The international economic situation, particularly high inflation and the extent to which cost projections are volatile.
- The long-term effects of COVID-19, and the costs we might face as we recover from the pandemic, bearing in mind the earmarked reserve for COVID-19 costs that we have
- The growing deficit on the High Needs Block of the Dedicated Schools Grant, which is projected to be around £51.1m at the start of 2023/24
- Projections for rising interest rates
- Announced government reforms, particularly in adult social care funding, where we do not yet have full details

- The ongoing effects of the United Kingdom's exit from the European Union
- Potential for further unpredictable disruptions to global supply chains, increasing prices or causing shortages of goods
- Climate change and the need to move towards being a net-zero county

We also 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.

At the same time, we do need to ensure there are sufficient reserves to enable the funding of one-off costs that enable innovative or transformative pieces of work to take place, particularly where they contribute towards the longer-term financial sustainability of the Council.

We therefore conduct an annual review in this business plan of the levels of our reserves.

Adequacy of the general reserve

In 2022-23, the Council set the general reserve at 4% of gross non-school expenditure. This was an increase on the previous policy, due to the context of considerably increased uncertainty resulting from the COVID-19 pandemic and economic uncertainty.

We will review the level of the general reserve in January 2023 following up to date economic estimates and the local government finance settlement. In 2022-23 further specific reserves were created to mitigate against budgetary uncertainty, which will be reviewed in the context of pressures faced in the next couple of years.

If any of the general reserve is required to be used in a given year to meet a revenue pressure, it will be topped-up as a matter of course in the subsequent business planning round.

If the general reserve is above its targeted level at the end of a financial year, we will consider it as part of the next business planning round.

The table below sets out some of the known risks presenting themselves to the Council and their indicative values. There will inevitably be other, unidentified, risks and we have made a limited provision for these as well.

We consider this level to be sufficient based on the following factors:

- The Council continues to hold substantial rolled-forward COVID-19 grant funding, which can be used in a sustainable way to offset COVID-19-related pressures
- We retain substantial other reserves that, while earmarked, are not necessarily committed to expenditure

Table 9.1: Target general reserve balance for 2023-24

Risk	Source of risk	Value £m
Inflation	1% variation on Council inflation forecasts.	3.0
Demand	4% variation on Council demand forecasts.	7.8
Interest rate change	1% variation in the Bank of England Base Rate.	0.8
Council Tax	Inaccuracy in District tax base forecasts and collection levels.	2.0
Business Rates	Inaccuracy in District tax base forecasts of County share of Business Rates to the value which triggers the Safety Net.	1.3
Business Rates payable	Impact of revaluation on Business Rates payable.	0.7
Unconfirmed specific grant allocations	Value of (as yet unannounced) specific grants different to budgeted figures.	1.5
Deliverability of savings against forecast timescales	Risk to contract savings due to financial challenges faced by suppliers, increase in service user need due to the pandemic, shortfall in commercial income due to economic downturn	5.0
Non-compliance with regulatory standards	E.g. Information Commissioner fines.	0.6
Major contract risk	E.g., contractor viability, misspecification, non-delivery.	3.2
Unidentified risks	Unknown	2.9
Balance		**28.8**

High Needs Block Deficit

The deficit on the High Needs Block is estimated to be around £51.1m at the start of 2023-24. This is partly offset by balances held by maintained schools but is still in overall deficit. This deficit is currently ring-fenced to the DSG, and we are not currently required to use general reserves to offset it. Many Councils now have deficits on the High Needs Block, so it is a national issue.

The statutory instrument on treatment of this deficit expires at the end of 2022-23, and it is not clear how we will be expected to manage this deficit thereafter – government has consulted on extending the statutory override. We are working to reduce the growth in the deficit year-on-year through a programme of transformation working alongside the Department for Education as part of the 'safety valve' process.

We earmarked a reserve in 2022-23 to meet the 2021-22 growth in the deficit, providing some funding to offset the risk this deficit, and we expect to be required to use at least this much of Council resources as part of any deal agreed with central government.

There is a risk that government requires councils to meet their High Needs Block deficits. Although that is considered a worst-case outcome, if that were to happen, it could potentially overwhelm our general reserve provision causing significant medium-term disruption to our financial planning. It is more likely that government will require councils to meet part of their accumulated deficit. Depending on the scale of this requirement, we may need to consider other reserves to use as well as the earmarked offset reserve.

Table 9.2: Estimated revenue reserves balances over 2023-28

Balance as at:	31 March 2024 £m	31 March 2025 £m	31 March 2026 £m	31 March 2027 £m	31 March 2028 £m
General reserve	28.2	29.8	30.5	31.2	31.9
Other earmarked reserves	87.3	82.3	77.3	72.3	67.3
Total	**115.5**	**112.1**	**107.8**	**103.5**	**99.2**
General reserve as % of gross non-school budget	4.0%	4.0%	4.0%	4.0%	4.0%

The full reserves position will be reviewed once the detailed proposals in the Local Government Finance Settlement are published.

10 - Risks & Sensitivity

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. We will also ensure our inflation projections are robust.
- **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 action plans and detailed reviews. All savings – efficiencies or service reductions – ought 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.
- **Future funding changes** – our plans have been developed in the context of continued uncertainty due to delays in the introduction of significant reforms to local government funding and other government reforms with potentially significant implications.
- **Managing future carbon liabilities** – the Council has committed to deliver net-zero carbon emissions by 2050 as part of its pledge to tackle the climate emergency. There is a risk that additional financial resources may be required to achieve this aim which have not been fully accounted for within the MTFS. The funding allocated to deliver the Climate Change and Environment Strategy will be reviewed annually in light of progress towards achieving the Council's net-zero carbon commitment.
- **Responding to social care reforms** – we will estimate the cost of these reforms and make budget provision for them when we are able to. We will work closely with NHS partners to ensure that additional funding provided

to the health and social care system locally is appropriately used to meet the cost of government reforms.

In addition to these risks, there remains a general risk around recovery from the pandemic and the speed of economic recovery, as well as the prospects for the economy over the medium term. This may increase costs the Council faces, increase demand for our services, and reduce income (through lower charging income or taxation relief).

There is also a risk of sensitivity in all of the assumptions made throughout this strategy. The level of sensitivity of key assumptions is shown in the following table:

Table 11.1 – sensitivity analysis

10% savings delivery variance	+/- £1.9m
+/- 1% pay inflation	+/- £1.4m
+/- 3% general inflation	+/- £9.0m
+/- 1% Council Tax base	+/- £3.4m
+/- 1% Council Tax collection rate	+/- £3.2m
+/- 1% Business Rates base	+/- £0.7m
+/- 1% income from sales, fees & charges	+/- £1.3m
+/- 5% on cost of borrowing	+/- £1.0m
Range of sensitivity	**+/- £21.2m**

Uncertainties remain throughout the planning period in relation to the above risks. In line with good practice, we intend to maintain reserves that we can use throughout and beyond the planning period. This is set out in section 9 above. Together with a better understanding of risk and the emerging costs of future development proposals, this will help us to meet such pressures.

12 - 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"

Strategy & Resources (S&R) Committee

S&R 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 S&R, though Full Council remains responsible for setting a budget. S&R 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 Strategy and Resources Committee is authorised by Full Council to co-ordinate the development to Full Council of the Strategic, Policy and Budget 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 inform the draft Business Plan to be submitted for approval by Full Council."
>
> "Authority for monitoring and reviewing the overall performance of the Council against its Business Plan."
>
> "Authority for monitoring and ensuring that Policy and Service Committees operate within the policy direction of the County Council and making any appropriate recommendations."

S&R 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…”

Cambridgeshire County Council

Capital Strategy

2023-2024

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Contents

Full appendices will be available with the final draft of this strategy in January.

1. Executive Summary

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

- Medium-Term Financial Strategy (MTFS) (Section 2)
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This Strategy describes how the Council's investment of capital resources over the next ten years, matched by key partners, will optimise the ability of the Council to achieve its Strategic Vision and Corporate Priorities outlined within the Council's Strategic Framework. The Strategy is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding, and is updated each year as part of the Business Planning process.

The Council achieves its vision to "Create a greener, fairer, more caring Cambridgeshire" through delivery of its Business Plan, which targets seven key ambitions. To assist in delivering the Plan, the Council needs to undertake capital investment in order to deliver on its major commitments. This includes investment in new schools and in modernising school buildings, regeneration and improvement of the county's transport infrastructure and tackling the Council's ambitious net-zero target towards 2045.

It is crucial that when long-term investment decisions are undertaken, decision-makers can rely on clear and informed information. This includes:

- A long-term view of capital expenditure plans and any financial risks to which the Council is exposed.
- Ensuring due regard to the long-term financing affordability implications and potential risks.
- A clear overview of the Council's asset management planning arrangements and any maintenance requirements that have resource and business planning implications.

2. Strategic context

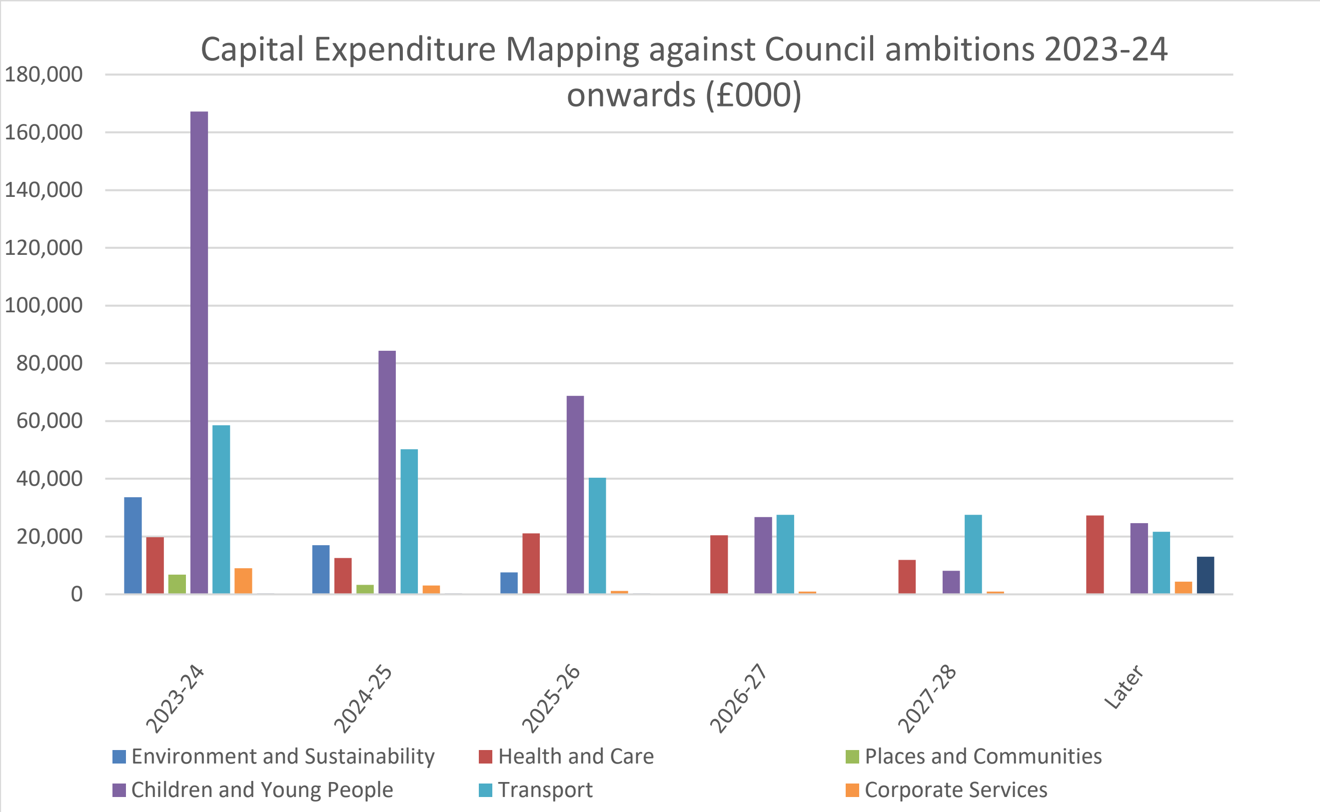
The development of this Strategy, along with the Council's other core strategies and plans, is informed by the current and longer-term strategic context, as set out in the Strategic Framework.

Cambridgeshire is a fast-growing place. In 2021, approximately 679,000 people lived in Cambridgeshire, one of the fastest growing populations over the last decade. Cambridge City was the second highest growing local authority in the East of England, mainly concentrating in younger adults, while our rural districts are seeing higher growth in over 65s. We expect population growth to continue through the next decade, particularly for our older age groups. Cambridgeshire also has areas of deprivation, including 16 neighbourhoods in the 20% most relatively deprived nationally.

The Climate Change and Environment Strategy sets out the Council's ambition for tackling the climate and biodiversity emergencies. The carbon footprint for Cambridgeshire in 2020 was 6.9m tonnes of CO_2 emissions; for this Council it was 113,000 tonnes. We must work over the coming years to reduce the carbon footprint of both the Council and the County, with targets for these to be net zero by 2030 and 2045 respectively.

3. Capital Investment Mapping

The Council's investment ambition can be mapped to the Council's priorities as follows:



A more detailed review of the Capital Programme is provided in part 5d.

4. Future Years Strategy Development

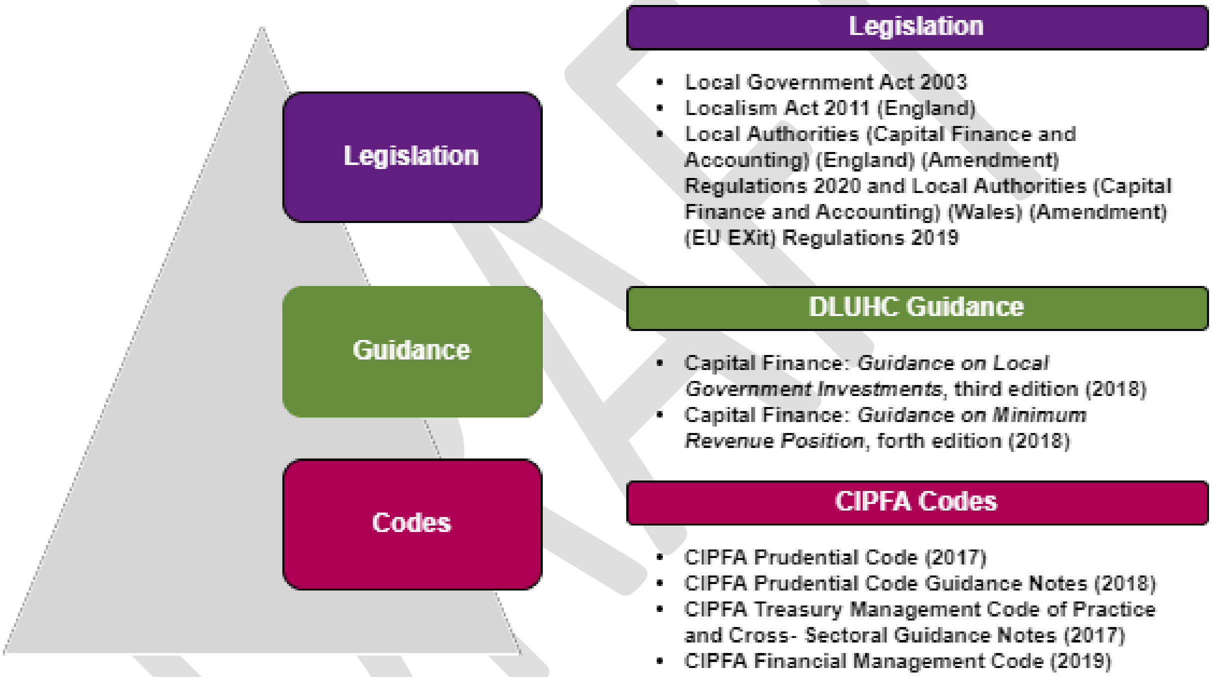
The Capital Strategy is constantly undergoing development as part of a process of continuous improvement to support members in their decision making. Future identified activity includes:

- Further development of the long-term (20-to-30-years) approach to the Capital Strategy, aligned to our longer-term corporate strategies
- Alignment with the ongoing development of the corporate strategy
- Assessment of asset management planning to inform decision making and risk as part of the development of the new Asset Management Strategy
- Updates to reflect the new Prudential Code, due to be implemented in 2023-24, and any other changes to statutory guidance
- Review of Business Case best practice and alignment of the prioritisation process with the new Corporate Priorities and Triple Bottom Line approach
- Continuing development of the use of carbon emissions assessment within investment decisions across all schemes.

5. Detailed Strategy

5a. Statutory 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 several 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 relevant legislation, guidance and codes are set out as follows:



5b. Working with partners

The Council is committed to developing strong and positive partnerships that not only enhance the investment potential of the Council through opportunities for support and contributions from third parties but enable delivery of the Council's Corporate Priorities. Partnership working enables the

Council to leverage a larger package of investment that extends beyond our investment potential as an individual organisation.

There are a range of capital schemes currently being delivered in conjunction with partners and our commitment to social and environmental values further demonstrate our aspiration to work with the public and private sector to deliver better outcomes for people, the environment, and communities. The following summarises some of the Council's key partnerships.

Cambridgeshire and Peterborough Combined Authority (CPCA)

The CPCA, led by the Mayor and representatives from the seven constituent councils, was created in 2017 to deliver the region's devolution deal. The CPCA works with the Business Board (the Local Enterprise Partnership) and other local partners to deliver strategic projects. Key ambitions for the Combined Authority include:

- doubling the size of the local economy
- delivering outstanding and much needed connectivity in terms of
- transport and digital links
- providing the UK's most technically skilled workforce
- growing international recognition for our knowledge-based economy
- improving the quality of life by tackling areas suffering from deprivation.

The Mayor and Combined Authority has a role to play in enabling carbon reduction and adaptation to climate change; therefore, the CPCAs activities and policies are informed by an ambition to tackle climate change.

The CPCA receives funding and powers from Central Government, which the Mayor and the Combined Authority Board oversee, and it sets out strategies and plans for delivering its ambitions. It is expected that CCC will deliver much of the capital work commissioned by the CPCA within Cambridgeshire, and several schemes form part of our capital programme.

Greater Cambridge Partnership

The Greater Cambridge Partnership is the local delivery body for a City Deal with central Government, bringing powers and investment, worth up to £500 million over 15 years, to vital improvements in infrastructure, supporting and accelerating the creation of 44,000 new jobs, 33,500 new homes and 420 additional apprenticeships.

It is the largest of several City Deal programmes agreed by central Government in 2013 and brings key partners together to work with communities, businesses, and industry leaders to support the continued growth of one of the world's leading tourism and business destinations. The four partners are:

- Cambridge City Council
- Cambridgeshire County Council
- South Cambridgeshire District Council
- University of Cambridge

The Executive Board is made up of members from the four partners, plus one member nominated by the CPCA Business Board.

In 2013, £100m of government funding was made available for transport improvements until 2020. Following successful completion of the Gateway Review in May 2020, an extra £200 million funding was made available up to 2025. The Greater Cambridge Partnership continues to explore funding opportunities, for example through Section 106 agreements with developers, and to explore private funding opportunities.

It is expected that Cambridgeshire County Council will undertake most of this work on behalf of the GCP. It is important to ensure that the strategic infrastructure scoped and delivered through the City Deal reduces carbon emissions through designing out carbon emissions where it can from the construction and operation of any new assets as well as a strategic goal of the infrastructure itself.

Connecting Cambridgeshire

The Connecting Cambridgeshire programme is improving Cambridgeshire and Peterborough's digital infrastructure – including broadband, mobile and public access Wi-fi coverage – to drive economic growth, help our businesses and communities to thrive and make it easier to access public services. The project is hosted by Cambridgeshire County Council and led by the CPCA, working with Peterborough City Council (PCC), Government bodies, local councils, and external organisations, including telecoms suppliers and mobile operators.

Together with £3m from PCC and £8.75m Government funding, the Council's initial outlay of £20m in 2011 has since been used to leverage over £42m of direct funding, from external public and private sector sources, including £7.5m from the CPCA to extend the programme to improve mobile and public access Wi-fi, as well as fibre broadband. The broadband rollout has now brought superfast access to over 98.5% of premises, above the national average, which means the programme is on track to reach the 99% target. Project Gigabit means that 75% of premises can now access gigabit capable broadband coverage with download speeds of at least 1000Mbps. Coverage is increasing at pace through direct intervention and commercial deployment towards exceeding the Government target of 85% by 2025.

The Connecting Cambridgeshire Digital Connectivity Strategy 2021-2025 gives an overview of work underway to significantly improve broadband, mobile and public access Wi-fi coverage across the region by 2025. The strategy for the period 2021-2025 builds on the foundations of the existing programme, incorporating multiple workstreams, targeting the different aspects of digital connectivity from broadband, mobile, 'Smart' technology, and public access Wi-Fi to ensure that Cambridgeshire and Peterborough are well positioned to take full advantage of current and emerging technological advances.

This Land

This Land Ltd was established as a wholly owned company of the Council in 2016 in order to enable development of land for housing. The company aims to develop the land it has acquired, predominantly from the Council, to provide individual, high-quality homes and new communities that are in much demand across Cambridgeshire and the surrounding counties in the East of England. As of November 2022, the Council had issued long-term loans of £113.851m, for which it receives an annual revenue return by way of interest payments, and equity of £5.851m to This Land. During 2021, the Council undertook a shareholder review of This Land, assessing its commercial operation and future exposure to risk. Several key areas for action were identified, including governance, resourcing and personnel, improving the commercial and financial position of the company and taking opportunities to deliver on broader objectives through the company's work. Both the Council and the company have been addressing these actions during 2022, monitored through shareholder liaison meetings and formally at Strategy and Resources Committee.

Light Blue Fibre

Light Blue Fibre Ltd, one of the first of its kind in the UK, is a joint venture between the University of Cambridge and Cambridgeshire County Council, making both organisations' existing extensive duct and fibre networks commercially available. It aims to attract telecoms companies, infrastructure providers and technology businesses who understand the importance of full fibre connectivity and are looking to save time and money by reducing the need for expensive and time-consuming infrastructure developments.

One Public Estate (OPE)

OPE is an established national programme delivered in partnership by the Office of Government Property (OGP) within the Cabinet Office and the Local Government Association (LGA). It provides practical and technical support and funding to councils to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners. Cambridgeshire's OPE group 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. The programme has secured up to £3.3m in funding so far to bring forward major projects for joint asset rationalisation and land release. OPE projects that are being delivered in conjunction with OPE partners include:

- Huntingdonshire District Council - North Huntingdon Strategic Growth Partnership – Wyton redevelopment
- Cambridgeshire Community Services (CCS) - Ely Princess of Wales Hospital redevelopment
- CCS -Wisbech North Cambridge Hospital redevelopment
- Cambridgeshire County Council (CCC) - Joint Highways Depot move (from Whittlesford to Swavesey A14)
- CCS / CCC - Ely Care Home (at Ely Princess of Wales)
- Peterborough City Council - Peterborough Middleholme (BLRF)
- Fenland District Council (FDC) - Fenland Nene Waterfront (BLRF)
- CCS / Cambridge City Council (City) - Brookfields / Seymour St
- FDC – Cambridgeshire and Peterborough NHS Foundation Trust (CPFT) - Cambridgeshire Public Sector Accommodation review including NHS ICS and NHS Neighbourhood Hubs Alconbury
- City - Aylesborough Close Ph2, Cambridge

Community Infrastructure Levy (CIL)

The Council also works 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.

Local Area Energy Planning

Local Area Energy Planning is about determining the most cost-effective way of reaching net zero; identifying the partnerships that need to be created and the investments that will be required to achieve this. There are three strands:

- Place making – to achieve low carbon, oil and gas infrastructure use needs shifting to greater levels of 'electricity infrastructure', which will be the dominant infrastructure for heating and lighting buildings and transport for cars and light vans – or hydrogen for heavy transport. The Council therefore has a role in infrastructure planning and delivery.
- Green Investment – the Council can use its assets e.g., buildings and land either to host energy generation, for battery storage for larger projects or to become part of a project as an anchor tenant. The Council can also invest in energy projects for carbon reductions and carbon removals and potentially benefit from this.
- Local energy economy – investing in local energy provides jobs and services locally and financial benefits for the local economy. For example, skills investment to support retrofitting of buildings is supporting local business to build their capabilities as the market demand increases through government incentives

The Council is in the initial stages of scoping out the process, with budget allocated to progress this during 2022-23.

Large Energy Projects

Swaffham Prior Community Heat Network

The Council is collaborating with Swaffham Prior Community Land Trust, and together, has brought renewable energy to Swaffham Prior by becoming one of the first villages in the UK to install a heating network into an existing community. The village is not connected to the gas grid, meaning 70% of homes rely on burning oil for heating. The ambition is to:

- Reduce future fuel poverty in rural off-gas communities
- Reduce dependence on oil to cut carbon emissions
- Provide cheaper, renewable heating to as many homes as possible

Over half the village have already outlined their intention to join the Heat Network, which will use Ground Source and Air Source Heat Pumps pumped through a community network to provide thermal energy, recognising the need for change and the Government's plans to phase out gas and oil boilers. The Energy Centre has been built and the heating network pipes have been laid, to which homes will be connected over time. The first home connections have been actioned and a programme is being developed to connect the first half of the village by May 2023. Over the next five years, homes will be connected as they look to come off oil or costly electricity heating. The Council's role will become that of the Energy Supplier in conjunction with the Council's technical partner, Bouygues Energy and Services Ltd, managing the heat network.

Energy Performance Services Framework Contract

Early in 2021, the Council entered into contract with Bouygues Energies and Services Ltd and SSE Energy Solutions for design and delivery of clean energy projects to benefit the Council financially, cut energy consumption and reduce carbon emissions. The Framework, led by Bouygues Energies and Services Ltd, includes strategic partners such as UK Power Networks consulting, Envision Digital, Element Energy, Cambridge Cleantech and Cambridge University Leadership in Sustainability, providing insight on the market and technological innovations. This procurement brings the engineering design skills, capabilities and capacities required for a wide range of energy projects including heat networks, building retrofits, electric vehicle charging, smart energy grids and solar farms. It is only through a partnering arrangement such as this that the Council can bring the advanced knowledge and skills from the private sector and focus it on the future energy system challenges and the role the Council plays in facilitating and benefiting from this change. For example, the Council has developed and constructed a new 37MW solar farm which will be generating renewable energy from summer 2023. It will generate sufficient renewable electricity for the equivalent of powering 10,000 homes. Not only will this investment generate local energy, building greater energy security for Cambridgeshire, but it will now directly power the heat pumps at the Swaffham

Prior Community Heat Network Energy Centre to reach a 98% decarbonisation of heating and hot water for homes connecting to the scheme.

