

## Review of Draft Revenue and Capital Business Planning Proposals for 2023-28

To: Communities, Social Mobility, and Inclusion Committee

Meeting Date: 8 December 2022

From: Executive Director of Strategy and Partnerships, Sue Grace  
Tom Kelly, Chief Finance Officer

Electoral division(s): All

Key decision: No

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: The Committee is recommended to:

- a) Note the progress made to date and next steps required to develop the business plan for 2023-2028;
- b) Comment on and endorse the budget and savings proposals that are within the remit of the Committee as part of consideration of the Council's overall Business Plan;
- c) Comment on and endorse the proposed changes to the capital programme that are within the remit of the Committee as part of consideration of the Council's overall Business Plan; and
- d) Note the updates to fees and charges for 2023-24, and the principles that will be applied for locally set 2024-25 registration service fees.

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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.

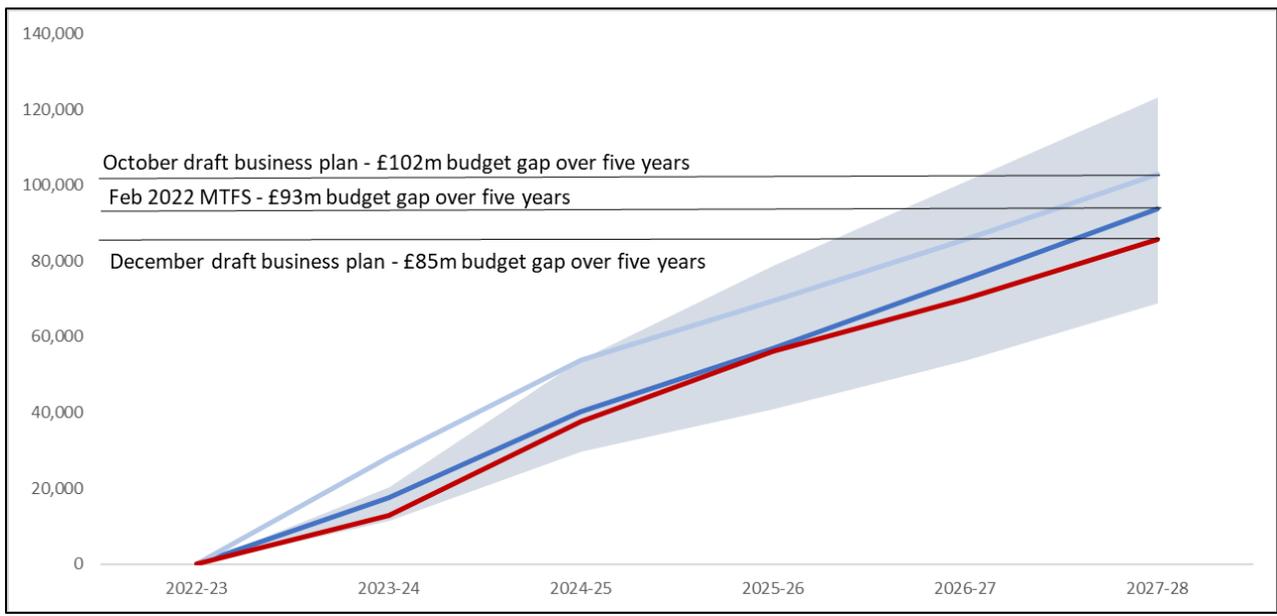
1.5 The budget gaps over the medium-term previously presented to Committees were, in £000:

|      | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>2027-28</b> |
|------|----------------|----------------|----------------|----------------|----------------|
| £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:

|      | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>2027-28</b> |
|------|----------------|----------------|----------------|----------------|----------------|
| £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.



- 1.9 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.
- 1.10 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.

- 1.11 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 will bring 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. Increased income expectation from these, in line with rising energy prices, has reduced the budget gap.
- 1.12 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.
- 1.13 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.
- 1.14 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.
- 1.15 In September, the government announced it was cancelling the increase in national insurance contributions that had come in 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.
- 1.16 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.
- 1.17 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.

