# GENERAL PURPOSES COMMITTEE

Cambridgeshire County Council

## Date:Tuesday, 19 September 2017

## 10:00hr

**Democratic and Members' Services**
Quentin Baker
LGSS Director: Lawand Governance

Shire Hall
Castle Hill
Cambridge
CB3 0AP

## Kreis Viersen Room
## Shire Hall, Castle Hill, Cambridge, CB3 0AP

# AGENDA

**Open to Public and Press**

The General Purposes Committee comprises the following members:

Councillor Steve Count (Chairman) Councillor Roger Hickford (Vice-Chairman)

Councillor Anna Bailey Councillor Ian Bates Councillor Simon Bywater Councillor Steve Criswell Councillor Lorna Dupre Councillor Derek Giles Councillor Peter Hudson Councillor David Jenkins Councillor Noel Kavanagh Councillor Lucy Nethsingha Councillor Josh

Schumann Councillor Mathew Shuter and Councillor Joan Whitehead

*For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact*

Clerk Name: Michelle Rowe

Clerk Telephone: 01223 699180

Clerk Email: michelle.rowe@cambridgeshire.gov.uk

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**Agenda Item No.2**

## GENERAL PURPOSES COMMITTEE: MINUTES

**Date:** Tuesday, 25th July 2017

**Time:** 10.00a.m. – 11.15a.m.

**Present:** Councillors Bailey, Bates, Bywater, Count (Chairman), Criswell, Dupre, Giles, Hickford, Hudson, Jenkins, Kavanagh, Nethsingha, Schumann, Shuter and Whitehead

### 14. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 15. MINUTES – 13TH JUNE 2017 AND ACTION LOG

The minutes of the meeting held on 13th June 2017 were agreed as a correct record and signed by the Chairman. The Action Log and following updates were noted:

- information from central government on the detail of what the £6m funding for East Cambridgeshire and Fenland schools could or could not be used for was still awaited. It was noted that a conference call was scheduled with the Department for Education (DfE). Concern was expressed regarding the length of time this was taking. The Chairman reported that the Council had drawn up plans regarding possible use of the funding and was just awaiting approval from the DfE. It was agreed that the Committee should receive a briefing note following discussions with the DfE. **Action Required.**

- a breakdown of the amount of debt totalling £353k written off in 2016/17 had been provided to the Chairman.

- the final guidance on the additional Government funding for Adult Social Care of £8.33m had been received. Negotiations were continuing with the Clinical Commissioning Group. The funding which was part of the Better Care Fund would need to be signed off by the Health and Wellbeing Board. Any virements would then be reported to the next meeting of General Purposes Committee.

- the Committee had received an e-mailed note providing an update on the work being carried out by Transformation and Business Intelligence on the benefits and savings associated with community interventions.

- a decision regarding whether the base budget for Public Health should go back to reserves would be considered as part of the business planning process.

- officers would take on board feedback in relation to the Transformation Fund – Baseline and Monitoring Report and reflect it in the new version for the first quarterly monitoring report in September.

- the Finance Team was currently looking at how to identify debt which was paid for by the Council or which went directly to the revenue account. **Action Required.**

- the appointments to outside bodies, internal advisory groups and panels, and partnership liaison and advisory groups had been completed.

Attention was drawn to the response to the action and work taking place in relation to whether there were any schools, which had significant surplus revenue balances that had not achieved a good or outstanding Ofsted report. The Chairman asked that the Committee be emailed the list of maintained schools being presented to Schools' Forum. One Member commented that she had raised several times at Schools' Forum the fact that no information was available from secondary academies. She suggested that a Freedom of Information (FOI) request be submitted. Another Member reported that academies were limited companies so had to publish their accounts. The Chairman confirmed the need to deal with maintained schools first. He then proposed that officers should to write to academies, and if this proved unsuccessful, they should consider the best route for finding out this information, which could ultimately be an FOI request to the DfE. **Action Required.**

## 16. PETITIONS

No petitions were received.

## 17. FINANCE AND PERFORMANCE REPORT – MAY 2017

The Committee was presented with the May 2017 Finance and Performance report for Corporate Services and LGSS Cambridge Office. A balanced budget was forecast and there were no exceptions to report this month. Attention was drawn to the figure for corporate demography on page 32 of the report. It was noted that recommendations to allocate this funding to Looked After Children (LAC) and Waste Services would be considered in the next report.

It was resolved unanimously to review, note and comment upon the report.

## 18. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2017

The Committee received a report detailing the financial and performance information to assess progress in delivering the Council's Business Plan. Members were advised of a correction to recommendation b) which should read 7.6 and not 7.7. Attention was drawn to recommendation c) relating to demography virements. The Head of Finance reported that the budget for LAC was £2m less than the Council spend on LAC placements in recent years. Despite significant increases in overall LAC numbers, actual levels of spend had not increased at the same rate. It was therefore proposed to allocate £2.913m from the corporate demography budget to LAC placements.

The Executive Director: People & Communities highlighted the context nationally. There was an ongoing rise in children in care resulting in a national pressure of £938m. Cambridgeshire was therefore no different to other authorities. The Executive Director explained that she considered each child coming into the care system. The best option was in-house foster care but the Council did not have sufficient places. It was noted that independent foster care was generally twice the cost of in-house care. The Council needed to recruit more foster carers particularly to deal with complex needs. However, even if the Council managed to recruit more foster carers, this would not reduce significantly the number of children coming into care. There was also a need to address knock-on costs associated with adoption places, legal, and independent reviewing officers.

During discussion, Members received the following answers to their questions:

- there had been different and regular campaigns to attract foster carers. The 'No Wrong Door Scheme' provided them with support to manage children with needs. The Council was attracting more foster carers but not at the rate of the number of children coming into care.

- the 'No Wrong Door Scheme' which was part of the Children's Change Programme included an early help service focused specifically on helping adolescents to stay at home. One Member reported that the Interim Service Director and Lead for Children's Transformation had provided a statement detailing the reasons why children came into care, which could be re-circulated. The work with troubled families had shown a significant reduction in the number of children coming into care and the Council had met all its targets.

- Children's Services were much better at identifying the needs of children nationally. A significant amount of training had been provided in relation to targeting neglect. The Children's Change Programme provided a clear strategic approach which was measured so that the Service could learn from experience. One Member commented that he was keen to see an analysis of the work to ensure funding was being spent in the right place.

- the population in Cambridgeshire was growing by 1.4% compared to a growth of around 11/12% for LAC; the growth in LAC was similar to the national position.

- the Council would not be able to reverse the increase in LAC even if it had an infinite funding pot. Although, there were a number of initiatives which would bring the numbers down slightly. The Executive Director reported that all avenues were being explored to identify those initiatives with a good evidence base which could make a difference.

- the Council was only recently receiving the full cost recovery of caring for unaccompanied asylum seeking children. This was not retrospective so the Council was still carrying the impact. It also only received funding for the direct placement so the impact of these children using the limited number of in-house foster placements had to be borne by the Council. It was also confirmed that the figures in the report were the net amount after Government funding for asylum seekers had been taken into account.

One Member welcomed the fact that this funding for LAC was going into the base budget. She commented that she had made clear previously how unrealistic the savings in this budget were. Although, she was pleased to see funding going into the

Children's Change Programme, she was concerned about the reduction in early help services, such as the review of Children's Centres, as these centres could stop children coming into care. The Executive Director reported that the Council was making sure limited resources were targeted where there was the greatest need in order to have the biggest impact. Another Member queried whether Children's Services should still be asked to save £1m given the difficulties outlined in the report.

The Chairman of Children and Young People Committee highlighted the importance of looking forward by redesigning services. He was particularly concerned about statutory costs and had asked for a report to be presented at the next meeting of the committee. Another Member raised the need to provide a fit for purpose service which was up to date and more accessible. He added that any income saving could be used to invest in the service.

The Head of Finance drew attention to other parts of the report including the new "Savings Tracker" report. The overall position shown by the forecast within the tracker was a £2.5m shortfall against the plan. The Committee was asked to consider the new proposals for monitoring performance and risk. It was noted that the Corporate Risk Register would now be included within this report.

During discussion, Members raised the following:

- welcomed the outcome focussed nature of the performance information but highlighted the need to also provide the direction of travel. There was a need to utilise the information better in the "Balance Sheet Health". The information shown in the charts presenting activity in the previous month needed to be presented better. Finally, the information presented in the snapshots of the organisation needed to be clarified in order to provide a greater feel as to what was meant. **Action Required.**

- acknowledged that there were a considerable number of appendices. It was noted that detailed information would be available via electronic links in future.

- queried what happened to garden waste as reported in "Waste Demography" on page 63. The Chairman of Highways and Community Infrastructure Committee reported that it was subject to in vessel composting. It was noted that it was residual waste driving the demography funding.

- welcomed the proposal to monitor risk on a regular basis. One Member queried why the risk relating to "Inequalities in the county" was the responsibility of Public Health, as every committee had a responsibility in relation to this area. It was noted that this register had been mapped against the previous register to ensure continuity. Discussions would take place with service committees to ensure all areas were reflected in the action plans. The Chairman of Communities and Partnership reported that his committee would receive a report on inequalities at its September meeting. The Chairman added that it remained a core focus for the council.

- the need to flag up changes to risks and new risks to the Committee. It was noted that the Committee would receive a summary of the overall position including changes with the detail provided in an electronic link.

- queried the use of earmarked reserves on page 72 for a Dementia Co-ordinator and 'traded' services. The Chairwoman of Adults Committee reported that it reflected delayed implementation which meant the funding spanned two years.

- queried where the funding would be found for the increase in Members' Allowances. The Chairman reported that a note which had been provided to Look East would be circulated to the Committee. **Action Required**.

It was resolved unanimously to:

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

b) Approve the changes to capital funding requirements as set out in Section 7.6.

c) Approve the demography virements set out in Section 8.1.

d) Approve the use of £54,200 from the General Fund to support a new Minerals and Waste Local Plan, as set out in Section 8.2.

e) Note the transfer in budget responsibility and reporting for Drug and Alcohol Treatment from Children, Families and Adults to Public Health set out in Section 8.3.

f) Consider and approve the proposals for the use of service reserves, as set out in Appendix 3.

g) Consider and approve the proposals for monitoring performance and risk in this report.

h) Request Service Committees review performance indicators and risks to align with the outcome focused approach set out in this report.

## 19. CORPORATE SOFTWARE INFRASTRUCTURE RE-PROCUREMENT

The Committee received a report setting out the changes to the charging model for Microsoft Enterprise Support Agreements (ESA), of the change in funding required to continue to take advantage of these and of the alternative options available. The authority was currently covered under its existing ESA until September 2017. Attention was drawn to a summary of options which included the advantages and disadvantages. It was noted that the cost of changing to Google Client Access Licences or open source would be so great that any return on investment would not be realised for some considerable time. It was therefore recommended to procure the subscription-based Microsoft ESA for a term of three years until 2020 but fully investigate alternative office software solutions in preparation for renewal. It was noted that the funding would need to change from capital to revenue whether the Council chose to go with Microsoft or Google.

During discussion, Members raised the following:

- the security around cloud based infrastructure. It was acknowledged that the Council needed to be careful when considering this issue. However, both Microsoft and Google had good records in this area. The Chairman reminded the Committee that no decision had been made in relation to cloud based infrastructure. It was noted that it provided an opportunity to build on the subscription.

- the need to establish a Member Steering Group to assist with the investigation of alternative office software solutions in preparation for renewal in 2020. It was important that work started as soon as possible in order to make an informed decision. It was also requested that the timeline be established. The Chairman asked officers to report back on how Members could be incorporated within this work. **Action Required.**

- queried whether the agreement could be procured by LGSS. It was noted that Microsoft did not provide discounts for volumes.

- highlighted the need to avoid pre-determining the future direction. It was important that there was a thorough assessment of what the Council needed.

- highlighted the need for the cost of change to be nuanced as it did not reflect in detail the impact on individual employees, e.g. some employees would be able to deal with change quicker than others. It was noted that it was difficult to nuance technological changes. However, any change would need to be supported by training.

It was resolved unanimously to:

a) Procure the subscription-based Microsoft Enterprise Support Agreement for the term of three years until 2020.

b) Fully investigate alternative office software solutions in preparation for renewal in 2020.

c) Adjust funding from capital to revenue accordingly.

## 20. ANTI-FRAUD AND CORRUPTION & ANTI-MONEY LAUNDERING POLICY REPORT

The Committee considered a report detailing the revised Anti-Fraud and Corruption and Anti-Money Laundering Policies. It was noted that both policies had been endorsed by the Audit and Accounts Committee at its meeting on 30 May 2017.

It was resolved unanimously to:

approve the revised Anti-Fraud and Corruption and Anti-Money Laundering policies.

## 21. AGRESSO (UNIT4 BUSINESS WORLD) IMPLEMENTATION

The Committee received an update on the progress of the programme to implement Agresso (Unit4 Business World) system to replace the existing Oracle System. Implementation of Agresso involving Cambridgeshire and Northamptonshire had originally been scheduled for early 2017. The project was then expanded to include Milton Keynes Council with a 'Go-Live' date maintained at April 2017. Attention was drawn to the factors which had come together to make this date unrealistic. The 'Go-Live' date had been reviewed and rescheduled for 1 October 2017. There were additional costs associated with this date, which would require an additional £187k capital resource from the County Council.

The Chairman reported that he had asked for an additional recommendation to reflect the fact that the savings in Section 2.11 would be built into the 18/19 LGSS Strategic Plan. With the agreement of the Committee, this was included as recommendation c).

One Member commented that the Council had no choice but to agree the capital spend but he stressed that LGSS should not come back to the Committee more funding. He urged officers to learn from the process, as the Council was not getting the benefits of the system as a result of this slippage.

It was resolved unanimously to:

a) note the progress on the implementation of Agresso (Unit4 Business World) and the revised Go Live date of 30 September 2017;

b) approve a further £187k of capital spend to complete the implementation; and

c) build the savings in Section 2.11 into the 18/19 LGSS Strategic Plan.

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

The Committee considered its agenda plan and training plan.

It was resolved unanimously to:

a) review its Agenda Plan attached at Appendix 1; and

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

Chairman

**Agenda Item No.2**

# GENERAL PURPOSES COMMITTEE

**Minutes-Action Log**

Cambridgeshire County Council

**Introduction:**

This log captures the actions arising from the General Purposes Committee on 25th July 2017 and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 11th September 2017.

| Minutes of 25th July 2017 | | | | | |
|---|---|---|---|---|---|
| **Item No.** | **Item** | **Action to be taken by** | **Action** | **Comments** | **Completed** |
| **15.** | **Minutes – 13th June 2017 and Action Log** | T Kelly | Requested a briefing note following discussions with the DfE regarding what the £6m funding for East Cambridgeshire and Fenland schools could or could not be used for. | Briefing note circulated electronically to General Purposes Committee on 11 September 2017. | **Yes** |
| | | T Kelly | The Finance Team to look at how to identify splitting debt amounts between investment debt (where a specific return is expected) and debt incurred for general purposes (financing the capital programme) | Further work is needed to provide the split requested. | **Ongoing** |

| Item No. | Item | Action to be taken by | Action | Comments | Completed |
|---|---|---|---|---|---|
| | | T Kelly | A list of maintained schools which had significant surplus revenue balances that had not achieved a good or outstanding Ofsted report to be emailed to the Committee. Officers to write to secondary academies requesting this information, and if this proved unsuccessful, they should consider the best route for finding out this information, which could ultimately be an FOI request to the DfE. | Maintained school balances are considered and published via Schools Forum, see **https://tinyurl.com/JulyForumBalances**<br><br>Schools Intervention Service has reviewed balances in comparison to Ofsted rating. There are currently 3 schools with excessive balance rated less than good. Work is ongoing through the Schools Causing Concern group.<br><br>Academy secondary financial information is available in the public domain and is being collated, for further communication now that terms has resumed. Financial accountability of academies is to the Secretary of State, limiting the role of the local authority. | **Ongoing** |
| **18.** | **Integrated Resources and Performance Report for the period ending 31st May 2017** | T Barden | The need to provide the direction of travel to the outcome performance information. The need to utilise the information better in the "Balance Sheet Health". The information shown in the charts presenting activity in the previous month needed to be presented better. The information presented in the snapshots of the organisation needed to be clarified in order to provide a greater feel as to what was meant. | Direction of travel information has been provided where possible; the activity information has been presented in a clearer way. Further improvements will be made in the coming months also. | **Yes** |

| Item No. | Item | Action to be taken by | Action | Comments | |
|---|---|---|---|---|---|
| | | C Birchall | A note on Members' Allowances provided to Look East to be circulated to the Committee. | Note circulated on 25 July 2017. | **Yes** |
| **19.** | **Corporate Software Infrastructure Re-Procurement** | S Smith | Officers to report back on how Members could be incorporated within the investigation of alternative office software solutions in preparation for renewal in 2020. | Resource is currently focussed on the renewal of the Microsoft Enterprise Support Agreement. Once this has been completed, Group Leaders will be updated with an outline plan of the steps involved in an investigation into alternative office software. | **Ongoing** |

**Agenda Item No:4**

# FINANCE AND PERFORMANCE REPORT – JULY 2017

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19th September 2017** |
| *From:* | **Director of Corporate and Customer Services**<br>**Chief Finance Officer** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **To present to General Purposes Committee (GPC) the July 2017 Finance and Performance Report for Corporate Services and LGSS Cambridge Office.**<br><br>**The report is presented to provide GPC with an opportunity to comment on the projected financial and performance outturn position, as at the end of July 2017.** |
| *Recommendation:* | **The Committee is asked to review, note and comment upon the report.** |

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

## 1. BACKGROUND

1.1 General Purposes Committee receives the Corporate Services and LGSS Cambridge Office Finance and Performance Report at all of its meetings, where it is asked to both comment on the report and potentially approve recommendations, to ensure that the budgets and performance indicators for which the Committee has responsibility, remain on target.

## 2. MAIN ISSUES

2.1 Attached as **Appendix A**, is the July 2017 Finance and Performance report.

2.2 **Revenue:**

- At the end of July, Corporate Services (including the LGSS Managed, Deputy Chief Executive and Financing Costs) is forecasting an overspend of £1,145k.

  There are no new significant forecast outturn variances (over £100k) to report.

- The LGSS Cambridge Office budget is forecasting an overspend of £90k and there are no significant forecast outturn variances (over £100k) to report. This element of the budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.

2.3 **Capital:**

- At the end of July, Corporate Services, Transformation and LGSS Managed are forecasting an underspend of £237k on capital budgets. The capital programme variations budget for Corporate Services has been achieved in full, resulting in a net underspend of £237k and there is one significant forecast outturn variance by value (over £500k) to report for Corporate Services. LGSS Managed budgets are forecast to spend to budget.

- At the end of July, LGSS Operational is forecasting a balanced budget on capital and as yet none of the capital programme variations budget has been used. There are no significant forecast outturn variances by value (over £500k) to report.

2.4 **Performance:**

Corporate Services / LGSS Cambridge have ten performance indicators for which data is available. Six indicators are currently at green, one at amber and three at red status.

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

### 3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 4. SIGNIFICANT IMPLICATIONS

### 4.1 Resource Implications

This report sets out details of the overall financial position for Corporate Services / LGSS and this Committee.

### 4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

### 4.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

### 4.4 Equality and Diversity Implications

There are no significant implications within this category.

### 4.5 Engagement and Consultation Implications

There are no significant implications within this category.

### 4.6 Localism and Local Member Involvement

There are no significant implications within this category.

### 4.7 Public Health Implications

There are no significant implications within this category.

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

| Source Documents | Location |
|---|---|
| CS and LGSS Cambridge Office Finance & Performance Report (July17) | 1st Floor, Octagon, Shire Hall, Cambridge |

**Appendix A**

## Corporate Services and LGSS Cambridge Office

## Finance and Performance Report – July 2017

## 1. SUMMARY

### 1.1 Finance

| Previous Status | Category | Target | Current Status | Section Ref. |
|---|---|---|---|---|
| **N/A** | Income and Expenditure | Balanced year end position | **Amber** | 2.1 – 2.4 |
| **N/A** | Capital Programme | Remain within overall resources | **Green** | 3.2 |

### 1.2 Performance Indicators – Current status: (see section 4)

| Monthly Indicators | Red | Amber | Green | Total |
|---|---|---|---|---|
| July Number of indicators) | 3 | 1 | 6 | 10 |

## 2. INCOME AND EXPENDITURE

### 2.1 Overall Position

The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service. Budgets relating to Commercial and Investment Committee have been disaggregated from these figures.