Smart Energy Grids – Babraham and St Ives Park and Rides

The Council is partnering with local organisations to deliver clean electricity, build local energy resilience, and cut carbon emissions. These two projects are currently under construction and will add solar PV canopies over the car parking, electric vehicle charging for cars and buses, battery storage, and supply local customers with renewable electricity. Both projects will complete during 2023-24 and are establishing the case for new business and investment models. The innovation is integrating a number of low carbon technologies together with control systems to direct energy flows to where it is needed, and facilitating electricity sales directly to customers on or next to the sites.

Electric Vehicle Charging Infrastructure Pilot - Cambridge

Collaborating with Cambridge City Council, the Council has installed 19 fast chargers in the Riverside and West Chesterton areas. The procurement leveraged a further 4 rapid chargers as social value. Two grants were successfully applied for to fund this project – £1.5m from the Green Recovery Fund to cover the electricity network reinforcements required and £142k from the On-Street Residential Chargepoint Scheme to fund 75% of the chargepoint installation. Both the City Council and CCC have part match-funded the scheme, totalling £45k.

School Retrofit and Low Carbon Heating Programmes

The Council has supported over 60 Cambridgeshire schools to make energy savings and generate local renewable energy. Total investment to date is £16.4m, funded by Government grants, prudential borrowing and some local contributions. Together this is saving £837k on school energy bills and 2,006 tonnes of CO_2 emissions per annum. Altogether, 8 schools are having low carbon heating solutions installed and a further 19 are in the pipeline. Of particular note is Comberton Village College, where oil boilers in 10 plant rooms have been replaced by a ground source heat pump solution. This was constructed during 2022 and is now being commissioned for operation from early 2023.

Decarbonising Council Offices

Twenty-two Council buildings have been taken off gas and oil boilers to date, and moved to Air Source Heat Pumps to cut carbon emissions. These 22 projects between them are expected to save approximately 370 tonnes CO_2 emissions per year. The total cost of these projects was £5.3m, of which £3m was funded by grants from the UK Government's Public Sector Decarbonisation Scheme.

5c. Internal Influences

As well as the Council's Corporate Strategy, the Capital Strategy has clear links to many other strategies, policies, and plans. The most significant of those strategies and their influence are detailed below.

Strategy	Influence
Strategic Framework	Ensures the Council's plans are driven by the shared vision to create a greener, fairer, and more caring Cambridgeshire and focuses on achieving a number of outcomes for the people of Cambridgeshire.
Medium Term Financial Strategy	Sets out the financial picture facing the Council over the next five years, the resources available to the Council, and the Council's strategy for managing its resources effectively.
Flexible Use of Capital Receipts Strategy	Sets out how the Council will use the Flexible Use of Capital Receipts direction on transformational activity that reduces costs or demand for services.
Service Financial Plans	Set out the level of financial resources available for each Service area, across both revenue and capital.
Treasury Management Strategy	Establishes the framework for the effective and efficient management of the Council's treasury management activity, including the Council's borrowing and investment portfolio, within legislative, regulatory, and best practice regimes. The Strategy balances risk against reward in the best interests of stewardship of the public purse.
Investment Strategy	In addition to a high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, it provides an overview of how the associated risk of financial and non-financial investments is managed and the implications for future financial sustainability.
Accommodation Needs Assessment for Older People and People with Physical Disabilities	Sets out Cambridgeshire and Peterborough's long term commissioning intentions for accommodation for older people and adults with physical disabilities to ensure sufficient, affordable, and quality accommodation is available to meet demand up to 2036.

Education Organisation Plan	Sets out the strategic direction on education across the Combined Authority area, based on the Council's statutory duties regarding the sufficiency, diversity, and planning of places for early years, school-aged children (including special schools) and post-16 education and training provision.
Think Communities Approach	A decentralised approach which ensures that the council develops its physical assets in a collaborative way with individual communities and other public sector services to ensure they are relevant, accessible and enhance placed based delivery.
Transport Investment Strategy	Sets out the transport infrastructure, services and initiatives that are required to support the growth of Cambridgeshire.
Transport Delivery Plan	Provides forward visibility of all the planned highway and transport capital schemes on the local network that are in all probability going to be delivered within the 3-year timeframe.
Supporting New Communities Strategy	Ensures that infrastructure in new communities is designed to meet the needs of the community now and in the future. Supports the development of a self-supporting, healthy, and resilient community. Ensures that where people's needs are greater than can be met within community resources, they are supported by the right services and are helped to return to independence.
Planning Obligations Strategy	Sets out the Council's approach to securing developer contributions. Forms the principles for the advice which officers provide, including details about the service areas for which we may seek planning obligations.
Climate Change and Environment Strategy 2022	Sets out the Council's ambitious plans to reduce our own and the county's carbon footprint, and to support others in their efforts
Asset Management Strategy	Provides detail on the framework for operational asset management.
County Farms Estate Strategy	Outlines how the estate will be managed to optimise income and development returns to produce a target revenue return to the Council of 4%, as well as how the estate will be managed to promote rural businesses, healthy living, support nature and protect the environment.

Sustainable Procurement Strategy	Sets out how procurement activity will support the delivery of the Council's priorities and the national priority outcomes in a way which is sustainable – our actions today will only have positive effects for those generations living in the Cambridgeshire of the future. Category Strategies, the Social Value Policy and other procurement related plans and policies will take the lead from this Strategy.
IT Strategy	Articulates how staff in shared services can work effectively with colleagues across both the Council and PCC to deliver more effective services to our citizens. Staff need access to IT that supports this vision and enables secure, easy, and robust sharing with collaboration tools delivered on a cost-effective basis, with the minimum level of duplicate costs for equipment and licences.

Sustainable Procurement Strategy

Procurement activity at the Council will be sustainable and recognise the risk that inaction on climate and biodiversity will create to our economy and social fabric; it will have the most positive environmental, social and economic impacts on a whole life basis.

The Council's procurement activity will be based on the following fundamentals:

- **Managing Risks**: identification, prioritisation, and management of risks to the Council and it's communities through procurement.
- **Due Diligence:** always trying to find a way to address adverse sustainability impacts connected with procurement activity.
- **Setting Priorities:** focusing efforts on managing risks and maximising sustainability.
- **Avoiding Complicity**: avoiding being complicit in wrongful activity.
- **Exercising Influence:** trying to influence the behaviour of suppliers and other stakeholders.

There is a golden thread that runs through procurement activity at the Council. The thread links together:

- Regulation
- Contract Procedure Rules
- Procurement Guidance and standard documentation

– Delivery of operational procurement activity

The key priorities of the Strategy are:

1. The Council will support the growth of local businesses and the third sector by making procurement spend more accessible.
2. The Council will increase the levels of social value delivered by our suppliers.
3. The Council will contribute to the Council's Net Zero Targets.
4. The Council will deliver best value outcomes through procurement activity.
5. The Council will ensure that our procurement processes are robust, transparent, non-discriminatory and compliant.

Asset Management Strategy

The Council's Capital Strategy inevitably has strong links to the Council's property 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 and carbon reduction, why property is retained, together with the policies, procedures 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 Strategy and Resources Committee.

The Strategy will focus on the key objectives of:

– Reducing costs
– Co-locating front and/or back-office services
– Reducing carbon emissions
– Adapting assets to build resilience to a changing climate
– Increasing returns on capital
– Opening up investment opportunities
– Improving service delivery to communities

There will also be a detailed review of existing policy and strategy, and in particular a strengthening of the Corporate Landlord model and its links into corporate strategies such as the Sustainable Procurement Strategy, Think Communities and Older People's Accommodation.

Investment Strategy (Non-financial)

Part of the Council's approach of dealing with the twinned pressures of reduced central government funding and growing demand for services has been to deliver better financial returns from property and asset holdings.

CIPFA's Prudential and Treasury Management Codes 2021 require all local authorities to prepare an investment strategy, covering both financial and non-financial assets. The Investment Strategy for financial assets is included within the Treasury Management Strategy; for non-financial assets, it is included here and should provide (in addition to a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services):

- An overview of how the associated risk of non-financial investments is managed
- The implications for future financial sustainability.

Any commercial acquisition carries with it a degree of risk and as this involves the investment of public funds, the rationale for engaging in such activity should be clear. As with the rest of the Capital Strategy, all investment activity has been undertaken in line with the Council's vision of 'creating a greener, fairer and more caring Cambridgeshire'.

However, recent changes to the Public Works Loan Board (PWLB) rules and CIPFA's Prudential Code mean that the Council is not looking to invest further in new commercial property acquisitions beyond the current portfolio over the medium-term.

Whilst no further investment is anticipated, the Council does now hold a commercial property portfolio, and as such, still needs to consider the long-term sustainability risk implicit in becoming too dependent on commercial income, or in taking out too much debt relative to net service expenditure. There are inherent risks associated with commercial activity (for further detail see part 5h) and as such the Council has taken a measured risk approach towards supporting a proportion of its core activity with commercial income. The table below shows the forecast levels of commercial income as a percentage of net service expenditure.

Dependency on Commercial Income:

	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
	%	%	%	%	%	%
Commercial income* to net service expenditure	-3.5%	-3.7%	-3.9%	-4.0%	-3.8%	-3.6%

** Commercial income here includes both financial and non-financial income*

As part of this Capital Strategy, the Council sets a debt charges limit during the business planning process as a mechanism to ensure that the Council does not overcommit its revenue resources to servicing debt. This can also be reviewed in terms of debt as a proportion of net service expenditure; for details on this see part 5f. However, it should be noted that the majority of these financing costs do not relate to borrowing incurred for commercial investment, but rather to necessary borrowing required to support the Council's service Capital Programme.

There may be a need in the future to dispose of property investments. This could occur because of the need to return the investment to cash for other purposes, poor financial performance of a particular property, or poor environmental and energy performance, for example. Whilst it is expected that the majority of investments will be held for the medium to long-term in order to achieve the required return and to justify the cost of the acquisition, it is important to understand the opportunities to dispose of any investment. Therefore, as part of the investment decision, consideration has been given to the potential ways in which the Council could "exit" from the investment, such as sale to another investor, sale for redevelopment, etc. These exit strategies are detailed in the current investment portfolio summary in Appendix 1 of this Strategy.

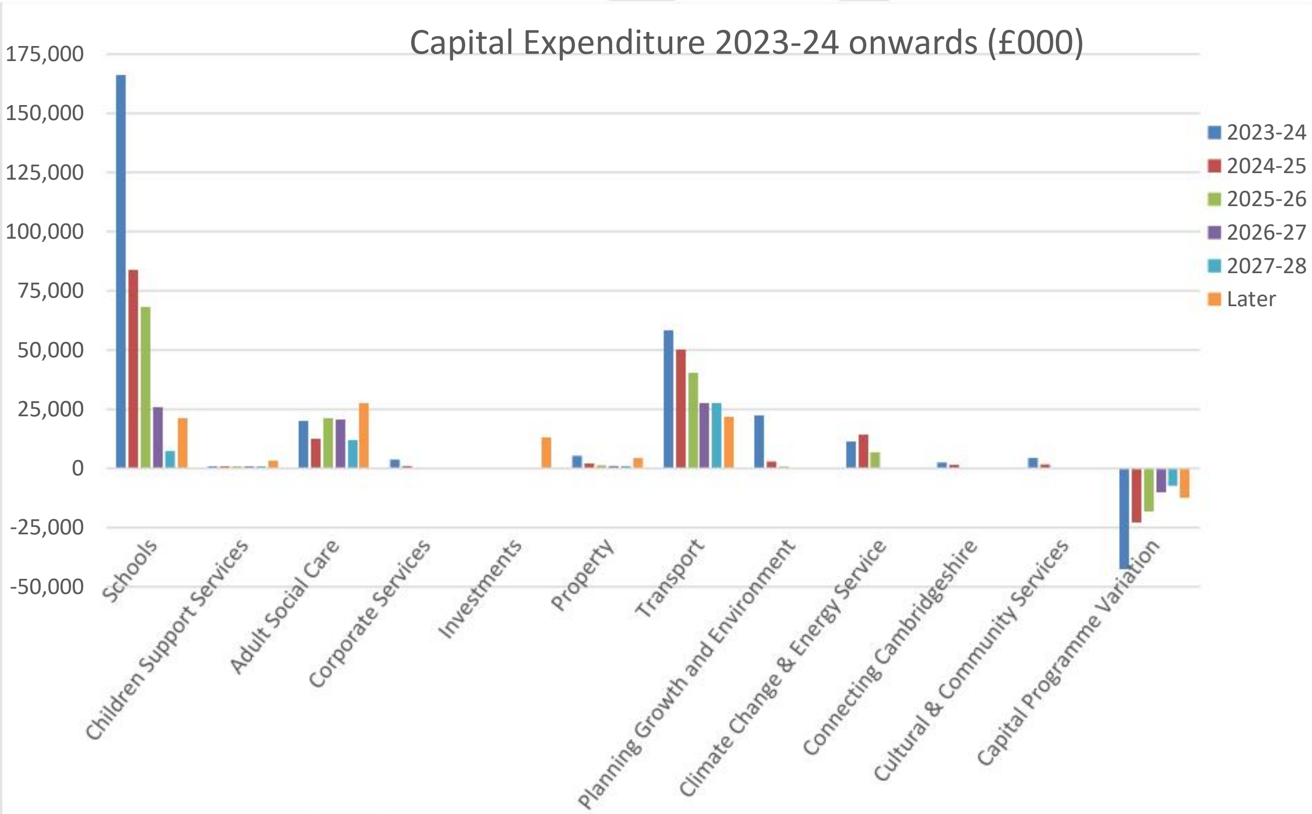
Active monitoring of the performance of individual properties within the portfolio is undertaken jointly across the property and finance teams. If any underperformance is identified, the teams will develop an action plan to determine how to mitigate any increase in risk or threat to ongoing security, liquidity, and yield.

Whilst all capital schemes are expected to contribute to delivery of the Council's

Corporate Priorities, there are some schemes that are also expected to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement. These schemes are called Invest to Save or Invest to Earn schemes and will be self-funded in the medium-term.

5d. Capital Investment Plan

Including an estimated previous spend of £560.5m on active schemes, the total value of the 2023-24 Capital Programme is £1.3bn. The following chart and tables provide the areas of spend from 2023-24 onwards; the categories of most significant capital expenditure for the Council are schools and transport.



Schools

Capital Scheme Category	£m	Description
Basic Need	305.7	The population of Cambridgeshire is growing; therefore, additional school places are required. This covers early years, primary and secondary education for both maintained and academy schools, as the Council retains the statutory duty to provide school places.
Adaptions	3.8	Covers rebuilds after major incidents such as fire or flooding, adaptions to bring older buildings up to date in line with the Department of Education Building Bulletin guidance, and work to address long-standing suitability and condition issues.
Condition & Maintenance	27.3	Addresses significant condition and statutory compliance issues identified in maintained schools' asset management plans, ensuring places are sustainable and safe. This funding is used alongside Government grants and loans to fund non-carbon heating solutions in some schools where oil or gas boilers require replacement.
Schools Managed Capital	7.8	This funding is allocated directly to maintained schools to enable them to undertake low-level refurbishments, minor condition and maintenance works, and purchase equipment such as IT.
Specialist Provision	18.7	Covers both basic need provision for Special Educational Need and Disability (SEND) places, as well as adaptions to facilitate placement of children with SEND in mainstream schools in line with decisions taken by the County Resourcing Panel.
Temporary Accommodation	1.0	Enables the Council to increase the number of school places provided using mobile accommodation. This could be related to temporary increases in pupil numbers that do not require long-term resolution or could be a short-

		term solution whilst a longer-term resolution is identified and developed.

Transport

Capital Scheme Category	£m	Description
Integrated Transport	43.0	Covers local infrastructure improvements regarding accessibility, road safety engineering work, new cycle route provision and the Council's contribution to the Highways Agency A14 upgrade scheme.
Operating the Network	56.0	Carriageway and footway maintenance, improvements to the Rights of Way network, bridge strengthening and traffic signal replacement. It also supports provision of the Integrated Highways Management Centre and Real Time Bus Information system, which provide real-time travel information.
Highways & Transport	126.8	One-off schemes to provide resolutions to specific highways and transport issues. Examples include full reconstruction of the B1050 Shelfords Road and replacement of the King's Dyke level crossing in Whittlesey.

Capital Programme Variation

The nature of capital planning is such that it can be difficult to accurately forecast timing of capital expenditure for each individual scheme, as it is difficult to pinpoint exactly which schemes will experience unforeseen delays. In order to ensure that this does not unduly impact on the revenue position (see part 5f below for further detail on the impact capital has on revenue), the Council employs the use of centrally calculated and allocated Capital Programme Variation budgets in order to reduce the overall level of anticipated borrowing each year to a more accurate level. These budgets are calculated by applying a percentage reduction at Service level to the programme, based on several factors such as historical slippage, the nature of the current schemes in the programme, etc. This explains why the expenditure for this area in the chart above is negative. As slippage forecasts are reported throughout the year, they are offset against the variation budgets for each Service, leading to a balanced outturn overall up until the point when rephasing exceeds this budget.

Further detail on all schemes can be found within the individual service finance tables (Section 3 of the Business Plan).

5e. Funding the Strategy

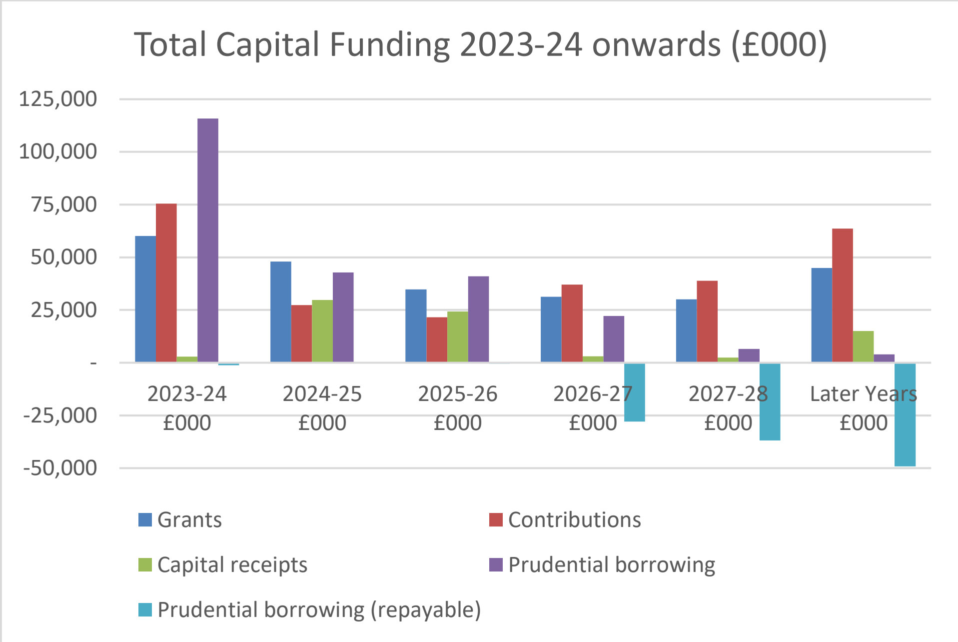
Capital expenditure is financed using a combination of the following funding sources:

Earmarked Funding	Central Government and external grants
	Developer contributions (Section 106), Community Infrastructure Levy (CIL) and external contributions
	Private Finance Initiative (PFI) / Public Private Partnerships (PPP)[1]
Discretionary Funding	Central Government and external grants
	Prudential Borrowing
	Capital Receipts
	Revenue funding

[1] This source of funding is no longer available for new schemes

A more detailed explanation of these funding sources is provided in Appendix 2 of this Strategy.

The 2023-24 ten-year Programme, worth £707.9m, is budgeted to be funded through £513.5m of external grants and contributions, £77.5m of capital receipts and £116.9m of borrowing.



Prudential borrowing (repayable) normally arises through timing differences between expenditure and receipt of income. This is common in relation to schemes funded, or part-funded, by developer contributions where the timing of the contribution is determined by the pace of development and meeting certain triggers, whereas the infrastructure may be required at an earlier point. For example, a new school may be required early on in a development, even though it will not reach capacity (and therefore will not trigger all the funding milestones usually linked to the number of housing completions) for several years. Prudential borrowing (repayable) will also be used to fund capital loans to other organisations; these loans will eventually be repaid, therefore over the life of the programme the borrowing required is zero. This explains the negative Prudential borrowing (repayable) in later years in the above chart.

Government Grants

Councils have received one-year funding envelopes for three years in a row, which hampers the Council's ability to make efficient and effective decisions over long-term financial planning. The lack of certainty has been further exacerbated by the number of financial reforms which have been put on hold, particularly during the pandemic as well as during various changes in political leadership. The Government's Comprehensive Spending Review (CSR) 2021 covered the period 2022-23 to 2024-25; however, despite this, the Local Government Finance Settlement for 2022-23 was only for one year. This is not conducive to robust financial planning, particularly in relation to capital. However, the Autumn Statement delivered in November 2022 did commit to protecting existing capital plans, such that public sector net investment as a proportion of GDP will average 2.5% over the forecast period, delivering over £600 billion of planned public sector gross investment over the next 5 years. The Local Government Finance Settlement 2023-24 is expected in December 2022.

Government Grants - Highways

As part of the National Infrastructure delivery Plan, a National Productivity Investment Fund (NPIF) was created to provide an additional £1.1bn of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks. In 2018-19, a £1.7bn Transforming Cities Fund was created out of the NPIF to target projects that drive productivity by improving connectivity, reducing congestion, and utilising mobility services and technology; the Cambridgeshire and Peterborough Combined Authority (CPCA) was allocated £74m from this fund. Key measures in relation to the Cambridge-Milton Keynes-Oxford corridor have also been announced, including a commitment to build up to 1 million new homes in the area by 2050, £5m to develop the proposals for Cambridge South Station, and construction on key elements of the Expressway between Cambridge and Oxford, ready to be open by 2030.

In addition to the Highways Maintenance formula allocation, the Department for Transport (DfT) provide an Incentive Fund. This 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 self- assesses themselves against set criteria that determines which of three bands they are allocated to (Band 3 being the highest performing). The Council continues to be successful in maintaining Band 3 status and for 2022-23 has secured the maximum funding available of £10.2m. However, this represents a 29% reduction in needs and incentive-based funding as compared to 2020-21 when the Council received £14.6m. This is reflective of a £250m reduction in the overall national allocations. We await DfT to provide confirmation of the grant funding to be provided for 2023-24, which is anticipated in early 2023, and likely to remain at 2022-23 levels.

The 2019 Conservative Manifesto committed to an additional £2bn of additional funding for pothole repair: £500m per annum from 2020-21. For 2020-21, the funding provided by DfT came via the new Pothole Fund, which was an amalgamation of previous Challenge Fund monies and the old Pothole Action Fund. This resulted in a funding allocation for the Council of £10.2m in 2020-21 and a further £8.3m in both 2021-22 and 2022-23. It is anticipated that the DfT will provide a further £8.3m in 2023-24.

In the Spending Review 2021, the Government announced:

- £2.7bn over the next 3 years for local roads maintenance.
- £3bn of bus investment, including £1.2bn for bus transformation deals in England to deliver London-style services, fare, and infrastructure improvements, and a further £355m new funding for zero emission buses.
- £2bn of investment in cycling and walking to build hundreds of miles of high-quality, segregated bike lanes and other facilities to improve

cyclists' safety. This includes £710m of new investment in active travel funding over the next 3 years.

Any allocations of this grant to Cambridgeshire will be factored into the business planning process as they are announced.

As the CPCA is now the local transport authority it therefore receives the above DfT local transport authority designated funding, but the CPCA continues to commission the Council to carry out the required works on the transport network.

Government Grants – Levelling Up

The Levelling Up White Paper was published in February 2022, setting out in detail the framework and next steps for spreading opportunity more equally across the United Kingdom. The Government aim is to support local economic growth in order to regenerate town centres and high streets, support individuals into employment, improve local transport links and invest in local culture, while giving communities a stronger voice to take over cherished local assets that might otherwise be lost.

The White Paper promises a series of next steps:

- consultation on missions and metrics and the new devolution framework
- the establishment of a new independent body focusing on local government data
- rolling out Levelling Up Directors across the UK, alongside a new Levelling Up Advisory Council
- simplifying growth funding
- creating three sub-groups to support the levelling up advisory council
- introducing future legislation to create an obligation on the UK Government to publish an annual report on progress and to strengthen devolution legislation in England.

To support these objectives, the Government has launched four new investment programmes to support communities right across the country. All share common challenges and opportunities, which the Government is anticipating to address in collaboration with local partners. These investment programmes are:

- The UK Community Renewal Fund: £220m of funding to help local areas prepare for the launch of the UK Shared Prosperity Fund. 1,073 bids were submitted by the deadline of June 2021; 477 bids have been accepted totally £203m. The CPCA submitted 7 bids, of which 2 totalling £3.4m were successful.
- The Levelling Up Fund: £4.8bn of funding to invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in culture and heritage assets. The first round allocated £1.7bn to fund 105 projects; none of the local authorities in Cambridgeshire received any funding under this round. Applications for the second round closed in August 2022; outcomes of this round will be announced by the end of 2022, however the Autumn Statement 2022 confirmed this round would allocate at least £1.7bn.
- The Community Ownership Fund: £150m of funding over 4 years to help ensure communities can support and continue benefiting from the local facilities, community assets and amenities most important to them. The first 21 projects were announced as part of the 2021 Spending Review (none relate to Cambridgeshire). The second round is currently open with applications closing in December 2022; the fund is expected to be delivered over at least 8 bidding rounds.
- The UK Shared Prosperity Fund: £2.6bn of funding for investment by March 2025, with all areas of the UK receiving an allocation via a funding formula, rather than a competition, recognising that even the most affluent parts of the UK contain pockets of deprivation and need support. Investment plans were required to be submitted by August 2022, with the first payments expected from October 2022.

Government Grants – Environment
A new discounted interest rate was introduced in 2018, accessible to authorities for 3 years to support up to £1bn of infrastructure projects that are 'high value for money'. The Council submitted two bids to access this discounted interest rate; in November 2019 it was notified that the bids had been successful, and the Council can now secure £61m of borrowing at a discount of 0.4% below standard PWLB borrowing rates. This will support a variety of energy investment

and community energy schemes to be delivered by 2023-24. The first tranche was accessed in March 2020 when the Council applied for £8m at the discounted rate, followed by a second tranche of £6m in August 2021 and a third tranche of £9m in December 2021.

Following on from this, the UK Infrastructure Bank (UKIB) opened for business in June 2021 and was initially expected to unlock more than £40bn of infrastructure investment. The Autumn Statement 2022 announced that the Government is placing the Bank on a statutory footing, cementing its status as a key institution that will facilitate long-term investment in infrastructure to tackle climate change and support regional and local growth. The Council is evaluating whether any of our schemes should apply for this investment.