- 1.18 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.
- 1.19 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 continue to 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:

|   | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>2027-28</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>October budget gap</b>                   | <b>28,624</b>  | <b>26,367</b>  | <b>16,812</b>  | <b>17,384</b>  | <b>18,762</b>  |
| <b><i>Inflation Updates</i></b>             |                |                |                |                |                |
| 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          |
| <b><i>Inflation changes total</i></b>       | <b>-3,414</b>  | <b>928</b>     | <b>2,308</b>   | <b>2,588</b>   | <b>2,473</b>   |
| <b><i>Pressures/Investments Updates</i></b> |                |                |                |                |                |
| 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              |
| <b><i>Pressures/investments total</i></b>   | <b>-1,768</b>  | <b>0</b>       | <b>617</b>     | <b>0</b>       | <b>0</b>       |
| <b><i>Further Savings*</i></b>              |                |                |                |                |                |
| 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           |
| <b><i>Further savings total</i></b>         | <b>-9,755</b>  | <b>-4,698</b>  | <b>-5,642</b>  | <b>-4,875</b>  | <b>-3,028</b>  |
| <b><i>Other changes</i></b>                 |                |                |                |                |                |
| 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              |
| <b>Revised budget gap in December</b>       | <b>12,886</b>  | <b>25,398</b>  | <b>17,977</b>  | <b>13,053</b>  | <b>14,333</b>  |

\*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<br>£'000 | 2024-25<br>£'000 | 2025-26<br>£'000 | 2026-27<br>£'000 | 2027-28<br>£'000 | Later Yrs<br>£'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                | -                | -                | -                  |
| <b>Total</b>              | <b>253,100</b>   | <b>148,305</b>   | <b>121,205</b>   | <b>65,683</b>    | <b>41,142</b>    | <b>78,490</b>      |

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

| Funding Source         | 2023-24<br>£'000 | 2024-25<br>£'000 | 2025-26<br>£'000 | 2026-27<br>£'000 | 2027-28<br>£'000 | Later Yrs<br>£'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            |
| <b>Total</b>           | <b>253,100</b>   | <b>148,305</b>   | <b>121,205</b>   | <b>65,683</b>    | <b>41,142</b>    | <b>78,490</b>      |

\* 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.

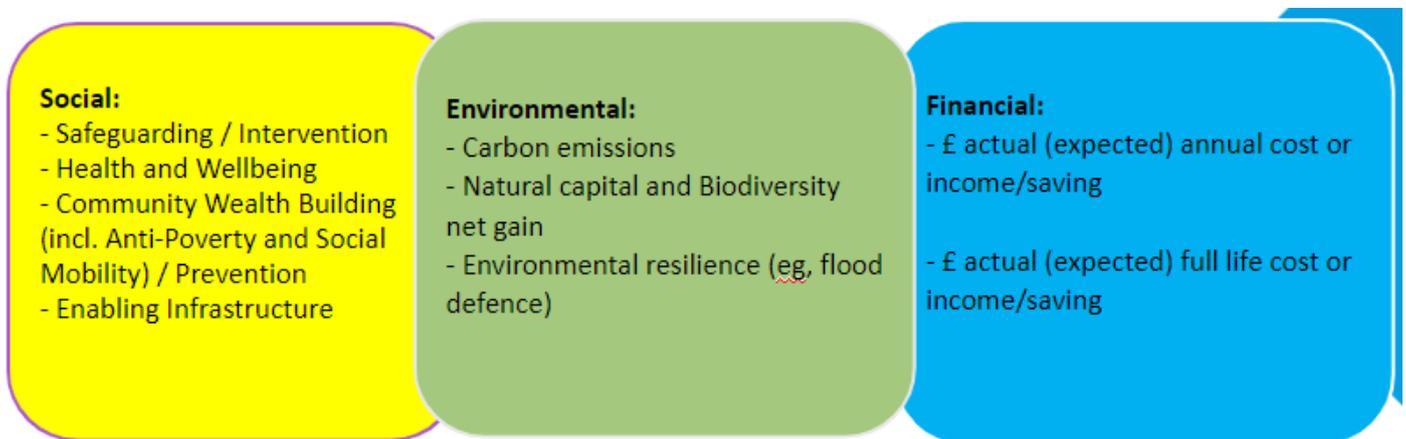
*All funding sources above are off-set by an amount included in the capital variation budget, which anticipates a degree of slippage across all programmes and then applies that slippage to individual funding sources.*