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

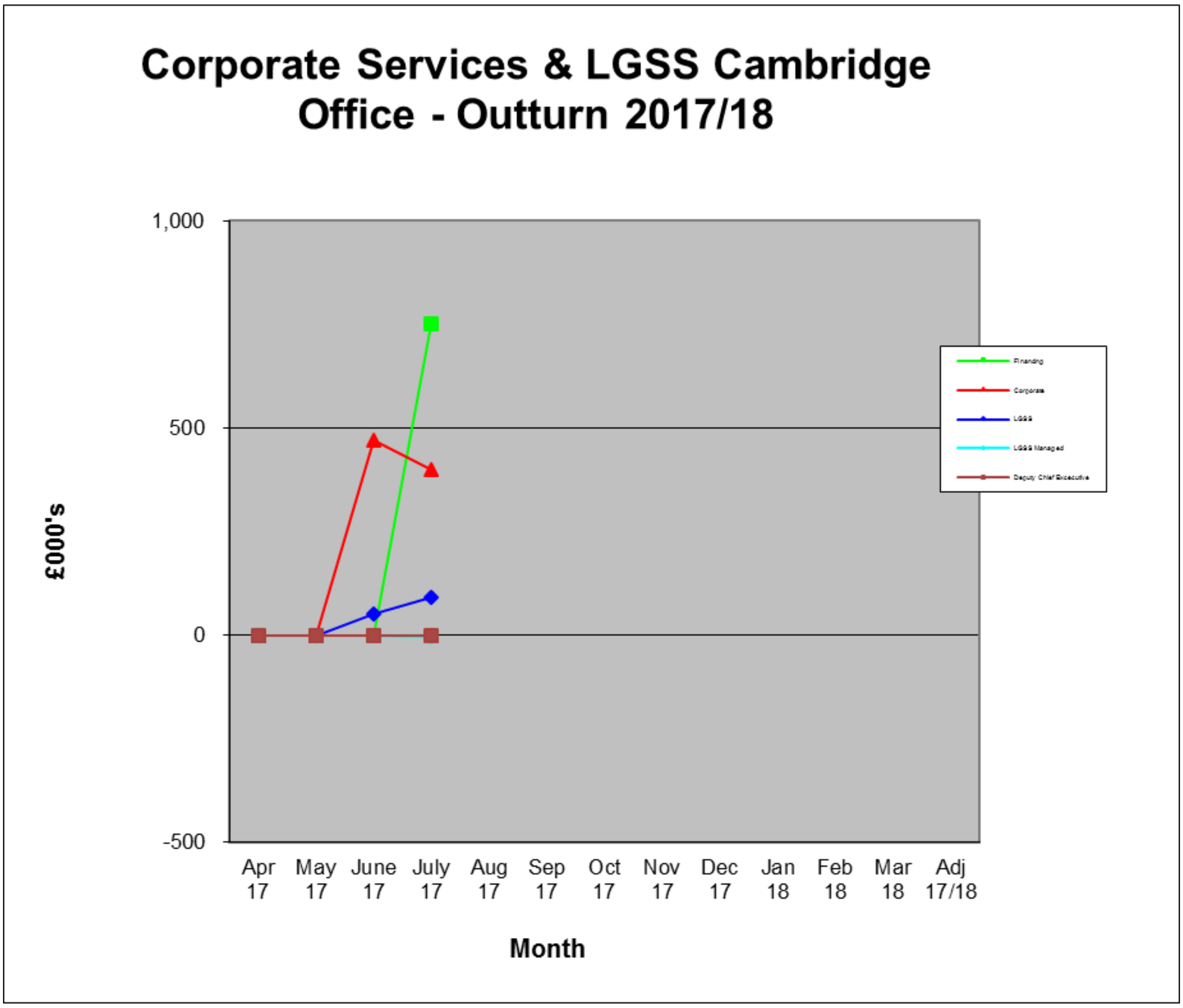
| Original Budget as per BP (1) | Directorate | Current Budget | Forecast Variance - Outturn (June) | Forecast Variance - Outturn (July) | Forecast Variance - Outturn (July) | Current Status | DoT |
|---|---|---|---|---|---|---|---|
| £000 | | £000 | £000 | £000 | % | | |
| | | | | | | | |
| 6,914 | Corporate and Customer Services | 6,227 | 470 | 400 | 6 | Amber | ↑ |
| 223 | Deputy Chief Executive | 236 | 0 | 0 | 0 | Green | ↔ |
| 13,626 | LGSS Managed | 13,560 | 0 | -5 | 0 | Green | ↑ |
| 22,803 | Financing Costs | 22,803 | 0 | 750 | 3 | Amber | ↓ |
| **43,566** | **Sub Total** | **42,827** | **470** | **1,145** | | | |
| | | | | | | | |
| 7,746 | LGSS Cambridge Office | 9,396 | 50 | 90 | 1 | Amber | ↓ |
| | | | | | | | |
| **51,312** | **Total** | **52,223** | **520** | **1,235** | | | |

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

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

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

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




**2.2.1 Significant Issues – Corporate and Customer Services**

- Corporate and Customer Services budgets are currently predicting an overspend of £400k at year-end, which is an improvement of £70k on the position reported last month. This is due to the following new variance:
    - The Chief Executive budget is reporting an underspend of £70k due to the saving generated by the shared Chief Executive post.

  Further mitigations are being sought so that this continues to improve.

**2.2.2 Significant Issues – Deputy Chief Executive**

- Deputy Chief Executive budgets are forecast to be in balance at year-end.
- There are no exceptions to report this month.

### 2.2.3 Significant Issues – LGSS Managed

- LGSS Managed budgets are currently predicted to be underspent by £5k at year-end.

- There are no exceptions to report this month.

### 2.2.4 Significant Issues – Financing Costs

- The Housing Investment Company is a new initiative for the Council, and a new income stream is forecast. After re-phasing, there are greater returns in future years but a +£750k pressure within 2017-18. Timescales set within the business plan were deliberately ambitious. Planning permission is being actively progressed on schemes in order to maximise asset values. The Resources directorate has identified some mitigation from the County Offices budget and is working to reduce the pressure further.

- There are no exceptions to report for this month.

### 2.2.5 Significant Issues – LGSS Cambridge Office

- LGSS Cambridge Office is predicting an overspend of £90k at year-end, which is an increase of £40k from last month.

- Any year-end deficit / surplus is subject to a sharing arrangement with Northamptonshire County Council and Milton Keynes Council and will therefore be split between partner authorities on the basis of net budget, with an equalisation adjustment processed accordingly at year-end. This will be incorporated into the report as outturn figures become available during the course of the year.

- There is a forecast deficit of £217k on the consolidated trading activities. This will be offset through the LGSS Smoothing Reserve, which has been built up in previous financial years to address potential trading risk.

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

### 2.3 Additional Income and Grant Budgeted this Period (De minimis reporting limit = £30,000)

The following items above the de minimis reporting limit were recorded during July 2017.

**Deputy Chief Executive:**

| Grant | Awarding Body | Expected Amount £ |
|---|---|---|
| One Public Estate | Cabinet Office | 90,000 |
| Non-material grants (+/- £30k) | | 0 |

A full list of additional grant income for Corporate Services and LGSS Managed can be found in CS appendix 3.

A full list of additional grant income for LGSS Cambridge Office can be found in LGSS appendix 3.

## 2.4 Virements and Transfers to / from Reserves (including Operational Savings Reserve) (De minimis reporting limit = £30,000)

The following virements have been made this month to reflect changes in responsibilities.

**Corporate and Customer Services:**

| | £ | Notes |
|---|---|---|
| Transfer from CS to ETE | 170,000 | Transfer of Waste demography funding |
| Transfer From CS to CFA | 2,913,000 | Transfer of LAC demography funding |
| Non material virements (+/- £30k) | 0 | |

A full list of virements made in the year to date for Corporate and Customer Services, LGSS Managed and Financing Costs can be found in CS appendix 4.

A full list of virements made in the year to date for LGSS Cambridge Office can be found in LGSS appendix 4.

# 3. BALANCE SHEET

## 3.1 Reserves

A schedule of the Corporate Services and LGSS Managed reserves can be found in CS appendix 5.

A schedule of the LGSS Cambridge Office Reserves can be found in LGSS appendix 5.

## 3.2 Capital Expenditure and Funding

Expenditure

- Corporate Services and Transformation schemes have a capital budget of £3.3m in 2017/18 and there is £77k spend to date. In-year slippage of £516k is forecast for the capital programme, which exceeds the Capital Programme Variation budget of £279k, resulting in a favourable forecast outturn variance of £237k.

  The Citizen First, Digital First scheme budget is predicted to underspend by £516k in 2017/18, due to revised timescales for implementing the projects as detailed in the latest business case analyses. This will not affect total scheme costs.

- LGSS Managed has a capital budget of £0.85m in 2017/18 and there is expenditure of £20k to date. A balanced position is currently forecast at year-end and a nil total scheme variance is forecast.

  The Sawston Community Hub scheme has been transferred to the remit of Commercial & Investment Board, so the LGSS Managed capital budget has reduced by £1.2m and capital programme variations budgets have been realigned accordingly, leading to a net reduction of £1.05m.

- LGSS Cambridge Office has a capital budget of £301k in 2017/18 and there is no spend to date. The capital scheme budgets are predicted to be in balance at year-end and total scheme variances of £0k are forecast across the programme.

  There were no new exceptions to report for July.

  Funding

- Corporate Services and Transformation schemes have capital funding of £2.7m in 2017/18.

  As reported above, the Citizen First, Digital First budget is predicted to underspend by £516k this year. This is offset by the Capital Programme Variation budget, resulting in a net reduction of £237k in the borrowing requirement for 2017/18.

- LGSS Managed has capital funding of £0.85m in 2017/18.

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

- LGSS Cambridge Office has capital funding of £301k in 2017/18.

  As reported above, a balanced budget is forecast, and the current expectation is that this funding continues to be required in line with the original budget proposals.

- A detailed explanation of the position for Corporate Services and LGSS Managed can be found in CS appendix 6.

  A detailed explanation of the position for LGSS Cambridge Office can be found in LGSS appendix 6.

## 4. PERFORMANCE

**4.1** The full scorecard for Customer Services and Transformation and LGSS Managed Services can be found at CS appendix 7. Following the recent CCR restructure a new indicator set is under development that will better reflect the work undertaken by the new corporate directorate. It is envisaged that this work will be completed for the next reporting period.

**4.2** The table below outlines the key performance indicators for LGSS Cambridge Office.

| Measure | Reporting frequency | What is good | Unit | Data last entered | Target | Actual | RAG status | Direction of travel | Comments |
|---|---|---|---|---|---|---|---|---|---|
| **LGSS Cambridge Office** | | | | | | | | | |
| Percentage of invoices paid within term for month | Monthly | High | % | 01/08/17 | 97.5% | 99.6% | Green | ←→ | 99.6% last period |
| Percentage of invoices paid within term cumulative for year to date | Monthly | High | % | 01/08/17 | 97.5% | 99.6% | Green | ←→ | 99.6% last period |
| Total debt as a percentage of turnover | Monthly | Low | % | 01/08/17 | 10.0% | 6.3% | Green | ↑ | 6.6% last period |
| Percentage of debt over 90 days old | Monthly | Low | % | 01/08/17 | 20.0% | 57.5% | Red | ↓ | 23.5% last period |

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

**Agenda Item No.5**

# INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST JULY 2017

| | | | |
|---|---|---|---|
| *To:* | **General Purposes Committee** | | |
| *Date:* | **19th September 2017** | | |
| *From:* | **Chief Finance Officer** | | |
| *Electoral division(s):* | **All** | | |
| *Forward Plan ref:* | **2017/017** | *Key decision:* | **Yes** |
| *Purpose:* | **To present financial and performance information to assess progress in delivering the Council's Business Plan.** | | |
| *Recommendations:* | **General Purposes Committee (GPC) is recommended to:** | | |

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

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

**i) Allocate £3.5m Challenge Fund grant received from the Department for Transport to ETE.**

**ii) Revised phasing of £2.25m of Prudential Borrowing for use by ETE, bringing it forward from later years in the Capital Programme.**

**iii) An additional £193k of Prudential Borrowing to fund the increased costs of the Sawston Community Hub scheme, which will need to be met in 2017/18.**

**c) Confirm the allocation of improved Better Care Fund grant, within People & Communities, following sign-off of a joint plan with the NHS (as set out in Appendix 3)**


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

## 1. PURPOSE

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

## 2. OVERVIEW

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

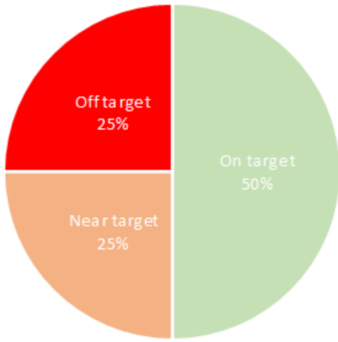
## Outcomes

80 indicators about outcomes are monitored by service committees
They have been grouped by outcome area and their status is shown below
A direction of travel arrow will be shown for each chart once the indicator review by Service Committees has been completed

Older people live well independently

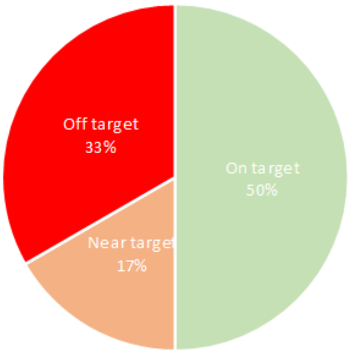

4 indicators

People with disabilities live well independently



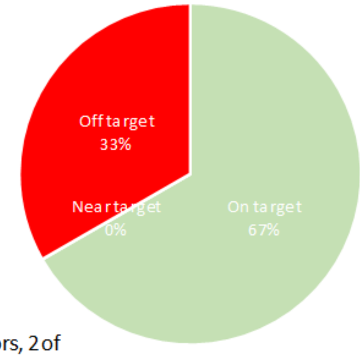

4 indicators

Adults and children are kept safe



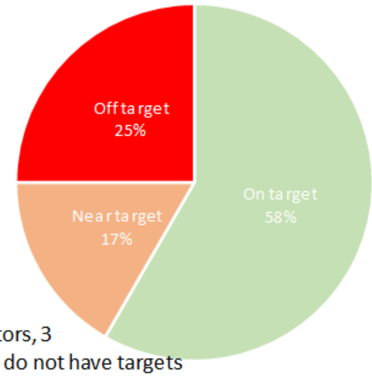

6 indicators

People live in a safe environment



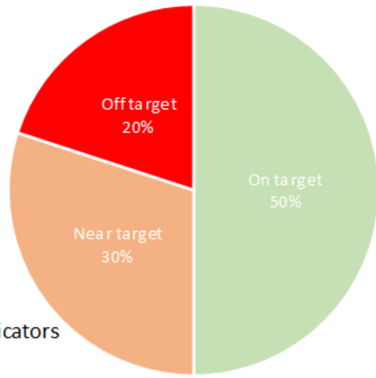

5 indicators, 2 of which do not have targets

The Cambridgeshire economy prospers to the benefit of all residents



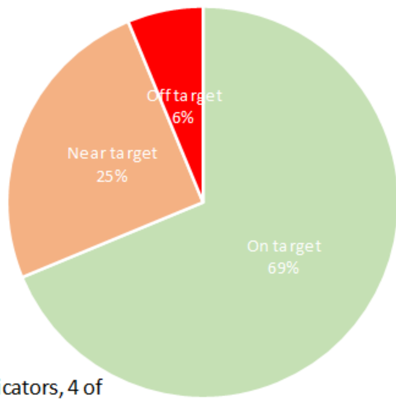

15 indicators, 3 of which do not have targets

Places that work with children help them to reach their potential




10 indicators

People lead a healthy lifestyle and stay healthy for longer




36 indicators, 4 of which do not have targets

| Our Transformation Programme is on track | Sustain a high performing, talented, engaged and resilient workforce |
|---|---|
| 21 Early ideas ↑<br>82 Business cases in development ↑<br>27 Projects being implemented ↑<br><br>Transformation Fund:<br>14 projects rated Green<br>4 rated Amber (reflecting some need to re-phase savings)<br>3 rated Red (risk of non-delivery of savings or benefits) | At the end of 2016/17 we had lost 6.91 days on average per staff member to sickness during the year (better than target) |

## Finance and risk

| Revenue budget forecast | Capital programme forecast | Balance sheet health |
| --- | --- | --- |
| +£4.1m, +1.2% variance at end of year | £0m, 0% variance at end of year | Net borrowing activity £466m |
| RED | GREEN | GREEN |

| Residual risk score | Green | Amber | Red |
| --- | --- | --- | --- |
| Number of risks | *0* | *8* | *1* |

## Number of service users supported by key care budgets

**Older people aged 65+ receiving long term services**

| | Jul-17 | Trend since Apr-17 |
| --- | --- | --- |
| Nursing | 319 | ↑ |
| Residential | 716 | ↑ |
| Community | 2013 | ↑ |

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

| | Jul-17 | Trend since Apr-17 |
| --- | --- | --- |
| Nursing | 25 | ↔ |
| Residential | 309 | ↔ |
| Community | 1921 | ↑ |

**Children open to social care**

| | Jul-17 | Trend since Apr-17 |
| --- | --- | --- |
| Looked after children | 681 | ↔ |
| Child protection | 572 | ↓ |
| Children in need | 2095 | ↑ |

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

2.2 The key issues included in the financial summary analysis are:

- The overall revenue budget position is showing a forecast year-end overspend of +£4.1m (+1.2%), an increase of £1.0m on the forecast overspend reported in May; the increase is mainly within People & Communities (P&C) and Corporate Services Financing. See section 3 for details. Significant action is underway to identify further mitigations to manage these pressures downwards.

- The Capital Programme is forecasting a balanced budget at year end. This includes use of £1.8m (7%) of the capital programme variations budget. See section 6 for details.

- Balance Sheet Health; the original forecast net borrowing position for 31st March 2018, as set out in the Treasury Management Strategy Statement (TMSS) is £466m. At this early stage in the financial year the full year projection is still as set out in the TMSS at £466m.

## 3. REVENUE BUDGET

3.1 A more detailed analysis of financial performance is included below:

Key to abbreviations

ETE – Economy, Transport and Environment
CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

| Original Budget as per Business Plan £000 | Service | Current Budget for 2017/18 £000 | Forecast Variance (June) £000 | Forecast Variance (July) £000 | Forecast Variance (July) % | Overall Status | DoT |
|---|---|---|---|---|---|---|---|
| 38,682 | ETE | 38,384 | 116 | 178 | 0.5% | Amber | ↓ |
| 237,311 | People & Communities | 237,045 | 2,528 | 3,276 | 1.4% | Red | ↓ |
| 200 | Public Health | 386 | 0 | 0 | 0.0% | Green | ↔ |
| 15,542 | Corporate Services | 6,463 | 470 | 400 | 6.2% | Amber | ↑ |
| 6,500 | LGSS Managed | 13,560 | 0 | -5 | 0.0% | Green | ↑ |
| 2,702 | Commercial & Investment | 2,356 | 0 | -101 | -4.3% | Green | ↑ |
| 22,803 | CS Financing | 22,803 | 0 | 750 | 3.3% | Amber | ↓ |
| **323,740** | **Service Net Spending** | **320,997** | **3,114** | **4,498** | **1.4%** | **Red** | ↓ |
| 24,377 | Funding Items | 23,384 | 0 | -405 | -1.7% | Green | ↑ |
| **348,117** | **Total Net Spending** | **344,381** | **3,114** | **4,093** | **1.2%** | **Red** | ↓ |
| | **Memorandum items:** | | | | | | |
| 7,746 | LGSS Operational | 9,396 | 0 | 90 | 1.0% | Green | ↓ |
| 212,873 | Schools | 212,873 | | | | | |
| **568,736** | **Total Spending 2017/18** | **566,650** | | | | | |

1 The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

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

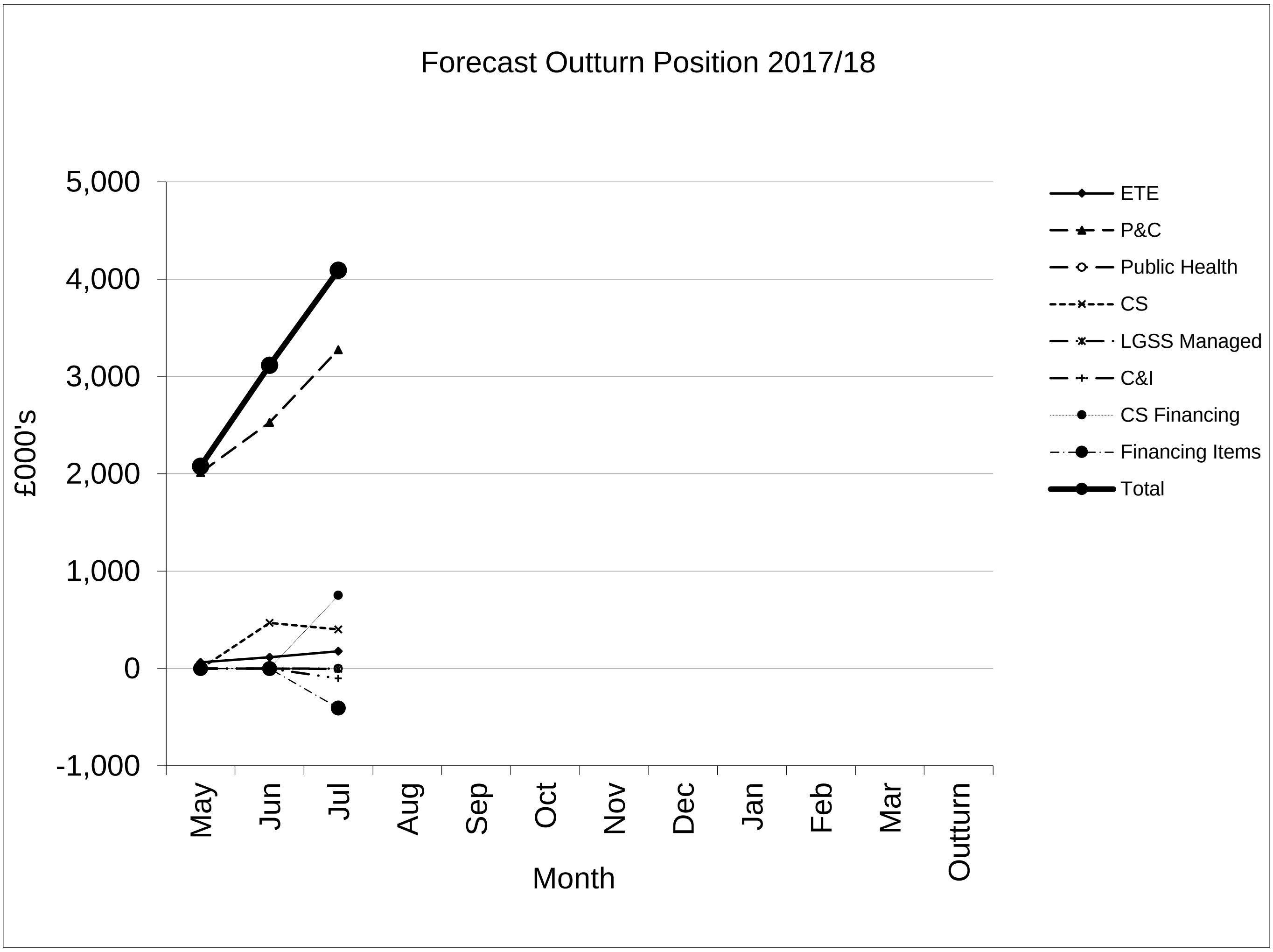
3 The budget of £387k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £26.0m from ring-fenced public health grant, which makes up its gross budget.

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

3.1.1 Although the position continues to be challenging, savings of £29.4m are on track against a target for 2017-18 of £33.4m. The council faces significant demand led pressures and risks particularly related to children's services, where numbers of looked after children are at very high levels in historical context, and continue to grow, in line with national trends.

This report includes new favourable forecasts on business rates income and County offices. Children's services have a reduced expenditure expectation on business support.

Robust action is being taken to improve the budgetary position in People & Communities and the Executive Director is currently developing actions plans to ensure that mitigating measures are brought forward.




3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** +£0.178m (+0.5%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [ETE Finance & Performance Report].

