

Agenda Item No: 6**COMMUNITIES AND PARTNERSHIPS COMMITTEE REVIEW OF DRAFT
REVENUE AND CAPITAL BUSINESS PLANNING PROPOSALS FOR 2018-19 TO
2022-23**

To: Communities and Partnerships Committee

Meeting Date: 21st December 2017

From: Adrian Chapman: Service Director: Communities and Safety

Electoral division(s): All

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

Purpose: This report provides the Committee with an overview of the latest position in the development of the Council's Business Plan for 2018/19 to 2022/23 and describes the role the Committee has in supporting delivery of revenue and capital proposals across the organisation.

Recommendation:

- a) It is requested that Communities and Partnerships Committee note and comment on the updated overview and context provided for the 2018/19 to 2022/23 Business Plan and the progress made in the development of proposals
- b) It is requested that the Committee discusses and comments on its growing role in supporting delivery of revenue and capital proposals across the organisation – and the next steps to take this agenda forward

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|--|---|
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1. PURPOSE AND BACKGROUND

- 1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the outcomes we want for people. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue budget, with a focus on those which are relevant to this Committee. The report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue and capital proposals in line with new savings targets.
- 1.2 In developing our plan we are responding to a combination of cost increases and reduced Government funding which mean we have to make our resources work harder than ever before. To balance the budget whilst still delivering for communities we need to identify savings or additional income of £37.9m for 2018-19, and totalling £101m across the full five years of the Business Plan.

2. FINANCIAL OVERVIEW UPDATE

- 2.1 In October, Committees received information about emerging draft proposals to respond to this challenge – at that point we had identified 85% of the savings required and the remaining budget gap for 2018/19 was £5,450k. More substantial gaps existed for the later years of the business plan.
- 2.2 Since October, work on the business plan has continued with a focus on:
 - Developing new proposals to feed into the pipeline
 - Further exploring the existing schemes, refining the business cases and seeking to push schemes further wherever possible
 - Identifying mitigation measures for the identified pressures – aiming to minimise their impact on the savings requirement for the organisation
 - Updating funding projections based on the latest available information to provide a current picture of the total resource available to the Council.
- 2.3 We are continuing as an authority to explore every avenue to identify further efficiency or to bring in more funding to the local economy and public sector. In particular:
 - We are driving forward our Fairer Funding Campaign – arguing for Cambridgeshire to receive a higher and fairer allocation of national funding for education, social care and a range of other services
 - We are applying to be a pilot area for the Government's Business Rates Retention Scheme – which would allow us to reinvest the output of local business growth in local public services and infrastructure
 - We are deepening public service reform across our partnership of organisations. We are working closely with the Combined Authority on the Public Service Reform Agenda and strengthening the partnership with Peterborough City Council exploring further arrangements for shared and integrated services. There are already a number of shared roles and

functions across the two Councils and there are likely to be further opportunities for reducing cost and improving outcomes through sharing expertise and services.

- We are driving forward major change initiatives – for example the Adults Positive Challenge Programme which is reviewing every aspect of our adult social care model and supporting us to develop a new approach which will be sustainable in the face of growing demand
- We have established a programme of Outcome Focused Reviews re-examining how we meet our outcomes by looking at what we do, why we do it, and how we do it. This approach offers us the chance to think creatively about our relationship with the people of Cambridgeshire and to consider working in entirely different ways.

2.4 However the number and scale of the pressures on the organisation which are not directly controllable continues to increase. In addition to the ongoing reductions in grant from Government, we continue to see demand for services and in particular the most vulnerable increasing significantly. As a result of this picture, a number of new pressures on the business have been identified and some of the existing pressures in demand-led budgets have worsened since the position reported to Committees in October.

2.5 In Children's Services the key pressure is emerging from numbers of children in care which have been rising nationally over recent years, with a particular spike in the last financial year observed across the majority of local authorities in England. This has also been true in Cambridgeshire creating significant pressure on budgets for care placements. Our rate of children in care is now higher than the average for our statistical neighbours – in effect we have 90 more children in care than we would if the rate were at the average for an authority of our type. The demand for placements far outstrips the current availability of foster carers with our in-house service meaning we are reliant on more costly independent agencies – further exacerbating the financial impact. A transformation proposal is included in the business plan to respond to this – reducing numbers over time and also changing the mix of placements - but will take time to impact and so for 2018/19 we are now projecting the need for an additional investment in the Looked After Children (LAC) placements budget.