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 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 | +1            | +3        |
| 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    | +1      | +3      | +5      |
| Stopping weed killing                                | H&T    | Neutral | +1      | +1      |
| Resilience Winter Highway Network                    | H&T    | Neutral | +1      | +1      |
| Highways Recycling materials                         | H&T    | Neutral | +5      | +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      |

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 Communities, Social Mobility and Inclusion Committee Draft Revenue Programme

- 6.1 This section provides an overview of the income proposals within the remit of the Committee.
- 6.2 All of the proposals within the remit of the Committee are described in the business planning finance tables (Appendix 1) and the business case summary (Appendix 2).
- 6.3 The Committee is asked to comment on these proposals and business case 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 part of the Council's Business Plan.
- 6.4 The business planning paper considered by committee in November 2022 provided an overview of new pressures, risks and the savings and income proposals within the remit of the Committee. These include:
- The reversal of the temporary investment of £1.354 million in Think Communities

- The impact of unmet legacy savings from the now disestablished Communities & Partnerships Directorate
- The funding arrangements for the activities of the County Anti-Poverty hub

6.5 The issues set out above combine to produce a complex and challenging context for the budget planning and the draft revenue programme. Specifically, it means that the overarching aim of this business planning paper is to secure the future of key services while minimising the impact on the Council's overall budget position.

6.6 Since the November 2022 meeting of the Committee, officers have continued to work to address these issues for the 2023/24 financial year.

6.7 The proposals for the Committee are therefore set out below:

### Legacy Savings Targets

6.8 As reported in November, the savings and income targets totalling £650,000 were set for a bundle of services (Cambridgeshire Skills, Regulatory Services and Domestic Abuse/Community Services) in the 2021/22 and 2022/23 business planning processes. Although £500,000 of this has been achieved recurrently, there were £150,000 of legacy savings for this group of services that we have been unable to identify that would not lead to a reduction in service levels to the public (a requirement of the savings targets set out [at Full Council in February 2022](#)). Given this situation, these savings have been reversed from 2023/24 onwards and are no longer an issue for this committee (See Table 3 reference C/R.6.117 'Reversal of previous year Communities savings').

### Think Communities

6.9 As reported to the Committee in November, the current Think Communities Service is funded using a combination of core budgets and non-recurrent investment from the Just Transition Fund. The initial service model for the service for 2023/24 was £939,896. This compares with an available resource from core budgets of £376,491; a shortfall of £563,406

6.10 In order to address this shortfall, it is proposed that efficiency opportunities are realised through the reorganisation and integration of the Think Communities and Youth in Communities teams. Taking this approach maximises the use of knowledge, skills and abilities across both teams while significantly reducing the funding shortfall from £563,406 to £233,776. A business case for this investment is made as part of the revenue programme for 2023/4 as a permanent investment (see appendix 2 and Table 3 reference C/R.5.024 'Investment into Communities'). This investment will be offset by savings made elsewhere in the Strategy & Partnerships Directorate. Agreement and delivery of these savings falls under the remit of the Strategy & Resources Committee.

6.11 While the background to and the detail of the proposed changes are set out in the business case at Appendix 2, a number of implications from the restructure of the Think Communities and Youth in Communities Service are highlighted below.

6.12 The Think Communities Service was created in September 2020, bringing together the Strengthening Communities and Youth in Communities Teams joining systems together in a placed-based way and putting people at the heart of solutions to local issues.

6.13 Our proposal is to re-shape a communities team integrating the structures of the current Think Communities Team and the Youth in Communities Team into a single Communities Service. This will maximise joint working and efficiency, maximise opportunities for intergenerational working based on a whole community approach, and support the council's objectives to tackle inequality, improve lives, and care for the environment.