3.2.2 **People & Communities:** +£3.276m (+1.4%) overspend is forecast at year-end.

| **Due to the material overspend in Children's Services, the full narrative regarding those variances, provided to the CYP Committee is available in Appendix 5 to this report.** | **£m** | **%** |
|---|---|---|
| • **Looked After Children (LAC) Placements** – a +£641k overspend is forecast at year-end, which is an increase of £368k on the overspend previously reported in May. LAC numbers have increased by 9 since June and 14 since May. | +0.641 | (+4%) |
| • **Older People Mental Health** – a +£271k overspend is forecast for year-end. This is due to increased care commitments for nursing dementia beds in comparison to those budgeted. Delivery of savings is in line with expectations and other mitigations within Mental Health Services are partially mitigating the pressure. | +0.271 | (+5%) |

The rest of the Adults programme is currently on track. P&C are forecasting delivery of £20m savings in 2017-18.

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

3.2.3 **Public Health:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the PH Finance & Performance Report.

3.2.4 **Corporate Services:** +£0.400m (+6.2%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.5 **LGSS Managed:** -£0.005m (-0.0%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.6 **CS Financing:** +£0.750m (3.3%) overspend is forecast at year-end.

| | **£m** | **%** |
|---|---|---|
| • **Housing Financing** – the Housing Investment Company is a new initiative for the Council, and a new income stream is forecast. After re-phasing, there are greater returns in future years but a +£750k pressure within 2017-18. Timescales set within the business plan were deliberately ambitious. Planning permission is being actively progressed on schemes in order to maximise asset values. The Resources directorate has identified some mitigation from the County Offices budget (see below) and is working to reduce the pressure further. | +0.750 | (+3%) |

- For full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.7 **Commercial & Investment**: -£0.101m (-4%) underspend is forecast at year-end.

| | £m | % |
|---|---|---|
| • **County Offices** – a -£450k underspend is forecast at year-end. Members will be aware that the Council has increased public access to pay and display parking at the Shire Hall Campus and following successful implementation and marketing, this is now generating significant additional revenue income, which makes up -£105k of the forecast underspend. The balance of the underspend is due to a rebate (£345k) for business rate costs following the leasing of the Castle Court office building to a student accommodation provider. | -0.450 | (-10%) |
| • **Strategic Assets** – a +£349k overspend is forecast at year-end. This is due to the ending of shared service arrangements for Property and Asset services with LGSS. Whilst shared service arrangements applied the Council benefitted from savings made across all partners. At the ending of the arrangements, budgets were disaggregated. Cambridgeshire no longer receives the benefit of savings made at other partners and has a remaining deficit on the delivery of these services compared to the budget. It was an LGSS decision to withdraw from property services provision and there will be new opportunities in terms of collaboration within the County. An outcomes focused review is commencing across assets, facilities and property compliance functions with a view to improving the final outturn. | +0.349 | (+49%) |

Mitigation from the Business Rates pilot is report below under the funding adjustments category.

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

3.2.8 **LGSS Operational:** +£0.090m (+1.0%) overspend is forecast at year-end. Pressures in LGSS Operational are set against LGSS reserves at year-end, rather than using the General Fund. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.9 **Funding adjustments:** The County Council participates in a local business rates retention pilot agreed with HM Treasury as a pathfinder. This enables the Council to retain a share of local increases in business rates income, so that more of the proceeds of local economic growth are retained within the county rather than redistributed elsewhere in the country. This is forecast to deliver additional income of at least £405k this financial year, with the potential to grow. (see section 7.1 for more details).

***Note:*** *exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.*

## 4. KEY ACTIVITY DATA

4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest P&C Finance & Performance Report (section 2.5).

## 5. PERFORMANCE AND RISK

5.1 At GPC in July, Service Committees were requested to review performance indicators. This work is underway, but is dependent on the timescales for the relevant Finance and Performance Report so is in different stages in each Committee. This report is based on the basket of indicators that are reported in the Finance and Performance Reports being considered by Committees in September, covering the period for July. As these reports are updated, the indicators reported here that make up the pie charts in Section 2.1 will be updated also.

5.2 GPC also requested that direction of travel arrows be added to the pie charts on the front sheet. These will be added once the indicator review has been completed as it is not possible to compare the baskets of indicators if they have changed.

5.3 A summary of the Corporate Risk Register is shown in Appendix 4. The risk of the Business Plan not being delivered is now rated red, due to the forecast outturn position worsening.

## 6. CAPITAL PROGRAMME

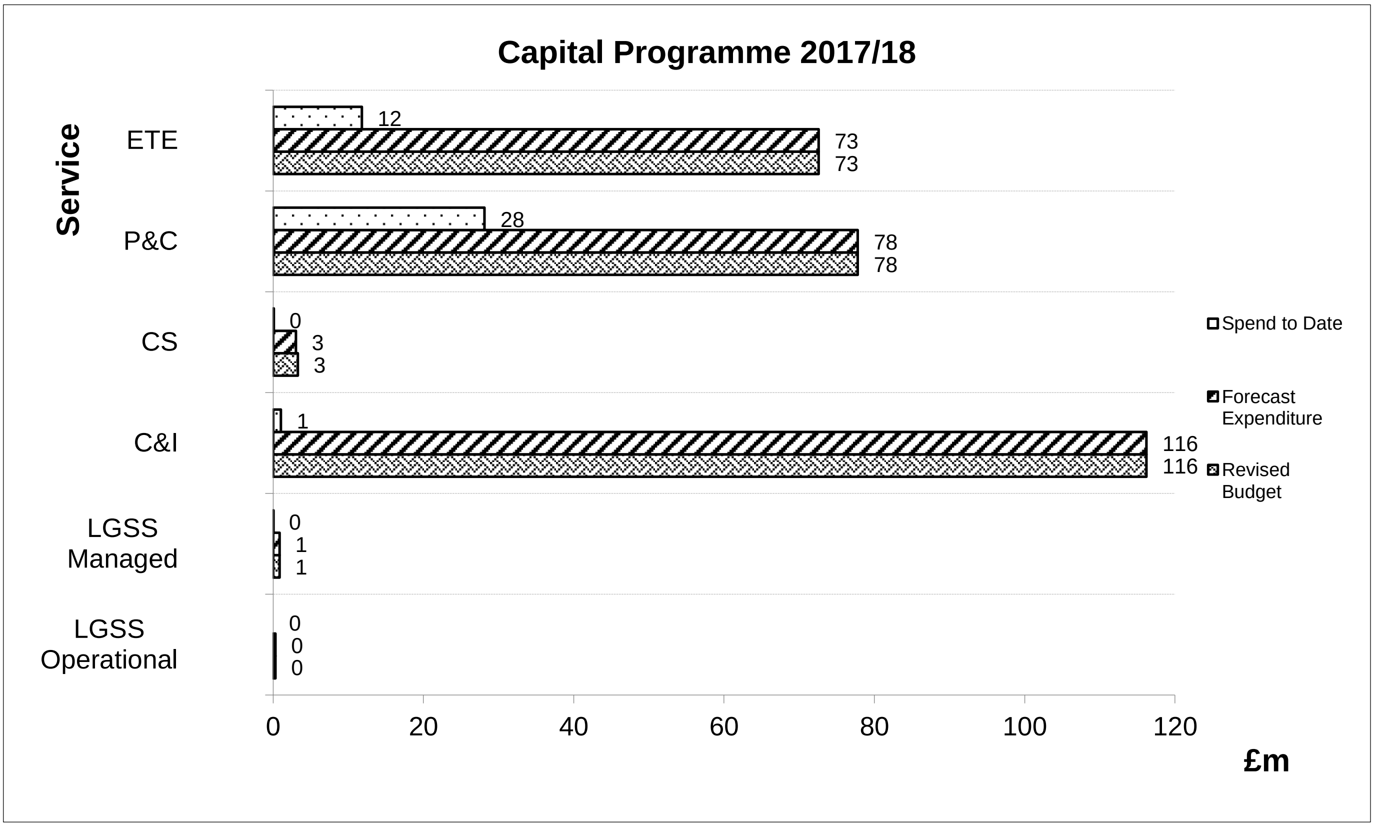
6.1 A summary of capital financial performance by service is shown below:

| 2017/18 | | | | | | TOTAL SCHEME | |
|---|---|---|---|---|---|---|---|
| **Original 2017/18 Budget as per Business Plan £000** | **Service** | **Revised Budget for 2017/18 £000** | **Forecast Variance - Outturn (June) £000** | **Forecast Variance - Outturn (July) £000** | **Forecast Variance - Outturn (July) %** | **Total Scheme Revised Budget (July) £000** | **Total Scheme Forecast Variance (July) £000** |
| 66,263 | ETE | 72,580 | - | - | 0.0% | 431,053 | - |
| 79,208 | P&C | 77,774 | - | -0 | 0.0% | 578,941 | 12,363 |
| 3,689 | CS & Transformation | 3,280 | - | -237 | -7.2% | 8,993 | - |
| 160 | LGSS Managed | 851 | - | - | 0.0% | 9,300 | - |
| 116,476 | C&I | 116,208 | - | - | 0.0% | 218,376 | - |
| 100 | LGSS Operational | 301 | - | - | 0.0% | 1,408 | - |
| - | Outturn adjustment | - | - | 237 | - | - | - |
| **265,896** | **Total Spending** | **270,994** | **-** | **0** | **-7.2%** | **1,248,071** | **12,363** |

**Notes:**

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

2. The reported ETE capital figures do not include City Deal, which has a budget for 2017/18 of £11.1m and is currently forecasting a balanced budget at year-end




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

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

| 2017/18 | | | | | |
|---|---|---|---|---|---|
| **Service** | **Capital Programme Variations Budget £000** | **Forecast Variance - Outturn (July) £000** | **Capital Programme Variations Budget Used £000** | **Capital Programme Variations Budget Used %** | **Revised Forecast Variance - Outturn (July) £000** |
| ETE | -15,234 | -106 | 106 | 0.70% | 0 |
| P&C | -10,305 | -1,525 | 1,525 | 14.80% | -0 |
| CS & Transformation | -279 | -516 | 279 | 100.00% | -237 |
| LGSS Managed | -643 | -73 | 73 | 11.35% | 0 |
| C&I | -1,000 | 0 | 0 | 0.00% | 0 |
| LGSS Operational | -20 | 0 | 0 | 0.00% | 0 |
| Outturn adjustment | - | - | 237 | - | 237 |
| **Total Spending** | **-27,481** | **-2,220** | **2,220** | **8.08%** | **0** |

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

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

6.4.1 **Economy, Transport and Environment:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details see the ETE Finance & Performance Report.

6.4.2 **People & Communities:** a balanced budget is forecast at year-end.

| | £m | % |
|---|---|---|
| • **Basic Need – Primary** – an in-year underspend of -£1.5m is forecast, which is a movement of -£0.6m on the position last reported in May. This is mainly due to slippage on Meldreth Primary (£500k increase since May) due to the commencement on site being delayed from November 2017 to February 2018. | -1.5 | (-4%) |

- For full details see the P&C Finance & Performance Report.

6.4.3 **Corporate Services:** a -£0.2m (-7.2%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

| | £m | % |
|---|---|---|
| • **Citizen First, Digital First** – an in-year underspend of -£516k is forecast due to revised timescales for implementing the projects as detailed in the latest business case analyses. | -0.5 | (-46%) |

- For full details see the CS & LGSS Finance & Performance Report.

6.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

6.4.5 **Commercial & Investment**: a balanced budget is forecast at year-end. This forecast assumes that the additional funding requested in section 6.7 for the Sawston Community Hub project is granted. There are no exceptions to report this month; for full details see the C&I Finance & Performance Report.

6.4.6 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

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

6.5.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the ETE Finance & Performance Report.

6.5.2 **People & Communities:** a +£12.3m (+2%) total scheme overspend is forecast.

| | £m | % |
|---|---|---|
| • **Basic Need – Secondary** – there has been a +£21.6m increase in total scheme costs since the 2017/18 Business Plan was agreed, for which funding has not yet been allocated by Members. This is £19.9m higher than was reported in June and is largely due to a change in scope of the Northstowe Secondary scheme (+£19.6m).<br><br>The scheme has been extended to include SEN provision, of which 90 places are to be funded by the Education Funding and Skills Agency (EFSA), and the delivery of community sports provision, which will attract S106 funding from South Cambs District Council. This change in budget will be dealt with through the 2018/19 Business Planning process, with funding being allocated to meet the increased costs. Ensuring there is sufficient local SEN provision is a key aspect of the Council's demand management strategy. | +21.6 | (+10%) |

- For full details see the P&C Finance & Performance Report.

6.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

6.5.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

6.5.5 **Commercial & Investment**: a total scheme balanced budget is forecast. This forecast assumes that the additional funding requested in section 6.7 for the Sawston Community Hub project is granted. There are no exceptions to report this month; for full details see the C&I Finance & Performance Report.

6.5.6 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

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

| Funding Source | B'ness Plan Budget £m | Rolled Forward Funding[1] £m | Revised Phasing £m | Additional/ Reduction in Funding £m | Revised Budget £m | Outturn Funding £m | Funding Variance £m |
|---|---|---|---|---|---|---|---|
| **Department for Transport (DfT) Grant** | 20.5 | 0.5 | 8.0 | 7.7 | **36.6** | 36.6 | - |
| **Basic Need Grant** | 32.7 | - | - | - | **32.7** | 32.7 | - |
| **Capital Maintenance Grant** | 4.0 | - | 0.4 | - | **4.5** | 4.5 | - |
| **Devolved Formula Capital** | 1.1 | 0.8 | -0.1 | -0.0 | **1.8** | 1.8 | - |
| **Specific Grants** | 23.1 | 0.5 | -7.6 | - | **16.1** | 16.1 | - |
| **S106 Contributions & Community Infrastructure Levy** | 22.0 | 1.6 | -4.4 | -0.0 | **19.2** | 19.2 | - |
| **Capital Receipts** | 83.9 | - | - | - | **83.9** | 83.9 | - |
| **Other Contributions** | 15.1 | 0.4 | -4.7 | 1.6 | **12.4** | 12.4 | - |
| **Revenue Contributions** | - | - | - | - | **-** | - | - |
| **Prudential Borrowing** | 63.5 | 9.6 | -10.4 | 1.2 | **63.9** | 63.9 | 0.0 |
| **TOTAL** | **265.9** | **13.4** | **-18.8** | **10.5** | **271.0** | **271.0** | **0.0** |

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

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

| Funding | Service | Amount (£m) | Reason for Change |
|---|---|---|---|
| Addition/Reduction in Funding – Department for Transport (DfT) Grant | ETE | £3.5 | Cambridgeshire County Council has received a one-off grant payment £3.5m from the Department for Transport's Challenge Fund, to repair drought damaged roads.<br><br>**General Purposes Committee is asked to approve the allocation of the £3.5m grant to ETE so it can be used for its intended purpose.** |
| Revised phasing – Prudential Borrowing | ETE | £2.25 | The amount received from the Department for Transport's Challenge Fund is not sufficient to complete the required works. Our funding bid relied on being able to fund £1.25m of works ourselves with borrowing, but another £1m is required to make up the shortfall between the amount bid for and the amount awarded. Therefore it is requested that £2.25m of the £90m Highways Maintenance fund be brought forward from later years in the capital programme to allow the works to be completed in 2017/18.<br><br>**General Purposes Committee is asked to approve the revised phasing of £2.25m of Prudential Borrowing for use by ETE, bringing it forward from later years in the Capital Programme.** |
| Addition/Reduction in Funding – Prudential Borrowing | C&I | £0.2 | A +£193k increase in the in-year and total scheme costs for the Sawston Community Hub project has occurred. This is due to delays to the start date caused by prolonged negotiations with the Parish Council and Sawston Village College in relation to land usage, which delayed submission of the planning application. Additionally, further detailed design development has led to a number of changes being made to meet fire safety and disabled access requirements. The largest single cost (£38k) is for the removal of contaminated materials identified during the site survey.<br><br>**GPC is asked to approve an additional £193k of Prudential Borrowing to fund the increased costs of the scheme, which will need to be met in 2017/18.** |

## 7. FUNDING CHANGES

7.1 Where there has been a material change in 2016/17 grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require Strategic Management Team (SMT) discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the General Purposes Committee (GPC) for approval.

Business Rates Retention Pilot

From April 2015 Cambridgeshire has been in a pilot scheme that allows councils to retain 100% of any additional growth in business rates beyond expected forecasts. For year two of the pilot scheme Cambridgeshire County Council's share of the additional growth, which will be received in 2017/18, is anticipated to be £405k. This has not been budgeted for and is shown as a forecast outturn in the 'Funding Items' section of this report.

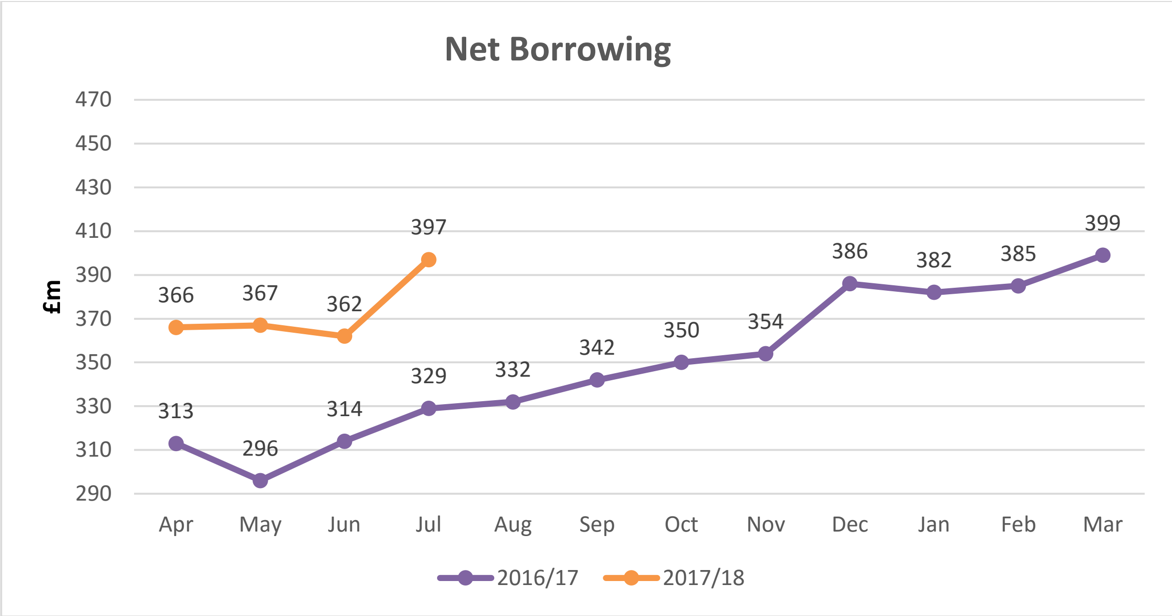
It is proposed that his additional income will be transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval. An update to the current reported position will be provided if this projection changes and approval will be sought at year-end once the final figure is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

## 8. BALANCE SHEET

8.1 A more detailed analysis of balance sheet health issues is included below:

| **Measure** | **Year End Target** | **Actual as at the end of July** |
|---|---:|---:|
| Level of debt outstanding (owed to the council) – 4-6 months, £m | £0.4m | £8.6m |
| Level of debt outstanding (owed to the council) – >6 months, £m | £1.0m | £2.7m |
| Invoices paid by due date (or sooner) | 97.6% | 99.6% |

8.2 The graph below shows net borrowing (investments less borrowings) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of July 2017 were £14.49m (excluding 3rd party loans) and gross borrowing was £411.94m.




8.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2017-18 TMSS was set in February 2017, it was anticipated that net borrowing would reach £466m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1st April 2017 was £399m, this reduced to £366m at the end of April 2017 thus starting at a lower base than originally set out in the TMSS (£466m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.

8.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.

8.5 Although there is link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.

8.6 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance

8.7 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report.

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

## 9. ALIGNMENT WITH CORPORATE PRIORITIES

### 9.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 9.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 9.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 10. SIGNIFICANT IMPLICATIONS

### 10.1 Resource Implications

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

### 10.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

### 10.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

### 10.4 Equality and Diversity Implications

There are no significant implications within this category.

### 10.5 Engagement and Consultation Implications

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

### 10.6 Localism and Local Member Involvement

There are no significant implications within this category.

### 10.7 Public Health Implications

There are no significant implications within this category.