The Government has set up several grant schemes to support the retrofit of existing buildings called the Public Sector Decarbonisation Fund, Community Heat Fund, Home Upgrade Grants, a 'Prospering from the Energy revolution' fund and a whole stream of other pump prime funding. It has also brought forward the Environment Bill and Agriculture Act; these will bring inward investment to change the way we do things and value public goods.

The Council has secured over £6m of funding from the Public Sector Decarbonisation Scheme to help decarbonise heating and improve energy efficiency in Council buildings and schools. The Council is part of the Cambridgeshire Energy Retrofit Partnership (CERP); this covers all Cambridgeshire local authorities as well as the CPCA and together submits funding bids to the Sustainable Warmth, Home Upgrade Grants and local authority decarbonisation schemes. To date, just over £9m has been secured for domestic retrofits, with a further funding bid submission for £11m; the partnership will find out if this has been successful during 2023. The Council has also submitted a bid to Innovate UK: Pioneer Places for a project to scope the system change required to attract private sector investment to achieve Net Zero by 2045 for power, heat, mobility, and product manufacturing. If successful, this bid could open opportunities for an £8m place-based funding bid that will help implement Local Area Energy Planning and support businesses.

The Council has secured funding for tree planting in non-woodland settings via the Local Authority Treescapes Fund. Through two rounds of this fund, the Council has secured a total of £490k; £220k for the Council with the remainder secured to fund projects with the district councils.

Government Grants - Education

The Government allocates capital funding to enable authorities to provide sufficient school places for every child who needs one, as well as ensuring that longer-term capital allocations are made in order to aid planning for school places. Unfortunately, the current methodology used to distribute funding for additional school places does not always reflect the Council's need, requiring additional borrowing on top of grants received. Almost all of this need relates to infrastructure that the Council has a statutory responsibility to provide, therefore there is limited flexibility for the Council in deciding whether to proceed with these schemes and allowing for their costs within the capital programme.

The Council seeks to maximise its Basic Need funding by establishing how the funding allocation model works and providing the School Capacity (SCAP) data to the Department of Education (DfE) in such a way as to maximise the Council's allocation. The Council has been allocated £2.3m of Basic Need funding for 2023-24 and £12.5m for 2024-25, based on the Council's SCAP return submitted for May 2021.

The DfE has also revised the methodology used to distribute condition allocations in order to target areas of highest condition need. The funding now consists of a weighted pupil element, banded condition scores, and a location factor to represent increased costs as determined by the Building Cost Information Service. The DfE have also increased the funding rate from £146 in 2021-22 to £148.50 per pupil before other factors are applied. Transitional arrangements are in place for the 2022-23 allocation round; protected responsible bodies will receive no less than 75% of the allocation they received in 2020-21. The reduction in funding needed to support transition protections has been recycled back into the formula.

To date, the Government has given approval to 9 new free schools in Cambridgeshire. All but one were part of Wave 12 (2016-17) of the Government's central free school programme. Three have opened; two special schools (Martin Bacon Special Academy at Northstowe and Cavendish Special School at Impington) and one primary school (Marleigh Primary School on the eastern fringe of Cambridge City). Not all of the Wave 12 bids, however, are in areas where the Council has an identified basic need requirement; one of these has since been cancelled by the DfE and five schemes remain at pre-implementation stage. Two further bids were submitted under Wave 14 of which one was successful; a new Secondary Free School in Wisbech, which is being funded by the Education Funding Agency. The government is expecting to open a further 15 new free schools across the country under Wave 15, which was launched on 22 July 2022 and focuses on those areas that currently have the lowest educational standards, as well as a need for additional school places. The outcome of Wave 15 will not be known until 2023.

The current live special free school wave is inviting local authorities to apply for new special free school projects in their area. Trusts will then be invited to apply to open special free schools in successful local authority areas early in 2023.

The Spending Review 2021 reaffirmed the Government's commitment to rebuilding 500 schools in the worst condition over the next decade across the country as part of the Priority Schools Building Programme (PSBP), alongside an announcement of £2.6bn to be spent on creating 30,000 new school places for children with special educational needs and disabilities. The Council responded to a DfE consultation on the criteria for the prioritisation and selection of schools for inclusion within the PSBP, also identifying those schools in Cambridgeshire that are in most urgent need of investment. Although no bids from Cambridgeshire were approved in the most recent DfE announcement, neither were they rejected. They have been rolled forward for consideration in a future round of the PSBP.

The Council has also been invited by the DfE to make an application to participate in the 2022-23 Safety Valve Programme which is designed to assist local authorities in reducing overspends in their High Needs Block expenditure for Special Educational Needs and Disabilities (SEND). As part of its DfE safety valve application, the Council has requested capital funding for a number of additional SEND capital schemes. This forms part of the overall strategy to increase capacity and reduce the reliance on more costly external placements. A decision is expected in January 2023; therefore, these schemes are not currently reflected in the 2023-24 draft Capital Programme. If the funding bid is unsuccessful, or is agreed but at a reduced level, further decisions will be required on which of these projects can proceed.

Developer Contributions and Capital Receipts

New home completions in Quarter 2 of 2022 were up by 16% on Quarter 2 of 2021, according to the National House-Building Council for new dwellings. Despite rapid changes to the economy, housebuilders have registered 66,855 plots for Quarter 2 of 2022, up by 45% on Quarter 2 of 2021. As a result of the stronger-than-expected market in 2021 and early 2022, having completed more homes and scaled back land-buying activity in 2020, housebuilders need to replenish and add to their immediate land supply to continue delivering homes over the short to medium term; however, this will be at a slower rate than during 2021. A key obstacle for the construction industry is addressing ongoing challenges in securing building materials, rising borrowing rates and inflation. Issues around labour are increasing, particularly with skilled trades like bricklayers and carpenters, and even finding qualified professionals such as quantity surveyors is becoming more problematic. In addition, the housing market is now weakening as the UK heads into recession. House prices are starting to fall due to interest rates climbing and inflation rates increasing as a result of both national and global events. Prospects of a long recession have lowered the confidence of housebuilders and developers, which, coupled with increasing interest rates, will limit profits and lead to falling demand for development land.

Office take-up peaked in Quarter 1 2022 and is now 20% higher than Quarter 1 2020. The take-up has slowed down through 2022, but some sectors such as life sciences remained strong. The commercial real estate firm CBRE predicted that office take-up for 2022 in the UK would surpass the record lows seen in 2020, but would remain significantly below 2021 when the office market rebounded from the pandemic; average rental prices have increased by 5% in the first 9 months of 2022 according to Prime Office Space. CBRE maintains the view that there will be a transition towards a more hybrid form of office work. Sentiment towards commercial real estate is improving but there remains a significant divergence in performance between highly prized industrial and logistics units and out-of- favour retail.

This highlights that the impact of Covid-19 is mixed across differing sectors of the property market, both nationally and locally. However, the shortage of building land for housing caused by the pandemic cutback in purchases by developers suggests that the Council’s ability to fund capital investment through the sale of surplus land and buildings, or from contributions by developers will not be severely impacted moving forward.

The Government has declared a climate emergency and set a target to reduce carbon emissions by 78% by 2035 based on the recommendations of the Climate Commission on the 6th carbon budget. This in turn should set the country on course to deliver its final target of net-zero carbon emissions for the UK by 2050. The Joint Administration has set the ambition to deliver net zero by 2045 for Cambridgeshire, increasing the local pace and scale of delivery and to reflect the climate crisis. Delivering the changes required for the net-zero target will require investment into energy infrastructure, building retrofits, circular economy, active travel and mobility that changes our dependency on fossil fuels for heating and powering homes and businesses, moving around and waste. The changes will be significant and will include regulatory improvements to building standards, land use, transport planning, and waste management to ensure clean and sustainable growth. Whilst the development industry reacts to these changes, some impact may be felt on developer contributions as our national and local systems shift focus to tackle climate and biodiversity emergencies.

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, focusing these on schemes that either generate an ongoing revenue return, remove carbon emissions or are short-life assets.

Community Infrastructure Levy (CIL)

CIL works by levying a charge per net additional floor space 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 still in place 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 therefore generally receives a much lower proportion of the cost of infrastructure requirements through CIL contributions.

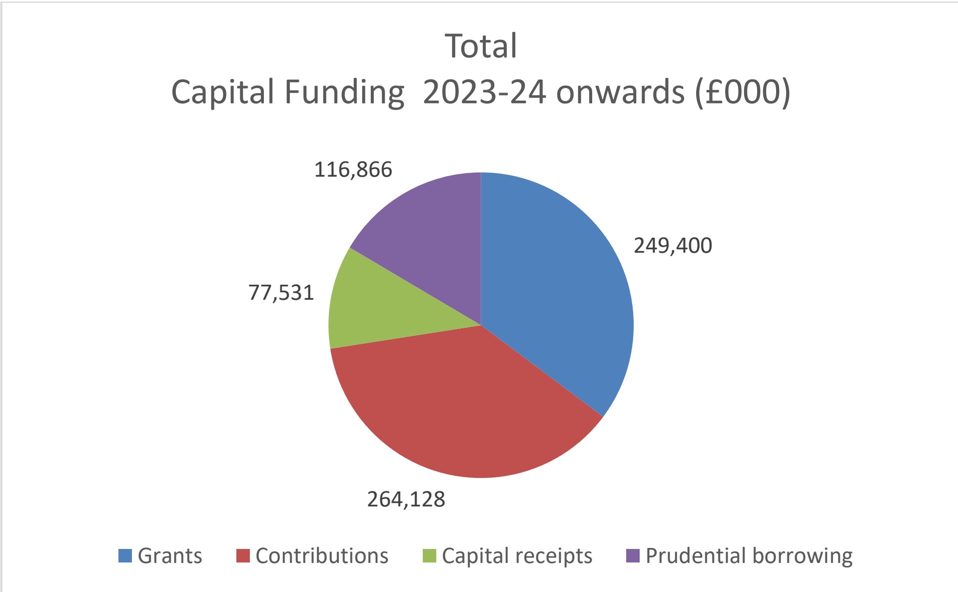
Huntingdonshire and East Cambridgeshire District Councils are currently the only districts within Cambridgeshire to have adopted CIL. Cambridge City Council, South Cambridgeshire District Council and Fenland District Council currently have no plans to implement CIL.

Moving forward, the Council will also need to start scoping mechanisms to help itself, businesses and communities consider how carbon removal, offsetting and insetting projects can be developed to benefit the local economy and guide ourselves and partners through the complexity of how this could work.

Borrowing

The Council will only look to borrow money to fund a scheme either to allow for

schemes that will generate payback and/or reduce future carbon liabilities (via either financial/carbon savings or through income generation), or if all other sources of funding have been exhausted but a scheme is required.
Despite this, the Council has an affordability gap of £116.9m over the ten-year programme, which is due to be funded by borrowing.



5f. Revenue Implications and Affordability

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.

Both the borrowing costs and ongoing revenue costs/savings of a scheme are considered as part of a scheme's 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 2021 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, during each business planning process, Strategy & Resources (S&R) Committee 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.

In order to afford a degree of flexibility from year to year, changes to the phasing of the debt charges 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 S&R Committee to ensure that changing factors such as the level of interest rates, or the external funding environment are taken into account when setting both.
Due to the Council's strategic role in stimulating economic growth across the county through infrastructure investment, any capital proposals that can 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. Whilst the financing costs for commercial activity schemes have already been removed from the budget and recharged to the Investment Activity budget, there are several other Invest to Save / Earn schemes that have not been recharged e.g., third party loans. The following table therefore compares revised net financing costs excluding these costs. Following the change in the Minimum Revenue Provision policy, agreed by Full Council in February 2016, the limits in recent years have been increased by 2% each year:

Financing Costs	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
2023-24 draft BP (net figures excluding Invest to Save / Earn schemes)	33.2	30.2	37.1	43.5	44.0	43.4
Recommend limit	39.7	40.5	41.3	42.2	43.0	43.9
HEADROOM	**-6.5**	**-10.4**	**-4.2**	**1.3**	**1.0**	**-0.5**

Recommend limit (3 years)	121.5	129.1
HEADROOM (3 years)	**-21.1**	**1.8**

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

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.

However, there will still be a short-term revenue cost for these schemes, as with all other schemes funded by borrowing. Therefore, S&R Committee still needs 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. The debt charges budget required to fund capital borrowing for the ten-year programme is forecast to spend £38.0m in 2023-24, increasing to £42.0m by 2027-28. The following table shows the proportion of net budget (excluding schools) that is forecast to be spent on debt charges, resulting from the estimated increase in borrowing levels over the period of the 2023-24 plan. Maintaining the proportion of budget spent on debt charges at 2023-24's level (9.6%) would reduce the revenue cost of capital schemes but would require a reduction or rephasing of the Capital Programme

	2023-24	2024-25	2025-26	2026-27	2027-28
Debt charges (including Invest to Save / Earn schemes) as a percentage of Net Service Expenditure	9.6%	11.0%	10.3%	9.8%	9.1%
Debt charges (excluding Invest to Save / Earn schemes) as a percentage of Net Service Expenditure	8.0%	9.0%	8.4%	8.0%	7.4%

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 capital receipts (excluding Right to Buy receipts) on the revenue costs of reform projects between 2016-17 and 2018-19. The Government then further extended this flexibility to cover a further 3 years until 2021-22, then a further 3 years to 2024-25. The Council has been using this flexibility to fund transformational activity, and as a result, prudential borrowing undertaken by the Council for the years 2017-18 to 2024-25 will be between £1.5m and £3.9m higher in each respective year. This is expected to create additional Financing costs in the revenue budget of between £82k to £215k each year. For further information, please see the Flexible Use of Capital Receipts Strategy contained within part 8 of the MTFS (Section 2 of the Business Plan).

The Council also includes 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 cost budgets are initially held on an overall Service basis within the Capital Programme, the funding is ultimately moved to the appropriate schemes each year once exact figures have been calculated.

5g. Managing the Borrowing Requirement

The Council's Treasury Management Strategy (Section 7 of the Business Plan) considers how the cash requirements arising from the Council's Capital Strategy and detailed investment programme are managed by external borrowing, and the timing of any such borrowing. Where capital expenditure has been incurred without a resource to pay for it, i.e., when it is proposed to be funded by borrowing, this will increase the Council's Capital Financing

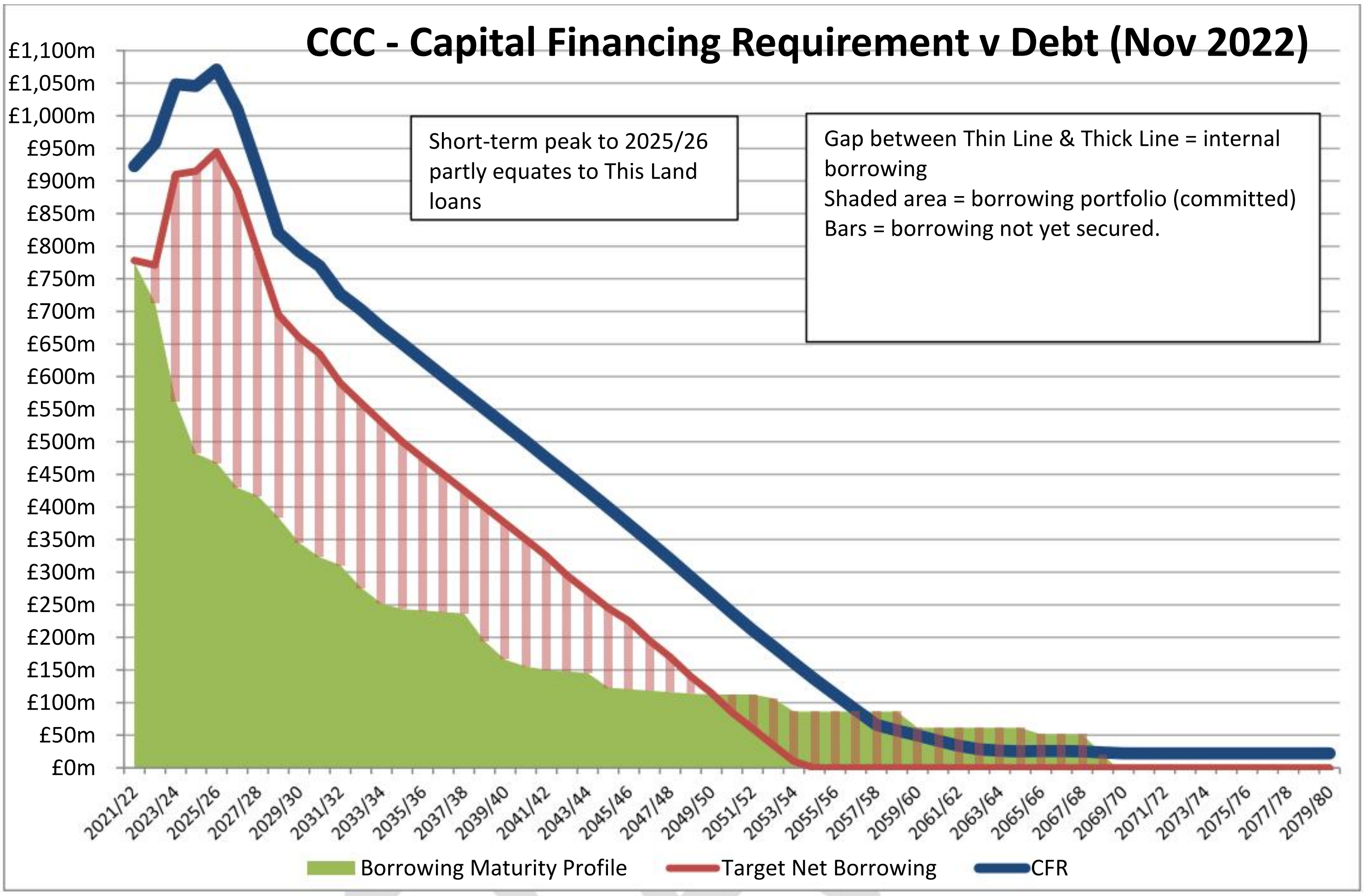
Requirement (CFR). The CFR therefore effectively represents the Council's underlying need to borrow. The Council reduces the CFR by making a prudent provision for the repayment of historic capital expenditure from its revenue budget in line with its agreed policy – this is called Minimum Revenue Provision (MRP). Calculation of the CFR is summarised in the table below and results in the need to borrow money.

	Opening Capital Financing Requirement
+	Capital expenditure incurred in year
-	Grants, contributions, capital receipts and revenue funding used to fund capital expenditure
-	Prudent Minimum Revenue Provision (MRP)
=	**Closing Capital Financing Requirement**

Future projections of the CFR based on the Capital Programme and resources deemed available to fund it are shown in the table below. Forecasts are subject to the timing of capital expenditure and receipt of funding sources.

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Total CFR	1,048.5	1,045.4	1,070.9	1,010.6	917.6

The following chart shows the Council's projected CFR (underlying borrowing need) against the maturity profile of all active loans. The shaded red bars therefore represent the amount of borrowing required to be secured in future in order to meet the Council's projected borrowing requirement, based on the forecast capital programme.



The Council’s main objective when borrowing is to achieve a low but certain cost of finance, while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher. In the current higher-interest rate environment, the balance is more skewed towards taking out cheaper, short-term loans; however, this has been made possible due to the Council taking advantage of historically low interest rates during 2021 to extend the maturity profile of the Council’s debt by taking out longer-term loans. For further detail regarding the Council’s long-term borrowing strategy, please see the Treasury Management Strategy (Section 7 of the Business Plan).

5h. Risk

There are a range of future risks beyond the control of the Council that have the potential to impact upon the Council's ability to deliver its capital ambition. The Covid-19 pandemic has brought into stark focus the potential disruption that health crises, for example, can cause to life as we know it. Retaining a focus on future risk through a risk management approach that identifies, assesses, and manages (as far as is possible) risk is a critical part of the Capital Strategy, approach, and programme. The Council does not have the resources to mitigate all risks faced, so instead manages risk proportionately, utilising the expertise of senior officers.

The Council's planning and governance processes have been developed in such a way as to mitigate these risks. All capital Business Cases are required to complete a section on risk to identify the main drivers and potential mitigations. The following table sets out some of these:

Risk	Mitigation
Legislative	Changes in statute and regulation will impact upon capital projects, as they must comply with current legislation. The Council ensures that it keeps abreast of these developments, responding to consultations where appropriate and taking any required adjustments to strategies or processes through the appropriate governance channels.
Property Markets	Various aspects of the programme, such as rental income, income generated by capital receipts and funding through developer contributions are affected by the health of property markets. The Council ensures it has a sound property asset strategy, suitable diversification, adequate resourcing (including use of external experts where required), and a long-term approach.
Environmental	The impacts of a changing climate are being felt globally and Cambridgeshire, being low lying makes it vulnerable to sea level rise, increasing flood risk, drought, and overheating, as well as future resource constraints resulting from loss of nature and global competition for resources.
Interest Rate	A considerable proportion of the Council's programme is funded by borrowing and is therefore exposed to fluctuations in interest rates. The Council uses prudent forecasts for future interest rates and constantly reviews its long-term borrowing strategy to mitigate against any interest rate rise risk. Further detail can be found in the Treasury Management Strategy.

Inflation	Given the size of the portfolio, a small rise in inflation can have a significant impact upon project costs. The Council builds in inflation estimates where appropriate to mitigate against this risk, plus schemes include contingency budgets in order to further mitigate against unanticipated rises. Contracts are also negotiated using fixed terms where possible. Close monitoring of the programme supports early identification and therefore appropriate response.
Capacity	A significant challenge in the current environment is the capacity within the supply chain to deliver projects on time and to budget. In addition, the Council needs to ensure it has sufficient project delivery expertise in order to deliver schemes efficiently and effectively. For significant programmes, dedicated project delivery resource is allocated to ensure capacity and expertise. Supply chain capacity is managed at the project and programme level, with residual risks escalated through the Council's governance process as necessary.

It is important to integrate climate risk into financial risk management to enable decision-makers to understand the climate related issues facing both the Council in how it runs its budget, investments and services, as well as enabling Cambridgeshire's residents and businesses to thrive. Identifying and diagnosing the challenges and impacts will help us to develop strategies to inform and solve them. For example, the hot summer of 2022 has increased the maintenance costs for highways as a result of roads overheating, and the ground under the highways contracting and then expanding. This type of cost could become more prevalent and needs proactive management.

The Council is still developing its climate risk approach. It will look to ensure climate change is addressed through the Council's governance; how it impacts on strategy; how climate-related risks and opportunities are assessed and managed; and look to apply performance measures and targets to manage these issues.

Investment Strategy Risk

The structure of the property portfolio has a significant bearing on the portfolio's inherent risk and return profile. Therefore, a key objective of the non-financial investment strategy was to create diversification within the portfolio in order to manage exposure to the risks of concentrating too much activity in any particular sector. Key risks in the portfolio can be categorised in as follows:

Risk	Mitigation
Income	The main risk in a commercial portfolio is tenant vacancies and the resultant loss of income. The costs of holding a vacant property include non-domestic rates, insurance, utilities, security, inspections and management. In addition, there are costs of marketing the property, the agent's disposal fees and legal fees for completing the lease documentation for re-letting the premises. The Council holds a sinking fund reserve, which is topped up each year in order to provide cover for both ad hoc additional expenditure, as well as both expected and unexpected loss of income through vacant property and/or lease breaks.
Yield	The aim of the majority of investments is to provide a secure return on income. The Council manages its commercial property as a single portfolio, ensuring that the collective returns achieved on the investments meet the overall financial target that is set.
Concentration	Sector Concentration – the main property sectors are retail, office, industrial and leisure/healthcare. The Council has spread its portfolio of investment across the different sectors in order to limit exposure to any volatility in a particular area. Like geographic diversification, industry diversification is sensitive to the diversification requirements of the overall portfolio. Geographical Concentration – it is important for the Council to understand the future economic viability of localities, which will be influenced by a number of local and national economic factors. For example, future major transport infrastructure investment could significantly influence the economic viability of an area and therefore the future value of investments in that locality.

	Property Concentration – diversifying a real estate portfolio by property type is similar to diversifying a securities portfolio by industry. Different property types cater to different sectors of the economy. For example, office property generally responds to the needs of the financial and services-producing sectors; industrial property to the goods-producing sectors; retail property to the retail sector; and hotels to the travel and tourism sectors, employment growth, and the business cycle. Understanding the return and risk factors attendant to different property types requires understanding the factors affecting each property type's user groups. Tenure Concentration – the portfolio is managed to ensure that it contains a broad spread of tenants. This analysis can be driven by credit ratings, nature of business, lease length, and the value of the leaseholds. It is important to evaluate tenant credit ratings according to the senior corporate debt of the lessees. Leases are compared regarding their length (including renewal options), which may vary considerably, typically from ten to twenty years.

The Investment Strategy requires continual evaluation of the investment portfolio against the Council's priorities to ensure that it is fit for purpose. A larger and more balanced portfolio would have helped to achieve the Council's aim of increasing income to support the delivery of services throughout the county, however, balancing this with risk means that a core portfolio of property assets has been sought, diversified by sector (industrial, offices and retail), location and risk.

5i. Capital Planning and Governance

The Capital Strategy will support, and be aligned to, the new decision-making framework which is currently being developed by the Council. When making long-term investment decisions, clear and informed information is vital to understanding the short- and long-term impact on key social, financial, and environmental indicators. Any investment proposal will be considered within the context of, but not be limited to, the following areas of impact within the Council's Triple Bottom Line approach:

- Whether the investment will support the increase of the social foundation within Cambridgeshire; ensuring no community lacks the basics of life on which no one should be left falling short (from food and housing to healthcare and political voice).

- How the investment will ensure we do not overshoot our pressure on the environmental systems (such as a stable climate, fertile soils, and a protective ozone layer).
- A long-term view of the Council's capital expenditure plans and any financial risks to which the Council are exposed.

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 funding streams for the Council.

New schemes for inclusion in the Programme are developed by Services in conjunction with Finance in line with the Corporate Priorities outlined in the Strategic Framework. Any new capital scheme costing more than £250,000 is appraised as to its financial, human resources, property, carbon, environment, and economic consequences. The justification and impacts, as well as the expenditure and funding details of these schemes are initially specified in an outline capital Business Case, which becomes more detailed as the proposal develops. 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 is undertaken as part of the Business Case development, which allows the scheme to be assessed against social, financial, and environmental factors. This allows schemes within and across all Services to be prioritised, considering 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 Corporate Priorities.

Capital Programme Board (CPB) provides support and challenge with respect to both the creation of an initial budget for a capital scheme, as well as the deliverability and ongoing monitoring. The Terms of Reference require CPB to ensure that the following outcomes are delivered:

- Appropriate estimates for cost and time of capital projects
- Robust project and programme management and governance
- Post project evaluation and monitoring of key carbon reductions and environmental benefits
- Prioritisation across the whole programme.

Service Committees review the draft service programmes, and the overarching Capital Programme is subsequently agreed by S&R Committee, who recommends it to Full Council as part of the overarching Business Plan.