6.14. As the proposals set out above will result in a reduced number of posts across the two teams, the Council will enter a formal restructure consultation process with affected staff in January 2023.

6.15 The final structure and operating model for the new service will emerge as part of the consultation process. However, the structure on which consultation has been based has a number of key principles:

- A structure that supports decentralisation through alignment with the governance and organisational structures of partners (e.g., lower tier local authorities, NHS Integrated Care System).
- Retain the Community Reach Fund as an agile, rapidly responsive model to enable new and established community groups to apply for seed funding of up to £1,000 to support youth related activity.
- Extend this approach to deliver a Community Reach Fund approach to support community activity outside the 0-19 age group.
- Support communities and VCS organisations to access external grant funding and other forms of inward investment.
- Build capacity to develop existing work around appreciative enquiry, deliberative democracy and youth voice, building robust engagement frameworks around citizens voice which ensure we are proactive in coproduction and design of services.
- Develop the capacity to play our part in supporting integration and cohesion through work with new arrivals, alongside our ability to reach out to communities which are underrepresented to address inequality of access and opportunity.
- Align our community enablement functions in support of the 'strong families, strong communities' strategy objectives as well as the roll out of the Care Together programme. Supporting both our children's and adult's services to develop preventative, placed based models of support.
- Deliver the above while recognising the Council's overall financial position and the funding shortfall.
- Embracing the decentralisation agenda by, where appropriate, moving away from direct service delivery and centralised way of working.

6.16 The reversal of the £1.354 investment described in paragraph 3.4, coupled with the need to retain the key services outlined above has led to some difficult challenges. Specifically, these proposals will mean we will no longer be able undertake a number of existing activities. These are:

- Direct provision of scams work. During the three-month consultation period we will investigate alternative models of delivery such as asking the Scams Partnership if they wish to continue this work on a devolved basis, or a subscription/funding contribution basis.
- Work on Time Credits. During the three-month consultation period we will investigate alternative models of delivery such as integration with community-led provision such as timebanks.
- Operation of the Cultivate Cambridgeshire Fund.
- Operation of the Community Engagement Vehicle (which is approaching the end of its useful life).

6.17 The work of the National Citizen Service is fully externally funded and not impacted by these proposals.

6.18 The post of Armed Forces Covenant Coordinator is grant funded for the financial year 2023/24 and is not impacted by these proposals.

### Anti-Poverty Hub

6.19 The hub works to address financial inequality and the cost-of-living crisis. It delivers the Household Support Fund and access to the longer-term personalised support offers that aim to make a lasting difference to those suffering the effects of poverty. The current staffing model is costed at £583,880. This is not recurrently funded.

6.20 The Household Support Fund (HSF) grant from government has now been allocated in three six-month tranches, each of £3.58 million. Grant conditions allow a reasonable amount to be deducted for administrative costs. The Autumn Budget Statement 2022 announced an extension of the HSF over 2023-24. No detail on the extension of the scheme has been announced and the possibility of changes in financial allocations to individual local authorities cannot be discounted.

6.21 At the time of the business planning process for 2022/23 there had been no announcement of the Household Support Fund for that financial year. The Council therefore made available resource to deliver the work of the anti-poverty hub (including provision of direct financial awards to those in need). As the HSF did continue throughout 2022/23, we were able to recover costs associated with the administration of the fund. This means we did not have to draw on the Council's own resource to deliver anti-poverty work. Together with other non-ringfenced grants this will be carried forward to fund the work of the Anti-Poverty Hub in 2022/23. It is important to note here that the work of the Anti-Poverty hub is not limited to the distribution of the Household Support Fund. As previously reported to committee, our approach is to use the short-term one-off financial support provided by the HSF as a conduit to more holistic, personalised support offers (e.g., income maximisation) that have a more significant and longer-term impact on the financial situation of those seeking support.