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

| Source Documents | Location |
|---|---|
| ETE Finance & Performance Report (July 17)<br>P&C Finance & Performance Report (July 17)<br>PH Finance & Performance Report (July 17)<br>CS and LGSS Cambridge Office Finance & Performance Report (July 17)<br>C&I Finance & Performance Report (July 17)<br>Performance Management Report & Corporate Scorecard (July 17)<br>Capital Monitoring Report (July 17)<br>Report on Debt Outstanding (July 17)<br>Payment Performance Report (July 17) | 1st Floor, Octagon, Shire Hall, Cambridge |

**APPENDIX 1 – transfers between Services throughout the year** (only virements of £1k and above (total value) are shown below)

| | P&C | Public Health | ETE | CS Financing | Corporate Services | LGSS Managed | C&I | LGSS Op | Financing Items |
|---|---|---|---|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Opening Cash Limits as per Business Plan | 237,311 | 200 | 38,682 | 22,803 | 15,542 | 6,500 | 2,702 | 7,746 | 3,915 |
| Post BP adjustments | -292 | | -18 | | -69 | 521 | | -142 | |
| Apprenticeship Levy | 335 | 8 | 61 | | -456 | 6 | 5 | 40 | |
| Transfer Digital Strategy budget to CS - CCR | -1,286 | | | | 1,286 | | | | |
| Transfer Strengthening Communities budget to CS - CCR1 | | | -756 | | 756 | | | | |
| Property demerger from LGSS and rationalisation of property services | | | 58 | | | -7 | | -51 | |
| Organisational structure review | -293 | | | | 293 | | | | |
| Transfer budget for Court of Protection team to CS | -52 | | | | | | | 52 | |
| Transfer surplus NHB funding from City Deal | | | | | -256 | | | | 256 |
| Transfer budget from reablement for In Touch maintenance | -10 | | | | 10 | | | | |
| Allocation of inflation to Waste budget | | | 200 | | | | | | -200 |
| Drug and Alcohol Treatment service transfer to PH | -178 | 178 | | | | | | | |
| Workforce development budget transferred to LGSS | -1,361 | | | | | | | 1,361 | |
| Budget transfer per CCR | -43 | | | | 43 | | | | |
| Property commissioning transfer budget to P&C | -11 | | | | | | | 11 | |
| Dial a Ride budget to Total Transport | 12 | | -12 | | | | | | |
| LAC demography | 2,913 | | | | -2,913 | | | | |
| Waste demography | | | 170 | | -170 | | | | |
| **Current budget** | **237,044** | **386** | **38,384** | **22,803** | **14,068** | **7,020** | **2,707** | **9,017** | **3,971** |
| Rounding | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## APPENDIX 2 – Reserves and Provisions

| Fund Description | Balance at 31 March 2017 | 2017-18 | | Forecast Balance 31 March 2018 | Notes |
|---|---|---|---|---|---|
| | | Movements in 2017-18 | Balance at 31 July 17 | | |
| | £000s | £000s | £000s | £000s | |
| **General Reserves** | | | | | |
| **- County Fund Balance** | 15,808 | 1,453 | 17,261 | 13,164 | |
| **- Services** | | | | | Service reserve balances transferred to General Fund after review |
| 1 P&C | 540 | -540 | 0 | 0 | |
| 2 ETE | 2,229 | -2,229 | 0 | 0 | |
| 3 CS | -64 | 64 | 0 | 0 | |
| 4 LGSS Operational | 609 | 0 | 609 | 51 | |
| subtotal | 20,162 | -1,252 | 17,870 | 13,215 | |
| **Earmarked** | | | | | |
| **- Specific Reserves** | | | | | |
| 5 Insurance | 3,269 | 0 | 3,269 | 3,269 | |
| subtotal | 3,269 | 0 | 3,269 | 3,269 | |
| **- Equipment Reserves** | | | | | |
| 6 P&C | 859 | 0 | 859 | 114 | |
| 7 ETE | 218 | 0 | 218 | 218 | |
| 8 CS | 57 | 0 | 57 | 57 | |
| subtotal | 1,134 | 0 | 1,134 | 389 | |
| **Other Earmarked Funds** | | | | | |
| 9 P&C | 1,289 | 249 | 1,538 | 566 | |
| 10 PH | 2,960 | 0 | 2,960 | 2,302 | |
| 11 ETE | 6,003 | 1,019 | 7,022 | 4,883 | Includes liquidated damages in respect of the Guided Busway - current balance £1.5m. |
| 12 CS | 2,656 | 0 | 2,656 | 2,656 | |
| 13 LGSS Managed | 146 | 0 | 146 | 146 | |
| 14 C&I | 362 | 27 | 389 | 389 | |
| 15 Transformation Fund | 19,525 | -439 | 19,086 | 11,641 | Savings realised through change in MRP policy |
| 16 Innovation Fund | 1,000 | 0 | 1,000 | 1,000 | |
| subtotal | 32,901 | 856 | 33,797 | 22,583 | |
| | | | | | |
| **SUB TOTAL** | **57,465** | **-396** | **56,069** | **39,456** | |
| | | | | | |
| **Capital Reserves** | | | | | |
| **- Services** | | | | | |
| 17 P&C | 1,827 | 24,091 | 25,918 | 273 | |
| 18 ETE | 7,274 | 32,907 | 40,181 | 5,200 | |
| 19 LGSS Managed | 72 | -3 | 69 | 69 | |
| 20 C&I | 0 | 3,072 | 3,072 | 0 | |
| 21 Corporate | 29,782 | 398 | 30,179 | 17,834 | Section 106 and Community Infrastructure Levy balances. |
| subtotal | 39,343 | 60,465 | 99,419 | 23,376 | |
| | | | | | |
| **GRAND TOTAL** | **96,808** | **60,069** | **155,489** | **62,832** | |

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

| Fund Description | Balance at 31 March 2017 | 2017-18 | | Forecast Balance 31 March 2018 | Notes |
|---|---|---|---|---|---|
| | | Movements in 2017-18 | Balance at 31 July 17 | | |
| | £000s | £000s | £000s | £000s | |
| **- Short Term Provisions** | | | | | |
| 1 ETE | 669 | 0 | 669 | 0 | |
| 2 P&C | 200 | 0 | 200 | 0 | |
| 3 CS | 64 | 0 | 64 | 64 | |
| 4 LGSS Managed | 3,056 | -911 | 2,145 | 2,145 | |
| 5 C&I | 24 | 0 | 24 | 24 | |
| subtotal | 4,013 | -911 | 3,102 | 2,233 | |
| **- Long Term Provisions** | | | | | |
| 6 LGSS Managed | 3,613 | -3,613 | 0 | 0 | |
| subtotal | 3,613 | -3,613 | 0 | 0 | |
| | | | | | |
| **GRAND TOTAL** | **7,626** | **-4,524** | **3,102** | **2,233** | |
| | | | | | |

**APPENDIX 3 – Improved Better Care Fund**

In 2017-18, the County Council is receiving an **£8.339m** grant as part of an 'improved Better Care Fund.' This is additional, non-recurrent funding: the amount to be received, grant conditions and the wider planning requirements associated with the Better Care Fund were confirmed gradually by government in the early months of the financial year.

The grant is ring-fenced, and the Council must:

- Use the funding to:
  - meet adult social care needs,
  - reduce pressures on the NHS (including supporting more people to be discharged from hospital when they are ready), and
  - ensure that the local social care provider market is supported
- Pool the funding into the local Better Care Fund [via a section 75 agreement with the Clinical Commissioning Group (CCG)]
- Work with the CCG & social care providers to meet conditions around managing transfers of care
- Provide quarterly reports as required by the Secretary of State.

As this sets out, there are constraints in using the grant and formal processes for agreeing this with the NHS (and other partners). Following extensive planning work with the NHS during the Summer, the formal and public involvement of other committees is as follows:

| | |
|---|---|
| **Health and Wellbeing Board** - formal sign-off of the BCF plan as a whole and pooling of funds by all partners | 8 September 2017<br>https://cmis.cambridgeshire.gov.uk/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/749/Committee/12/SelectedTab/Documents/Default.aspx |
| **Adults Committee** – Update on the Better Care Fund and confirmation of plans for the Council's part | 14 September 2017<br>https://cmis.cambridgeshire.gov.uk/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/605/Committee/3/SelectedTab/Documents/Default.aspx |

Following sign-off by the Health and Wellbeing Board, the BCF plan, including the iBCF allocation, was submitted to NHS England on 11 September 2017.

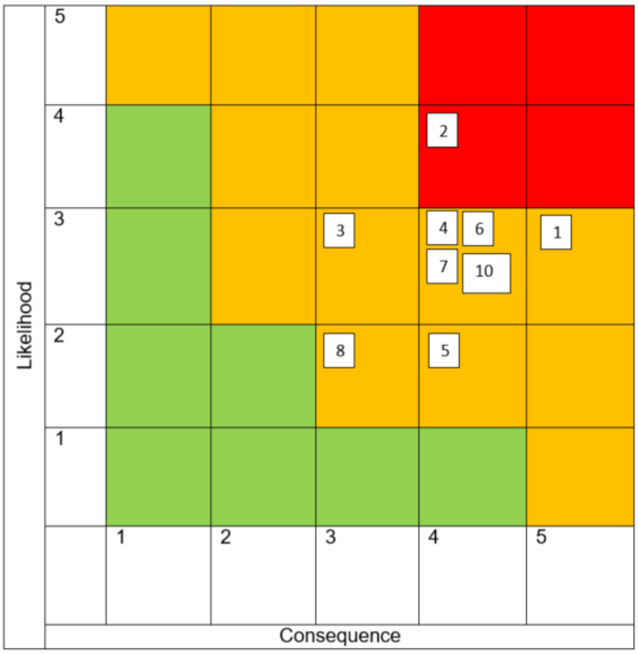
Within the wider Better Care Fund, only the iBCF amount of £8.339m is a) additional funding and b) a grant to the local authority from central government, with the rest being supplied as income directly from the local NHS to a pooled budget which continues from last year. Although there is limited discretion possible due to the timing and conditions of grant, given the materiality, **GPC is asked to confirm, for its part, allocation within People & Communities to:**

| **Allocation Title** | **Amount** | **Remarks** |
|---|---|---|
| Investment in Adult Social Care & Social Work | £2,889k | Additional capacity and initiatives which manage demand & sustain investment, including some repayment of transformation fund |
| Investment into housing options & accommodation projects for vulnerable people | £3,000k | Working with care suppliers, and to reduce out-of-county placements: reducing care costs on an ongoing basis. |

| | | |
|---|---|---|
| Joint funding with NHS and Peterborough CC Public Health prevention initiatives | £150k | Supporting programmes on falls reduction & atrial fibrillation. |
| Detailed plan to support delivery of national reducing delayed transfers of care target | £2,300k | Capacity focused around hospital discharge and reablement, especially into Autumn/Winter |
| Total of grant [allocated] | **£8,339k** | |

Beyond 2017-18, with allocations and planning guidance now known for 2018-19 (the iBCF reduces to £6.56m next year), it will be possible to deal with spending and funding assumptions in the wider Business Planning process in coming weeks as this reaches service committees from October. The funding reduces further to £3.273m in 2019-20 and zero thereafter, so iBCF funded activities are planned to end in line with these timescales.

# APPENDIX 4 – Corporate Risk Register Summary




| Risk # | Risk | Risk Owner | Residual Risk Level | Risk Appetite | Review Date |
|---|---|---|---|---|---|
| **Cambridgeshire County Council** | | | | | |
| 1 | 01. Vulnerable children or adults are harmed | Wendi Ogle-Welbourn | 15 | | 01/07/2017 |
| 2 | 02. The Business Plan (including budget and services) is not delivered | Chris Malyon | 16 | | 01/07/2017 |
| 3 | 03. Personal data is inappropriately accessed or shared | Sue Grace | 9 | | 01/07/2017 |
| 4 | 04. A serious incident prevents services from operating | Sue Grace | 12 | | 01/07/2017 |
| 5 | 05. The Council does not deliver its statutory or legislative obligations | Quentin Baker | 8 | | 01/07/2017 |
| 6 | 06. Our resources (human resources and business systems, CCC and providers) are not sufficient to meet business need | Gillian Beasley | 12 | | 01/07/2017 |
| 7 | 07. The infrastructure and services (e.g. transport, education, services for children, families and adults) required to meet the current and future needs of a population is not provided at the right time | Graham Hughes | 12 | | 01/07/2017 |
| 8 | 08. The Council is a victim of major fraud or corruption | Gillian Beasley | 6 | | 01/07/2017 |
| 9 | 09. Our partnerships are not successful in delivering the intended outcomes | Gillian Beasley | | | 01/07/2017 |
| 10 | 10. Inequalities in the county continues | Gillian Beasley | 12 | | 01/07/2017 |
| 11 | 11. Change and transformation of services is not successful | Chris Malyon | | | 01/07/2017 |

This month risk 2 (the Business Plan is not delivered) has worsened as a result of its consequence score increasing. It is now rated ‘red’. This is because there is a higher forecast overspend this month compared to the last period, as explained in the main body of this report. Actions to address this are also described in the main body of this report.

## APPENDIX 5 – Narrative from the report to Children and Young People Committee about budget pressures

| Service | Current Budget for 2017/18 | Actual | Forecast Variance Outturn | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | % |
| **8) Looked After Children Placements** | **17,344** | **3,867** | **641** | **4%** |

An overspend of £641k is being forecast, which is an increase of £234k from what was reported in June. Of this increase, £151k relates to a reduction in the forecast LAC composition savings in 17/18 (where the expectation is that these will be delivered in 18/19 due to the timing of the savings), with the remaining £83k being due to a combination of changes in placement fees and/or new placements.

In July GPC approved the allocation of £2.913m from the corporately held demography and demand budget to the LAC Placement budget, resulting in the overall pressure being reduced to a more manageable level.

Overall LAC numbers at the end of July 2017, including placements with in-house foster carers, residential homes and kinship, are 689, 9 more than June 2017. This includes 66 unaccompanied asylum seeking children (UASC).

External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of July are 355, an increase of 8 from the 347 reported at the end of June. A small number of expensive residential placements made in the last quarter of 2016/17 and during April 2017 impact significantly on the forecast.

| External Placements Client Group | Budgeted Packages | 30 June 2017 Packages | 31 July 2017 Packages | Variance from Budget |
|---|---|---|---|---|
| Residential Disability – Children | 1 | 1 | 1 | 0 |
| Child Homes – Secure Accommodation | 0 | 0 | 0 | 0 |
| Child Homes – Educational | 16 | 20 | 20 | +4 |
| Child Homes – General | 22 | 33 | 33 | +11 |
| Independent Fostering | 263 | 263 | 269 | +6 |
| Supported Accommodation | 15 | 21 | 24 | +9 |
| Supported Living 16+ | 25 | 9 | 8 | -17 |
| **TOTAL** | **342** | **347** | **355** | **+13** |

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

Actions being taken to address the forecast overspend include:

- A fortnightly panel to review children on the edge of care, specifically looking to prevent escalation by providing timely and effective interventions. The panel also reviews placements of children currently in care to provide more innovative solutions to meet the child's needs.

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

**Looked After Children Placements continued;**

- Development of a 'No Wrong Door' model to bring together the residential home, specialist fostering placements, supported lodgings and supported accommodation, with outreach services under one management arrangement. This will enable rapid de-escalation of crisis situations in families preventing admissions to care, and delivery of a holistic, creative team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services.
- A new Head of Service, with expertise in children's services commissioning, has been re-deployed from elsewhere in the newly formed, combined People & Communities directorate to lead the Access to Resources function. Their review of commissioning practices for LAC will report in mid-September, to identify potential quicker wins, longer term process improvements and resourcing needs.

| | | | | |
|---|---|---|---|---|
| **9) Adoption** | **4,406** | **1,774** | **450** | **10%** |

The Allowances budget is forecasting an over spend of £450k.

Our contract with Coram Cambridgeshire Adoption (CCA) provides for 38 adoptive placements pa. In 2017/18 we are forecasting an additional requirement of 20 adoptive placements. There is a need to purchase inter agency placements to manage this requirement and ensure our children receive the best possible outcomes. The forecast assumes £270k to manage our inter agency requirement and a further £30k to increase our marketing strategy in order to identify more suitable adoptive households.

The adoption/Special Guardianship Order (SGO) allowances overspend of £150k is based on the continuation of historical adoption/SGO allowances and a lower than expected reduction from reviews of packages or delays in completing reviews of packages. The increase in Adoption orders is a reflection of the good practice in making permanency plans for children outside of the looked after system and results in reduced costs in the placement budgets.

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

A programme of reviews of allowances continues which is resulting in some reduction of packages, which is currently off-setting any growth by way of new allowances.

| | | | | |
|---|---|---|---|---|
| **10) Legal Proceedings** | **1,540** | **339** | **450** | **29%** |

The Legal Proceedings budget is forecasting a £450k overspend.

Numbers of Care Applications have increased by 52% from 2014/15 (105) to 2016/17 (160), mirroring the national trend and continue to rise. Aside from those areas which we are working on to reduce costs ie advice/use of appropriate level of Counsel, the volume of cases remaining within the system indicates an estimated £450k of costs in 2017/18. This assumes overrun costs through delay in cases can be managed down as well as requests for advice being better managed.

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

| Service | Current Budget for 2017/18 | Actual | Forecast Variance Outturn | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | % |
| **11) Children's Disability Service** | **6,527** | **2,490** | **168** | **3%** |

The Children's Disability Service is forecasting an over spend of £168k.

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

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

| Service | Current Budget for 2017/18 | Actual | Forecast Variance Outturn | |
|---|---|---|---|---|
| **12) Childrens' Innovation & Development Service** | **47** | **-1,414** | **104** | **220%** |

There is a pressure of £104k against Grafham Water which was identified during budget build.

The budget includes an internal loan of £97k in 17/18 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £27k over-recovery.

This long standing issue will be addressed through a review of options for Grafham Water going forwards, with the aim of achieving a realistic and sustainable budget. We will look to mitigate the pressure in the short term via any emerging underspends elsewhere within the directorate.

| Service | Current Budget for 2017/18 | Actual | Forecast Variance Outturn | |
|---|---|---|---|---|
| **13) Catering & Cleaning Services** | **-449** | **-130** | **185** | **41%** |

CCS is currently forecasting un under recovery of £185k, which is reduced from the £215k pressure identified at budget build. Plans are being progressed with the transformation team to develop strategies in which the service can be competitive in price, make efficiencies to the service and increase customer engagement.

Encouragingly the service has retained the CPET group of 3 schools plus an additional new site at Trumpington, as well as contracting with ALT to develop the catering service at the new Littleport Academy from Sep17.

Conversely, a further 4 sites have given notice that they are tendering their catering services to commence wef Jan 18 and previous trends indicate the very high potential for these contracts to be lost.

Operational teams have been targeted with increasing the uptake of meals served by a minimum 5%, and making productivity savings against the major direct costs to achieve 45% staffing costs (budget = 47%, savings value = £200k) and 39% provisions costs (budget = 39%) against income.

Cleaning services will face a further pressure in 18/19 when contracts for Childrens center's are moved to the corporate CCC contract, and 2 major SLAs are expected to end (Revenue value £200k)

The Management Team are considering a number of additional actions for potential delivery in year, alongside wider considerations for long term model and structure. As a result of support from Transformation Team and the wider considerations, the HoS and Client Development posts are being held vacant enabling an in year saving of £70k to be held whilst appropriate structure and future model discussions take place.

The mothballed C3 cook freeze unit has a potential £500k dilapidations cost (awaiting verification) to resolve before the lease can be ended, and £80k pa ongoing costs until then.

| | | | | |
|---|---|---|---|---|
| **7) Strategic Management – Children & Safeguarding** | **2,521** | **1,412** | **956** | **38%** |

The Children and Safeguarding Director budget is forecasting an over spend of £956k. This is a reduction of £122k on the June 2017 position.

The Children's Change Programme (CCP) is on course to deliver savings of £669k in 2017/18 to be achieved by integrating children's social work and children's early help services in to a district-based delivery model. However, historical unfunded pressures of £886k still remain. These consist of £706k around the use of agency staffing, unfunded posts (£180k). The previous Business Support service pressure of £122k is now being managed in year and managed out entirely by 2018/19. An additional £70k of costs associated with managing the Children's Change Programme is also forecast. Agency need has been reduced based on a 15% usage expectation in 2017/18 but use of agency staff remains necessary to manage current caseloads.

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

**Agenda Item No:6**

## STRATEGIC FRAMEWORK

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19th September 2017** |
| *From:* | **Chief Finance Officer** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **The Council's Strategic Framework describes how our key strategies fit together to ensure that our plans are driven by a shared vision for the county and focused on achieving a number of outcomes for the people of Cambridgeshire.** |
| *Recommendation:* | **General Purposes Committee is asked to review and recommend the Strategic Framework to Council as part of the 18/19 Business Plan.** |


| | ***Officer contact:*** | | ***Member contact:*** |
|---|---|---|---|
| Name: | Chris Malyon | Name: | Councillors Count & Hickford |
| Post: | Chief Finance Officer | Chairman: | Chair/Vice-Chair |
| Email: | Chris.Malyon@cambridgeshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>roger.hickford@cambridgeshire.gov.uk |
| Tel: | 01223 699796 | Tel: | 01223 706398 |

## 1. BACKGROUND

1.1 The Strategic Framework forms part of the Council's annual Business Plan and describes our strategic approach and key priorities.

## 2. OVERVIEW

2.1 The framework comprises the following elements:

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

- The Council's **outcomes framework**, which will be used to hold us to account for improvement across Cambridgeshire.

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

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

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

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

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

**Appendix 1:** *Draft Strategic Framework* describes how these elements drive our plans.

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

As the framework describes our corporate priorities and how we align our planning and activity to support these priorities there will be impact across all three priorities:

- Developing the local economy for the benefit of all

- Helping people live healthy and independent lives

- Supporting and protecting vulnerable people

## 4. SIGNIFICANT IMPLICATIONS

How the Council's strategy is developed and implemented has implications for all areas of the Council's business as outlined in the "Delivering Outcomes" section of the Strategic Framework.

### 4.1 Resource Implications

The Business Plan for 2018/19, which forms part of the Strategic Framework, describes how we will commission services within the resources we have.

### 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

Equality and Diversity are at the heart of our Outcomes Framework which drives our Strategic Approach.

### 4.5 Engagement and Communications Implications

Our Strategic Framework is supported by the County Council's Consultation Strategy.

### 4.6 Localism and Local Member Involvement

Members have been closely involved in design of the Council's Outcomes Framework, Business Plan and Strategic Approach.

### 4.7 Public Health Implications

The wellbeing of Cambridgeshire's citizens is influenced by a number of closely connected drivers, including economic, social and personal factors which are embedded in the Council's Outcomes Framework and drive our Strategic Approach.

| Implications | Officer Clearance |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Yes<br>Name of Financial Officer: Tom Kelly |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?** | Yes<br>Name of Officer: Paul White |
| | |
| **Has the impact on statutory, legal and risk implications been cleared by LGSS Law?** | Yes<br>Name of Legal Officer: Fiona McMillan |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Yes<br>Name of Officer: Amanda Askham |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Yes<br>Name of Officer: Christine Birchall |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Yes<br>Name of Officer: Amanda Askham |
| | |
| **Have any Public Health implications been cleared by Public Health** | Yes<br>Name of Officer: Liz Robin |

| Source Documents | Location |
|---|---|
| Draft Strategic Framework 2018-19 | Octagon Second Floor  Shire Hall, Cambridge Cambridge |
| Council Business Plan 2018-22 | https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/ |
| Key Council Strategies | https://www.cambridgeshire.gov.uk/residents/ |
| County Council Consultation Strategy | Communications Office, Shire Hall, Cambridge |

# Strategic Framework

2018/19

# DRAFT

Cambridgeshire County Council



cambridgeshire.gov.uk

# CONTENTS

# INTRODUCTION

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

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

**Our vision for the long term future of our County,**

**Our cross-cutting and strategic priorities,**

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

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

Gillian Beasley

**Gillian Beasley, Chief Executive of Cambridgeshire County Council**

**Steve Count Leader of Cambridgeshire County Council**

# DESIGNING OUR FUTURE

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

- Increasingly the boundaries between public sector partners are blurring as we move closer to a whole system focus on shared priorities, outcomes and cost efficiencies. As a result of this, we are encouraging a greater degree of service integration among Council services, our partners, the third sector and, where appropriate, our commercial suppliers.

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

- We are refocusing our effort towards achieving our outcomes by reducing internal business costs, applying digital strategies to reduce the cost of simple transactions and enabling our customers and staff to do more online.

- We are developing a more commercial approach in considering how to best use our assets and generate income in the context of our overall strategic objectives and management of risk.