The Capital Programme is monitored in year through quarterly reporting to Service Committees via Finance Monitoring Reports.

These feed into the Integrated Finance Monitoring Report, which is scrutinised by CPB and also reviewed by S&R Committee. The report identifies changes required to the Capital Programme and seeks approval for:

- new / updated resource allocations
- slippage or brought forward programme delivery
- increase / reduction in overall scheme costs
- 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 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. In these situations, any supplementary capital request will be prepared in consultation with, and with the agreement of, the Section 151 Officer. Where possible, the report will be reviewed by CPB before being taken to the Strategic Management Team by the relevant Director and the Section 151 Officer, before any request for a supplementary estimate is put to S&R Committee.

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 Section 151 Officer. Anything above this limit will be dealt with in line with the process for new schemes and will be taken to S&R Committee for approval as part of the monthly Integrated Finance Monitoring Report. Any overspends, 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, CPB follows 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.

The following diagram summarises the relevant responsibilities regarding the Capital Strategy to ensure decisions are made legitimately, transparently and deliver against the Corporate Priorities of the Council:

In order to support prioritisation and to avoid slippage and potentially unanticipated additional costs, the Council needs to ensure it has access to sufficient skills and capacity both within the Council and externally in order to deliver the Capital Programme. Such capacity could be project management and development skills, technical and design skills, knowledge, availability of contractors as well as wider market factors.

Cambridgeshire County Council

Sustainable

Procurement

Strategy

2023-2024

cambridgeshire.gov.uk

FOREWARD

Cambridgeshire is a great place to live and work but is not without its challenges. The Council has a duty to use its considerable spending power as way of delivering its vision and key objectives.

The launch of this Sustainable Procurement Strategy makes it clear that the Council's Net Zero and climate change targets are firmly at the heart of the procurement programme. Working with stakeholders and partners and building on existing networks will be important in delivering the Strategy successfully.

The focus of this Strategy is:

- Supporting local businesses and the third sector
- Increasing in delivery of social value
- Contributing to the Council's Net Zero targets
- Delivering best value outcomes
- Ensuring we have robust, compliant and transparent procurement processes.

By delivering in these areas, the Council can be confident that its procurement activity will benefit all stakeholders.

(For sign off and approval from Committee/Councillor)

WHY CAMBRIDGESHIRE COUNTY COUNCIL NEEDS A SUSTAINABLE PROCUREMENT STRATEGY

The Council's vision is to 'Create a greener, fairer, more caring Cambridgeshire'.

Like other Councils, we are faced with many economic, social and environmental challenges including the climate emergency, economic recovery/development and constrained budgets. Meeting these challenges will mean focusing on our 7 ambitions:

1. Net Zero carbon emissions for Cambridgeshire by 2045 and our communities and natural environment are supported to adapt and thrive as the climate changes.
2. Travel across the county is safer and more environmentally sustainable.
3. Health inequalities are reduced.
4. People enjoy healthy, safe and independent lives through timely support that is most suited to their needs.
5. Helping people out of poverty and income inequality.
6. Places and communities prosper because they have resilient and inclusive economy, access to good quality public services and social justice is prioritised.
7. Children and young people have opportunities to thrive.

The Council spends over £600million per annum on goods, services and works so effective and sustainable procurement solutions are key to delivering the Council's vision and priorities.

In addition, the National Procurement Policy Statement published in June 2021, outlines the national goals that public sector procurement will be expected to support the delivery of:

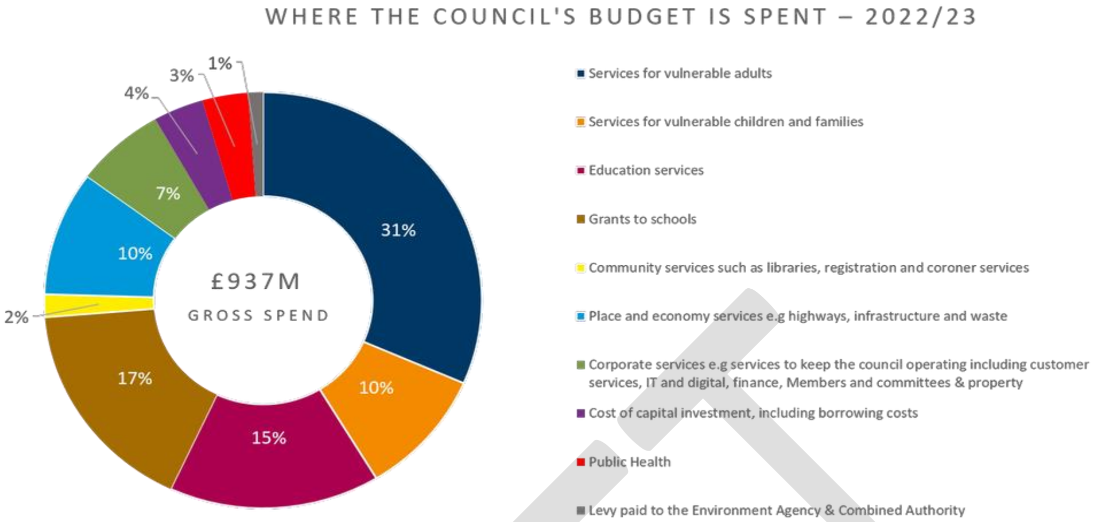
- Creating new businesses, new jobs and new skills;
- Tackling climate change and reducing waste; and
- Improving supplier diversity, innovation and resilience.

This Strategy will set out how procurement activity will support the delivery of the Council's priorities and the national priority outcomes in a way which is sustainable – our actions today will only have positive effects for those generations living in the Cambridgeshire of the future. Category Strategies, the Commercial Strategy, the Social Value Policy and other procurement related plans and policies will take the lead from this Strategy. This Strategy is concerned with procurement activity as distinct from commissioning activity, the latter being connected with the design of services, goods and works and the former being connected with the process of purchasing and managing those services, goods and works. The two areas overlap in market engagement and market development and the Council is committed to ensuring a connected approach.

CAMBRIDGESHIRE COUNTY COUNCIL: AN OVERVIEW

- Over the next 10 years it is expected that the under 25 population will grow by 12% and the over 65 population by 33%.
- Cambridgeshire has only got 6 years before it will have exhausted its ‘allowed’ emissions to meet the 2050 UK Net Zero Target.
- The population of the County was 678,600 in 2021.
- The County Council employs approximately 4,500 staff and there are 61 Councillors.
- Carbon Dioxide equivalent emissions are 25% higher here than the UK average.
- In some areas of Wisbech, Huntingdon and Cambridge over 30% of children live in low-income families.
- In March 2021, there were approximately 665 children in care and 2,545 adults of working age with disabilities.
- There are over 4,500 miles of roads in the County.

COUNCIL SPEND PROFILE



A sample from the Contract Register shows:

- 30% of contracts are awarded to national suppliers and a further 24% of contracts are awarded to national SMEs.
- Only 10% of contracts are awarded to Cambridgeshire based SMEs and another 2% are awarded to larger Cambridgeshire based organisations.
- A further 23% of contracts are awarded to public sector or third sector suppliers in Cambridgeshire.
- 12% of contracts are awarded to Eastern Region suppliers with 8% of those being SMEs.

THE FUNDAMENTALS OF PROCUREMENT ACTIVITY AT CAMBRIDGESHIRE COUNTY COUNCIL

Procurement activity at the Council will be sustainable and recognise the risk that inaction on climate and biodiversity will create to our economy and social fabric: it will have the most positive environmental, social and economic impacts on a whole life basis.

The Council's procurement activity will be based on the following fundamentals:

Managing Risks: we will identify, prioritise and manage risks to the Council and our communities through procurement.
Due Diligence: we will always try to find a way to address adverse sustainability impacts connected with procurement activity.
Setting Priorities: we will focus efforts on managing risks and maximising sustainability.
Avoiding Complicity: we will avoid being complicit in wrongful activity.
Exercising Influence: we will try to influence the behaviour of suppliers and other stakeholders.

There is a golden thread through procurement activity at the Council. The thread links together:

- Regulation
- Contract Procedure Rules
- Procurement Guidance and standard documentation
- Delivery of operational procurement activity

KEY SUSTAINABLE PROCUREMENT OBJECTIVES FOR CAMBRIDGESHIRE COUNTY COUNCIL

1 We will support the growth of local businesses and the third sector by making procurement spend more accessible.

2 We will increase the levels of social value delivered by our suppliers.

3 We will contribute to the Council's Net Zero Targets.

4 We will deliver best value outcomes through procurement activity.

5 We will ensure that our procurement processes are robust, transparent, non-discriminatory and compliant.

WE WILL SUPPORT THE GROWTH OF LOCAL BUSINESSES AND THE THIRD SECTOR BY MAKING PROCUREMENT SPEND MORE ACCESSIBLE

We will do this by:

- Increasing market engagement through 'meet the buyer' events, procurement workshops, newsletters and better web pages.
- Using procurement approaches that support smaller businesses, for example splitting procurements into Lots (to support decentralisation), considering where procurements should/could be advertised.
- Working with our key suppliers to ensure that their supply chains are as accessible as possible to local businesses and the third sector.
- Exploring the use of speedy payment options for small businesses and the third sector.

We will measure our success by:

- Monitoring the number and value of contracts awarded to businesses and third sector organisations within Cambridgeshire. We will establish a baseline using data from 2022/23 and then set targets for increase for 2023/24 onwards.
- Monitoring the number and value of contracts awarded to SMEs. We will establish a baseline using data from 2022/23 and then set targets for increase for 2023/24 onwards.
- Monitoring the number and value of contracts awarded to businesses and third sector organisations in the Eastern Region. We will establish a baseline using data from 2022/23 and then set targets for increase for 2023/24 onwards.

WE WILL INCREASE THE LEVELS OF SOCIAL VALUE DELIVERED BY OUR SUPPLIERS

We will do this by:

- Using market engagement to identify opportunities for leveraging social value in contracts.
- Using the most appropriate TOMs (Themes, Outcomes and Measures) indicators for each contract.
- Providing support and assistance to suppliers through the procurement and contract management process to enable their delivery of social value.
- Learn and develop our approach to maximise the levels of social value delivered.
- Work closely with our colleagues who work in our communities to understand more about their needs.

We will measure our success by:

- Monitoring the levels of social value delivered via our use of the Social Value Portal and other mechanisms with a target of £20,000 to be delivered during 2023/24, with that target rising by £5,000 in each of 2024/25 and 2025/26.
- Increasing the number of new contracts which include social value measures so that by the end of 2024/25 75% of available contracts are procured with social value measures embedded.

WE WILL CONTRIBUTE TO THE COUNCIL'S NET ZERO TARGETS

We will do this by:

- Using market engagement to identify options with reduced or zero carbon.
- Considering whether purchases are necessary at all, whether quantities can be reduced or whether we can use of recycled goods could work
- Collaborate on the provision of whole life cycle carbon assessments
- Use contracts to monitor and manage carbon emissions through supply chains.
- Using award criteria connected to climate change and reducing carbon emissions
- Increasing the use of a whole life costing approach to price evaluation.

We will measure our success by:

- Increasing the number of suppliers required to report on carbon emissions through contract clauses. The baseline for 2021/22 is 0. For existing suppliers it is expected that the number will increase 15% per year. For new suppliers it is expected that the number will increase by 40% per year.
- Increasing the number of contracts with climate change related performance measures. The baseline for 2021/22 is 0. For new contracts, it is expected that the number will increase by 20% and for existing contracts the increase is targeted at 10%.
- Report annual scope 3 carbon emissions reductions from procured goods and services through the Annual Carbon Footprint report accepted the current data limitations.

WE WILL DELIVER BEST VALUE OUTCOMES THROUGH PROCUREMENT ACTIVITY

We will do this by:

- Working together to identify opportunities for change and challenge current models of delivery
- Challenging the demand for goods and services and seeking to rationalise core requirements.
- Engaging markets, benchmarking and collaborating where appropriate
- Developing robust contract management actions to ensure that contracts deliver financial and non-financial performance requirements.
- Increasing the use of a whole life costing approach to price and carbon evaluation.
- Working with suppliers to mitigate risks

We will measure success by:

- Number of procurements where whole life costing was used in the carbon and/or price evaluations. The baseline for this measure of success is 0 (zero). The target for 2023/24 will be 10%.
- Establishment of contract management toolkit for use across the Council by March 2023.
- Support the Commercial Team's delivery of their efficiency target

WE WILL ENSURE THAT OUR PROCUREMENT PROCESSES ARE ROBUST, TRANSPARENT AND COMPLIANT

We will do this by:

- Delivering training to budget managers and contract managers
- Establishing and reviewing standard documentation to support a consistent approach to procurement activity
- Reviewing and improving controls to ensure compliance with Contract Procedure Rules and Financial Procedure Rules
- Embedding best practice and regulatory changes as required

We will measure success by:

- Submitting an annual procurement report to Committee updating Members on the procurement activity across the Council, the first report will be delivered in June 2023 and will continue annually thereafter.
- Monitoring the number of formal and informal challenges received and ensuring that any lessons learnt are embedded in future activity.
- Monitoring the number of waivers and their reasons. The Council already has a target to reduce the number of waivers submitted within 5 days of the waiver start date of 20%, this will continue to be monitored.

MONITORING AND REVIEW

This Strategy will be reviewed annually by the Procurement Governance Board.

Through spend and carbon footprint analysis, the Procurement Team will monitor and report on the number and value of contracts awarded to Cambridgeshire based businesses. This analysis will enable initiatives to be developed and targeted as required.

The Procurement Team will work with public sector partners in the County and the region to ensure that it is able to embed best practice as the Strategy develops.

An annual report will be submitted to the Audit and Accounts Committee to include the following information:

- An update on the progress against the outcomes detailed in this strategy.
- The number of procurements delivered
- The number of waivers approved
- The number of officers attending training

CAPACITY AND SKILLS

The Procurement Team is involved in all procurements valued over £100,000 and so will be able to ensure that the requirements of this Strategy are firmly embedded in those procurements.

Procurement and contract management training is being developed to ensure that all colleagues with commissioning, procurement and contract management responsibilities have the relevant skills and knowledge to deliver the requirements of this Strategy.

To deliver this Strategy, the capacity and skills of the Procurement Team will continue to be managed through:

- Providing opportunities for apprenticeships and CPD.
- Engaging with other local authorities, public sector organisations and other relevant organisations to support knowledge transfer.
- Providing mentoring, coaching and work shadowing opportunities
- Developing and delivering in house training and guidance to support commercial and carbon awareness and legislative knowledge
- Assessing procurement standards using benchmarking and self-assessment tools

Agenda Item No:7

Corporate Performance Report – Quarter 2 2022-23

To:	Strategy and Resources Committee
Meeting Date:	16 December 2022
From:	Executive Director: Strategy and Partnerships
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable
Outcome:	The Committee is being asked to consider performance information for corporate services.
Recommendation:	The Committee is asked to:

a) Review and agree the proposed additions and removals to the Corporate Services Key Performance Indicators (KPIs).

b) Monitor progress of Corporate Services and identify remedial action as required.

c) Scrutinise performance information for the Council's Joint Agreement Action Plan.

Officer contact:
Name: Tom King
Post: Senior Research Analyst
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Tel: Not applicable

Member contacts:
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Elisa.Meschini@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

1.1 This report covers two aspects of the Committee's role in performance management. Section 2 'Corporate Services Performance' reports on progress to develop Key Performance Indicators (KPIs) for Corporate Services and summarises current performance, with latest performance data in Appendix 1.

1.2 Section 3 'Joint Agreement Action Plan Progress' follows the decision by Strategy and Resources Committee on 29 March 2022 to transfer open actions in the Joint Agreement Action Plan Tracker to oversight by the relevant committees, with monitoring and reporting through appropriate committee governance. It reports progress for the open actions that are relevant to Strategy and Resources Committee.

2. Corporate Services Performance

2.1 Performance information is presented for Corporate Services in Appendix 1.

2.2 A summary of RAG ratings is:

	Total	**%**
Blue	2	11%
Green	5	28%
Amber	5	28%
Red	2	11%
Contextual	0	0%
Baseline	2	11%
In Development	2	11%
Suspended	0	0%
Total	**18**	**100%**

2.3 Commentary on red indicators is as follows:

2.3.1 Indicator 169: % of contract waivers submitted less than 5 days before their proposed start date

This indicator relates to procurement across the organisation. It is collated by the council's Commercial and Procurement service.

In this period, those waivers posing the highest risk, ie those valued over £100,000 and for new requirements, totalled 3. Of these 2 were clear single supplier waivers (effectively monopoly suppliers in a unique position to meet the Council's needs) and the 3rd was a case where a compliant recruitment had been attempted first and so the requirement was urgent. The actual risk of challenge for any of these is very low.

The Procurement Team is putting in place new planning processes for procurement activity from April 2023, it is intended that one of the benefits of this process will be the reduction in new requirements that require a waiver. In addition, further communications have been shared with officers across the Council on how the waiver system should be used and an emphasis on waivers being a tool of last resort.

On-going challenge and scrutiny is being undertaken by the Procurement and Commercial Team on the reasons for waivers being submitted.

Actions being taken to minimise the use of waivers include those mentioned in the commentary above as well as the launch of a new e learning module for procurement which is mandatory for budget and contract managers to complete before March 2023 as well as additional scrutiny on all waivers being undertaken by the Procurement Governance Board.

Further to a recent query from this Committee regarding a case where fewer than 3 bids have been received, in that instance the Contract Procedure Rules and Public Contracting Regulations have been complied with and therefore a waiver is not the right type of control. It is the case that the market is sometimes either limited or specialised so more than 3 bids cannot be expected. However, there are other controls which mean that the risks presented by fewer than 3 bids are no greater than those presented by a process resulting in more than 3 bids. The Council has a very robust evaluation and due diligence process which means that collusive bids would be identified regardless of the number of bids, this has been seen in practice in a recent example.

2.3.2 Indicator 183: Proportion of Subject Access requests responded to within statutory timescale (Year to Date)

This indicator relates to, and is collated by, the council’s Information Governance service.

Continued maintenance of good progress despite a drop of 1% from the first quarter. Almost 50% more subject access requests were completed in the second quarter with a continued emphasis on good oversight and case management to continue to make progress. Two potential software systems have also been reviewed which may assist with greater efficiencies.

3. Joint Agreement Action Plan Progress

3.1 The table below reports progress for the Joint Agreement Open Actions that have been transferred to Strategy and Resources oversight:

Ref.	Action	Milestone	Lead Officer(s)	Success criteria	Baseline position May 2021	Achieved	Update / comments by lead officer
F.9	New Project Management Framework and Strategic Programme Management Office (SPMO)	Nov ‘21 Complete Revised to Sep ‘22 to align with restructure of corporate functions.	Sue Grace	SPMO established	No SPMO in place	In progress	Project Management Framework has been agreed and is starting to be applied to activity along with our change and transformation projects being migrated to 'Project Online' (a Microsoft tool). The development of the Strategic Programme Management Office will get underway now the leadership structure in this area has been confirmed.
F.12	Review process for decision making on spending and investments to ensure that all decisions are: - Made in the context of meeting the Net Zero strategy - Equally weighted for social, environmental	Nov ‘21 Ongoing	Tom Kelly	Review completed and mechanisms for changing decision-making criteria in place.	N/a as new review	Implemented	Business Planning reports to this committee reflect that for this round of business planning a triple bottom line scoring approach has been adopted. This will continue to be developed. Additionally the capital programme board

	and financial criteria - Assessed for their impact on residents living in deprivation and on the population as a whole, with a commitment to fairness in overall allocation						template now requires denomination of the carbon impact of capital proposals.

4. Alignment with corporate priorities

4.1 Environment and Sustainability
4.2 Health and Care
4.3 Places and Communities
4.4 Children and Young People
4.5 Transport
There are no significant implications for these priorities.

5. Significant Implications

5.1 Resource Implications
There are no significant implications within this category.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no significant implications within this category.

5.3 Statutory, Legal and Risk Implications
There are no significant implications within this category.

5.4 Equality and Diversity Implications
The following bullet points set out details of significant implications identified by officers:

- Work will continue to revise the Equality Impact Assessment for the Council's Strategic Framework as part of the development of the proposals for the council's Corporate KPIs.
- The revised EqIA will ensure that the Council's performance management is inclusive, and decisions to adopt specific Corporate KPIs will not make barriers for people with protected characteristics.

5.5 Engagement and Communications Implications
There are no significant implications within this category.

5.6 Localism and Local Member Involvement
There are no significant implications within this category.

5.7 Public Health Implications
There are no significant implications within this category.

5.8 Environment and Climate Change Implications on Priority Areas
There are no significant implications within this category.

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Tom Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement and Commercial? Yes
Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? Yes
Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact?
Yes
Name of Officer: Julia Turner

Have any engagement and communication implications been cleared by Communications?
Yes
Name of Officer: Sue Grace

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

6. Source documents

6.1 Source documents

CCC Performance Management Framework

Produced on: 10 November 2022

Performance Report

Quarter 2

2022/23 financial year

Strategy and Resources Committee

Business Intelligence
Cambridgeshire County Council
business.intelligence@cambridgeshire.gov.uk

Key

Data Item	Explanation
Target / Pro Rata Target	The target that has been set for the indicator, relevant for the reporting period
Current Month / Current Period	The latest performance figure relevant to the reporting period
Previous Month / previous period	The previously reported performance figure
Direction for Improvement	Indicates whether 'good' performance is a higher or a lower figure
Change in Performance	Indicates whether performance is 'improving' or 'declining' by comparing the latest performance figure with that of the previous reporting period
Statistical Neighbours Mean	Provided as a point of comparison, based on the most recently available data from identified statistical neighbours.
England Mean	Provided as a point of comparison, based on the most recent nationally available data
RAG Rating	• **Red** – current performance is off target by more than 10% • **Amber** – current performance is off target by 10% or less • **Green** – current performance is on target by up to 5% over target • **Blue** – current performance exceeds target by more than 5% • **Baseline** – indicates performance is currently being tracked in order to inform the target setting process • **Contextual** – these measures track key activity being undertaken, but where a target has not been deemed pertinent by the relevant service lead • **In Development** - measure has been agreed, but data collection and target setting are in development
Indicator Description	Provides an overview of how a measure is calculated. Where possible, this is based on a nationally agreed definition to assist benchmarking with statistically comparable authorities
Commentary	Provides a narrative to explain the changes in performance within the reporting period
Actions	Actions undertaken to address under-performance. Populated for 'red' indicators only
Useful Links	Provides links to relevant documentation, such as nationally available data and definitions

Indicator 169: % of contract waivers submitted less than 5 days before their proposed start date

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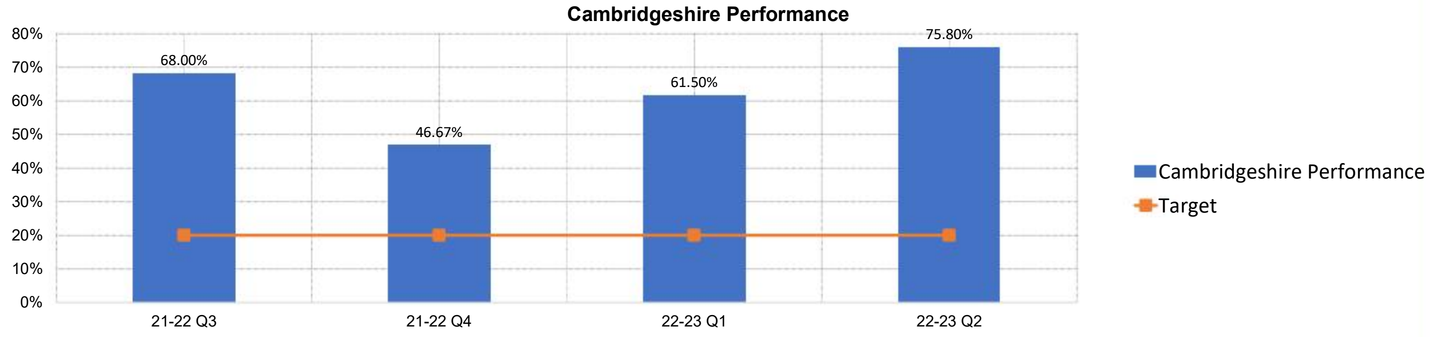
November 2022

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
20.0%	↓	75.8%	61.5%	Declining

RAG Rating

Red



Indicator Description

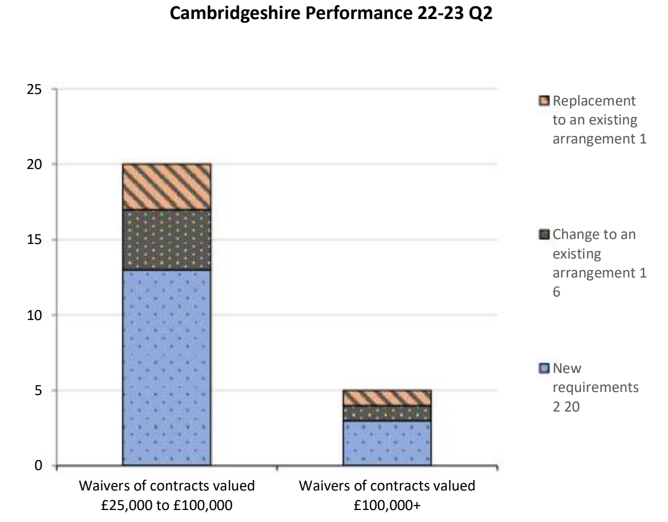
Public Contract Regulations (2015) require all contracts valued over £25,000 to be advertised and to follow a competitive process. External audit findings mean that there is a cross Council drive to promote and enable effective and compliant procurement practice.

The Council's Contract Procedure Rules allow for exceptions/waivers to be applied for in specific circumstances where the contract is valued either below the relevant UK Procurement Threshold or below the Key Decision Threshold of £500,000. Waiver requests are submitted via the Council's online system and approval needs to be obtained from various officers dependent on the value of the waiver. There are occasions where, by their very nature, waivers will be requested with short timescales to the contract start date – for examples in cases of emergency or extreme urgency. However, it is important that apart from these circumstances, waiver submission leaves enough time for a procurement should a waiver request be denied.

Tracking this indicator allows the Council to identify the number, type and value of waivers being submitted in such a way as to prevent non-compliant procurement practice and so develop communications, training and other initiatives to reduce this risk to the Council.

The KPI takes the date the waiver was submitted and the date the contract is due to start and calculates the time difference between the two dates. It is designed to provide an understanding of whether waivers are submitted in sufficient time to allow for alternative action should the waiver request be denied.

The target of 20% takes into account that valid reasons for waivers include emergencies and urgent situations whilst also anticipating that the majority of waivers should be applied for sufficiently early in the procurement planning process to allow for alternative courses of action.