### Libraries

- 6.22 Pressures due to increased demand from new developments in South Cambridgeshire. Revenue costs for staffing of £55,000 from 2023/4 and a further £55,000 from 2026-27 are included in the current Table 3, however the timing for the second of these amounts will be reviewed to fall in line with projected dates for the opening of new library provision. As well as this, the service retains income generation targets while traditional sources of income such as fines and DVD rental have fallen away.
- 6.23 The Committee was informed in November that the Business Intellectual Property Centres (BIPC) which provide start-up support to businesses, were due to reach the end of their grant funding period. Since that report the libraries and skills services have worked together to access funding to retain the BIPC. For 2023/24, Cambridgeshire Skills is able to provide funding on a one-year basis. The BIPC will then adapt its delivery model from April 2024 to enable access to Adult Education funding from the CPCA in order to sustain this service on an ongoing basis.

### Coroners Service

- 6.24 This year's budget contains additional investment into the service to help deal with a backlog of cases exacerbated by the Covid-19 pandemic. However, increasing pathology costs have outstripped that extra investment. In addition, the necessary renewal of a number of service-related contracts have added cost pressures due to high inflation, despite competitive tendering. Further procurement exercises will result in additional contract renewals in 2023/24. Savings on external venue hire for inquests continue to be made using facilities both in Cambridgeshire and Peterborough; these having removed approximately £40k of cost from the budget.

### Registration Services

- 6.25 The 2023-24 update to fees and charges are set out at Appendix 3. It should be noted that locally set Registration Service fees for 2024-25 will soon be set using the same principles (working with finance colleagues, bench marking and aiming to continue to cover fully loaded costs) as those for 2023-24.

## 7. Overview of the Communities, Social Mobility and Inclusion Committee Draft Capital Programme

- 7.1 The revised draft Capital Programme for the Committee is as follows:

| Capital Scheme                                 | Total Cost | Previous Years | 2023-24 | 2024-25 |
|--|------------|----------------|---------|---------|
| Community Fund                                 | 5,000      | 3,278          | 1,722   | -       |
| Libraries - Open access & touchdown facilities | 1,172      | 680            | 492     | -       |
| EverySpace - Library Improvement Fund          | 389        | 72             | 301     | 9       |
| Darwin Green Library                           | 152        | -              | 152     | -       |

- 7.2 This is anticipated to be funded by the following resources:

| Capital Scheme | Total Funding | S106 | Prudential Borrowing | Grants |
|----------------|---------------|------|----------------------|--------|
| Community Fund | 5,000         |      | 5,000                |        |

|  |       |     |       |     |
|--|-------|-----|-------|-----|
| Libraries - Open access & touchdown facilities | 1,172 |     | 1,172 |     |
| EverySpace - Library Improvement Fund          | 389   | 129 |       | 260 |
| Darwin Green Library                           | 152   | 152 |       |     |

7.3 Papers on the individual schemes have been, or will be, considered separately by committee where appropriate.

## 7.4 New Schemes and Changes to Existing Capital Schemes

7.4.1 Libraries Capital Schemes: Additional resource for library capital projects is available from 'Section 106' sources (Section 106 is a legal agreement to mitigate the impact of new developments on the local community and infrastructure). A number of these projects do not currently have confirmed start dates due to the planning and build timelines and for the linked developments. Such projects, with no confirmed dates or approval in place do not appear in the finance tables. The revenue requirements related to these capital schemes will become part of future business planning processes.

7.4.2 Community Fund: Previous reports to committee have highlighted that from the original £5 million allocated to this capital fund some elements remain unallocated, some projects have failed to go forward as planned and some have been subject to delay. This means an estimated £1.7m of the original allocation will be rephased into financial year 2023/24. As committee has determined that returned/allocated money can be used to deliver a new fund (Cambridgeshire Priorities Capital Fund), this will not require the allocation of any new capital.

## 8. Next Steps

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

|                     |   |
|---------------------|---|
| November / December | Draft business cases presented to committees for consideration.   |
| 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  |

## 9. 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
- Children and Young People

- Transport

## 10. Significant Implications

### 10.1 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.

### 10.2 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.

### 10.3 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.

### 10.4 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.

### 10.5 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.

### 10.6 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.

### 10.7 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 mental health issues 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.

#### 10.8 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: Martin Wade

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: Amanda Rose

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

## 11. Source Documents

### 11.1 None