2.6 In Adults Services the context for the demand picture is ever increasing numbers of older people in the County. The population of over 85s has risen nearly 20% since 2011 and is projected to increase even more quickly in the coming period. We have been successful through early help in constraining this demand and reducing the proportion of over 85s in service, but the demographics are significant and the acuity of need is rising amongst those who are in services. As a consequence the whole health and social care system (nationally and locally) is under very significant strain. In particular Cambridgeshire hospitals are receiving admissions for more and more older people which is then translating into more and more pressure on the hospital discharge pathway for social care. Rightly, our focus is on ensuring that we provide care for these people and alleviate the pressure on our hospital partners. We have invested significantly in the discharge pathway and intermediate tier care and have succeeded in significantly reducing the number of delayed transfers of care (DTOCs). However this is having a considerable financial impact – with the much higher number of new and sizeable care packages being agreed for people leaving hospital showing as

an additional pressure on care budgets. The other significant area of pressure in adults relates to learning disability where we continue to see greater complexity of needs and people living into later life and so requiring care for longer. As we move into the winter period there are emerging and potentially growing areas of pressure with the potential to widen the savings challenge presented below.

- 2.7 The table below provides a summary of the various material (£100k or greater) changes since October in the overall business planning position for 2018/19. It reflects both the positive impact of the new proposals and transformation agenda and the growing pressures we face as a sector. As shown the level of unidentified savings has reduced by £2,808k overall but still remains at £2,738k. Work to identify and work up further ideas to fill the gap is ongoing and the pressures emerging are still under review as we monitor the trends and develop mitigating strategies. In January we will provide Committees with updated information so that they can make final recommendations to Full Council about the level of pressure, mitigations and savings.

| Description | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Remaining Unidentified Savings at October Committees | -5,450 | -19,074 | -17,652 | -3,080 | -5,660 |
| Supported Housing Commissioning Review | 1,000 | - | - | - | - |
| Continuation of Client Financial Re-assessment programme | 412 | - | - | - | - |
| Increasing savings/income from property and facilities | 100 | - | - | - | - |
| Efficiencies in procurement spend under £100k – new frameworks | 100 | - | - | - | - |
| Delivering greater impact for troubled families income generation | 150 | - | - | -150 | - |
| Identification of later years saving targets within P&C (business cases in development) | - | 3,000 | 4,250 | - | - |
| Identification of later years saving targets within Corporate services (business cases in development) | - | 3,550 | 1,800 | - | - |
| Review of Adults fair cost of care pressures in years 2 and 3 to reflect latest estimate in light of recent funding to respond to living wage | - | 500 | 500 | - | - |
| Updated assumptions around Funding levels | - | - | - | 3,000 | - |
| Projected increase in Commercial investment returns | - | 1,500 | - | - | - |
| Total of New Business Planning Savings/ Income Schemes since October | 1,762 | 8,950 | 6,525 | 2,850 | 0 |
| Reduction in achievable saving on Charging Policy following Adults Committee Decision | -275 | - | - | - | - |
| De-capitalisation of rolling laptop refresh programme from 2019-20 | - | -1,100 | - | - | - |
| Review of expected pressures due to Waste management | - | -500 | - | - | - |

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|--|---------------|----------------|----------------|---------------|----------------|
| contract | | | | | |
| Emerging P&C pressures* (this figure is subject to increase – see paragraphs 2.5 & 2.6 above) | -1,500 | - | - | - | - |
| Reversal of avoided borrowing costs related to the role of Accountable Body (holding lower capital balances on behalf of other bodies) | -1,200 | - | - | - | - |
| Total of New and Increased Pressures* | -2,975 | -1,600 | 0 | 0 | 0 |
| Change in assumption of ASC precept after 2019-20 | - | - | -5,671 | -5,939 | -6,043 |
| Review of expected Better Care Fund levels and phasing. | - | 2,300 | -2,300 | - | - |
| Dedicated schools grant contribution towards central services extended to 2018-19 | 3,112 | -3,079 | - | - | - |
| Update of debt charges associated with the ongoing capital programme | 668 | 147 | 429 | -454 | -479 |
| Total of Other Changes to Business Plan Assumptions / Finance Adjustments | 3,780 | -632 | -7,542 | -6,393 | -6,522 |
| Technical finance adjustments | 145 | -132 | 547 | 197 | 550 |
| Revised Gap at December Committees | -2,738 | -12,488 | -18,122 | -6,426 | -11,362 |