Detail of waivers of contracts for new requirements valued £100,000+

Supplier	Contract Detail	Contract Value
Panoramic Associates	Interim procurement where Opus not able to recruit. Specialist public health resources associated with pandemic priorities	£145,000
Network Rail	Waterbeach Station. Single possible supplier	£150,000
Cambs GP network	Health checks. Supplier in unique position to meet patient needs.	£103,155

Commentary

In this period, those waivers posing the highest risk, ie those valued over £100,000 and for new requirements, totalled 3. Of these 2 were clear single supplier waivers and the 3rd was a case where a compliant recruitment had been attempted first and so the requirement was urgent. The actual risk of challenge for any of these is very low.

The Procurement Team are putting in place new planning processes for procurement activity from April 2023, it is intended that one of the benefits of this process will be the reduction in new requirements that require a waiver. In addition, communications has gone out to the Procurement and Commercial Team and is being drafted for officers across the Council on how the waiver system should be used and an emphasis on waivers being a tool of last resort.

Actions

On-going challenge and scrutiny is being undertaken by the Procurement and Commercial Team on the reasons for waivers being submitted.

Actions being taken to minimise the use of waivers include those mentioned in the commentary above as well as the launch of a new e learning module for procurement which is mandatory for budget and contract managers to complete before March 2023 as well as additional scrutiny on all waivers being undertaken by the Procurement Governance Board.

The Procurement Governance Board is to recieve an overview of progress on procurement standards at its December meeting.

Indicator 171: Rent per acre obtained from the agricultural estate

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Target	Direction for Improvement	Current Year	Previous Year	Change in Performance
£103	↑	£144	£133	Improving

RAG Rating

Blue

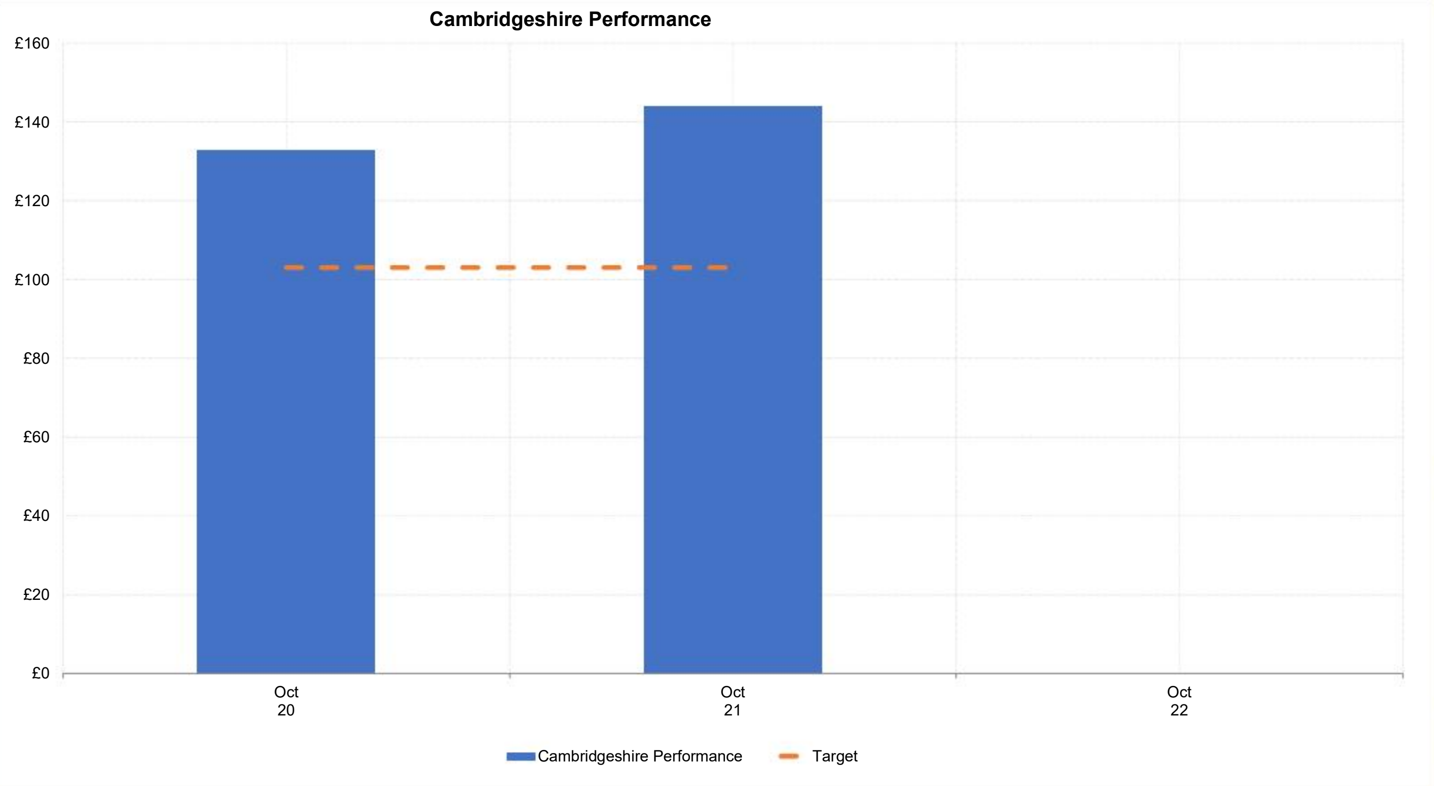
Indicator Description

Data source:
Currently set of excel spreadsheets owned by rural to record the rent whch feeds into the budget. Defra data records market rent for East of England Region. Base data is tenancy agreements with new rents recorded by the parties (Landlord & Tenant) on a signed and dated rent memorandum attached to the agreement and recorded on excel spreadsheets.Future development of an internal asset management data base.

This KPI records annual change in rental income measured against the previous year's recorded rent. Reported as a % change on previous year for the total rural portfolio as rent (£) per acre for the agricultural tennacies. The rent per acre figure enables some comparison with regional market rents in the agricultural sector which are published annually by defra and other commentators. For a new letting Market Rent is defined by The Royal Institution of Chartered Surveyors (RICS) as 'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.' Rent Review (mid tenancy) of agricultural rent (per acre) is impacted by a number of complex factors - soil type, crop type, type of tenancy & external influences such as input costs and world commodity markets.

Comparator:
Market Rents (£ per hectare/acre) for the East of England reported annually by Defra in January for the previous year. Most up to date figures are for 2020.

Target:
annual rent (£ per acre)achieved tracks defra rent per acre for East of England (variance +/- 10%). Currently CCC agricultural rents are above the published East of England average in 2020 but the defra metric requires checking - ie is it bare land or for equipped holdings.



Commentary

Agricultural legislation enables review of rents every 3 years with 12 months notice required. Across 44 holdings Cambridgeshire County Council has increased the passing rent by an average of 16.39% in October 2021. There were some big increases this year to play catch up due to earlier internal resource restrictions. Further, relets to existing tenants and new lettings (31 in total start date October 2021) has resulted in an increase of 16% on the passing rent. Review of commercial lettings have also increased over 100%. These are very good results in the current climate and see a 8% increase across the rural portfolio as a whole

Actions

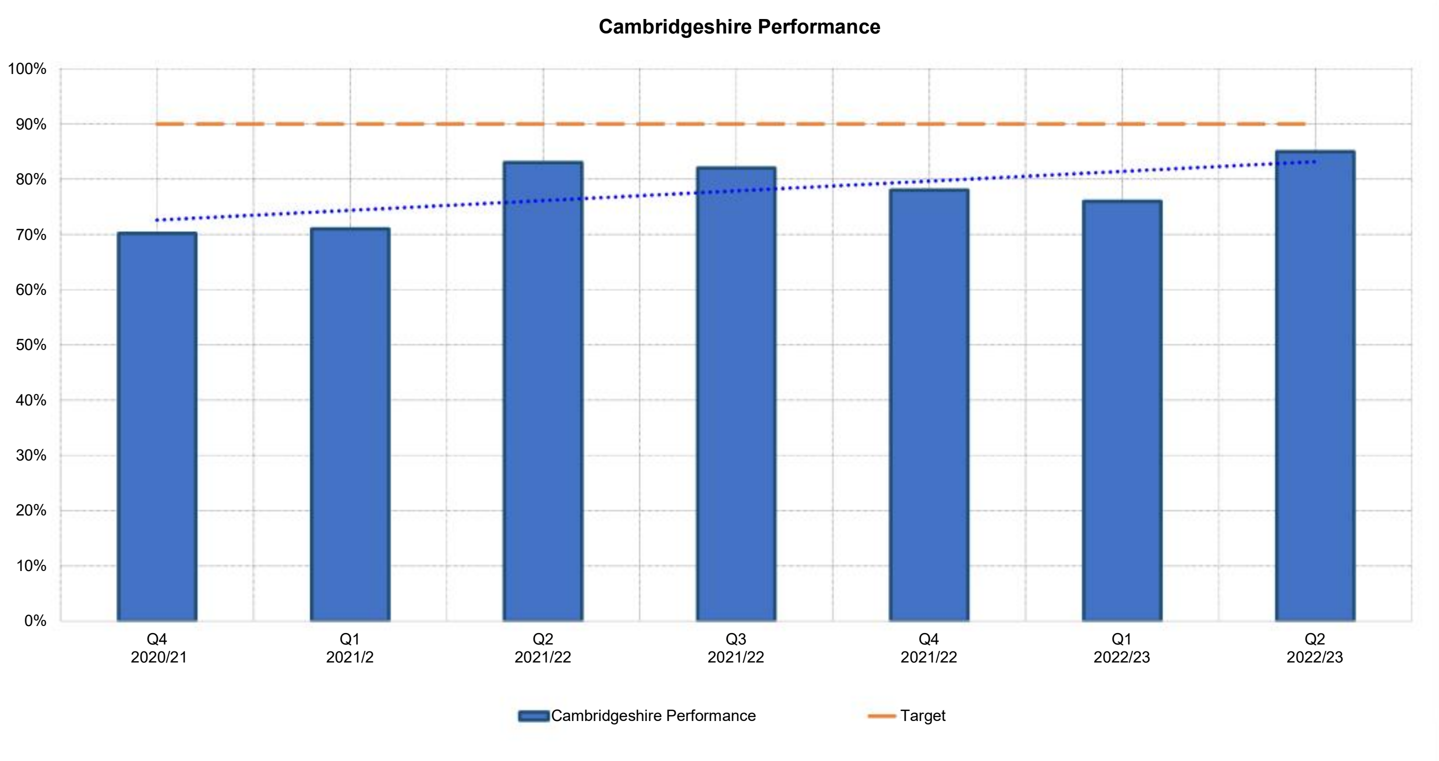
Indicator 182: Proportion of Freedom of Information requests responded to within statutory timescale (Year to Date)

Return to Index November 2022

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
90.0%	↑	85.0%	76.0%	Improving

RAG Rating

Amber



Indicator Description

The percentage of FOI responses issued within statutory timescales of 20 working days as required by the Act or if extended to 40 working days to consider the public interest test.

This measurement was adjusted in December 2021 to increase the relevance of the information provided. Prior to this date, the KPI measured the percentage of FOI responses issued within three months.

Commentary

Continued good progress to see 85% of responses issued in time for the second quarter which is a 9% increase compared to the first quarter's average. The team performed very well in both August (94%) and September (88%) continuing to improve over the first half of the year. We also held an excellent workshop with Adults Social Care to identify issues, offer solutions and target improvements in the response rate for the service. The expectation is to launch the new system at CCC in this financial year after its introduction at PCC.

Useful Links

Actions

Indicator 183: Percentage of Subject Access Requests completed within statutory timescales (Year to Date)

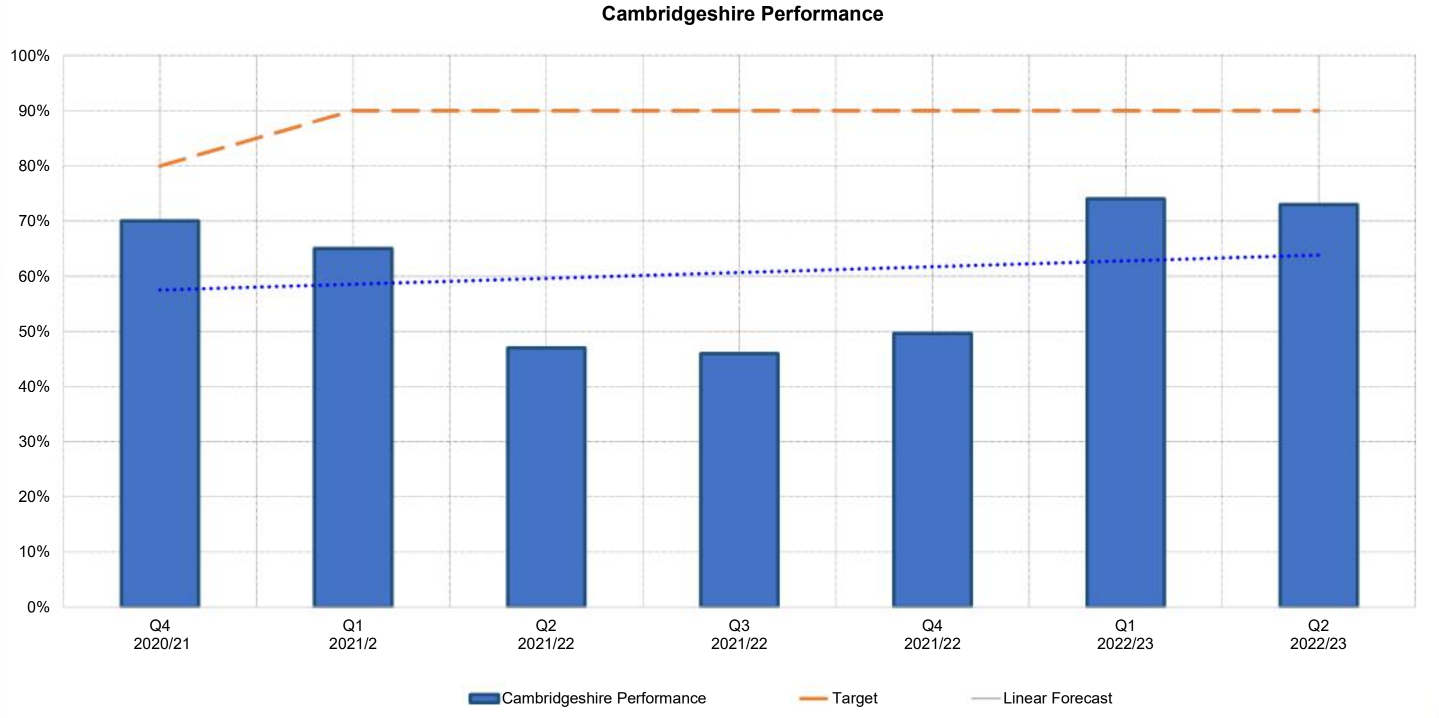
Return to Index

November 2022

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
90.0%	↑	73.0%	74.0%	Declining

RAG Rating

Red



Indicator Description

Percentage of Subject Access Requests completed within statutory timescales of one calendar month or if extended to three calendar months as permitted.

Commentary

Continued maintenance of good progress despite a drop of 1% from the first quarter. We completed almost 50% more subject access requests in the second quarter with a continued emphasis on good oversight and case management to continue to make progress. We have also reviewed two potential software systems which may assist with greater efficiencies.

Useful Links

Actions

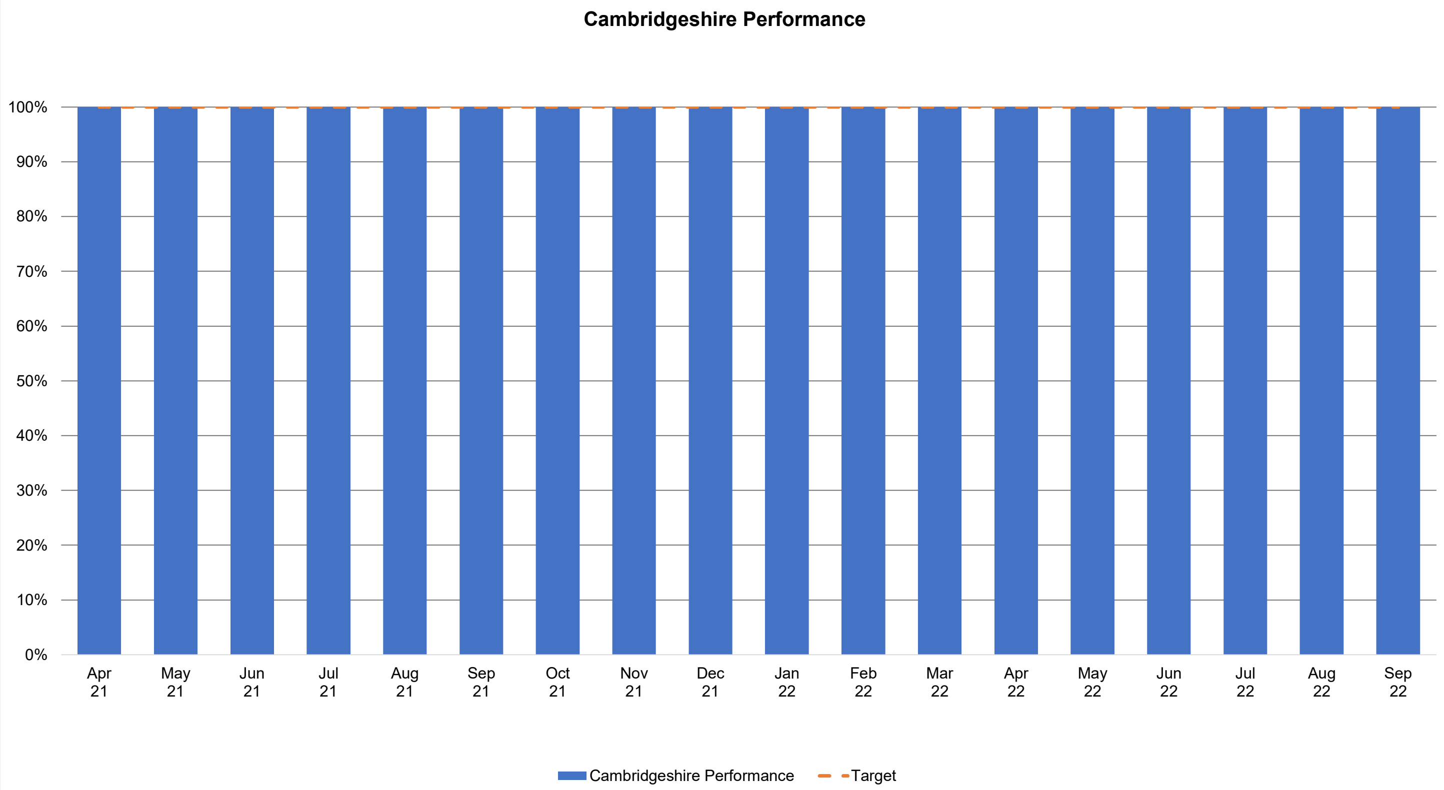
Indicator 184: Statutory returns completed on time

October 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
100%	↑	100%	100%	Unchanged

RAG Rating

Green



Indicator Description

The Council's Business Intelligence Service leads on, and supports the submission of, a number of key statutory data returns to central government departments and regulatory bodies. A list is available on request.

Commentary

There has been some disruption to statutory return deadlines over the pandemic period, for example the Carer's Survey was delayed and submitted during February 2022, having been cancelled in 2020. However, as of the end of the reporting period, all statutory returns have been completed to the agreed standard. All statutory deadlines have been met.

Useful Links

A list of all the datasets that local government must submit to central government.

Actions

Indicator 187: Proportion of staff feeling valued by the Council as demonstrated through employee engagement survey

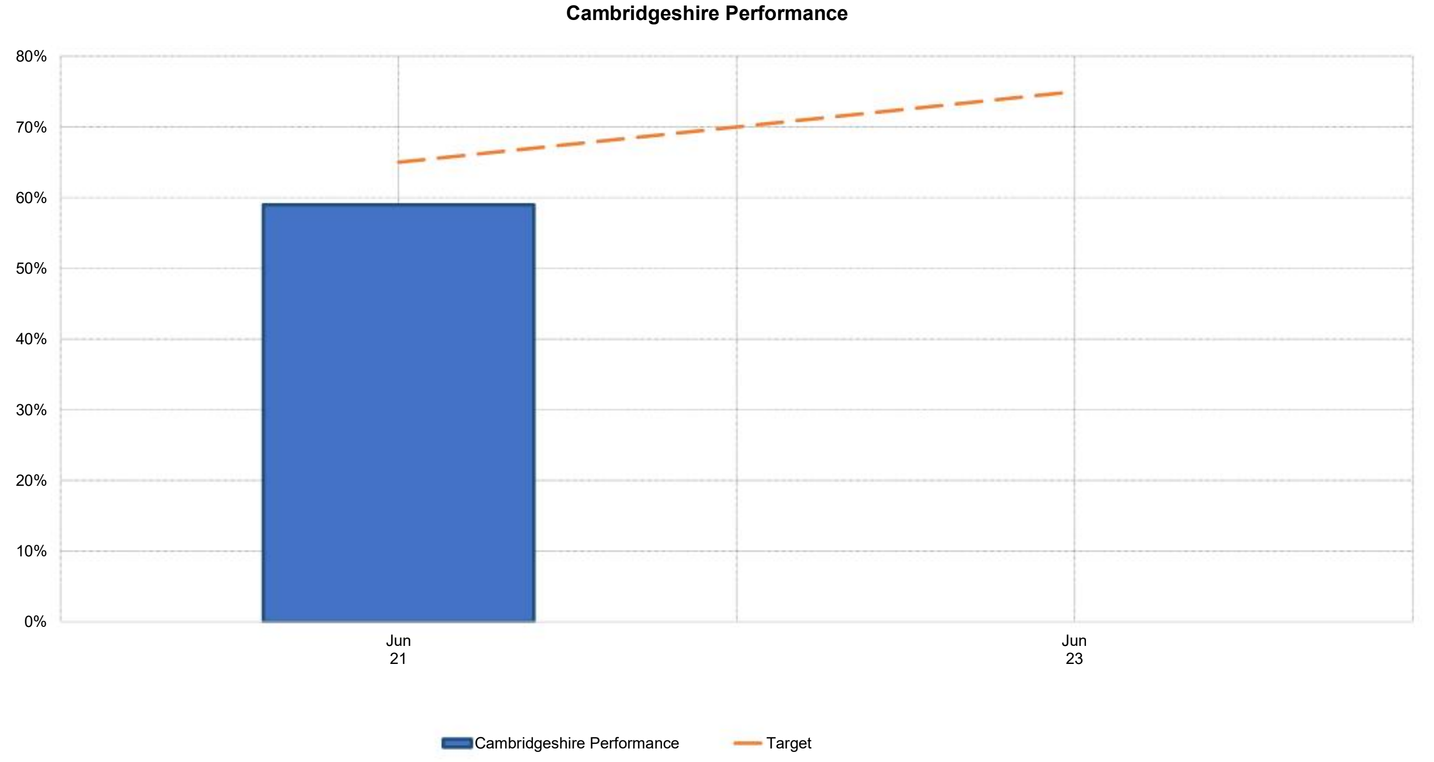
Return to Index

November 2022

Target	Direction for Improvement	Current Year	Previous Year	Change in Performance
65.0%	↑	59.0%	n/a	n/a

RAG Rating

Amber



Indicator Description

The number of people feeling valued by their employer was measured in June 2021 and the % of respondents who responded positively was 59%.

The objective is to increase this to at least 75% recognising that whilst it is clear that the most significant impact on engagement is people's immediate team around them, the importance of feeling valued by the organisation is also critical to both wellbeing and retention.

The target has been set at 65% as an ambition for the next survey in summer 2022 (12 months from most recent one), as a stepping stone to achieving 75%.

Commentary

In 2020 regular staff engagement surveys commenced covering a wide range of topics, with a view to getting greater insights into improving the Council's employment policies and processes, and to give people a direct voice in influencing them. Prior to this, the most recent full staff survey was conducted in October 17. Overall staff engagement was recorded at that point as higher than both the public sector norm (55%) and the UK norm (60%).

In June 2021 the topic of the staff engagement survey was Respect At Work. This survey asked people to record whether they feel valued a) by their colleagues, and b) by the organisation.
86% agreed or strongly agreed that they felt valued by their colleagues but this dropped to 59% feeling valued by the organisation. There are some factors that are out of the employers control that can affect perception but with greater employee engagement it is hoped that this will improve which will also have a postive impact on recruitment and retention.

As confirmed in discussions with CLT, there has not been a employee engagement survey this summer. There will be further discussions regarding the timing of the 2023 survey.

Useful Links

Actions

The next employee engagement survey on Respect At Work that will ask the same questions again will be January 2023, and this will give time for the impact of a number of actions to be carried out and the impact measured through the survey response. In the meantime the new People Strategy being developed this year for Full Council approval later in the year, will have a clear focus on employee engagement and wellbeing to support this KPI.