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

# STRATEGIC FRAMEWORK

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

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

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

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

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

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

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

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

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

# STRATEGIC FRAMEWORK

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

# DELIVERING OUTCOMES

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

**Older people live well independently**

**People with disabilities live well independently**

**Adults and children at risk of harm are kept safe**

**Places that work with children help them to reach their potential**

**The Cambridgeshire economy prospers to the benefit of all residents**

**People live in a safe environment**

**People lead a healthy lifestyle and stay healthy for longer**

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

## Outcome: Older people live well independently

*What are we aiming for?*

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

*This means that we need to:*

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

*If we get it right, people will say:*

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

## Outcome: People with disabilities live well independently

*What are we aiming for?*

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

*This means that we need to:*

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

*If we get it right, people will say:*

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

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

*What are we aiming for?*

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

*This means that we need to:*

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

*If we get it right, people will say:*

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

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

*What are we aiming for?*

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

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

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

*This means that we need to:*

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

*If we get it right, people will say:*

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

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

*What are we aiming for?*

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

*This means that we need to:*

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

*If we get it right, people will say:*

"I have a job which enables me to lead a rewarding and fulfilling life"
"I have access to training that will help me achieve what I want to achieve"
"I want to, and are able to, access investment in Cambridgeshire"

## Outcome: People live in a safe environment

*What are we aiming for?*

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

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

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

*This means that we need to:*

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

*If we get it right, people will say:*

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

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

*What are we aiming for?*

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

*This means that we need to:*

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

*If we get it right, people will say:*

“My children are growing up healthy and active’
“I enjoy and have control of my life, and can make a positive contribution”
“I know where to get help with my health if I need it”
“I don’t smoke, don’t drink too much and am a healthy weight”
“Where I live and work, it’s easy to stay healthy”
“I feel steady on my feet and I’m not worried about falling over” “I felt like I got the right help at the right time, so things got better, and my family can thrive”
“I know what to do if I am concerned about the safety of a child or adult”

# TRANSFORMATION

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

Some examples of our work to date are included below.

## *Working in the community*

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

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

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

*Reablement.*

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

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

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

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

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

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

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

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

*A blueprint for the future.*

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

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

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

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

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

# PERFORMANCE

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

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

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

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

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

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

**Agenda Item No: 7**

# MEDIUM TERM FINANCIAL STRATEGY

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19 September 2017** |
| *From:* | **Chief Finance Officer, Deputy Chief Executive** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **This report sets out the Council's draft Medium Term Financial Strategy for the next five years. The strategy is updated annually at the commencement of the business planning process but is refined during the process as the financial climate and the Council's approach to its finances gain greater clarity. The final Strategy is adopted at the Council meeting in February that agrees the Business Plan and the revenue and capital budgets. Its core purpose is to provide a financial framework within which individual service proposals can develop before Council approves the budget and the Business Plan in February.** |
| *Recommendation:* | **General Purposes Committee is asked to recommend the Draft Medium Term Financial Strategy to Council for approval.** |


| | ***Officer contact:*** | | ***Member contact:*** |
|---|---|---|---|
| Name: | Chris Malyon | Name: | Councillors Count & Hickford |
| Post: | Chief Finance Officer | Chairman: | Chair/Vice-Chair |
| Email: | Chris.Malyon@cambridgeshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>roger.hickford@cambridgeshire.gov.uk |
| Tel: | 01223 699796 | Tel: | 01223 706398 |

## 1. BACKGROUND

1.1 For a number of years the Council has adopted an integrated approach to service planning and budget setting. It does this through the business planning process that culminates annually with the Council agreeing the Business Plan in February.

1.2 The Business Plan covers a five year timeline and integrates policy objectives, resource allocations, and performance targets. The General Purposes Committee has a responsibility in owning and overseeing this process (as well as being the Service Committee on behalf of Corporate and LGSS Managed Services).

1.3 As Cambridgeshire is one of the fastest growing counties we are under particular pressure due to the increase in the number of people accessing our services. On top of this background population growth the needs of those requiring care packages are becoming more complex and therefore costly. This increase in demand, along with continuing reductions in grants, and inflation means we will have significantly less money available in the coming years than we need to deliver the same services in the same ways that we have in the past. This is on the back of substantial efficiency, service cuts and increased charging that has already been implemented as part of the austerity measures.

1.4 To face this challenge, the Council is continuing the transformation programme, which commenced in 2016, with proposals being developed across service areas. This programme is re-shaping the Council in to one that is leaner, more efficient, more cross cutting, and focused on outcomes.

1.5 In October 2016, the Council rejected a fixed four year settlement as part of the Comprehensive Spending Review due to the unsustainability of the minimum level of funding in the latter years of the offer, in particular negative Revenue Support Grant in 2019-20. The 2015 Spending Review confirmed that the reduction in public spending would be phased over a longer period than was originally planned, and the deadline for UK public finances to be in a surplus position was pushed back beyond the 2020 scope of the review. However the Government may not hold to the spending levels set by its predecessors and national political uncertainty remains significant. The £217.9m savings that the Council identified between 2012-13 and 2017-18 were achieved through transformation but also by making efficiencies, reducing services and raising charges.

1.6 Key areas of pressure include care packages, which cover a wide range of users including older people, people with learning disabilities, children with special educational needs (SEN) and looked after children. The Council has a statutory responsibility to deliver across these service areas which support Cambridgeshire’s most vulnerable people so the only way of reducing costs is to focus on managing demand in these areas of high spend. This means a combination of preventing the need for Council support in the first place or reducing the level of support provided.

1.7 The Council has changed the way it approaches these challenges, developing transformational and innovative proposals. The Council still has to make some difficult choices but we are continually pushing the boundaries to ensure that, as far as possible, the service outcomes that residents receive remain unaffected.

1.8 A key component of the Business Plan is the Medium Term Financial Strategy (MTFS) which sets the financial framework that services should adopt in the construction of their budget proposals at the start of the business planning process. The MTFS and the Business Plan are the responsibility of Full Council and cannot be delegated. GPC recommends budget proposals to Council which Council must agree, or not, as part of the budget setting decision making process. The draft 2018-23 MTFS can be found in **Appendix A**. The financial estimates underpinning the draft MTFS, including inflation, demand, pressures and funding forecasts, are provisional and will be refined during this year's business planning process prior to consideration by Council in February.

## 2. PURPOSE AND KEY DEVELOPMENTS

2.1 One of the major functions of the MTFS is to set out the Council's projected resources for the next five financial years. It also establishes a framework for the construction of the detailed budget proposals. It does not set out these detailed budgets and the individual savings proposals as these are contained elsewhere in the Business Plan. These proposals will be considered by service committees throughout the Autumn and Winter before being finally approved by Council in February. A more detailed summary of the Business Planning timetable is included as **Appendix B** for the Committee's awareness.

2.2 The MTFS does however establish a guide and a context to support services in this work and agrees a number of corporate methodologies for this process.

2.3 The transformation programme is a cross-cutting approach first developed to support the 2017-22 business planning process. It is designed to ensure we maximise the opportunities across the Council and with partners to deliver services in a different way.

2.4 In order to maximise the effectiveness of our limited budgets the Council is continuing its focus on pro-actively managing demand – implementing strategies of early intervention to help service users in a timely manner to prevent them developing more severe needs in the future.

2.5 The Business Plan recommended to Council in February will still contain budget allocations for individual services, but these will be arrived at in a much more cross-cutting, holistic, way that will flex budgets determined using the traditional incremental approach to accommodate the outcome-based proposals generated through the transformation programme.

2.6 At this point in the business planning process budget allocations should be regarded as provisional as there will be a number of factors that affect the final allocations. Such changes will arise from flexing to reflect the proposals brought forward through the transformation programme, as well as changes that could arise from the next Spending Review, changes to legislation, or unforeseen service pressures.

2.7 The transformation programme, whilst providing a more realistic opportunity for producing a balanced budget in the medium term, cannot be seen as a panacea to the challenges. The Council will still have to make difficult decisions over service levels, income generation and asset utilisation. These decisions will affect people in communities.

## 3. SAVING/INCOME TARGETS

3.1 Saving/Income targets are agreed as part of the Business Plan, on a five year rolling basis updated to take account of changes to funding and expenditure, including projections on demand, inflation, and service pressures.

3.2 It is important for the Business Plan to reflect a realistic assessment of likely changes in cost due to inflation, demand and other service pressures as this ensures that the Council considers how it will realistically balance its budget by setting out a clear plan to achieve this through saving and income proposals. In total savings of upwards of £99m are projected up to 2022-23, with this figure likely to change and increase as new pressures emerge and funding settlements are firmed up by government.

3.3 The inclusion of service pressures, and other budgetary changes, within the financial model affects the overall level of saving/income which is required.

3.4 Saving/income targets are treated as an overall requirement for the Council, rather than being allocated to services, and the Transformation Programme continues to bring through projects from across all services to meet this challenge.

3.5 The published 2017-22 Business Plan contains a significant proportion of unidentified savings/incomes. As part of this year's business planning process Services have reviewed existing 2018-23 Business Plan proposals to allow quantification of the scale of the savings/incomes yet to be identified.

3.6 The most pressing focus for this year's business planning process is, naturally, to ensure that the Council has a balanced budget for the forthcoming year. However, the transformation programme approach has a strong focus on redesigning the Council's delivery of services, operating with a real term reduction in resource. Consequently, this business planning process will seek to address unidentified savings across the full five years of the Business Plan by setting out an achievable phased transition to that future Council, although it is expected that the detail of proposals will be most fully developed for 2018-19.

## 4. ALIGNMENT WITH CORPORATE PRIORITIES

### 4.1 Developing the local economy for the benefit of all

This report sets out the provisional revenue cash limits and a proposed capital programme for all service areas. Whilst not a direct result of this report there could be impacts associated with the local economy from the detailed proposals that will arise from the aforementioned allocations.

### 4.2 Helping people live healthy and independent lives

This report sets out the provisional revenue cash limits and a proposed capital programme for all service areas. Whilst not a direct result of this report there could be impacts associated with the people living healthy and independent lives from the detailed proposals that will arise from the aforementioned allocations.

### 4.3 Supporting and protecting vulnerable people

This report sets out the provisional revenue resource and a proposed capital programme for all service areas. Whilst not a direct result of this report there could be impacts associated with supporting and protecting vulnerable people from the detailed proposals that will arise from the aforementioned allocations.

## 5. SIGNIFICANT IMPLICATIONS

### 5.1 Resource Implications

This report sets out the provisional revenue resource and a proposed capital programme for all service areas. The final resource allocation will be approved by Council as part of the Business Plan in February 2018.

### 5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

This report sets out provisional revenue resource and a proposed capital programme for all service areas. Whilst not a direct result of this report there will be procurement, contractual, Council Contract Procedure Rules Implications associated with implementation.

### 5.3 Statutory, Risk and Legal Implications

This report sets out provisional revenue resource and a proposed capital programme for all service areas. Whilst not a direct result of this report there will be risks associated with implementation of the detailed savings proposals that will come forward as part of the Business Plan.

## 5.4 Equality and Diversity Implications

This report sets out provisional revenue resource and a proposed capital programme for all service areas. Whilst not a direct result of this report there could be equality and diversity implications arising from the detailed proposals and these will be identified in the individual equality and impact assessments of associated with each proposal.

## 5.5 Engagement and Consultation Implications

There will be a public consultation and engagement process that will support the final Business Plan proposals and these will support the development of the Business Plan to be considered by the Council in February.

## 5.6 Localism and Local Member Involvement

There are no issues directly arising from this report.

## 5.7 Public Health Implications

There are no issues directly arising from this report.

| **Source Documents** | **Location** |
|---|---|
| Draft Medium Term Financial Strategy 2018-23<br><br>Council Business Plan 2017-22 | Octagon First Floor<br>Shire Hall<br>Cambridge |
| Significant Implications cleared by Strategic Management Team | 17 August 2017 |

# Section 2 – Medium Term Financial Strategy Appendix A

**Contents**

**1) Executive summary**

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

There is a great deal of uncertainty surrounding the UK's public finances due to recent events. In April, the UK prime minister announced a snap general election, which saw the Conservatives lose their majority. The Bank of England revised down its growth forecasts in August sighting continued uncertainty over Brexit negotiations.

In addition to the international uncertainty, there are a number of Central Government consultations due, most notably Business Rates Retention and fairer funding, which will potentially affect the Council's funding. The outcomes of these consultations will be taken into account within the Business Plan as soon as they become available.

As a result, the outlook for public finances remains relatively bleak. It is likely that the new Government will publish a new budget in the autumn which we hope will bring greater clarity over the Government long term view of public finances. The Council has operated within a very constrained financial environment for a number of years and as a result, the Council has had to take some difficult decisions over service levels and the charging for services during this period. As we progress through the period covered by the MTFS those decisions become even more challenging.

Whilst the Council's financial environment has not improved over the last twelve months, the way in which it approaches the challenge has. The Council has developed a strategic approach to the creation of transformation and innovation proposals, including bringing the various skills and resources that were dispersed across the Council under a single line management structure. This has helped to ensure that proposals and ideas are captured and turned from suggestions into realities. In order to support the continuation of this strategic approach, the Council previously established a Transformation Fund of almost £20m ensuring that finance is not a barrier to transformation.

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

Unfortunately however, some service reductions are inevitable. These will be far less than otherwise would have been the case had the Council not embarked upon this journey, and we will always focus on transforming rather than cutting services within this approach. The Council will continue to seek to shape proposals so that the most vulnerable are the least affected. The Council has a statutory responsibility to set a balanced budget each financial year and the proposals that are already within the Business Plan for

2018-19 do contain some proposals, the delivery of which, will be challenging.

This strategy sets out the issues and challenges for the next five financial years and creates a framework within which the detailed budgets will be constructed.

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

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

- A 0% general council tax increase for the period of the Strategy;
- The Adult Social Care Precept of 2%, will be accepted for the remaining two years that it is available;
- The strategic approach to developing savings and transformation proposals that support the Business Plan continue to evolve through a focus on efficiency, accountability, partnership and co-production;
- For the financial year 2018-19 the base budget will use the budget allocations built into the existing Business Plan but any variations will be managed, where possible, through the transformation work-streams that will bring forward cross-Council and multi-agency proposals;
- Funding for invest to save schemes will continue to be made available via the Transformation Fund as part of the Business Planning process, or from the Council's General Reserve, subject to robust business cases;
- The Council will continue to adopt a more commercial focus in the use of its assets (both human and infrastructure) looking for opportunities to generate income in order to protect frontline services;
- The General Reserve will be held at approximately 3% of expenditure (excluding schools expenditure and Combined Authority levy);
- Fees and charges will be reviewed annually in line with the Council's fees and charges policy;
- The capital programme will be developed in line with the framework set out in the Capital Strategy where prudential borrowing will be restricted and any additional net revenue borrowing costs would need Council approval;
- All savings proposals will be developed against the backcloth of the Council's new outcome-based approach to

Business Planning, recognising the need to embrace change and innovation;

- All opportunities for cross-sector and organisational working that drive end to end efficiencies and/or improvements in service delivery will be pursued;
- Business rates pooling will be fully explored with district council's where there is a mutual financial benefit to so do, particularly in relation to the pilots preceding the introduction of the 100% Business Rates Retention scheme;
- The Council Tax assumption and forecasts are reviewed each year and updated if necessary;
- The Council will continue to lobby central government for fairer funding, and in particular for a fairer deal for Cambridgeshire's schools.

## 2) National and local context

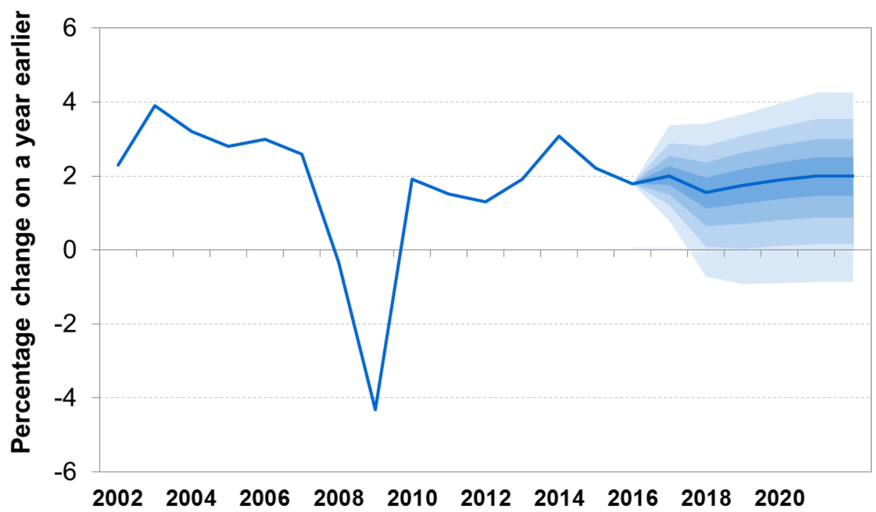
The Council's business planning takes place within the context of both the national and local economic environments, as well as government's public expenditure plans. This chapter of the Medium Term Financial Strategy explores that backdrop.

### National economic outlook

Since the end of 2012 UK GDP growth has remained relatively stable, surpassed its 2008 pre-crisis peak in the third quarter of 2013 and, at 3% was the fastest growing in the G7 in 2014. In the last two years GDP growth has fallen from this peak and the Bank of England in August revised down their growth forecast for 2018 to 1.6% citing continued uncertainty over Brexit negotiations.

Labour productivity remains weak, with the Office of National Statistics estimating that output per hour during the final quarter of 2016-17 fell by 0.5%, and is below the average of other G7 countries. Despite the absorption of slack in the labour market, wage growth remains weak and with productivity remaining well below pre-crisis levels, this may take some time to be absorbed. The International Monetary Fund has warned low productivity is a key risk to the UK's future economic health.

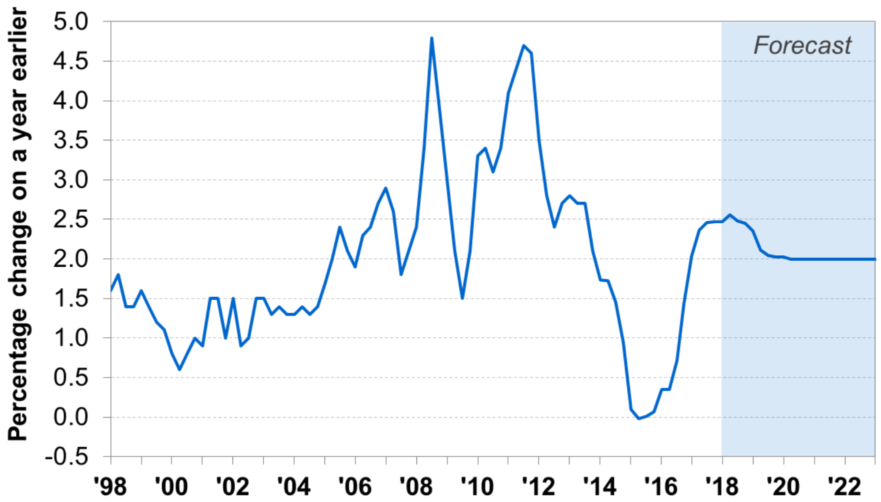
**Figure 2.1: GDP Growth** (Source: OBR, March 2017)



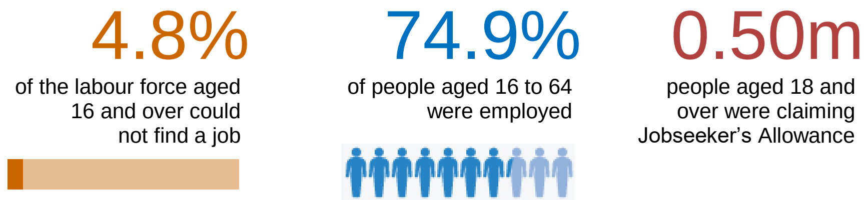

The downturn in the housing and property market after the credit crunch initially caused development to slow and land values have subsequently been struggling to recover. In previous years this has negatively affected the ability of the Council to fund capital investment through the sale of surplus land and buildings, or from contributions by developers. Although this situation still exists for the north of the County, recent indications continue to suggest that in south Cambridgeshire the market is recovering to pre-2008 levels. This has led to increased viability of development once again and, therefore greater developer contributions in these areas.

The government has set a target of 2% for the underlying rate of inflation as measured by the Consumer Price Index. During 2014 inflation fell below this level for the first time since late 2009. Since then CPI inflation has risen sharply, recently driven by the depreciation in sterling and rising global commodity and energy prices, and is expected to peak at 2.7% in the final quarter of 2017 before gradually declining.

**Figure 2.2: CPI Inflation** (Source: OBR, March 2017)




The latest unemployment rate is 4.8%; with 1.60m people aged 16 to 64 not employed but seeking work but is expected to rise to 5.1% by the end of the MTFP period mainly due to the increases in the National Living Wage putting pressure on equilibrium employment. As at May 2017, the number of people claiming Jobseekers Allowance was 0.50m. In total, 30.82m people were in employment (74.9% of the population aged 16-64).




Unemployment is currently below the Bank of England's 7% threshold, above which the Monetary Policy Committee would not consider varying the Base Rate of interest. In March 2017 the decision by the Bank of England to maintain the base rate at 0.25% was split for the first time, which may indicate rates could rise sooner than previously predicted.

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

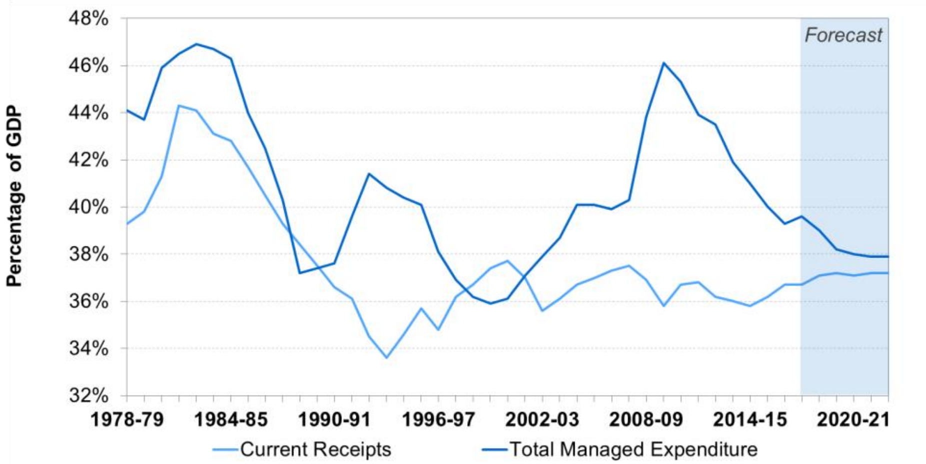
**Public Sector spending**

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

The rate at which the cyclically-adjusted budget deficit reduction has slowed and the latest forecast from the OBR expects a deficit to remain beyond their current forecast horizon of 2021-22, following the higher public spending announced by the new Chancellor.

Public sector net debt rose to 8.8% of GDP in 2017-18 but is expected to reduce to 81.6% by 2021-22. At its peak, debt will have increased by over 40% of GDP since 2007-08 – a figure that highlights the long-term challenge, facing this and future governments, of returning the UK's public finances to a sustainable position.