**Work to model the level of pressure in Looked After Children, Learning Disability, Older People and Mental Health care budgets is ongoing and will be discussed with Service Committees before final recommendation to General Purposes Committee in January*

- 2.8 The following table shows the total level of savings necessary for each of the next five years, the amount of savings attributed from identified savings and the residual gap for which saving or income has still to be found:

| | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | Total £'000 |
|--|------------------|------------------|------------------|------------------|------------------|----------------|
| Total Saving Requirement | 38,646 | 25,056 | 20,103 | 7,701 | 11,621 | 91,506 |
| Identified Savings | -25,301 | -9,556 | -1,439 | -1,074 | -246 | -37,616 |
| Identified additional Income Generation | -10,607 | -3,012 | -542 | -201 | -13 | -14,375 |
| Residual Savings to be identified | -2,738 | -12,488 | -18,122 | -6,426 | -11,362 | -51,135 |

3 ASSUMPTIONS AND RISKS

- 3.1 In the business planning tables the level of savings required is based on a 2% increase in Council Tax in 2018-19 and 2019-20, through levying the Adults Social Care precept in the years for which Government has made this flexibility available, and a 0% general Council Tax increase. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.

- 3.2 There is currently a limit on the increase of Council Tax to 1.99%, above which approval must be sought from residents through a positive vote in a local referendum. The estimated cost of a referendum in May 2018 would be £742k with further costs incurred if the public reject the proposal as new bills would need to be issued
- 3.3 There are also a number of risks which are not included in the numbers above, or accompanying tables. These will be incorporated (as required) as the Business Plan is developed and the figures can be confirmed:
- Movement in current year pressures – Work is ongoing to manage our in-year pressures downwards, however any change to the out-turn position of the Council will impact the savings requirement in 2018-19. This is particularly relevant to demand led budgets.
 - Due to the level of reduction in Government grants in later years the Council did not take the multi-year settlement offered as part of the 2015 Spending Review. As such there is some uncertainty around the accuracy of our funding assumptions which will become clearer after the Local Government Finance settlement due in mid-December.
 - The Council has applied to be a pilot area for the Government's Business Rates Retention Scheme – if we are selected as a pilot area this could potentially alter the level of income available to the County Council. The impact is expected to be financially positive in the pilot period, but it is important to note that if the pilot schemes lead to a permanent arrangement then this would be expected to be fiscally neutral in the long run
 - We are aware that some other local authorities are increasing their expectation around any national pay uplifts from April – should this be required it would create an additional pressure which is not currently accounted for

4. THE ROLE OF THE COMMUNITIES AND PARTNERSHIP COMMITTEE IN THE BUSINESS PLANNING PROCESS

- 4.1 The Communities and Partnerships Committee is a new committee established earlier this year. Its focus is twofold – to be responsible for the direct delivery of identified services, and, more substantially, to lead the process to effect positive change in our community support and partnership arrangements.
- 4.2 Of the services the Committee has direct responsibility for, no savings proposals are being considered for 2018/19. These services focus on community safety, tackling domestic abuse and sexual violence, and building community resilience and it has been widely recognised that reducing budgets in these services will have a direct negative impact on demand and therefore costs elsewhere in the Council.
- 4.3 Subject to approval by the Constitution and Ethics Committee in the New Year, the Committee will also become responsible for additional services

including youth intervention and adult skills. Again, at this stage no savings proposals are being considered in these services.