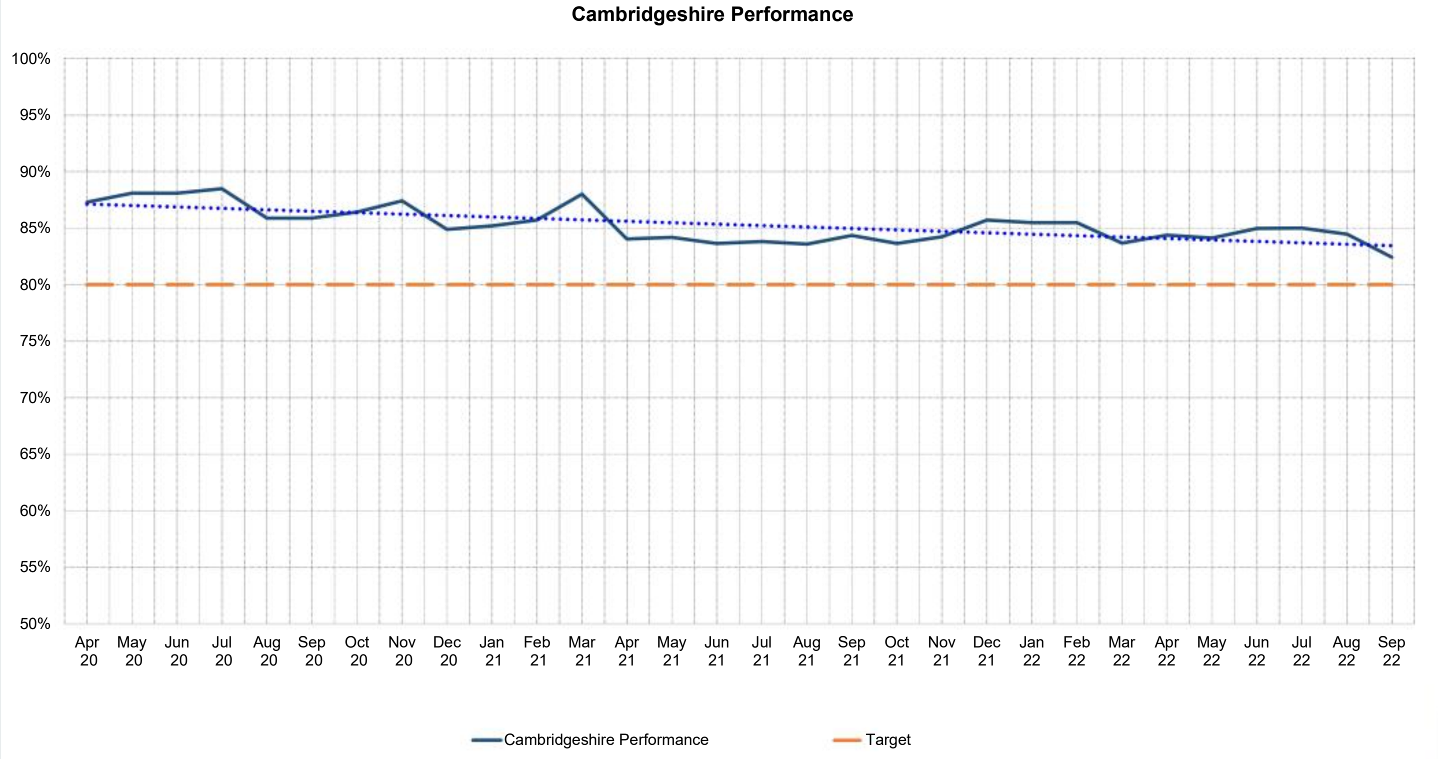
Indicator 190: Proportion of information enquiries resolved at first point of contact

Return to Index November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
80.0%	↑	82.4%	84.5%	Declining

RAG Rating

Green



Indicator Description

Percentage of cases we deal with that are marked as resolved or transferred, against total number of cases recorded. For us, resolved means we have dealt with a customers enquiry to a full resolution. We also class transferred calls as resolved as the request would be to speak to another member of staff, therefore the enquiry is resolved. If we are unable to resolve an enquiry and need to pass it on to a service representaitve to deal with this would be marked as unresolved. This measures how effecitvely we are able to meet the customer service standard of dealing with requests at first point of contact.

This is measured in different ways across the industry, but we feel this is the most accurate and meaningful way of measuring this to ensure we are delivering good customer service for our residents. Any unresolved contacts are reviewed to see if we can work with the service to increase our knowledge in some areas to increae the resolution rate. The target is then adjusted in line with any amendments. We envisage this target reducing in the coming years as more contacts move to digital channels and we are left with dealing with more cmplex enquiries. We have other internal service KPI's as well as a number of advisor KPI's which mitigates any risks of bias. Audits also take place regularly with all advisors to check accuracy of recording.

Commentary

Decreased by just over 2% in September 22 due to an increase in contacts, particularly in the areas of School Admission and Education Transport with the start of the school year.

Actions

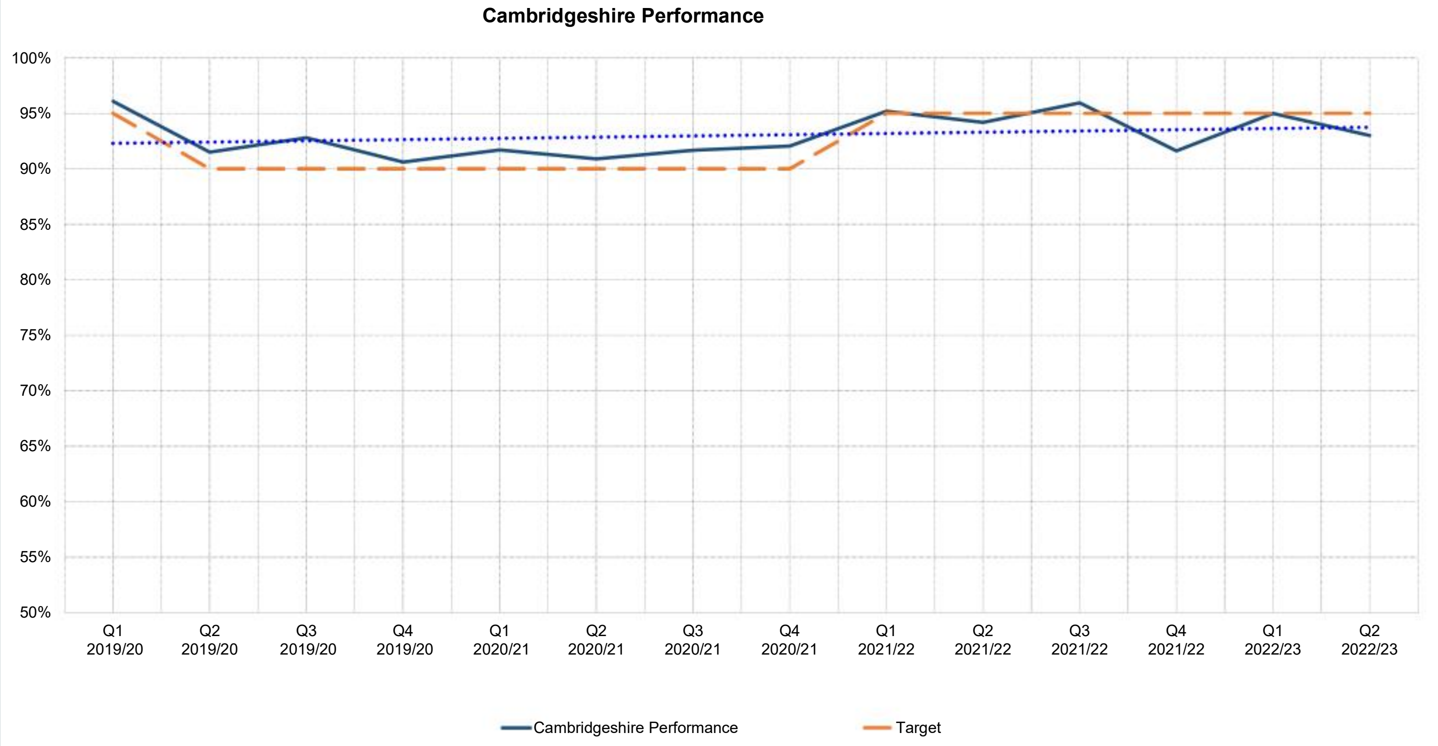
Indicator 195: Percentage of requests resolved at first line within expected timescales

Return to Index November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
95.0%	↑	93.0%	95.0%	Declining

RAG Rating

Amber



Indicator Description

For IT Support, a request is defined as a new request from a user for information, advice, a standard change or access to a service. Requests will include system access requests, changes to IT profiles and laptop applications.

Commentary

Q2 2022/23 is the first full quarter where the new call logging system, Hornbill has been in use for the whole of the quarter. If the quarter is broken down into months, July (90%) indicates that analysts were still getting used to the system. Figures for August and September are significantly better at 96% and 94% respectively.

Actions

Indicator 204: Annual forecast of the gross income from our commercial investment as a percentage of initial investment

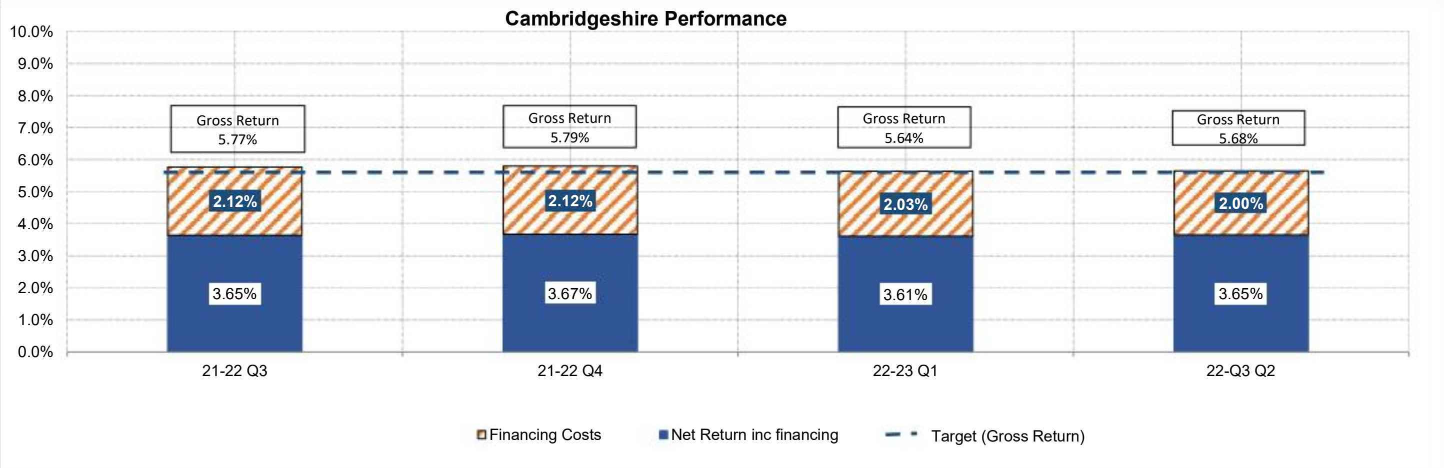
Return to Index

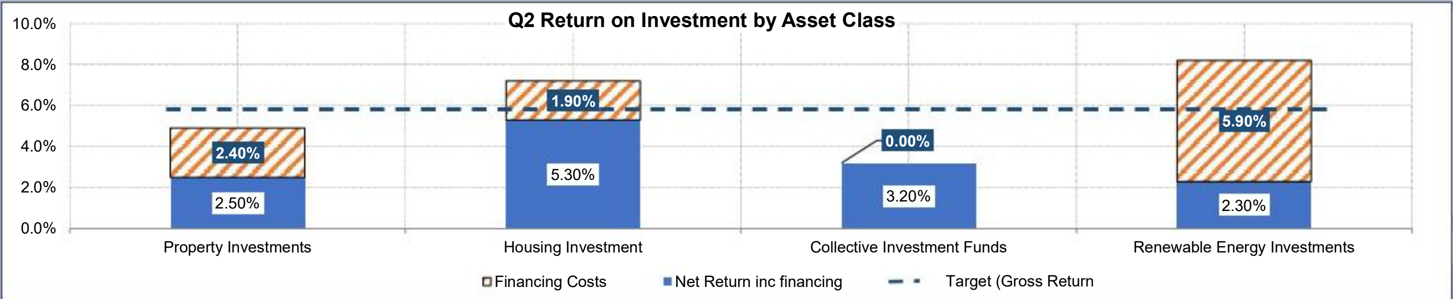
November 2022

Target	Direction for Improvement	2022-23 Forecast	Previous Quarter	Change in Performance
6.0%	↑	5.68%	5.64%	Improving

RAG Rating

Amber





Indicator Description

This indicator projects our expected gross income from the commercial investments that provide an income yield or interest receivable against a 6% target.

This indicator should be used to judge the performance of our commercial investment portfolio as a whole. It should not be used to predict any differences in actual income against budget. This is detailed within the Finance Monitoring Report.

The return figure includes investment that has already been made, as well as any additional investment expected within the financial year. The figures look at the full year effect, even where investments have not been held for the whole year.

The return is shown both gross (the total of the blue and orange blocks) and net (the blue blocks) of financing costs; the orange blocks therefore equate to the level of financing costs. The lower graph shows the return per asset class; different classes of asset are expected to deliver different levels of return.

This indicator reflects the income return from these assets, rather than the asset growth or total return (reflecting local government accounting regulations).

Commentary

Performance against this indicator has improved year-to-year; 2019-20: 5.4%, 2020-21: 5.5%, 2021-22: 5.8%. However, it has dropped slightly to 5.6% in 2022-23 as a result of a small decrease in interest due from loans to This Land following a scheduled repayment of one loan during 2021-22. In addition, Triangle Solar Farm has overperformed in previous years, but price changes mean it is now expected to achieve its targets rather than overperform.
The gross income forecast across these investments in 2022-23 is £17.2m, with a net income of £11.1m after financing costs.
Within this indicator, interest from This Land and from the Infrastructure Fund are performing well, as well as the return received on Triangle Solar Farm.
Amongst the directly owned property assets, the manufacturing, retail and office/lab assets are yielding broadly as expected and saw minimal disruption during the pandemic. The student accommodation and leisure assets were more challenged, however we are now seeing the occupation level at Brunswick House recover. Letting negotiations are in progress for one of the Units at Cromwell Leisure Park, but unit 1 remains unlet and has been since the investment was made. The multi-class credit fund has had periods of weak income yield which we are also keeping under review. As a whole, the portfolio remains well diversified in the face of current economic risks.

Actions

Consider relative allocation between different collective investment funds and in view of the updated CIPFA prudential code and inflation risks.
Consider outcome of new tenant negotiations at Cromwell Leisure Park.

Indicator 205: Amount of social value achieved

Return to Index

November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
TBC	↑	n/a	n/a	n/a

RAG Rating

In Development

Indicator Description

Social value achieved via purchasing and contractual arrangements.

Data is currently unavailable as there are no live contracts with social value embedded. Data will be collated via the Social Value Portal and internal mechanisms.

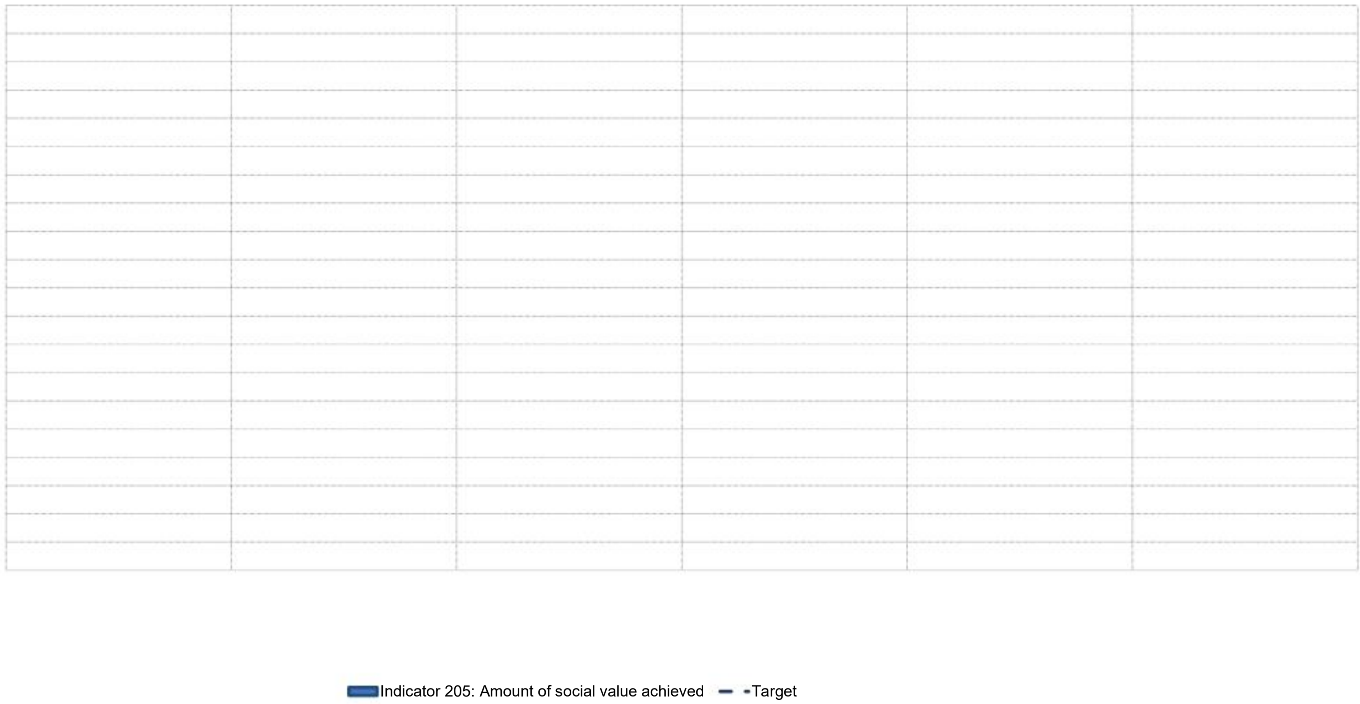
Target of £20,000 to be delivered during 2023/24, with that target rising by £5,000 in each of 2024/25 and 2025/26.

Useful Links

National TOMs Framework 2019 Guidance

Social Value Portal

Cambridgeshire Performance



Commentary

Actions

Indicator 206: Percentage of annual spend on purchased goods or services that is with suppliers that are based locally or who hire local people

Return to Index

November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
TBC	↑	n/a	n/a	n/a

RAG Rating

In Development

Indicator Description

Number and value of contracts awarded to businesses and third sector organisations in Cambridgeshire. A baseline for this will be set using 2022/23 data and this will also be used to establish a target for improvement. Data will be captured from the Contract Register using the supplier's registered address.

Target in development.

Useful Links

Cambridgeshire Performance

Commentary

Actions

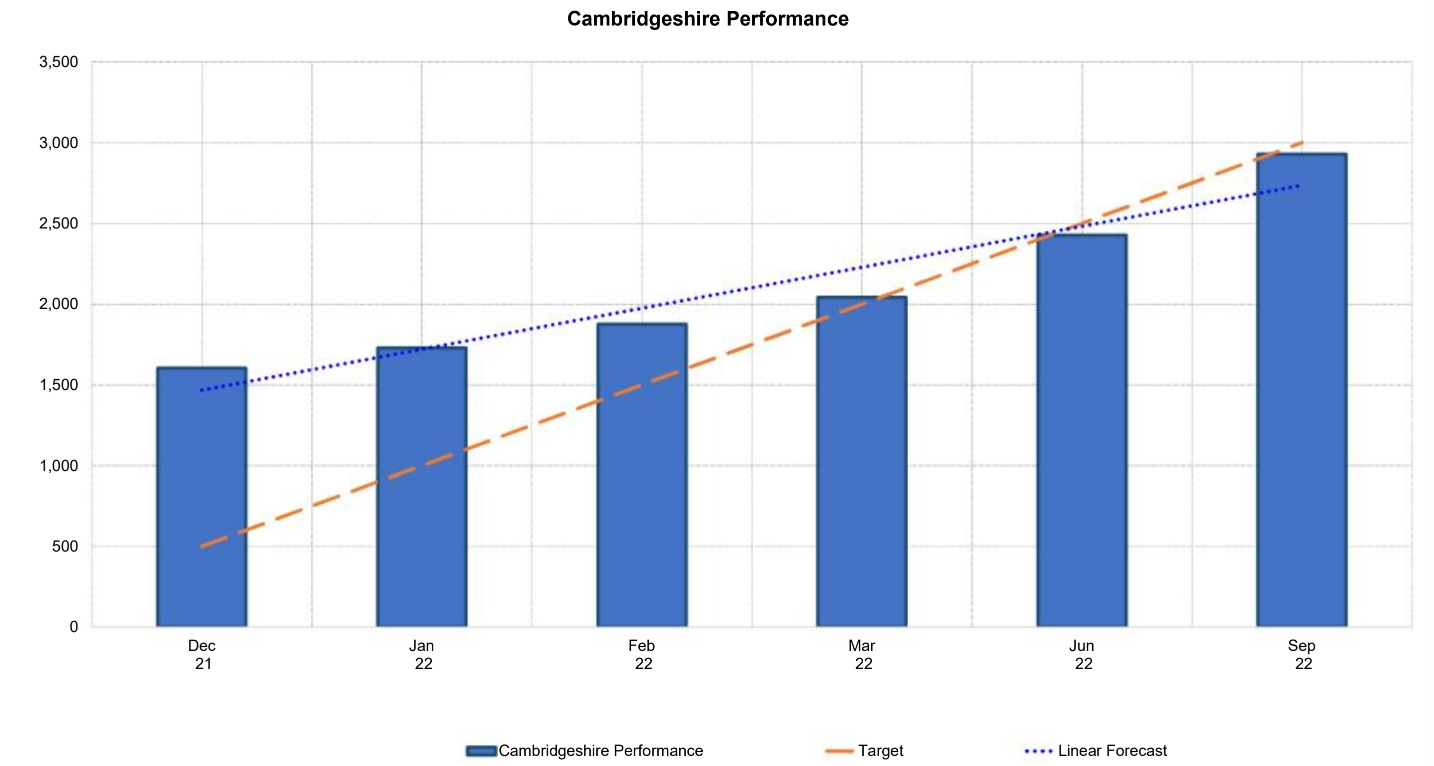
Indicator 212: number of staff who have completed Introduction to First Aid e-learning

Return to Index November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
3,000	↑	2,929	2,427	Improving

RAG Rating

Amber



Indicator Description

This indicator measures how many staff have completed the 'Introduction to first aid' eLearning course. This is a mandatory course to be completed every year, that will enable staff to have a basic understainding of first aid requirements whilst working in an agile way. Now we are starting to move back to the office all staff must have completed this course prior to working from the office as part of the Cambs 2020 programme.

Some staff do not need to complete the course as they may have already completed a more advanced course as part of their role within CCC (e.g. Reablement staff). This has informed the setting of a target of 3000 staff.

Commentary

The Introduction to first aid course was launched in October 2021. There is currently an upward trend due to it not previously being available.

Actions

Staff continue to complete the course with a monthly average of 244 completions each month. There is now 2,929 (97.6%) completion of the course against the KPI target of 3000 completions. The Health & Safety team continue to promote the course via the leadership team and the Service Health & Safety Meetings.

Indicator 213: FTE days lost to anxiety, mental health, depression and stress absence

Return to Index November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
TBC	↓	10,204	10,369	Improving

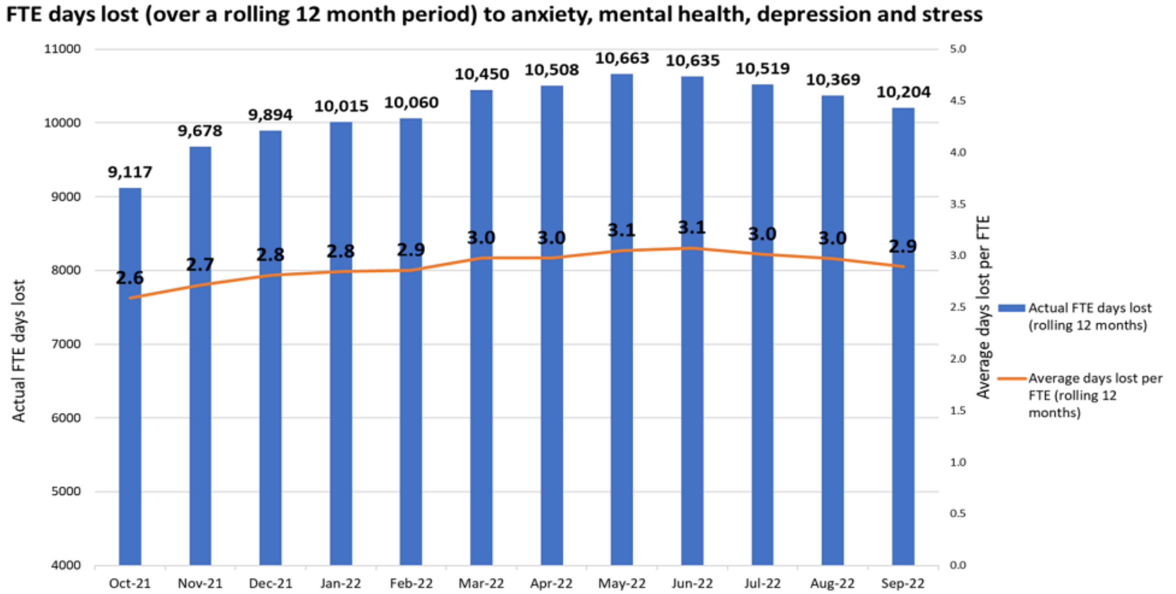
RAG Rating

Baseline

Indicator Description

The table shows a 12 month rolling absence for all CCC absence related to anxiety, mental health, depression and stress.

The actual full time equivalent (FTE) days lost is in blue. The orange line represents the average absence by FTE.



	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Actual FTE days lost (rolling 12 months)	9117	9678	9894	10015	10060	10450	10508	10663	10635	10519	10369	10204
Average days lost per FTE (rolling 12 months)	2.6	2.7	2.8	2.8	2.9	3.0	3.0	3.1	3.1	3.0	3.0	2.9

Wellbeing support

Support and interventions aimed at support for mental health and to reduce absence related to mental health conditions include:

Employee Assistance Programme (EAP)
Occupational Health
Access to Work/ Remploy
Stress MOT
Return to work meetings
Wellbeing Conversations and Wellness Action Plans
Phased return/reasonable adjustments/SARA
Mental Health First Aiders
Agile/flexible working options
Mental Health Awareness Training (procurement complete)
Wellbeing Hours, blogs and promotion of resources
Psychological support for social care teams via the ICS Hub

Commentary

The actual full time equivalent (FTE) days lost due to absence related to anxiety, mental health, depression and stress has increased during the year but we are beginning to see a decline. Anxiety mental health and depression is the top reason for long term absence (21days+) and the 6th for short term absence. Stress is the second top reason for long term absence.
Average absence by FTE related to anxiety, mental health, depression, and stress is beginning to decrease, however it is a rolling 12 month it will be important to monitor this metric over the coming months. As of September 2022, the average CCC employee has taken 2.9 days per year off due to anxiety, mental health, depression or stress.
Employee mental health is supported by the employee assistance scheme (EAP), which has seen a further increase in calls to the service in the period September 21- August 22 compared to September 20-August 21 a 41% increase in overall calls (696 calls in 21-22 vs 1,702 calls in 21-22).
Stress, Anxiety, low mood, depression, and stress made up 30% of all calls in 21-22, with a 56% increase in calls related to anxiety. The service continues to offer telephone and online counselling, and face to face counselling returned in this period with 112 sessions taken up.
Having accesses counselling, scores on measures for depression and anxiety improved by 50% and self-ratings for presenteeism, work engagement, life satisfaction and workplace distress all improved. 35.71% of those out of work at the start of therapy are back in work at the end of therapy.

Actions

We have worked with our partners in the Integrated Care System to offer a series of bespoke psychological support sessions to social care and public health services. as a means to support colleagues in light of the impact of the past 2 years. We are continuing to increase and promote our numbers of mental health first aiders and now have over 50 across the organisation. We have procured a new provider of mental health awareness sessions, which will be offered for all employees and managers. We have increased focus on resources to support financial wellbeing.