**Figure 2.3: Total public sector spending and receipts**

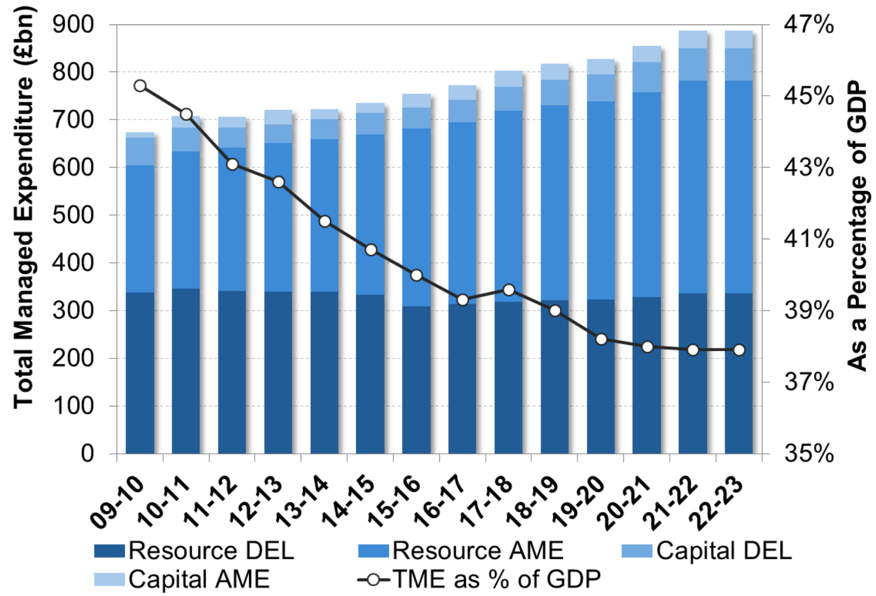



The government plans to eliminate the deficit by a mixture of spending and fiscal consolidation. Current estimates indicate that Total Managed Expenditure will be reduced from 39.6% of GDP in 2017-18 to 37.9% of GDP by 2021-22 and remain at that level through to 2021-22.

Total Managed Expenditure (TME) is the total amount that government spends. It is split into amounts allocated to individual government departments (known as Departmental Expenditure Limits, or DEL) and spending that is not controlled by government departments (known as Annually Managed Expenditure, or AME). AME covers spending on areas such as welfare, pensions and debt interest.

HM Treasury's forecast for TME over the next five years, as shown in Figure 2.4, indicates a slight increase, in nominal terms, in revenue Departmental Expenditure Limits until 2022-23, alongside a larger increase in AME.

**Figure 2.4: Total Managed Expenditure**



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

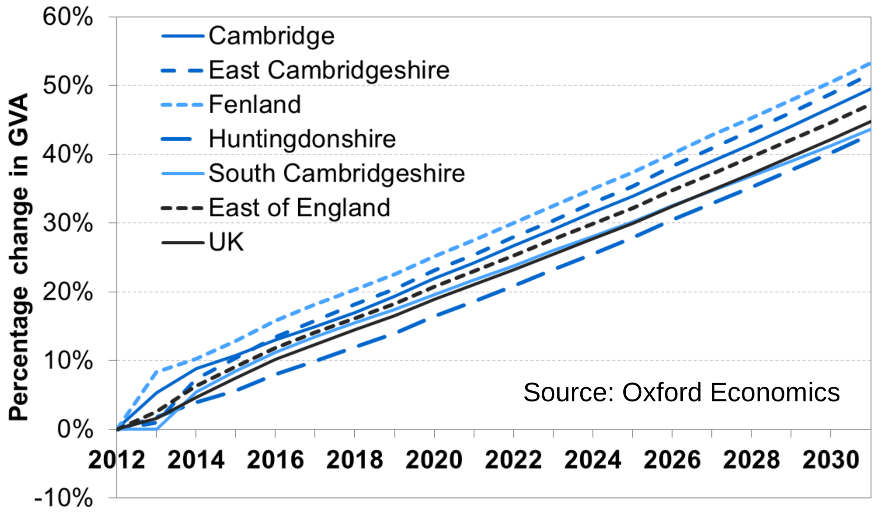
By far the majority of the Department for Communities and Local Government's DEL is allocated to individual local authorities. Our internal modelling of future cuts prudently assumes a similar level of reductions to those seen in 2016-17 over the next five years, as set out below, previously confirmed by the 2015 Spending Review. However, because the Council is one of only ten councils who have not accepted the Government's multi-year settlement, this creates an additional level of uncertainty regarding how any changes to the DEL will be applied to local authorities.

**Local economic outlook**

Cambridgeshire has a relatively resilient economy, compared to the national picture, as demonstrated by its above average levels of job creation between 2001 and 2011. In the aftermath of the financial crisis increases in hi-tech firm size were evident between 2008 and 2010. The East of England remained the third-highest exporting region by value in 2012, with a particularly strong pharmaceutical industry – significantly bolstered by the move of the AstraZeneca headquarters to Cambridge in 2013.

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

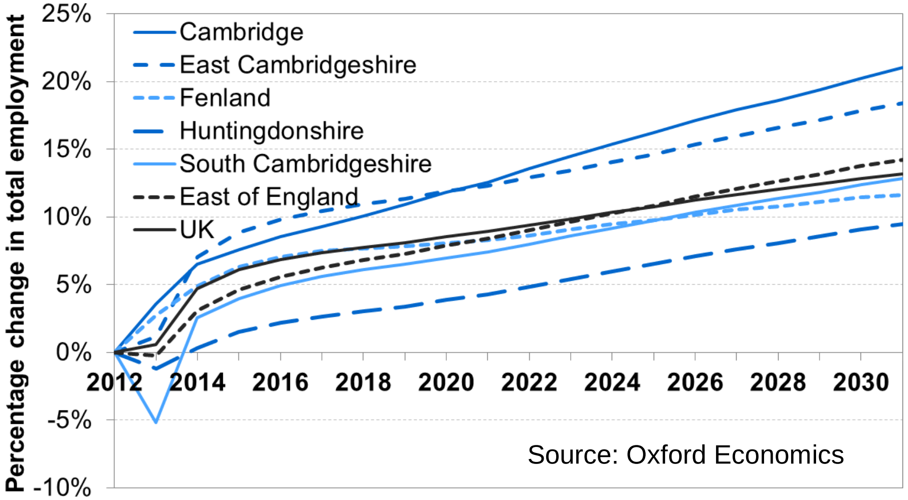
**Figure 2.5: GVA growth forecasts for Cambridgeshire by district**




Cambridgeshire's GVA per head of population is above the regional and national averages, predominantly due to high value added activity in South Cambridgeshire and a high jobs density in Cambridge City, which push up the county average. Productivity is highest in South Cambridgeshire, reflecting the concentration of high value industry in this district.

Cambridgeshire's GVA is forecast to grow by 9.8% over the term of the MTFS, with the most significant increase in South Cambridgeshire, where GVA is expected to increase by £448m. Enterprise births relative to population is still below the regional and national averages rate. Cambridgeshire as a whole has seen an increase in the number of business start-ups in 2016 compared to 2015. Retail growth in most district town centres continues to provide an important source of employment to support the broader market town business base.

**Figure 2.6: Employment growth forecasts for Cambridgeshire by district**




The forecast continued employment growth across all districts present a key opportunity for the county. Cambridgeshire has seen a 2.4% rise in the number of private sector jobs during 2013. From an historical perspective, job creation has previously been uneven, with Fenland and Cambridge only seeing limited growth between 2001 and 2011; however both Fenland and Cambridge have seen significant growth during 2013. A significant proportion of Cambridgeshire's jobs are in manufacturing and education. Cambridge City is seeing rising demand for skilled workers in manufacturing and production sectors due to a rise in orders, although there is a noticeable skills gap developing for the increasing number of vacancies. The low proportion of Cambridgeshire residents qualified to an intermediate skills level (NVQ Level 3) despite the high demand for people with these skills levels within the county is another key employment issue.

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

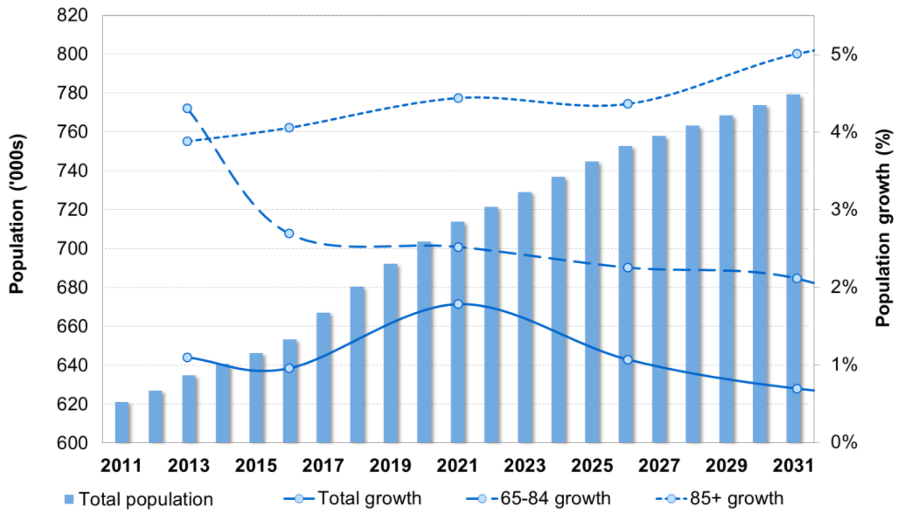
As part of the Budget 2014, Central Government announced their agreement for a Greater Cambridge City Deal (Greater Cambridge Partnership) which will deliver a step change in investment capability; an increase in jobs and homes with benefits for the whole County and the wider Local Enterprise Partnership area. The agreement provides a grant of up to £500 million for new transport schemes. However, only £100 million of funding has initially been guaranteed with the remaining funding dependent on the achievement of certain triggers. The deal has resulted in a changed set of governance arrangements for Greater Cambridge, allowing the County, Cambridge City Council and South Cambridgeshire District Council to pool funding and powers through a Joint Executive. This is helping to deliver a more joined-up and efficient approach to the key economic issues facing this rapidly-growing city region.

**Cambridgeshire's growing population**

Cambridgeshire is the fastest growing county in the UK, as confirmed by the 2011 census, which showed the county's population as having increased by 68,500 between 2001 and 2011 to 621,200. This equates to a growth rate of 12% over the ten year period. A growing county provides many opportunities for development and is a general sign of economic success. However, it also brings with it significant additional demand for services driven by increased demography. When this is combined with the Government's austerity drive it creates what has been described as the "perfect storm". Being able to balance our budget will become increasingly more challenging as we progress through the period of this strategy.

Our forecasts show that the county's population is expected to grow by 23% between 2016 and 2036. The pattern of growth will not be evenly spread, with most of it occurring in Cambridge, Huntingdon and South Cambridgeshire. As well as increased numbers of people living in the area the population structure is also changing. The number of people aged 65 and over is forecast to continue to increase over the next 20 years, from 119,070 in 2016 to 194,470 in 2036, placing unprecedented demand on social care services for the elderly. It is also anticipated that there will be more people with care needs such as learning disabilities within the population.

**Figure 2.7: Population forecasts for Cambridgeshire**



**3) Transformation**

The Business Plan sets out how the Council intends to deliver its priority outcomes. With real term reduction in resources and pressures of demographic growth, maintaining the level of funding for the key activities that deliver these outcomes becomes increasingly challenging. The reduced funding available means the Council must focus on those things that it sees as essential to support the delivery of these priority outcomes.

In response to the recognition that the traditional approach that had been taken on developing the Business Plan was unsustainable, the Council, in 2017-18, embarked upon a significant transformation programme to re-shape the Council in to one that is leaner, more efficient, more cross cutting, and focussed on outcomes.

The Transformation Programme is now integrated in to the traditional Business Planning arrangements. Business Planning and the Transformation Programme are intrinsically linked; they have are developed as one, they will be managed as one, and therefore they are one. This is outlined through the Transformation Strategy within the Strategic Framework in section 1 of the Business Plan.

As the scope for traditional efficiencies diminishes our plan is increasingly focused on a range of more fundamental changes to the way we work. Some of the key themes driving our thinking are;

- Income and Commercialisation - identifying opportunities to bring in new sources of income which can fund crucial public services without raising taxes and to operate every area of the Council in a business-like way

- Strategic Partnerships – acting as 'one public service' with our partner organisations in the public sector and forming new and deeper partnerships with communities, the voluntary sector and business

- Demand Management & Commissioning – working to give people early help so that their needs don't escalate to the point where they need to rely heavily on public sector support – this is about supporting people to remain as healthy and independent as possible. Ensuring all services are commissioned to deliver the right outcomes at the right cost and by the right provider – getting value for money in every instance

- Modernisation – ensuring the organisation is as lean and efficient as possible, taking advantage of the latest technologies and most creative and dynamic ways of working to deliver the most value for the least cost.

As part of the process leading to the creation of this Business Plan, the Council has considered what it needs to look like in 2022-23 in order to deliver its outcomes in the context of a significant reduction in available resource. Members and Officers have worked together across all Council services to design an organisation that focuses on the outcomes we want most for our communities and that works together to achieve these.

This process was initiated by a call on Officers throughout the Council to put forward ideas which they believe can create real improvements for the people of Cambridgeshire, whether this is directly, by improvements to our frontline services, or by creating savings or income which allow more of our resources to be spent where they are most needed.

These proposals are then driven forward by cross-Directorate groups, led by the Corporate Management Team and Strategic Management Team, each responsible for a specific key theme. The proposals are phased for implementation over the five-year period of the Business Plan.

This longer term approach to transformation will allow the Council to redesign services more effectively and intelligently, aligning our enabling activities, alongside our partners, to achieve our outcomes. Transformation of the Council's services in line with the key themes will be phased over the next five years and will reflect our available revenue and capital resources.

The Council has adopted many common approaches to the increasing financial challenges it faces through:

- Doing all we can to support economic growth and revenue.
- Focusing on managing demand through a targeted approach, emphasising prevention, early intervention and short-term progressive support.
- Enabling local communities to become less dependent upon the Council.
- Continuing to drive efficiencies through changes to the way the Council works through exploiting new technology, consolidation of buildings and services, and the automation of processes.
- Withdrawing from some areas of service provision to focus on the Council's unique contribution.

We will continue to build on the work carried out in 2017-18 reflecting these underlying approaches. In doing so we are becoming less risk adverse and improving our ability to maximise the utilisation of our asset base.

The Transformation Programme, whilst providing a more realistic opportunity for producing a balanced budget in the medium term, cannot be seen as a panacea to the challenges. The Council will still have to make difficult decisions over service levels, income generation and asset utilisation. These decisions will affect real people in real communities and the Council needs to review its overall structure in order to achieve radical ways of delivering services.

Although the Council considered the MTFS prior to the whole Business Plan, it is still an integral part to the Business Plan and should always be seen as such. The MTFS is of course supported by other strategic documents some of which are also part of the Business Plan and some of which are not. This includes service based strategies support delivery of the outcomes that are to be achieved within the resource envelope provided through the MTFS.

## Transformation Fund

To support the delivery of this new approach the Council has established a Transformation Fund, through changing the way the Council bears its cost of borrowing, and has introduced a mechanism by which base funding priorities are reviewed and re-aligned where there is a clear rationale to do so. Furthermore the transformation resources that exist across the Council have been brought together under a single management structure. This will facilitate the integrated cross-cutting approach that the Council has recognised as an essential ingredient to delivering the new culture and approach within the organisation.

## Flexible Use of Capital Receipts Strategy

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects.

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

- The expenditure is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years; and
- The expenditure is properly incurred for the financial years that begin on 1 April 2016, 1 April 2017 and 1 April 2018, and can only be met from capital receipts which have been received in the years to which this direction applies.

The Council has decided to use this direction to fund the transformation resources that have been brought together to support the Transformation Programme, as well as the cost of redundancies required in order to deliver transformation of services. As a result of using this direction, prudential borrowing undertaken by the Council for the years 2017-18 and 2018-19 will be £2.3m higher in each respective year. This affects the Council's Prudential Indicators as follows:

**Table 3.1: Effect of using Capital Receipts on Prudential Indicators**

| Prudential Indicator | 2017-18 £m | 2018-19 £m |
|---|---|---|
| Capital Financing Requirement | +2.3 | +4.6 |
| Operational Boundary (Total Borrowing) | - | - |
| Authorised Limit (Total Borrowing) | - | - |

This is expected to create additional Financing costs in the revenue budget of £146k in each of 2017-18 and 2018-19.

The Council intends to fund the following schemes using this direction:

**Table 3.2: Transformation Spend to be funded by Capital Receipts**

| BP Ref | Scheme | 2017-18 £m | 2018-19 £m |
|---|---|---|---|
| | Adult Social Care transformation / Transforming Lives / Reablement | 215 | 215 |
| | Learning Disability transformation | 251 | 163 |
| | Older People's transformation | 64 | 64 |
| | Children's Change Programme | 449 | 223 |
| | Children's Centres and Children's Health Services transformation | 0 | 273 |
| | Commissioning Enhanced Services transformation | 39 | 26 |
| | Learning transformation | 99 | 88 |
| | Highways Service transformation | 37 | 37 |
| | Alternative Delivery Models/ Contracts and Procurement work stream | 242 | 242 |
| | Assets / Facilities work stream / Property projects | 234 | 234 |
| | IT work stream | 184 | 184 |
| | Organisational Structure Review | 479 | 545 |
| | **TOTAL** | **2,293** | **2,293** |

## 4) Strategic financial framework

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

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

As well as outlining the Council's revenue strategy, this Medium Term Financial Strategy includes the organisation's Fees and Charges Policy (see chapter 5) and Reserves Policy (see chapter 8).

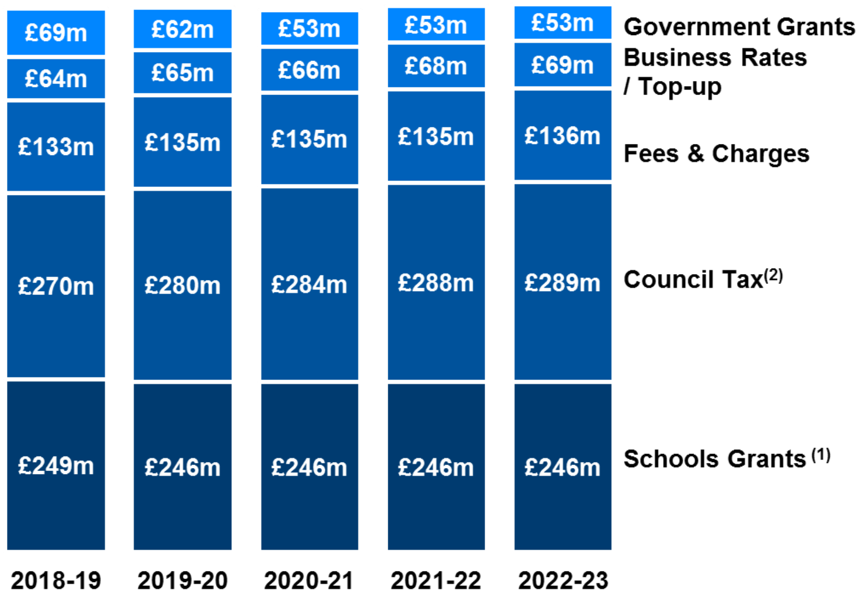
The Council's revenue spending is shaped by our Transformation Programme, influenced by levels of demand and the cost of service provision, and constrained by available funding.

### Funding forecast

Forecasting our financial resources over the medium term is a key aspect of the revenue strategy, allowing us to understand the context in which the Council must operate. We have carried out a detailed examination of the revenue resources that are available to the Council. Revenue funding comes from a variety of national and local sources, including grants from Central Government and other public agencies, Council Tax, Business Rates and other locally generated income.

In 2018-19, Cambridgeshire will receive £567m of funding excluding grants retained by its schools. The key sources of funding are Council Tax, for which a provisional increase of 0% on the general council tax rate and 2% for the Adult Social Care precept has been assumed, and Central Government funding (excluding grants to schools), which we predict will see a like-for-like reduction of 6.4% compared to 2017-18.

**Figure 4.1: Medium term funding forecast**




(1) This includes Schedule 2 Dedicated Schools Grant, retained by the County Council under regulation to support schools and education functions, and grant funding used to purchase traded services from the County Council
(2) This includes Adult Social Care Precept funding with a provisional increase of 2% per year, up to and including 2019-20, and 0% Council Tax increase.

As is evident from Figure 4.1, the Council will continue to face a challenging funding environment over the medium term. Despite significant increases in projected fees and charges, primarily due to housing provision, the Council will only see an increase in overall gross budget (excluding schools) of 1.3% to 2019-20. The parameters used in our modelling of incoming resources are set out below along with the assumptions we have applied.

**Table 4.1: Parameters used in modelling future funding**

| Funding Source | Parameters |
|---|---|
| Business Rates | • Cambridgeshire Rateable Value (prudent assumption of zero real growth)<br>• National RPI inflation to 2018-19 and CPI thereafter (3.43% in 2018-19 as per OBR forecasts) |
| Top-up | • National RPI inflation to 2018-19 and CPI thereafter (3.43% in 2018-19 as per OBR forecasts) |
| General Council Tax | • Level set by Council (0% in all years)<br>• Occupied Cambridgeshire housing stock (0.3%-1.5% annual increase, as per District Council forecasts)" |
| Adult Social Care Precept | • Level set by Council (2% in years 2018-19 to 2019-20) |
| Revenue Support Grant | • DCLG Departmental Expenditure Limit (-13.2% in all years) |
| Other grants | • Grants allocated by individual government departments (overall decrease of 10.2% by 2022-23) |
| Fees & charges | • Charges set by Council (overall 0%-6.2% annual increase) |

Our analysis of revenue resources highlights the implications of a number of government policies designed to shape the local authority funding environment.  The continued reduction in government grants, to the degree where this effects a real terms reduction in overall Council funding, is a potent driver for reducing the range of service provision once any remaining efficiencies have been made.

The Business Rates Retention Scheme introduced in April 2013 continues to have a significant impact on incentives.  Linking an element of local authority income to a share of the Business Rates collected in their area was designed to encourage Councils to promote economic growth.  For county councils, a lower share reduces the incentive somewhat but provides vital stability against the variability of Business Rates.  Nevertheless, our 9% share of Cambridgeshire's Business Rates remains a key driver towards growth.