- 4.4 However, the Committee's role in helping to achieve the overall savings and income required to enable the Council to balance its budgets is hugely significant. As described in section 2 most of the Council's current and forecast pressures originate from increased demand in social care services. This trend is being replicated in many of our partnership organisations, most notably across the NHS and public protection agencies.
- 4.5 New, creative and effective ways to manage and reduce this demand are essential to enable the Council to deliver a balanced budget and to ensure those people most in need can access the support they need quickly and easily. The Communities and Partnerships Committee has the core responsibility to work across the organisation and with all other Committees to effect this change.
- 4.6 The Committee has already made clear its intention to take a high profile and holistic approach to this challenge, and will focus on a number of major key themes, likely to include:
 - Community Resilience – working differently with our communities to encourage greater self-help, targeted community action and community-driven schemes that better create a sense of place and belonging
 - Tackling Deprivation – identifying ways to address inequalities, and for residents and communities to better support themselves and each other through interventions that reduce deprivation and create opportunities
 - Economy and Skills – working closely with the Combined Authority and other key economic development partners to ensure people and communities can access skills and employment opportunities that help raise aspiration and achievement
 - Partnership Working – leading, on behalf of the Council, the development and oversight of key partnership arrangements, including those with the Combined Authority, Peterborough City Council, District Councils, voluntary, community and faith organisations, and other public sector organisations.
- 4.7 To date the Committee has made some key recommendations and taken some important decisions that contribute to the approach it will take to business planning, including establishing clear roles and responsibilities for Area Champions, agreeing the Violence Against Women and Girls Strategy, and creating the decision making process for awarding funding for community action through the Innovate and Cultivate Fund. The Committee has also held a series of workshops to learn more about and debate the areas of business which it has responsibility for or needs to influence.
- 4.8 During the next few months the Committee will engage with other Committees and services to determine what role it can play in helping achieve savings, efficiencies and income. Additionally, it will establish clear delivery plans to drive forward, proactively, its agenda particularly in relation to systems-wide leadership and change to transform the outcomes from partnerships.

5. NEXT STEPS

- 5.1 Following December service committees, General Purposes Committee will review the overall programme in December, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.

| | |
|----------|---|
| December | General Purposes Committee will consider the whole draft Business Plan for the first time Local Government Financial Settlement Published |
| January | General Purposes Committee will review the whole draft Business Plan – included final information about pressures, savings and other impacts as well as the outcome of the public consultation – before making a recommendation to Full Council |
| February | Full Council will consider the draft Business Plan |

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 Developing the local economy for the benefit of all

The report above sets out the implications for this priority in section one.

6.2 Helping people live healthy and independent lives

Supporting people's independence is a central principle of our strategy and business planning proposals and where this can be achieved through prevention, early help or recovery we will reduce the cost of public services and support people's desire to avoid or delay the need to rely on public services.

6.3 Supporting and protecting vulnerable people

Our intention is transform services, ensure we deliver value for money and work in new ways – rather than reduce service provision. These proposals do not include any change to the threshold for care and we will fulfil our role in protecting vulnerable people in full.

7. SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

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

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

Appropriate diligence will be taken to adhere to procurement, contractual and council rules as these proposals are implemented.

7.3 **Statutory, Legal and Risk implications**

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

7.4 **Equality and Diversity Implications**

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

7.5 **Engagement and Communications Implications**

Our Business Planning proposals are informed by the Cambridgeshire County Council (CCC) public consultation on the Business Plan 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 and will be reported in full to General Purposes Committee (GPC) in January

7.6 **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.

7.7 **Public Health Implications**

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

| Implications | Officer Clearance |
|---|--------------------------|
| | |
| Have the resource implications been cleared by Finance? | Yes Tom Kelly |
| | |
| Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law? | N/A |
| | |
| Are there any Equality and Diversity implications? | No |

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| Have any engagement and communication implications been cleared by Communications? | N/A |
| | |
| Are there any Localism and Local Member involvement issues? | N/A |
| | |
| Have any Public Health implications been cleared by Public Health | N?A |

| Source Documents | Location |
|--|---|
| Strategic Framework | https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/182/Committee/2/Default.aspx |
| Papers presented to all Committees in October 2017 regarding the business plan for 2018/19 – 2022/23 | https://tinyurl.com/yb99wwkm |