Indicator 214: Staff turnover (rolling 12 month average)

Return to Index | November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
TBC	↓	15.0%	15.4%	Improving

RAG Rating

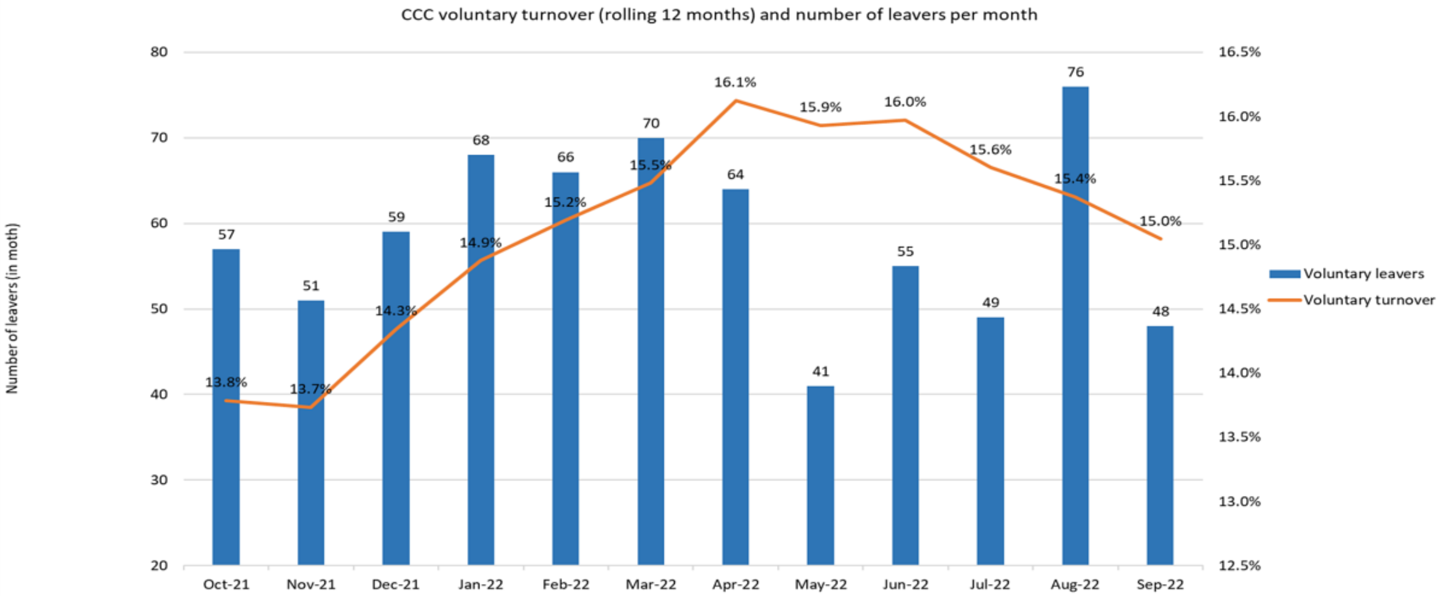
Baseline

Indicator Description

The orange line confirms the rolling 12 month average turnover which is calculated by number of voluntary leavers / average headcount over a 12 month period. The value for April 21 summarises the period May 20 - April 21.

In blue is the number of leavers for that month e.g. in April 21, 35 employees left employment with CCC. This is a count of voluntary leavers. If an employee is in two positions, both are counted in this number as they have left both roles.

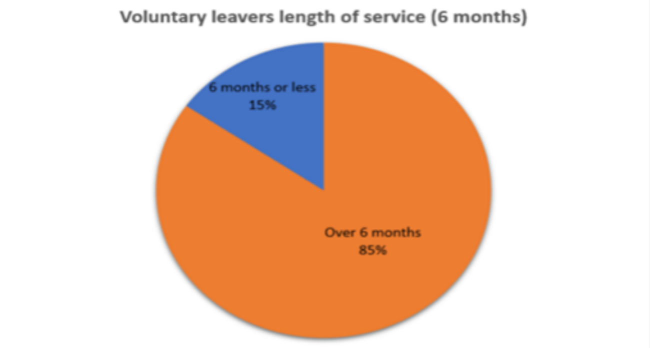
The target for this indicator is to be confirmed. The intention is to reduce turnover, specifically early attrition of people with less than 12 months' service. This KPI will be further developed to include a focus on measuring the early attrition of new starters with the aim of ensuring that our recruitment, onboarding and induction is good, and that people's experience is positive.



	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Voluntary leavers	57	51	59	68	66	70	64	41	55	49	76	48
Voluntary turnover	13.8%	13.7%	14.3%	14.9%	15.2%	15.5%	16.1%	15.9%	16.0%	15.6%	15.4%	15.0%

Turnover and Service

Of the total voluntary leavers for the rolling 12 months period ending 31 June 2022, 15% had 6 months or less service. The highest service is Adults and Safeguarding at 16.1%. The average length of service for voluntary leavers in the same period is 5.2 years (this reduces to 4.3 years when excluding those retiring)



Commentary

Turnover has been increasing over the last year (as is the case in most organisations), however we are starting to see a decline.

We are still seeing the affects of the pandemic restrictions roadmap as the data reflects a rolling 12 months. The last step in the roadmap, step 4 (July 21), should now become less significant in this rolling 12 month data set as time moves on.

Traditionally the month of August usually sees a higher number of leavers and August 2022 followed this trend. 30% of voluntary leavers were in Education leaving at the end of the school year, either due to retirement for resignation. In addition, almost of the voluntary leavers in August 2022 were in either Adult's or Children's.

Actions

HR Service have recruited a Retention Advisor who is actively involved in the Children's Workforce Programme project aimed at improving recruitment and retention of Social Workers in Childrens services. Exit interviews are being completed with a focus on Social Workers, Senior Practitioners and Team Managers, collating the data and presenting back to the board. The team are also in the process of setting up regular 'check ins' with new starters to ensure we capture and address any issues early on.

A similar process of exit interviews and closer monitoring is being completed in Adults Social Care too. Adults Social Care are experiencing high levels of turnover and are looking to widen the exit interviews offered to include Support Workers which account for a high % of leavers in the service. Retention payments are now being offered to teams facing the most challenge on retaining Social Workers and the progression panels have also been introduced.

Indicator 215: IT & Digital Services Remote Access Availibility

Return to Index November 2022

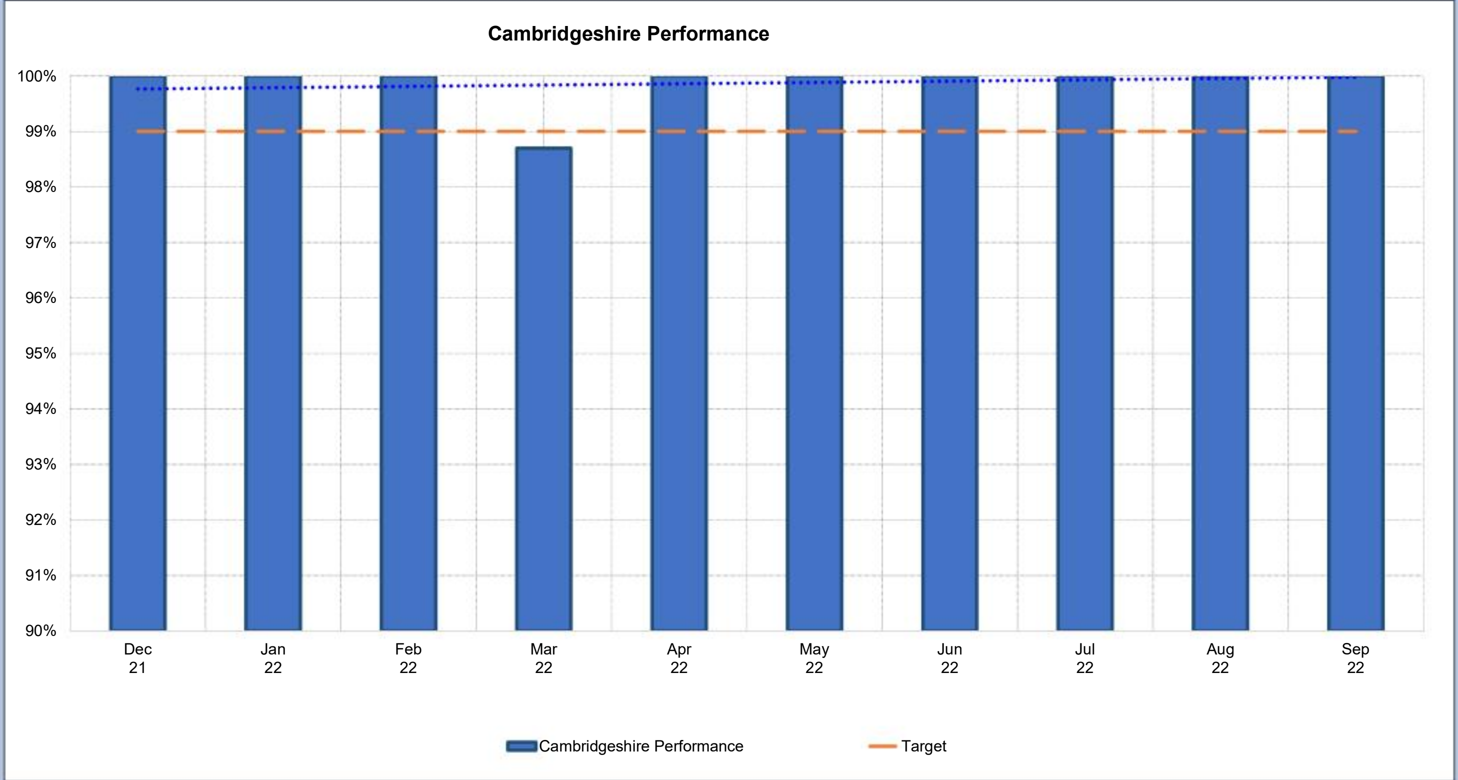
Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
99.0%	↑	100.0%	100.0%	Unchanged

RAG Rating

Green

Indicator Description

This relates to the availibility of remote access to the CCC network - excluding planned outages for maintenance



Commentary

There were no outages for remote access systems during Q2.

Actions

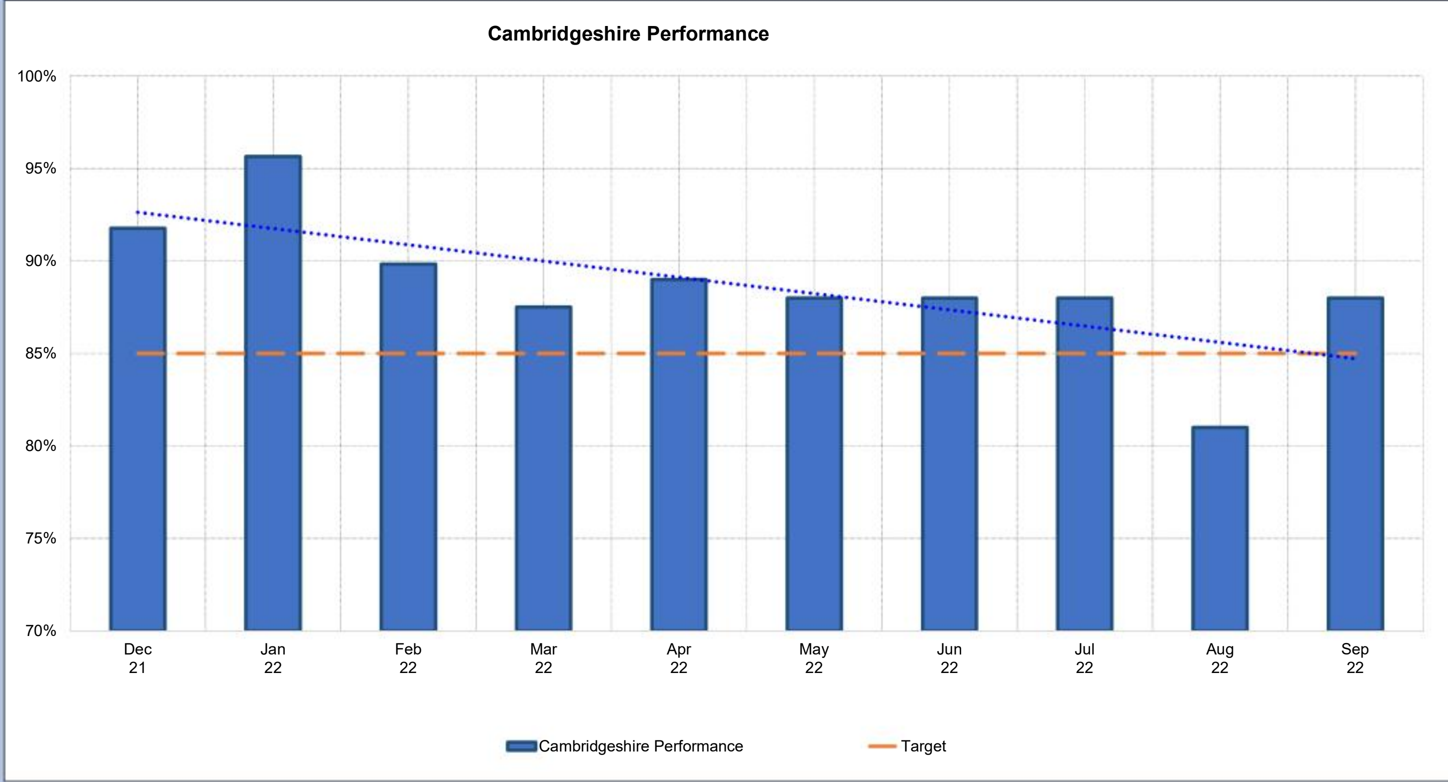
Indicator 216: IT & Digital Services Customer Perception Rating

Return to Index November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
85.0%	↑	88.0%	81.0%	Improving

RAG Rating

Green



Indicator Description

Once a call is resolved, the requestor receives an email asking them to complete a survey, they are asked to judge the service between 1-5 stars. This measure will take the % of submiting Excellent.

Commentary

Q2 2022-23 is the first full quarter where the new call logging system, Hornbill, has been in use and both customers and analysts have been adapting to it. It should also be noted that this figure reflects only 5 star ratings. For August, 4 star ratings made up 15% of the total.

Actions

Indicator 217: Website Quality Assurance Score

Return to Index

November 2022

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
89.1%	↑	95.0%	94.8%	Improving

RAG Rating

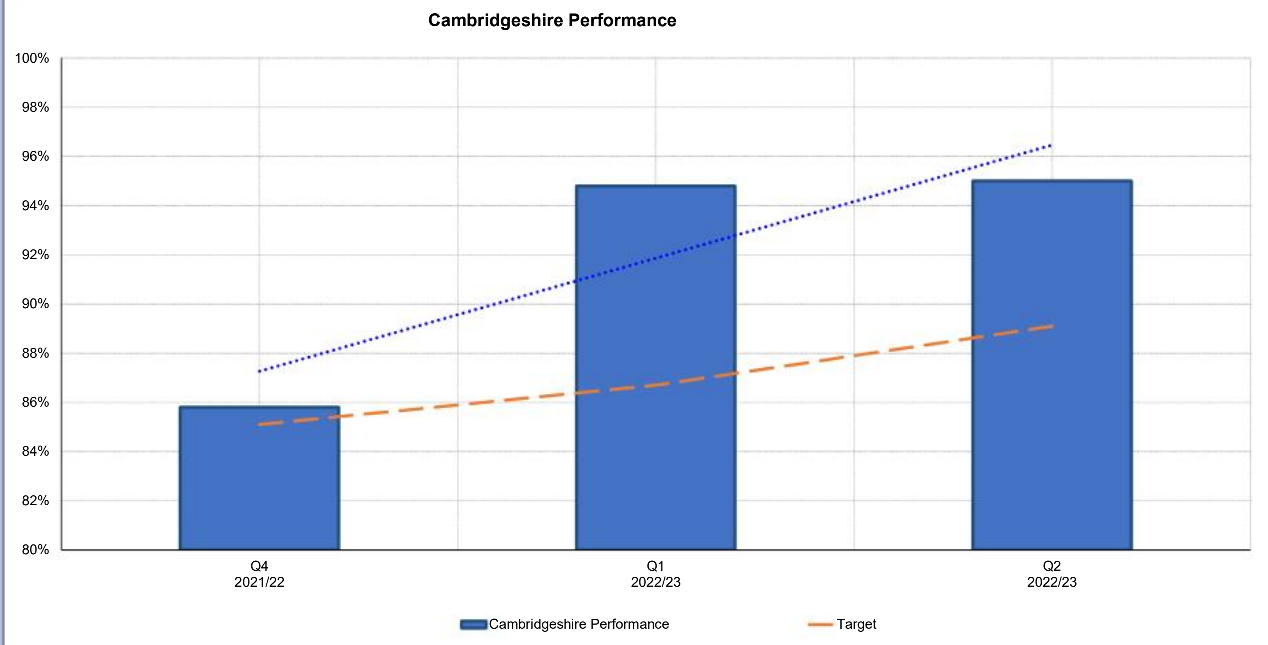
Blue

Indicator Description

Measures content quality, content freshness, security and user experience of CCC's main public website.

Reported data is an average of weekly scores for the last week in the reported month.

Target has been set to track at 7% above the industry benchmark score for Government.



Commentary

The graph shows the quality assurance of the County Council website compared to the target score (7% above the industry standard).

We have continued with our work to improve the quality of content on our website. We have focused on fixing broken links and improving the reading age of content on the website. These changes have resulted in a slight increase in the score for this period.

Actions

Target	Direction for Improvement	Current Month	Previous Month	Change in Performance
92.0%	↑	95.2%	92.7%	Improving

RAG Rating

Green

Indicator Description

Accessibility checks based on selected success criteria from the Web Content Accessibility Guidelines (WCAG), a legal international standard for accessibility. These checks cover common issues that affect a website's accessibility compliance.

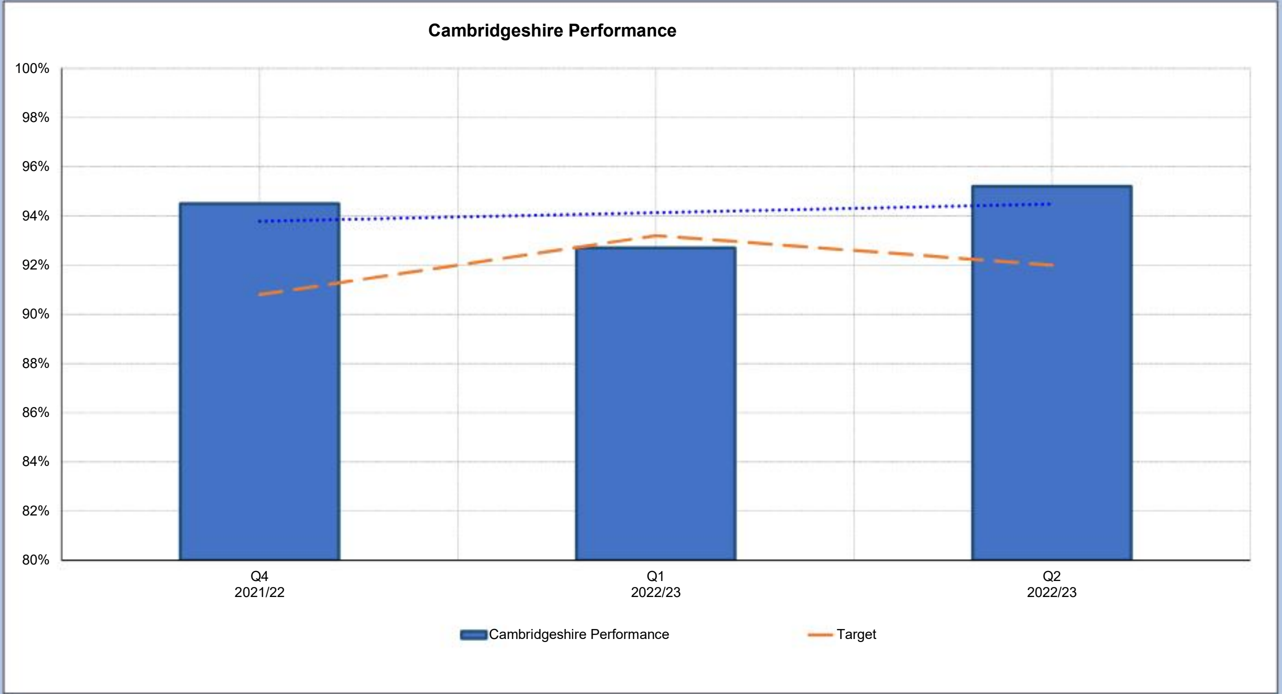
New regulations on accessibility came into force for public sector bodies in 2018 - https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps. We must make our website accessible by making it 'perceivable, operable, understandable and robust'.

The web team carryout weekly audits of the website to ensure the site is meeting the required accessiblity standards. All new content is htoroughly checked to make sure it is accessible and we are currently updated all legacy documents (PDFs) to make sure they meet the new standards. The team uses a number of resources to do this including our Website Content Playbook - https://www.cambridgeshire.gov.uk/website-content-playbook

We have also developed an Accessiblity E-Leanring course to enable all staff to understand hte accessibility reguations and make their own content accessible.

Reported data is an average of weekly scores in the reported time period.

The target has changed to a fixed score of 92%, from a score that tracked at 7% above the industry standard - see commentary for details.



Commentary

Note change of KPI target: The KPI target has been changed from tracking at 7% above the industry average to a fixed figure of 92%. We have changed it because the industry standard is likely to continue increasing, albeit at a slowing rate. It is anticipated that a figure of 92% will remain well above the industry standard for some time but we will continually keep track of the this. This change still represents a very high level of accessibility that is achievable to meet in the longer term.

We continue to achieve a very high level of accessibility for our website, well above the industry standard. We have focused on fixing some issues relating to zooming levels. This follows a recent random accessibility audit by the gov.uk Government Digital Services team. They highlighted a new zoom requirement that has now been addressed.

The work carried out this month has moved our score up from 92.7% to 95.2%.

Actions

Agenda Item No:8

Treasury Management Report – Quarter Two Update 2022-23

To:	Strategy & Resources Committee
Meeting Date:	16th December 2022
From:	Service Director: Finance & Procurement
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable
Outcome:	Through this report the Committee supervises the Council's treasury management, and ensures that public money across the Council's cashflows, borrowing and investments is utilised and deployed effectively and in compliance with the Treasury Management Strategy.
Recommendation:	The Strategy & Resources Committee is recommended to note the Treasury Management Quarter Two Report for 2022/23, and endorse it for consideration at Full Council

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1. Background

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2021 requires reporting on prudential indicators quarterly as part of the authority's integrated revenue, capital and balance sheet monitoring. This is therefore an opportunity to provide a more detailed review on a biannual basis.

1.2 Updates on treasury management activities are provided quarterly to this committee, either through the Integrated Finance Monitoring Report (IFMR) or through this more detailed biannual report, and are necessarily retrospective in describing the position at the end of a quarter. However, changes to the UK economy and corresponding implications for our treasury management activity can sometimes be fast paced, therefore some of the information relevant to this biannual report may be partially out of date by the time it is reported. Any significant live treasury management information is therefore presented on a regular basis to committee as part of the Integrated Finance Monitoring Reports.

1.3 As part of the Council's Treasury Management Strategy, implementing the requirements of the Prudential Code, the detailed treasury report needs to be considered by Full Council twice annually. The key prudential indicators against which our treasury management activity is assessed are reviewed quarterly by Strategy & Resources Committee though the IFMR and are set out in Appendix 1.

1.4 This report therefore forms the update on treasury management and is the first standalone report of 2022/23 for consideration by Council. The information presented is as at the end of the second quarter. The end of Quarter 2 occurred during the middle of the market reaction to the mini budget of Chancellor Kwasi Kwarteng, and since then we have undergone further market reaction, as well as a change of both Chancellor and Prime Minister. This has resulted in a reversal of many of the measures previously announced and an Autumn Statement that was intended to put the public finances onto a more balanced footing over the medium-term. As such, economic context and loan rate projections in this report have been minimised, with more emphasis on the underlying data about the Council's treasury management activity, as that is still very relevant.

2. Summary Treasury Management Position

2.1. The level of net debt borrowing (including third-party loans) set in the Treasury Management Strategy (TMS) for 31st March 2023 was £825.0m. On 1st April 2022, net debt (including 3rd party loans) was £665.7m; by 30th September 2022 this had reduced to £593.3m. This reflects a decrease in borrowing over the year, due to some loans maturing and not yet being refinanced, combined with slower spend on the Council's Capital Programme than was forecast, plus continuing high levels of cash reserves which have allowed the Council to maintain high levels of internal borrowing.

2.2 Further analysis on borrowing and investment is set out in the next two sections. A summary of the Council's debt and investment position is shown in Table 1.

Table 1: Net Borrowing Quarter 2 2022/23

Borrowings	Actual as at 1 April 2022 £m	Actual as at 30 Sept 2022 £m	Year-to-date change £m
Borrowing repayable in >12mth	724.3	664.4	-59.9
Borrowing repayable in <12mth	55.0	103.7	48.7
Total Borrowings	779.3	768.1	-11.2
Less Treasury Investment	-113.6	-174.8	-61.2
Total Net Debt/Borrowings (including 3rd party loans and equity)	665.7	593.3	-72.4
Less Third-Party Loans and Equity	-118.8	-118.6	0.1
Total Net Debt/Borrowings (excluding 3rd party loans and equity)	546.9	474.7	-72.3

2.3 Overall borrowing has decreased through the year to date, reflecting the Council's healthier than expected cash position caused in part by additional government grants and the profile of capital expenditure. Reflecting the increases in medium-/long-term borrowing rates during Quarter 2, the Council took out more short-term borrowing to minimise exposure to higher interest rates while the economic position remained uncertain. We are not currently projecting to need to take out any further borrowing until March or April 2023.

3. Investments

3.1 The Treasury Management Strategy for 2022/23, including the Annual Investment Strategy for financial assets, was approved by Council in February 2022. It sets out the Council's investment priorities as being:

1. Security of Capital;
2. Liquidity; and then
3. Yield

3.2 The Council will aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. As shown by the interest rate forecasts in Section 3, the Money Market Fund (MMF) & Call Account rates are continuing to increase, therefore the Council will receive a better return on short-term, laddered investment.

3.3 At 30th September 2022, the Council's investment balances totalled £174.8m; this is split between Money Market Funds, Call/Notice accounts, Collective Investment Funds & Deposit funds (see Table 2 below). This balance excludes Third-Party Loans and Share Capital.

Collective Investment Funds

3.4 Property Fund: At the end of Quarter 2, the capital value of the investment was £12.7m compared to an original investment value of £12m. The portfolio is actively managed in support of the objectives of providing a high income and capital appreciation over the long-term. Returns from UK commercial property moved from slowdown into reverse over Quarter 2. Rental income remained stable and continued to benefit from the normalisation of terms on leases which had been under special arrangements during the pandemic, but capital values began to decline. Higher interest rates and the expectation of further hikes are detrimental to property valuations – both because of reduced demand from debt-funded investors, and because the relative attractiveness of the income yield from property diminishes in the face of rising yields on fixed-income assets such as government and corporate bonds. The deterioration in property market conditions, precipitated by the recent sharp rise in bond yields, is likely to continue in the coming months. The higher interest rate environment has negative implications for the economic outlook and hence for rental income and growth. Further declines in capital valuations are anticipated for the remainder of 2022 and into 2023, as investor activity pauses reflecting greater caution and weaker sentiment, and until the scale of the risks become clearer. The dividend rate of return on the initial investment for Quarter 2 was 3.3%.