In his April 2015 Budget, the former Chancellor announced a pilot scheme allowing a small number of authorities, including the Council, to retain 100% of additional growth in business rates.  The scheme is intended to incentivise local authorities to encourage business growth and will allow the Council to retain an additional 9% of any growth in business rates above an agreed "stretch target".  Whilst the County Council has a key role in creating the appropriate environment to stimulate economic growth it is not the planning authority and will therefore continue to work closely with district partners in order to create this growth.  While the increased devolution represented by the pilot is to be welcomed, the financial benefit for the Council is expected to be fairly small.

Following on from the pilot, the Business Rates Retention Scheme was planned to be implemented in 2019-20 however, following the election it is unclear both what measures will be implemented and when, as the Bill has not been reintroduced. T. In order to ensure that the reforms are fiscally neutral, councils would gain new responsibilities, and some Whitehall grants would be phased out. Obviously the impact of this may be significant for the Council however we are waiting on further clarity from DCLG before the change can be included in the forecasts.

The dwindling Revenue Support Grant no longer tracks changes in relative need between local authorities, but is instead set at 2012-13 levels until the system is reset in 2020. This creates a contradictory disincentive towards population growth and has an adverse effect on growing counties like Cambridgeshire, which as far as RSG allocations are concerned still has a population of 635,900 in 2016-17, rather than 652,110. In reality, this is mitigated somewhat by the New Homes Bonus, which acts as a clear promoter of housing growth.

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

The government limits the general increase in Council Tax to 1.99% per year, but has provided additional flexibility for local authorities with Adult Social Care responsibility to raise Council Tax by a further 3%, this Business Plan assumes that the Council will take a 2% rise whilst freezing Council Tax increases. The Local Government Finance Settlement issued in February 2017 afforded social care authorities the flexibility to increase the Adult Social Care precept by 3% in 2017-18 and 2018-19, maintaining the cap of a total 6% increase to 2019-20.

Based on the funding environment created by these policies the Council's response is to pursue the following guiding principles with regards to income:

- to promote growth;
- to diversify income streams; and
- to ensure a sufficient level of reserves due to increased financial risk.

Our ability to raise income levels by increasing Council Tax and charges for services remains limited. Therefore our annual review of Council Tax and fees and charges ensures that the Council makes a conscious decision not to increase these rather than this being the default position.

**Spending forecast**

Forecasting the cost of providing current levels of Council services over the medium term is the second key aspect of our revenue strategy. This allows us to assess the sustainability of current service provision. Our cost forecasting takes account of pressures from inflation, demographic change, amendments to legislation and other factors, as well as any investments the Council has opted to make.

### Inflationary pressures

We have responded to the uncertainty about future inflation rates relating to our main costs by making a prudent assessment of their impact. Our policy of maintaining reserves to cover such uncertainties provides further protection.

There is not a direct link between the inflation we face and nationally published inflation indicators such as the Consumer Price Index (CPI) due to the more specific nature of the goods and services that we have to purchase. Estimates of inflation have been based on indices and trends, and include specific pressures such as inflationary increases built into contracts. Our medium term plans assume inflation will run at around 1%, having taken account of the mix of goods and services we purchase. The table below shows expected overall inflation levels for the Council:

**Table 4.2: Inflationary pressures**

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---|---|---|---|---|
| Inflationary cost increase (£000) | 3,960 | 4,961 | 4,442 | 4,641 | 4,612 |
| Inflationary cost increase (%) | 0.8% | 1.1% | 1.0% | 1.0% | 1.0% |

### Demand pressures

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

**Table 4.3: Demographic pressures**

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---|---|---|---|---|
| Total demographic cost increase (£000) | 6,962 | 7,380 | 7,850 | 7,891 | 8,686 |
| Total demographic cost increase (%) | 1.5% | 1.6% | 1.7% | 1.7% | 1.8% |

### Other pressures

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

### Investments

The Council recognises that effective transformation often requires up-front investment and has considered both existing and new investment proposals during the development of this Business Plan. To this end a Transformation Fund has been created, through a revision to the calculation of the Council's minimum revenue provision (MRP). The Transformation Fund acts as a pump priming resource; any permanent investment requirements continue to be funded through additonal savings across all Council services.

**Financing of capital spend**

All capital schemes have a potential two-fold impact on the revenue position, due to costs of borrowing and the ongoing revenue impact (pressures, or savings / additional income). Therefore to ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the revenue budget planning process. Both the borrowing costs and ongoing revenue costs/savings of a scheme are taken into account as part of a scheme's Investment Appraisal and, therefore, the process for prioritising schemes against their ability to deliver outcomes.

In addition, the Council is required by CIPFA's Prudential Code for Capital Finance in Local Authorities 2011 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, at the start of each Business Planning Process Council determines what proportion of revenue budget is spent on services and the corresponding maximum amount to be spent on financing borrowing. This is achieved by setting an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. This in turn can be translated into a limit on the level of borrowing included within the Capital Programme (this limit excludes ultimately self-funded schemes).

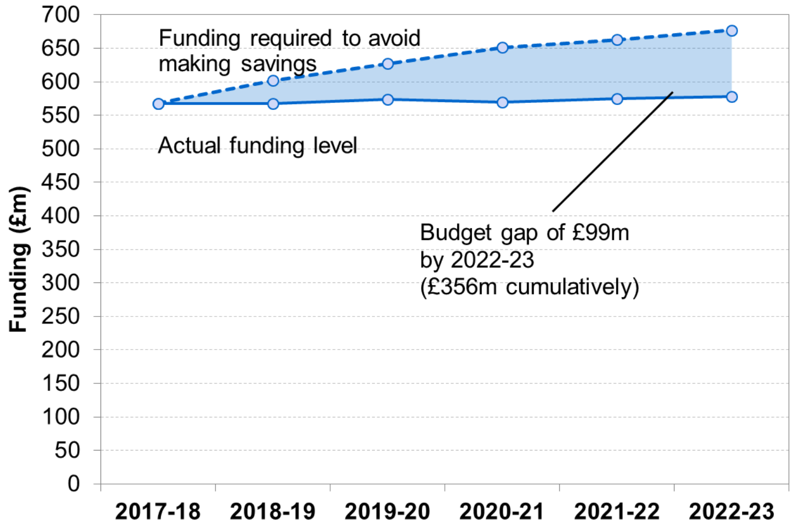
Once the service programmes have been refined, if the amalgamated level of borrowing and thus debt charges breaches the advisory limit, schemes will either be re-worked in order to reduce borrowing levels, or the number of schemes included will be limited according to the ranking of schemes within the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

Due to the Council's strategic role in stimulating economic growth across the County through infrastructure investment, any capital proposals able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement are excluded from contributing towards the advisory borrowing limit. These schemes are called Invest to Save or Invest to Earn schemes and will be self-funded in the medium term. Any additional savings or income generated over the amount required to fund the scheme will be retained by the respective Service and will contribute towards their revenue savings targets.

## Allocating our resources to address the shortfall

Inevitably, cost pressures are forecast to outstrip available resources, given the rising costs caused by inflation, growth and associated demographic pressures combined with significantly reduced levels of funding. Consequently, we will need to make significant savings to close the budget gap.

**Figure 4.2: Budget gap**




Achieving these £99m of savings over the next five years will mean making tough decisions on which services to prioritise. During the last few years services have made significant savings through increasing efficiency and targeting areas that are not our highest priority with the aim of minimising the impact on our service users. With no respite from the continuing cuts to our funding, we are now in an environment where any efficiencies to be made are minimal. We must therefore focus on driving real transformation across the Council as well as on early intervention in order to manage demand.

In some cases services have opted to increase generated income instead of cutting expenditure by making savings. For the purpose of balancing the budget these two options have the same effect and are treated interchangeably. The following table shows the total amount of savings / increased income necessary for each of the next five years, split according to the factors which have given rise to this budget gap.

**Capital**

The Council's Capital Strategy can be found in full in Section 6 of this Business Plan. It represents an essential element of the Council's overall Business Plan and is reviewed and updated each year as part of the Business Planning Process.

The Strategy sets out the Council's approach towards capital investment over the next ten years and provides a structure through which the resources of the Council, and those matched by key partners, are allocated to help meet the priorities outlined within the Council's Strategic Framework. It is also closely aligned with the remit of the Commercial & Investment Committee, and will be informed by the Council's Asset Management Strategy. It is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding.

To assist in delivering the Business Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'), which are defined as those that have an economic life of more than one year. Capital expenditure is financed using a combination of internal and external funding sources, including grants, contributions, capital receipts, revenue funding and borrowing.

**Capital funding**

Developer contributions have not only been affected in recent years by the downturn in the property market, but moving forward has, and will continue to be impacted by the introduction of Community Infrastructure Levies (CIL). CIL is designed to create a more consistent charging mechanism but complicates the ability of the Council to fund the necessary infrastructure requirements created by new development due to the changes in process and the involvement of the city and district councils who have exclusive legal responsibility for determining expenditure. The Council also expects that a much lower proportion of the cost of infrastructure requirements will be met by CIL contributions. In addition, since April 2015 it is no longer to possible to pool more than five developer contributions together on any one scheme, further reducing funding flexibility.

Central Government and external capital grants have also been heavily impacted during the last few years, as the Government has strived to deliver its programme of austerity. However, as part of the Autumn Statement 2014 the Government reconfirmed its commitment to prioritise capital investment over day-to-day spending for the next few years, in line with the policy of capital investment to aid the economic recovery. The Spending Review 2015 confirmed this and announced plans to increase Central Government capital spending by £12 billion over the next 5 years. The Autumn Statement 2016 also announced a National Productivity Investment Fund, which will provide an additional £1.1 billion of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks, as well as announcing the intention to consult on lending authorities up to £1 billion at a new local infrastructure rate for three years to support infrastructure projects that are high value for money. As such the Business Plan anticipates as a general principle that overall capital grant allocations will remain constant from 2018-19 onwards.

In the last two years, the Department for Education has developed new methodology in order to distribute funding for additional school places, as well as to address the condition of schools. Unfortunately, the new methodology used to distribute Basic Need funding did not initially reflect the Government's commitment to supply funding sufficient to enable authorities to provide enough school places for every child who needs one and the allocation of £4.4m for 2015-16 and 2016-17 was £32m less than the Council had estimated to receive for those years according to our need. Given the growth the County is facing, it was difficult to understand these allocations and, as such, the Council has continued to lobby the Department for Education (DfE) for a fairer funding settlement that is more closely in line with the DfE's commitment.

The Council has also sought to maximise its Basic Need funding going forward by establishing how the new funding allocation model works and seeking to provide data to the DfE in such a way as to maximise our allocation. This resulted in a significantly improved allocation of £32.4m for 2017-18 and £25.0m for 2018-19. This goes some way to reduce the Council's shortfall, but still does not come close to covering the costs of all of the Council's Basic Need schemes. The DfE have revised the methodology used to distribute condition allocations in 2015/16, in order to target areas of highest condition need. A floor protection has been put in place to ensure no authority receives more than a 20% cut in the level of funding until 2018. The £1.2m reduction in allocation for Cambridgeshire for 2015-16 hit this floor; therefore from 2018 it is anticipated that the Council's funding from this area will reduce further although confirmation of this will not be received until March 2018.

However, as part of the Spending Review 2015 the Government has announced investment of £23 billion in school buildings over 2016 to 2021, intending to open 500 new free schools, create 600,000 school places, rebuild and refurbish over 500 schools and address essential maintenance needs. However it is not clear whether this will increase future allocations for Cambridgeshire, and if so whether it will be sufficient to fully fund demographic need.

The mechanism of providing capital funding has also changed significantly in some areas. In order to drive forward economic growth, Central Government announced in 2013 that it would top-slice numerous existing grants, including transport funding, education funding and revenue funding such as the New Homes Bonus, in order to create a £2 billion Single Local Growth Fund (SLGF) which Local Enterprise Partnerships (LEPs) can bid for. In line with this announcement, the Council's Integrated Transport allocation was reduced from £5.7m in 2014-15 to £3.2m in 2015-16.

Although the reduction in the Integrated Transport allocation was disappointing, as part of the Autumn Statement 2014 the Department for Transport (DfT) announced indicative Highways Maintenance funding for the next six years which included an increase of £5m for the Council for 2015-16, and an additional £2m - £3m for each of the following five years (over the original base).

The Greater Cambridge / Greater Peterborough LEP submitted a funding bid into the 2015-16 SLGF process, the results of which were announced in July 2014. A number of proposals put forward by the LEP were approved, including £5m for the Council's King's Dyke Crossing scheme. The LEP subsequently submitted a bid to the 2016-17 SLGF, which the Government announced in January 2015 was successful and the LEP received an additional £38m. The LEP agreed to allocate £16m of this funding to the Council's Ely Crossing scheme, in addition to a further £1m for work on the Wisbech Access Strategy. This was a new scheme, added into the 2015-16 Capital Programme and is currently in delivery.

**Capital expenditure**

The Council operates a ten year rolling capital programme. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.

New schemes are developed by Services (in conjunction with Finance) in line with the outcomes contained within the Strategic Framework. At the same time, all schemes from previous planning periods are reviewed and updated as required. An Investment Appraisal of each capital scheme (excluding schemes with 100% ringfenced funding) is undertaken / revised, which allows the scheme to be scored against a weighted set of criteria such as strategic fit, business continuity, joint working, investment payback and resource use. This process allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its targeted priority outcomes.

The Capital Programme Board scrutinises the programme and prioritisation analysis, and asks officers to undertake any reworking and/or rephasing of schemes as required to ensure the most efficient and effective use of resources deployed. The Capital Programme Board then recommends the programme to Service Committees; it is then subsequently agreed by General Purposes Committee (GPC), who recommend it to Full Council as part of the overarching Business Plan.

A summary of the Capital Programme can be found in the chapter 6 of this Section, with further detail provided by each Service within their individual finance tables (Section 3).

## 5) Fees and charges policy

Fees and charges are a very important source of income to the council, enabling important services to be sustained and provided. As the overall cost of service provision reduces, the proportion of costs that are recovered through fees and charges is likely to grow. Indeed to sustain the delivery of some services in the future this revenue could become essential.

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

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

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

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

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

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

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

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

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

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

The Council receives revenue income for the provision of services from a very diverse range of users. These range from large corporate organisations to individual residents. Some charges are set at the total discretion of the Council whereas other charges are set within a strict national framework.

Overall, however, fees and charges income is both an invaluable contribution to the running costs of individual services and a tool for assisting the delivery of specific service objectives. Either way, it is important for the level of charges to be reviewed on an annual basis. This will not necessarily result in an increase but to not do so should be as result of a conscious decision rather than as an oversight. Detailed schedules of fees and charges have been reviewed by relevant Service Committees during 2017:

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

For business planning purposes all fees and charges are increased in line with CPI (consumer price index), which is between 1.7% and 2.2% for each of the years covered by the Business Plan. Therefore, even if a decision is taken to not increase some fees and charges the budget shortfall that this creates will need to be bridged through other operational savings. Conversely, if charges are increased above inflation this can contribute to departmental savings targets.

When considering increases services must take into account elasticities of demand. Whilst the majority of Council services are unaffected by market factors there will be some price sensitivities in all of the services that are provided, albeit many of these may only be short term.

## 6) Financial overview

### Funding summary

The Council's revenue spending is funded from a range of sources, both national and local. A summary of forecast funding levels over the next five years is set out in Table 6.1 below.

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

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 |
|---|---|---|---|---|---|
| Business Rates plus Top-up | 63,705 | 65,028 | 66,395 | 67,791 | 69,216 |
| Council Tax | 270,470 | 279,650 | 283,773 | 287,840 | 288,831 |
| Revenue Support Grant | 3,915 | -7,000 | -7,000 | -7,000 | -7,000 |
| Other Unringfenced Grants | 12,981 | 43,391 | 34,241 | 34,253 | 34,275 |
| Dedicated Schools Grant (DSG) | 235,448 | 232,219 | 232,219 | 232,219 | 232,219 |
| Other grants to schools | 13,434 | 13,434 | 13,434 | 13,434 | 13,434 |
| Better Care Funding | 13,148 | 13,148 | 13,148 | 13,148 | 13,148 |
| Other Ringfenced Grants | 39,056 | 12,806 | 12,806 | 12,806 | 12,806 |
| Fees & Charges | 133,491 | 135,403 | 135,061 | 135,463 | 135,664 |
| **Total gross budget** | **785,648** | **788,079** | **784,077** | **789,954** | **792,593** |
| Less grants to schools (1) | -248,882 | -245,653 | -245,653 | -245,653 | -245,653 |
| Schedule 2 DSG plus income from schools for traded services to schools | 31,101 | 31,101 | 31,101 | 31,101 | 31,101 |
| **Total gross budget excluding schools** | **567,867** | **573,527** | **569,525** | **575,402** | **578,041** |
| Less Fees, Charges & Ringfenced Grants | -216,796 | -192,458 | -192,116 | -192,518 | -192,719 |
| **Total net budget** | **351,071** | **381,069** | **377,409** | **382,884** | **385,322** |

(1) The Dedicated Schools Grant (DSG) and other grants to schools are received by the Council from Government but are ringfenced to pass directly on to schools. Therefore, this plan uses the figure for "Total budget excluding schools".

## Local Government Finance Settlement

In November 2015 the Government published a Spending Review covering 2016-17 to 2019-20. This set out detailed grant allocations for individual local authorities which was then confirmed by the Local Government Finance Settlement announced by the Government in December 2015.

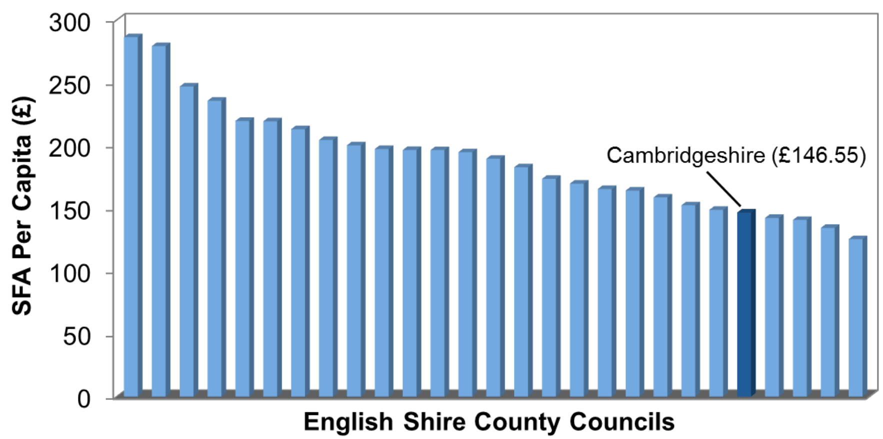
The headline position for Cambridgeshire County Council is a 12.6% reduction in the Settlement Funding Assessment from government in 2018-19. The overall change in government funding when specific grants are included is a reduction of 6.5%.

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

| | 2017-18 £000 | 2018-19 £000 |
|---|---|---|
| Business Rates plus Top-up | 62,076 | 63,705 |
| Revenue Support Grant | 15,312 | 3,915 |
| Other Unringfenced Grants | 8,380 | 12,981 |
| Better Care Funding | 13,148 | 13,148 |
| Other Ringfenced Grants | 40,208 | 39,056 |
| **Government Revenue Funding (excluding schools)** | **139,124** | **132,805** |
| **Difference** | | **-6,319** |
| Percentage cut | | -4.5% |

The Council's core government revenue funding is described as its Settlement Funding Assessment (SFA) and comprises Revenue Support Grant, Business Rates and Top-up grant. For 2017-18 Cambridgeshire's SFA award per head of population was the fifth lowest of all shire county councils, at only £146.55 compared to the average of £188.19.

**Figure 6.2: County Council SFA per Capita 2017-18**




## Revenue Support Grant

Within this overall reduction, the cuts to Revenue Support Grant (RSG) are the most severe with the Council's allocation reducing by 74% in 2018-19. We are forecasting continued significant cuts to make this an obsolete source of funding by 2019-20. These reductions are based on cuts of 13.2% in the Local Government Spending Control Totals.

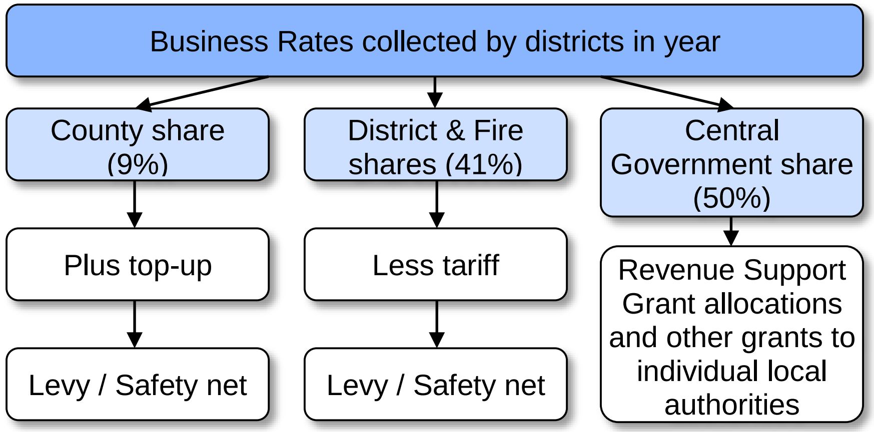
The Spending Control Total has two elements: business rates and RSG. Since business rates are forecast to increase, the cuts to the Spending Control Total must fall entirely on RSG, giving rise to the pronounced reductions illustrated.

**Business Rates Retention Scheme**

The Business Rates Retention Scheme replaced the Formula Grant system in April 2013. Part of the Government's rationale in setting up the scheme was to allow local authorities to retain an element of the future growth in their business rates. Business rates collected during the year by billing authorities are split 50:50 between Central Government and Local Government. Central Government's share is used to fund Revenue Support Grant (RSG) and other grants to Local Government.

Figure 6.3 illustrates how the scheme calculates funding for local authorities. Government decided that county councils will only receive 9% of a county's business rates. Although this low percentage has a beneficial effect by insulating the Council from volatility, it also means we see less financial benefit from growth in Cambridgeshire's business rates.

**Figure 6.3: Business Rates Retention Scheme**




On top of their set share, each authority pays a tariff or receives a top-up to redistribute business rates more evenly across authorities. The tariffs and top-ups were set in 2013-14 based on the previous 'Four Block Model' distribution and are increased annually by September RPI inflation (this will move to CPI from 2018-20). A levy and 'safety net' system also operates to ensure that a 1% increase in business rates is limited to a 1% increase in retained income, with the surplus funding any authority whose income drops by more than 7.5% below their baseline funding.

In the years where the 50% local share is less than Local Government spending totals, the difference is returned to Local Government via RSG. This is allocated pro-rata to local authorities' funding baseline.