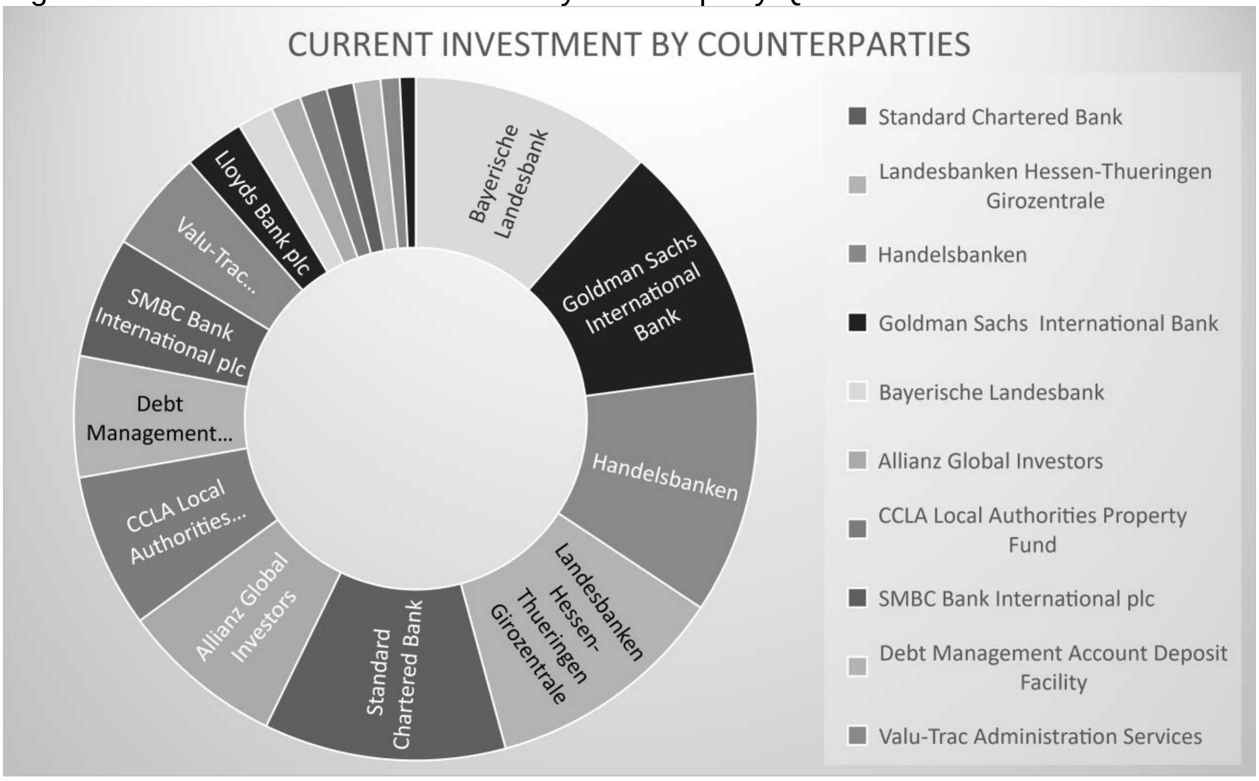
3.5 Diversified Income Fund: At the end of Quarter 2, the capital value of the investment was £2.2m compared to an original investment value of £2.5m. The investment objective of the fund is to provide income and the potential for capital growth from an actively managed diversified portfolio. The fund invests in a broad range of assets including fixed income securities and global equities and also less traditional exposures such as student accommodation and music royalties. The fund will maintain the portfolio's emphasis on real assets such as good quality equities and alternatives, with a cautious allocation to the fixed income sectors. The dividend rate of return on the initial investment for Quarter 2 was 3.7%, which is higher than budgeted.

3.6 Multi-Class Credit Fund: At the end of Quarter 2, the valuation of the CCC share of the fund stood at £13.5m compared to an original investment value of £14.5m. The fund aims to generate positive returns throughout the interest rate and economic cycles by allocating to different credit asset classes and through bottom-up security selection. To reduce the risk elements of the portfolio, the manager has reduced duration to 1.4 years and holds elevated levels of cash and US treasuries, which has reduced spread risk on the portfolio. The manager has also improved the underlying credit quality of the portfolio, with exposure to investment grade securities (BBB and higher) rising from just over 42% at the start of 2022 to just over 57% by the end of Quarter 2. Performance is likely to remain volatile throughout the rest of the year as uncertainties remain, however a higher yield environment should allow the fund to continue to maintain the desired income return whilst maintaining tighter risk controls than normal. It is worth noting that the fund size has decreased, meaning the Council makes up a larger part of the fund, a position which will be kept under review. The latest dividend rate of return on the initial investment was 2.5%, which is in line with expectation.

3.7 Infrastructure Income Fund: At the end of Quarter 2, the valuation of the CCC share of the fund stood at £8.4m, compared to an original investment value of £8m. The fund's objective is to deliver a regular income, targeted at 4.5% per annum, whilst preserving investor's capital throughout market cycles and with the potential for growth. The fund invests in a diversified portal of global listed securities and offers exposure to companies engaged in the provision, storage, supply and consumption of clean energy. The fund recorded new highs during the quarter, only to see all gains eradicated in the final weeks of September. The threat of higher interest rates and risk of recession has inevitably seen capital being withdrawn from risk assets. Whilst the fund is diversified, the UK remains a core exposure; as such, the announcement of a revenue cap from January 2023 for electricity generators has created some uncertainty. However, the anticipated value of the cap is such that the actual impact on valuations is likely to prove modest. The fund entered this period of volatility with a high cash balance and has been employing aggressive capital deployment to take advantage of recent market declines. The fund does not anticipate disruption to dividend distributions over the remainder of the year and is targeting a higher absolute full-year payout when compared with 2021. The dividend rate of return on the initial investment for Quarter 2 was 3.9%.

3.8 The average investment balance during Quarter 2 (excluding Third-Party Loans and equity) was £156.7m, which carried a weighted average rate of 1.6%. The level of investment funds varies dependent on the timing of precept receipts, grants, the progress of the capital programme and decisions made about timing of borrowing. Figure 1 below shows the investment by counterparty at 30th September 2022.

Figure 1: CCC Investments allocation by Counterparty Quarter 2 2022/23



3.9 The table below summarises the maturity profile of the Council's investment portfolio at the end of Quarter 2 (excluding Third-Party Loans):

Table 2: Investment maturity profile at end of Quarter 2 2022/23

		Maturity Period					
		0d	0-3m	3-6m	~5yrs	Total	
Product	Access Type	£m	£m	£m	£m	£m	%
Money Market Funds	Same-Day	6.0				**6.0**	*3.5*
Bank Call Account	Instant Access	26.8				**26.8**	*15.3*
Fixed Deposit Account	3-6 Months FD		10.0	95.0		**105.0**	*60.1*
Pooled Property Fund	Redemption Period Applies				12.7	**12.7**	*7.3*
Pooled Diversified Income Fund	Redemption – two days				2.2	**2.2**	*1.3*
Pooled Multi-class credit Fund	Redemption Period Applies				13.5	**13.5**	*7.7*
Income Fund (Energy)	Redemption Period Applies				8.4	**8.4**	*4.8*
	Total	**32.9**	**10.0**	**95.0**	**36.9**	**174.8**	***100.0***
	%	*18.8*	*5.7*	*54.3*	*21.1*	***100.0***	

3.10 The tables below set out details of the amounts outstanding on loans and share capital investments classed as capital expenditure advanced to third-party organisations at the end of Quarter 2:

Table 3: Loans/Equity holdings in This Land companies end of Quarter 2 2022/23

Loan Summary	Amount Outstanding (£m)	Repayment Year
Land, Construction & Development loans	113.851	2026/27, 2027/28 and 2028/29
Equity holding	5.851	N/A
Total Loans/Equity in This Land Ltd	119.702	

Table 4: Loans/Equity holdings in Pathfinder Legal Services end of Quarter 2 2022/23

Loan Summary	Original Amount (£m)	Amount Outstanding (£m)	Repayment Year
Cashflow loan	0.325	0.325	2029/30
Equity holding	0.475	0.475	-
Total Loans/Equity in Pathfinder Legal Services	0.800	0.800	

Table 5: Third-Party Loans Principal Outstanding end of Quarter 2 2022

Loan Counterparty	Original Amount (£m)	Amount Outstanding (£m)	Repayment Year
Arthur Rank Hospice Charity	4.000	3.200	2042/43
Estover Playing Field 2015 CIC (Guaranteed by March Town Council)	0.350	0.134	2024/25
Wisbech Town Council	0.150	0.150	2043/44
VIVA Arts & Community Group	0.300	0.032	2031/32
Total Third-Party Loans	4.800	3.516	

3.11 Investment returns compared to benchmark returns are shown in Table 6 below. The preferred benchmark is SONIA (Sterling Overnight Index Average), which is the risk-free rate for sterling markets administered by the Bank of England. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. The Council uses the 30-day backward looking rate on a SONIA basis, as this most accurately reflects the type and length of investments (excluding Collective Investment Funds) that the Council holds. The decision to use backward looking is because this reflects the rates at the time of decision-making, rather than forward looking rates at the time of reporting.

Table 6: Average Benchmark versus Council Performance for Quarter 2 2022/23 (excluding Collective Investment Funds)

	Benchmark	Benchmark Return	Council Performance
Quarter 1	**30-day backward SONIA**	0.89%	0.84%
Quarter 2	**30-day backward SONIA**	1.22%	1.61%
For the Year	**30-day backward SONIA**	**1.06%**	**1.31%**

3.12 Leaving market conditions aside, the Council's return on investments is influenced by several factors, the largest contributors being the duration of investments and the credit quality of the institution or instrument:

- Credit risk is the consideration of the likelihood of default and is controlled through the creditworthiness policy approved by Council.
- The duration of an investment introduces liquidity risk; the risk that funds cannot be accessed when required.
- Interest rate risk, arising from fluctuating market interest rates.

These factors and associated risks are actively managed by the Council's Finance team. Given the recent volatility of the financial markets, the finance team is keeping a close eye on the credit ratings of institutions we have deposits with, as well as looking to spread deposits across a range of institutions, and is also considering the mix of type and duration of deposits.

4. Borrowing

4.1 The Council can raise cash through borrowing to fund expenditure on its capital programme for the benefit of Cambridgeshire. The amount of new borrowing needed each year is determined by capital expenditure plans and projections of the Capital Financing Requirement, underlying borrowing requirement, forecast cash-backed reserves and both current and forecast economic conditions.

4.2 The Council will continue to utilise short to medium-term borrowing from other local authorities and authorised brokers, particularly in the current environment. In the medium to longer-term, once rates have peaked and eventually start to dip, we will also consider PWLB, particularly if longer-term borrowing is required. The Council intends to continue with the strategy of keeping a reasonable proportion of the borrowing portfolio short-dated to take advantage of lower rates, and is able to do so having taken advantage of the low-interest rate environment of the last few years to extend the average duration of loans in the portfolio by fixing loans for extended maturities at historically low levels. As a result, the Council's overall average interest rate for borrowing is low at around 2.3% for Quarter 2, despite incurring higher rates on some historic debt.

4.3 In Quarter 2, the Council repaid on maturity a total of £26.2m, of which £10.0m was short-term loans from other local authorities and £16.2m was longer-term loans from other local authorities and PWLB. Loans raised during Quarter 2 amounted to £50.0m from other local authorities; this was all medium-term borrowing.

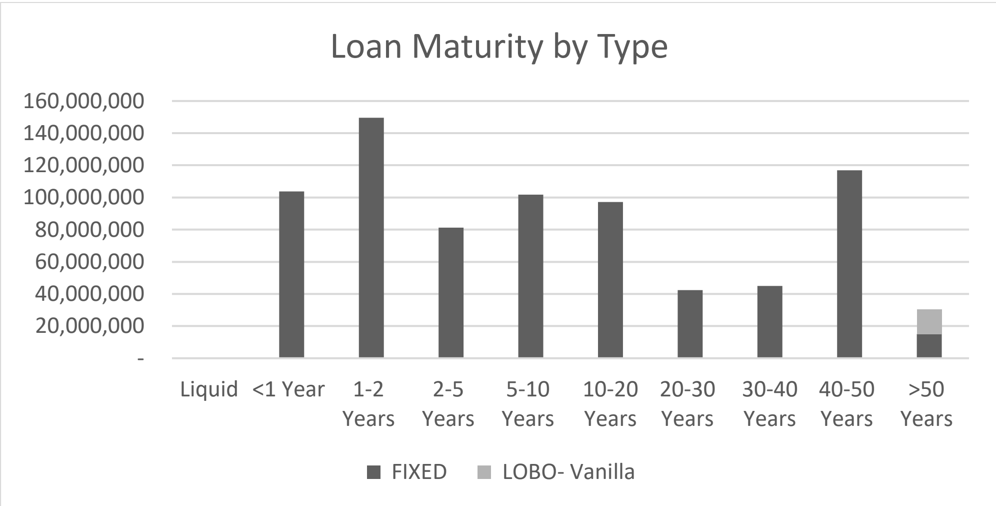
4.4 At the end of Quarter 2, the Council held £768.1m of borrowing of which £35.0m was short-term borrowing that matures in less than 1 year from date of issue. The Council continues to be able to re-finance loans as required, albeit now at higher rates than the maturity loan in the case of short-term loans. Refinancing of maturing PWLB loans is still possible at a lower rate, as some of these older loans were fixed at a time of higher interest rates.

4.5 Table 7 overleaf sets out the maturity profile of the Council's borrowing portfolio at the end of Quarter 2; £453.6m is held with the PWLB, £254.0m from other local authorities, £45.0m in market loans and £15.5m is a single market Lender Option Borrower Option (LOBO) loan. Of the £768.1m of borrowing, £103.7m (including both short-term and longer-term loans) will mature in less than 1 year, therefore potentially requiring refinancing.

Table 7: Loan Maturity Profile (Closing) – Quarter 2 2022/23

Term remaining	Borrowing £m	Borrowing %
< 1 Year	103.7	13.5
1 - 2 years	149.5	19.5
2 - 5 years	81.2	10.6
5 - 10 years	101.7	13.2
10 - 20 years	97.2	12.7
20 - 30 years	42.3	5.5
30 - 40 years	45.0	5.8
40 - 50 years	117.0	15.2
> 50 years	30.5	4.0
Total	768.1	100.0

Figure 2: Loan Maturities by Type (Closing) – Quarter 2 2022/23



4.6 The market LOBO loan is included in Table 7 at final maturity rather than next potential call date. In the current environment, the likelihood of the lender exercising their option to increase the interest rate on this loan – and so triggering the Council's option to repayment at par – has increased compared to previous years due to rising rates, but is still considered to be low.

4.7 The Council is in an internally borrowed cash position and balances will need to be replenished at some point in the future (subject to expenditure demands), which is in accordance with our Treasury Management Strategy. This strategy is prudent while investment returns are lower than the cost of servicing debt and also serves to mitigate counterparty risk. The Council therefore plans to maintain this internal borrowing position but will closely monitor those reserves, balances and cashflows supporting this approach.

4.8 No borrowing rescheduling was undertaken during Quarter 2. Rescheduling opportunities are limited based on the Council’s loan portfolio. For PWLB loans, due to the spread between the carrying rate of existing borrowing and early redemption rates, substantial exit (premium) costs would be incurred. For market borrowing, the lender uses the certainty of the loans cashflow profile to hedge against forecast interest rate movements and so would pass the cost of unwinding these instruments onto the Council as an exit (premium) cost. Officers continue to monitor the position regularly.

5. Compliance with Treasury and Prudential Limits

5.1 The Council’s treasury and prudential indicators are shown in Appendix 1.

5.2 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30th September 2022, the Council has operated within the treasury and prudential indicators set out in the Council’s Treasury Management Strategy for 2022/23.

5.3 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

6. Debt Financing Budget

6.1 The debt financing budget is held as a central budget within Finance & Resources, and complies with the reporting requirement in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Treasury Management Practice. The current forecast outturn position is an underspend of £2.3m, summarised in Table 8 below.

Table 8: Debt Financing Budget Forecast Outturn 2022/23

	Budget (£m)	Forecast Outturn (£m)	Variance (£m)
Interest payable	19.687	18.692	(0.995)
Interest payable charged to Other Funds	(6.632)	(6.275)	0.087
Interest receivable	(10.338)	(11.947)	(1.609)
Interest receivable charged from Other Funds	10.274	11.297	1.023
Capitalisation of interest cost	(1.433)	(1.373)	0.061
Technical & Other	0.440	0.440	0.000
MRP	21.006	20.161	(0.846)
Total	33.275	30.995	(2.280)

6.2 The underspend is comprised of the following elements:

- Following a review of cashflow forecasts and borrowing requirements, the interest payable forecast has been revised giving a forecast net £847k underspend. Whilst the cost of taking out PWLB borrowing has been significantly higher over this financial year due to rising interest rates, the Council has instead taken advantage of lower rates on shorter-term Local Authority borrowing when refinancing existing loans, as well as taking the opportunity to fix deals several months in advance to lock in lower rates. The cashflow position has been such that the Council is now forecasting to require less borrowing by the end of the financial year; as a result, some maturing loans will not need to be refinanced. The cashflow position will continue to be monitored closely over the remaining months of the year and levels of borrowing will be adjusted accordingly.
- The forecast interest receivable is a net £588k over achievement of income, primarily due to the effect of increased interest rates on our short-term investment income.
- The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the MRP). Following analysis of capital schemes completed in 2021/22 and how they were funded, the MRP payment for 2022/23 has been recalculated and the forecast year-end position is £846k lower than budgeted.

7. Economic Position in September 2022

7.1 The second quarter of 2022/23 saw:

- Gross Domestic Product (GDP) in Quarter 1 revised upwards to 0.2% quarter on quarter from -0.1%, which meant the UK economy avoided recession for the time being.
- Signs of economic activity losing momentum as production fell due to rising energy prices.
- Consumer Price Index (CPI) inflation easing to 9.9% year on year in August, but domestic price pressures showed little sign of abating in the near-term.
- The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply.
- The Bank Rate rise by 100 basis points over the quarter, taking the rate to 2.25% with further rises to come.
- Gilt yields surge and sterling fall following the mini-budget in September 2022

An updated economic position was presented by Chancellor Jeremy Hunt in his Autumn Statement in November 2022. Whilst this is after the period relevant to this report, the accompanying economic projections by the Office of Budgetary Responsibility set out the revised economic outlook that will be the backdrop to the future treasury management position.

8. Interest Rate Forecast

8.1 The market uncertainty in quarter 2 resulted in significantly increased borrowing rates offered by the Public Works Loans Board and other lenders. Following the September mini budget, there was a broad sell-off of sovereign bonds and a resulting tightening of interest rates by the Bank of England. The tables below compare the PWLB rates offered in September as compared to June 2022 alongside the projected bank rate.

Interest Rate Forecast (%) September 2022

Link Group Interest Rate View	27.09.2022											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Bank Rates	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 months average earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 months average earnings	4.70	4.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 months average earnings	5.30	4.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 years PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 years PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
Bank Rates	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	2.40
50 years PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

Interest Rate Forecast (%) June 2022

Link Group Interest Rate View	21.06.2022										
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Bank Rates	2.25	2.75	2.75	2.75	2.75	2.50	2.5	2.25	2.25	2.25	2.25
3 months average earnings	2.50	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20	2.20
6 months average earnings	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 months average earnings	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 years PWLB	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 years PWLB	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 years PWLB	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 years PWLB	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00

8.2 While the policies of the mini budget were mostly reversed by Jeremy Hunt, interest rates faced by the Council for borrowing remain higher than they were in June 2022. This has caused a rising capital financing budget to be required in future years for borrowing that will fund our capital programme.

9. Alignment with Corporate Priorities

9.1 Environment and Sustainability

There are no significant implications for this priority.

9.2 Health and Care

There are no significant implications for this priority.

9.3 Places and Communities

There are no significant implications for this priority.

9.4 Children and Young People

There are no significant implications for this priority.

9.5 Transport

There are no significant implications for this priority.

10. Significant Implications

10.1 Resource Implications

This report provides information on performance against the Treasury Management Strategy. Decisions on treasury management, which are driven by the capital programme and the Council's overall financial position, will impact the Debt Charges Budget and are also reported through the Budget Monitoring process.

10.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for this category.

10.3 Statutory, Legal and Risk Implications

The Council continues to operate within the statutory requirements for borrowing and investments. Further details can be found within Appendix 1.

10.4 Equality and Diversity Implications

There are no significant implications for this category.

10.5 Engagement and Communications Implications

There are no significant implications for this category.

10.6 Localism and Local Member Involvement

There are no significant implications for this category.

10.7 Public Health Implications

There are no significant implications for this category.

11. Source documents

11.1 None

Appendix 1: Treasury and Prudential Indicators Quarter 2

Treasury / Prudential Indicator	**2022/23 Indicator**	**2022/23 Quarter 2**
Authorised limit for external debt (Inc' loans raised to on-lend to Housing & Investment Company)	-----£1,067.0m-----	
Operational boundary for external debt (Inc' loans raised to on-lend to Housing & Investment Company)	----- £1,037.0m-----	
Total Borrowing – Quarter 2	--------£768.1m------	
Capital Financing Requirement (CFR) *[Excluding PFI and Finance Lease Liabilities]*	£1,006.2m	£957.8m^
Ratio of financing costs to net revenue streams – yearly average	8.9%	4.0%
Upper limit of fixed interest rates based on net debt*	150%	111%
Upper limit of variable interest rates based on net debt*	65%	-11%
Principal sums invested over 365 days (excluding Third-Party Loans)	£50.0m	£36.9m
Maturity structure of borrowing limits**: -		
Under 12 months	Max. 80% Min. 0%	13.5%
12 months to 2 years	Max. 50% Min. 0%	19.5%
2 years to 5 years	Max. 50% Min. 0%	10.6%
5 years to 10 years	Max. 50% Min. 0%	13.2%
10 years and above	Max. 100% Min. 0%	43.2%

^ Estimated – this will be updated once the Statement of Accounts position has been finalised

*The interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation exposures could be greater than 100% or below zero (i.e., negative) depending on the component parts of the formula.

**The Treasury Management Code of Practice guidance notes requires that maturity is determined by the earliest date on which the lender can trigger repayment, which in the case of LOBO loans is the next break/call point. This approach differs to Table 7 at paragraph 4.5 above, which instead shows the Council's LOBO loan at maturity date as the likelihood of the option being exercised is low.

Agenda Item No.9

Strategy and Resources Committee Agenda Plan

Notes

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.

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
26/01/23	Integrated Finance Management Report for the Period Ending 30th November 2022	R Barnes	2023/003	16/01/23	18/01/23
	Business Plan*	T Kelly	Not applicable		
	Children's Social Care IT System Procurement	N Curley C Stromberg	2023/007		
	Waste Management PFI Finance and Implications Update+ (Confidential item)	A Smith	2023/015		
	Electricity procurement for 2024-28	S Wilkinson	2023/012		
	Pavement parking pilot scheme	S Hansen	Not applicable		
28/03/23	Integrated Finance Management Report for the Period Ending 31st January 2023	R Barnes	2023/002	15/03/23	20/03/23
	Corporate Risk Register	S Grace	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Corporate Services Performance Report Quarter 3	T Barden	Not applicable		
	CUSPE - How can the Council create and support sustainable jobs in Cambridgeshire?	P Kilkelly	Not applicable		
	Microsoft ESA re-procurement	S Smith	2023/023		
	IT & Digital Strategy	S Smith	2023/008		
	Network Service Procurement	S Smith	2023/033		
	Disposal of Former Mill Road Library, Cambridge	T Cooper	2023/017		
23/05/23 Reserve date				10/05/23	15/05/23
11/07/23	Integrated Finance Management Report for the Period Ending 31st May 2023	R Barnes	2023/019	28/06/23	03/07/23
	Corporate Services Performance Report – Quarter 4	T Barden	Not applicable		
	Treasury Management Report – Quarter 4*	E Tod	Not applicable		
26/09/23 Reserve date	Integrated Finance Management Report for the Period Ending 31st July 2023	R Barnes	2023/020	13/09/23	18/09/23
	Corporate Business Planning Strategies – Strategic Framework	S Grace			
	Corporate Risk Register	N Hunter			
31/10/23	Integrated Finance Management Report for the Period Ending 31st August 2023	R Barnes	2023/021	18/10/23	23/10/23
	Business Planning Update for 2024-29	T Kelly			
	Corporate Services Performance Report – Quarter 1	T King			

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
19/12/23	Integrated Finance Management Report for the Period Ending 31st October 2023	R Barnes	2023/022	06/12/23	11/12/23
	Business Planning Proposals for 2024-29	T Kelly	Not applicable		
	Corporate Services Performance Report Quarter 2	T Barden	Not applicable		
	Treasury Management Report – Quarter 2*	E Tod	Not applicable		
	Property Management Solution	S Smith	2023/024		
30/01/24	Integrated Finance Management Report for the Period Ending 30th November 2023	R Barnes	2024/001	17/01/24	22/01/24
	Business Plan*	T Kelly	Not applicable		
26/03/24	Integrated Finance Management Report for the Period Ending 31st January 2024	R Barnes	2024/002	13/03/24	18/03/24
07/05/24 Reserve date				24/04/24	26/04/24

Please contact Democratic Services democraticservices@cambridgeshire.gov.uk if you require this information in a more accessible format

Future items to be programmed:

Eastnet procurement – 2025

STRATEGY AND RESOURCES COMMITTEE TRAINING PLAN	The Training Plan below includes topic areas for S&R approval. Following sign-off by 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.	Link Treasury Management	Local Government Finance – Third session as part of Members' Induction Programme		November 2021	Tom Kelly	Virtual	Cllrs Bulat, Corney, Coutts, Kindersley, S King, McDonald, Milnes, Murphy, Shailer, Sharp, Taylor, Thompson, van de Ven & Whelan	14	Not applicable
2.	Performance Management training and case study research	In response to recommendations from the Peer Review and an internal audit. Members will be involved in reviewing and revising Key Performance Indicators that will be reported to Policy and Service Committees.		3 February 2022	Tom Barden	One hour session with PowerPoint presentation and live polls	All Members	18	Not applicable

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
3.	Strategic Framework Workshop	This will inform the business planning process		8 November 2022	S Grace T Kelly	Just over an hour on Teams	Cllrs Beckett, Costello, Count, Criswell, Dupré Gough, Howitt Murphy, Nethsingha, Rae, Sanderson Shailer, Sharp Wilson	14	Not applicable

To be programmed:

Social value in Procurement