Despite moving to a new funding framework the new model locked in elements of the previous system which were of concern. The relative allocation of top-up and RSG is effectively determined by the 2012-13 Four Block Model distribution. Cambridgeshire County Council has long been concerned about the use of the Four Block Model, particularly in reflecting accurately the costs and benefits of growth as well as the relative efficiency of local authorities and the pockets of deprivation in some areas of Cambridgeshire. The Business Rates Retention Scheme does allow for a welcome re-assessment of areas every seven years, however, the first reset is not due until 2020 at the earliest.

From 2015-16 the Council has also benefitted from inclusion in a pilot scheme allowing it to retain 100% of growth in business rates within Cambridgeshire above an agreed baseline. The baseline for the pilot scheme is Cambridgeshire's forecast business rates for 2015-16 plus a 0.5% "stretch target". From 2016-17, the baseline has been increased by 0.5% each year and adjusted to reflect the annual change in the small business rates multiplier.

We have used modelling undertaken by Cambridgeshire billing authorities (City and District Councils) to forecast our share of business rates. However, there is a significant risk to the accuracy of these forecasts due to the number of appeals facing the billing authorities and the significant backlog at the Valuation Office.

**Council Tax**

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

The previous Government first announced Council Tax Freeze grants as part of its Emergency Budget in 2010, which offered a grant equivalent to a 2.5% increase in Council tax for 2011-12 if those councils agreed to freeze Council Tax at 2010-11 levels for one year, with the added protection of offsetting the foregone tax for three more years, to prevent authorities from having to make sharp increases or spending cuts in following years – called the 'cliff edge' effect.

We took advantage of the Council Tax Freeze Grant in 2011-12 but decided not to take up the offers of subsequent grants for a lower level (1%) that do not offer further protection, with the choice being made to set Council Tax at 2.95% in 2012-13, 1.99% in 2013-14, 2014-15 and 2015-16, and 0% in both 2016-17 and 2017-18 (this excludes the Adult Social Care precept – see below). These figures were below forecast inflation levels at the time of setting the budget and were close to the Treasury's long-term expected inflation rate. Our decisions at the start of the decade to increase Council Tax will avoid the need for sharp increases in precepts in the future.

## Adult Social Care Precept

Announced in the Spending Review in November 2015, local authorities responsible for adult social care ("ASC authorities") were granted permission to levy an additional 2% on their current Council Tax referendum threshold to be used entirely for adult social care. This was in recognition of demographic changes which are leading to growing demand for adult social care, increasing pressure on council budgets. The Council chose to make use of this permission and levied the full 2% precept in 2016-17.

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

The Council chose not to use this flexibility however, levying a 2% precept in 2017-18. If this precept had not been levied, additional savings totalling £5m would have to have been made in Adult Social Care.

## Council Tax Requirement

The current Council Tax Requirement (and all other factors) gives rise to a 'Band D' Council Tax of £1,214.19. This is an increase of 2% on the actual 2017-18 level due to levying the Adult Social Care Precept and maintaining current Council Tax levels. This figure reflects information from the districts on the final precept and collection fund.

**Table 6.3: Build-up of recommended Council Tax Requirement and derivation of Council Tax precept 2018-19**

| | 2018-19 £000 | % Rev. Base |
|---|---|---|
| **Adjusted base budget** | **782,735** | |
| Transfer of function | -40 | |
| **Revised base budget** | **782,695** | |
| Inflation | 3,960 | |
| Demography | 6,962 | |
| Pressures | 12,097 | |
| Investments | -4,225 | 0.5% |
| Savings | -26,754 | 0.9% |
| Change in reserves/one-off items | 10,913 | 1.5% |
| **Total budget** | **785,648** | **-0.5%** |
| **Less funding:** | | -3.4% |
| Business Rates plus Top-up | 63,705 | 1.4% |
| Revenue Support Grant | 3,915 | 100.4% |
| Dedicated Schools Grant | 235,448 | |
| Unringfenced Grants (including schools) | 26,415 | 8.1% |
| Ringfenced Grants | 52,204 | 0.5% |
| Fees & Charges | 133,491 | 30.1% |
| Surplus/deficit on collection fund | 0 | 3.4% |
| **Council Tax requirement** | **270,470** | **6.7%** |

| | |
|---|---|
| District taxbase | 222,757 |
| **Band D** | **1,214.19** |

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

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

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

*The increase on 2017-18 is due to the 2% Adult Social Care Precept.*

## Unringfenced grants

Previous Business Plans had assumed that the Public Health Grant would be unringfenced from 2017-18 onwards. The Spending Review in 2015, however, announced that the grant would remain ringfenced until 2019-20. This has resulted in a shift in savings ask to Public Health Grant funded expenditure in order match the level of grant funding available. Planning collaboratively across directorates on an outcomes basis should enable the Council to reach a position where the presence or absence of the ringfence becomes less important. However there may be a risk that when the ringfence is removed, Public Health England will require achievement of performance and activity targets which require more funding to deliver than we are currently allocating.

**Table 6.5: Unringfenced grants for Cambridgeshire 2018-19**

| | **2018-19 £000** |
|---|---|
| RSG Transitional Support[1] | 0 |
| New Homes Bonus | 3,155 |
| Education Services Grant | 1,525 |
| Adult Social Care Support Grant[2] | 0 |
| Other | 8,300 |
| **Total unringfenced grants** | 12,981 |

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

**Ringfenced grants**

The Council receives a number of government grants designated to be used for particular purposes. This funding is managed by the appropriate Service Area and the Council's ringfenced grants are set out within part 7 of Table 3 of the relevant Service Area in Section 3 of the Business Plan.

Major sources of ringfenced funding include the Better Care Fund. This pooled fund of £3.8bn nationally took full effect in 2015-16, and is intended to allow health and social care services to work more closely in local areas.

For 2018-19 the improved Better Care Fund has been awarded to replace the Adult Social Care Support Grant, this is worth £4.1m in 2018-19 and £9.1m in 2019-20, the future of this funding source is uncertain beyond this timeframe thus the MTFS assumes it will be zero from 2020-21 onwards.

In line with the Secretary of State's announcement as part of the Local Government Finance Settlement and the concomitant announcement by the Department of Health, we have assumed that we will receive all sources of funding due to the Council. This includes Better Care Funding for Adult Social Care, routed via Clinical Commissioning Groups (CCGs) and the Local Health and Wellbeing Board.

**Fees and charges**

A significant, and increasing, proportion of the Council's income is generated by charging for some of the services it provides. There are a number of proposals within the Business Plan that are either introducing charging for services for the first time or include a significant increase where charges have remained static for a number of years. The Council adopts a robust approach to charging reviews, with proposals presented to Members on an annual basis.

**Dedicated Schools Grant**

The Council receives the Dedicated Schools Grant (DSG) from the Government and it is therefore included in our gross budget figures in table 6.1. However, this grant is ring-fenced to pass directly on to schools. This plan therefore uses the figure for "total budget excluding grants to schools". The Business Plan currently assumes the funding for 2018-19 remains the same on a per pupil basis as 2017-18. However changes to DSG funding arrangements for 2018-19 were recently announced setting out plans to introduce a national funding formula which will provide a cash increase of 0.5% (a year) per pupil for every school in 2018-19 (and 2019-20). The impact on individual schools and centrally retained services funded from the DSG will be dependent on the outcome of these changes with the final response to the consultation and indicative figures due to be published in September.

**Capital programme spending**

The 2018-19 ten year capital programme worth £842m is currently estimated to be funded through £847m of external grants and contributions, £161m of capital receipts and £366m of borrowing (Table 6.8). This is in addition to previous spend of £617m on some of these schemes creating a total Capital Programme value of £1.3 billion. Due to the increase in borrowing in relation to the Council's Housing Delivery Vehicle (HDV) the revenue impact of prudential borrowing is due to increase from £27.5m in 2018-19, to £36.8m by 2022-23 however this will be more than offset by the forecast income from surpluses generated by the HDV.

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

| | Prev. years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 | Later years £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| Grants | 195,220 | 53,009 | 31,361 | 32,231 | 28,856 | 30,846 | 68,122 | **439,645** |
| Contributions | 74,555 | 19,597 | 43,780 | 53,682 | 13,253 | 7,244 | 195,428 | **407,539** |
| General capital receipts | 96,114 | 21,676 | 5,252 | 6,615 | 19,536 | 1,909 | 9,556 | **160,658** |
| Prudential borrowing | 196,527 | 49,979 | 73,781 | 20,389 | 14,168 | 11,122 | 243 | **366,209** |
| Prudential borrowing (repayable) | 54,691 | 29,915 | -1,188 | -16,808 | -7,485 | -4,146 | -162,802 | **-107,823** |
| **Total funding** | **617,107** | **174,176** | **152,986** | **96,109** | **68,328** | **46,975** | **110,547** | **1,266,228** |

Section 3 later in the Business Plan sets out the detail of the 2018-19 to 2027-28 capital schemes which are summarised in the tables below. Total expenditure on major new investments underway or planned includes:

- Providing for demographic pressures regarding new schools and children's centres (£578m)
- Housing Provision (£184m)
- Major road maintenance (£90m)
- Ely Crossing (£36m)
- Rolling out superfast broadband (£36m)
- A14 Upgrade (£25m)
- King's Dyke Crossing (£14m)
- Integrated Community Equipment Service (£13m)
- Cycling City Ambition Fund (£8m)
- Waste Facilities – Cambridge Area (£8m)
- Soham Station (£7m)
- Cambridgeshire Public Services Network Replacement (£6m)
- Cambridge Cycling Infrastructure (£5m)
- Abbey – Chesterton Bridge (£5m)
- MAC Joint Highways Depot (£5m)
- Development of Archive Centre premises (£5m)

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

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

| | Prev. years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 | Later years £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| Ongoing | 72,878 | 10,522 | 9,371 | 16,179 | 18,056 | 18,031 | 6,844 | **151,881** |
| Commitments | 540,180 | 131,954 | 76,628 | 33,630 | 22,054 | 7,364 | 39,753 | **851,563** |
| **New starts:** | - | - | - | - | - | - | - | |
| 2018-19 | 3,919 | 30,690 | 43,037 | 26,650 | 5,440 | 380 | - | **110,116** |
| 2019-20 | 130 | 1,010 | 23,950 | 18,850 | 7,608 | 400 | 5,000 | **56,948** |
| 2020-21 | - | - | - | - | - | - | - | **-** |
| 2021-22 | - | - | - | 400 | 7,750 | 2,900 | 200 | **11,250** |
| 2022-23 | - | - | - | - | 1,020 | 13,150 | 12,410 | **26,580** |
| 2023-24 | - | - | - | 250 | 5,000 | 3,950 | 22,390 | **31,590** |
| 2024-25 | - | - | - | 150 | 1,400 | 800 | 23,950 | **26,300** |
| 2025-26 | - | - | - | - | - | - | - | **-** |
| **Total spend** | **617,107** | **174,176** | **152,986** | **96,109** | **68,328** | **46,975** | **110,547** | **1,266,228** |

**Table 6.8: Services' capital programme for 2017-18 to 2026-27**

| Scheme | Prev. years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 | Later years £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| P&C | 212,186 | 87,567 | 119,698 | 76,933 | 36,862 | 26,002 | 74,600 | **633,848** |
| ETE | 273,516 | 34,468 | 25,721 | 17,575 | 18,635 | 20,211 | 19,223 | **409,349** |
| CS & Managed | 6,155 | 6,852 | 460 | 460 | 460 | - | - | **14,387** |
| C&I | 123,962 | 45,289 | 7,107 | 1,141 | 12,371 | 762 | 16,724 | **207,356** |
| LGSS | 1,288 | - | - | - | - | - | - | **1,288** |
| **Total** | **617,107** | **174,176** | **152,986** | **96,109** | **68,328** | **46,975** | **110,547** | **1,266,228** |

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

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

| Scheme | Total Investment (£m) | Total Net Return (£m) |
|---|---|---|
| Citizen First, Digital First | 3.5 | 2.5 |
| County Farms Investment (Viability) | 3.8 | 3.1 |
| MAC Joint Highways Depot | 5.2 | 0.2 |
| Energy Efficiency Fund | 1.0 | 0.6 |
| Housing provision (primarily for rent) on CCC portfolio | 184.5 | 395.2 |

**7) Balancing the budget**

Every local authority is required, under legislation, to set a balanced budget every year. It is the Chief Finance Officer's statutory responsibility to provide a statement on the robustness of the budget proposals when it is considered by Council.

The Business Planning process is a rolling five year assessment of resource requirements and availability, providing clear guidance on the level of resources that services are likely to have available to deliver outcomes over that period. Obviously projections will change with the passage of time as more accurate data becomes available and therefore these projections are updated annually. This process takes into account changes to the forecasts of inflation, demography, and service pressures such as new legislative requirements that have resource implications.

There are a number of methodologies that councils can adopt when developing their budget proposals. These methodologies, to a lesser or greater extent, fall into two fundamental approaches. The first is an incremental approach that builds annually on the budget allocations of the preceding financial year. The second is built on a more cross-cutting approach based on priorities and opportunities. There are advantages and disadvantages with both approaches.

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

Although the base budget is predicated on the cash limit approach, and therefore it will take some time to completely remove it from our financial model, any changes that arise on an on-going basis will, where possible, be funded through the cross cutting approach to transformation. The six-blocks of the cash limit model is however set out below for information:

- People and Communities
- Economy, Transport and Environment
- Corporate and Managed Services
- Public Health
- LGSS Cambridge Office
- Commercial and Investment

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

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

## 8) Reserves policy and position

### Need for reserves

We need reserves to protect and enhance our financial viability. In particular, they are necessary to:

- maintain a degree of in-year financial flexibility
- enable us to deal with unforeseen circumstances and incidents
- set aside monies to fund major developments in future years
- enable us to invest to transform and improve service effectiveness and efficiency
- set aside sums for known and predicted liabilities
- provide operational contingency at service level
- provide operational contingency at school level

### Reserve types

The Council maintains four types of reserve:

- **General reserve** – a working balance to cushion the impact of uneven cash flows. The reserve also acts as a contingency that we can use in-year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or in the Council's control. The reserve also provides coverage for grant and income risk.

- **Earmarked reserves** – reserves we have set aside to meet known or predicted liabilities e.g. insurance claims, or that we set aside for specific and designated purposes.

- **Schools reserves** – we encourage schools to hold general contingency reserves within advisory limits.

- **Transformation Fund** – an earmarked reserve created as a result of changes to the Minimum Revenue Provision, set aside to support innovative projects across the Council that will deliver savings in future years.

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

### Level of reserves

We need to consider the general economic conditions, the certainty of these conditions, and the probability and financial impact of service and business risks specific to the Council in order to calculate the level of reserves we need to hold.

There are risks associated with price and demand fluctuations during the planning period. There is also continued, albeit reducing, uncertainty about the financial impact of major developments currently in progress.

At the operational level, we have put effort into reducing risk by improving the robustness of savings plans to generate the required level of cash-releasing efficiencies and other savings.

**Table 8.1: Estimated level of reserves by type 2018-19 to 2022-23**

| Balance as at: | 31 March 2018 £m | 31 March 2019 £m | 31 March 2020 £m | 31 March 2021 £m | 31 March 2022 £m | 31 March 2023 £m |
|---|---|---|---|---|---|---|
| General reserve | 13.3 | 15.6 | 15.6 | 15.6 | 15.6 | 15.6 |
| Office Reserves | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Earmarked reserves | 29.4 | 31.7 | 36.9 | 43.7 | 51.2 | 58.7 |
| Schools reserves | 21.9 | 21.9 | 21.9 | 21.9 | 21.9 | 21.9 |
| Transformation Fund* | 17.6 | 23.9 | 31.3 | 41.9 | 48.1 | 54.4 |
| **Total** | **82.8** | **93.7** | **106.3** | **123.7** | **137.4** | **151.2** |
| General reserve as % of gross non-school budget | 2.4% | 2.8% | 2.8% | 2.8% | 2.8% | 2.8% |

*The Transformation Fund has been created as a result of a revision to the calculation of the Council's minimum revenue provision (MRP).

## Adequacy of the general reserve

Greater uncertainties in the Local Government funding environment, such as arise from the Business Rates Retention Scheme and localisation of Council Tax Benefit, increase the levels of financial risk for the Council. As a result of these developments we reviewed the level of our **general reserve** and have set a target for the underlying balance of no less than 3% of gross non-school spending in 2017-18, this level will be maintained for the whole of the MTFS period.

We have paid specific attention to current economic uncertainties and the cost consequences of potential Government legislation in order to determine the appropriate balance of this reserve. The table below sets out some of the known risks presenting themselves to the Council. There will inevitably be other, unidentified, risks and we have made some provision for these as well.

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

- Central Government will meet most of the costs arising from major incidents; the residual risk to the Council is just £1m if a major incident occurred.
- We have identified all efficiency and other savings required to produce a balanced budget and have included these in the budgets.

**Table 8.2: Target general reserve balance for 2018-19 to 2022-23**

| Risk | Source of risk | Value £m |
|---|---|---|
| Inflation | 0.5% variation on Council inflation forecasts. | 0.6 |
| Demography | 0.5% variation on Council demography forecasts. | 0.6 |
| Interest rate change | 0.5% variation in the Bank of England Base Rate. | 0.1 |
| Business Rates | Inaccuracy in District taxbase forecasts of County share of Business Rates to the value which triggers the Safety Net. | 2.4 |
| Business Rates payable | Impact of revaluation on Business Rates payable. | 0.5 |
| Unconfirmed specific grant allocations | Value of as yet unannounced specific grants different to budgeted figures. | 1.7 |
| Non-compliance with regulatory standards | E.g., Information Commissioner fines. | 0.5 |
| Major contract risk | E.g., contractor viability, mis-specification, non-delivery. | 2.1 |
| Demand | Unprecedented increases in demand for services | 7.1 |
| **Balance** | | **15.6** |

**9) Business Plan roles and responsibilities**

The Business Plan is developed through the Council's committee structure. It is therefore beneficial to clarify the respective roles and responsibilities of committees within this process. These are defined in the Constitution but are set out below in order.

**Full Council**

Council is the only body that can agree the Council's budget and the associated Council Tax to support the delivery of that budget. It discharges this responsibility by agreeing the Business Plan in February each year. In agreeing the Business Plan the Council formally agrees the budget allocations for the service blocks (currently based on a departmental structure). The Business Plan includes both revenue and capital proposals and needs to be a 'balanced' budget. The following is set out within Part 3 of the Constitution – Responsibility for Functions.

Council is responsible for:

"(b) Approving or adopting the Policy Framework and the Budget

(c) Subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 4 of this Constitution, making decisions about any matter in the discharge of a committee function which is covered by the Policy Framework or the Budget where the decision-making body is minded to make it in a manner which would be contrary to the Policy Framework or contrary to, or not wholly in accordance with, the Budget

(d) Approving changes to any plan or strategy which form part of the Council's Policy Framework, unless:

i. that change is required by the Secretary of State or any Government Minister where the plan or strategy has been submitted to him for approval, or

ii. Full Council specifically delegated authority in relation to these functions when it approved or adopted the plan or strategy"

**General Purposes Committee**

GPC has the responsibility for the delivery of the Business Plan as agreed by Council. It discharges this responsibility through the service committees. In order to ensure that the budget proposals that are agreed by service committees have an opportunity to be considered in detail outside of the Council Chamber, those proposals will be co-ordinated through GPC, though Full Council remains responsible for setting a budget. GPC does not have the delegated authority to agree any changes to the budget allocations agreed by Council save for any virement delegations that are set out in the Constitution.

The following is set out within Part 3 of the Constitution – Responsibility for Functions.

“The General Purposes Committee (GPC) is authorised by Full Council to co-ordinate the development and recommendation to Full Council of the Budget and Policy Framework, as described in Article 4 of the Constitution, including in-year adjustments.”

“Authority to lead the development of the Council’s draft Business Plan (budget), to consider responses to consultation on it, and recommend a final draft for approval by Full Council. In consultation with relevant Service Committees”

“Authority for monitoring and reviewing the overall performance of the Council against its Business Plan”

“Authority for monitoring and ensuring that Service Committees operate within the policy direction of the County Council and making any appropriate recommendations”

GPC is also a service committee in its own right and, therefore, also has to act as a service committee in considering proposals on how it is to utilise the budget allocation given to it for the delivery of services within its responsibility.

**Service Committees**

Service committees have the responsibility for the operational delivery of the Business Plan as agreed by Council within the financial resources allocated for that purpose by Council. The specific functions covered by the committee are set out in the Constitution but the generic responsibility that falls to all is set out below:

“This committee has delegated authority to exercise all the Council’s functions, save those reserved to Full Council, relating to the delivery, by or on behalf of, the County Council, of services relating to…”

**10) Risks**

In providing budget estimates, we have carefully considered financial and operational risks. The key areas of risk, and the basic response to these risks, are as follows:

- **Containing inflation to funded levels** – we will achieve this by closely managing budgets and contracts, and further improving our control of the supply chain.
- **Managing service demand to funded levels** – we will achieve this through clearer modelling of service demand patterns using numerous datasets that are available to our internal Research Team and supplemented with service knowledge. A number of the proposals in the Business Plan are predicated on averting or suppressing the demand for services.
- **Delivering savings to planned levels** – we will achieve this through SMART (specific, measurable, achievable, relevant and timely) action plans and detailed review. All savings – efficiencies or service reductions – need to be recurrent. We have built savings requirements into the base budget and we monitor these monthly as part of budgetary control.
- **Containing the revenue consequences of capital schemes to planned levels** – capital investments sometimes have revenue implications, either operational or capital financing costs. We will manage these by ensuring capital projects do not start without a tested and approved business case, incorporating the cost of the whole life cycle.
- **Responding to the uncertainties of the economic recovery** – we have fully reviewed our financial strategy in light of the most recent economic forecasts, and revised our objectives accordingly. We keep a close watch on the costs and funding sources for our capital programme, given the reduced income from the sale of our assets and any delays in developer contributions.
- **Future funding changes** – our plans have been developed against the backcloth of continued reductions in Local Government funding.

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

**<u>Appendix 1</u> – Fees and Charges Best Practice Guidance**

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

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

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

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

**PURPOSE OF THE GUIDANCE**

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

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

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

**ASSESSMENT OF CHARGING LEVELS – THE STANDARD CHARGE**

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

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

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

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

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

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

**LEVEL OF SUBSIDY**

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

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

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

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

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

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

**CONCESSIONS**

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

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

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

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

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

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

**CHARGING EXEMPTIONS**

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

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

**PROCESSES AND FREQUENCIES**

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

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

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

**COLLECTION OF CHARGES AND OUTSTANDING DEBTS**

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

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

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

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

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

**APPROVALS**

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

**MONITORING AND IMPROVEMENT**

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

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

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

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

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

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

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

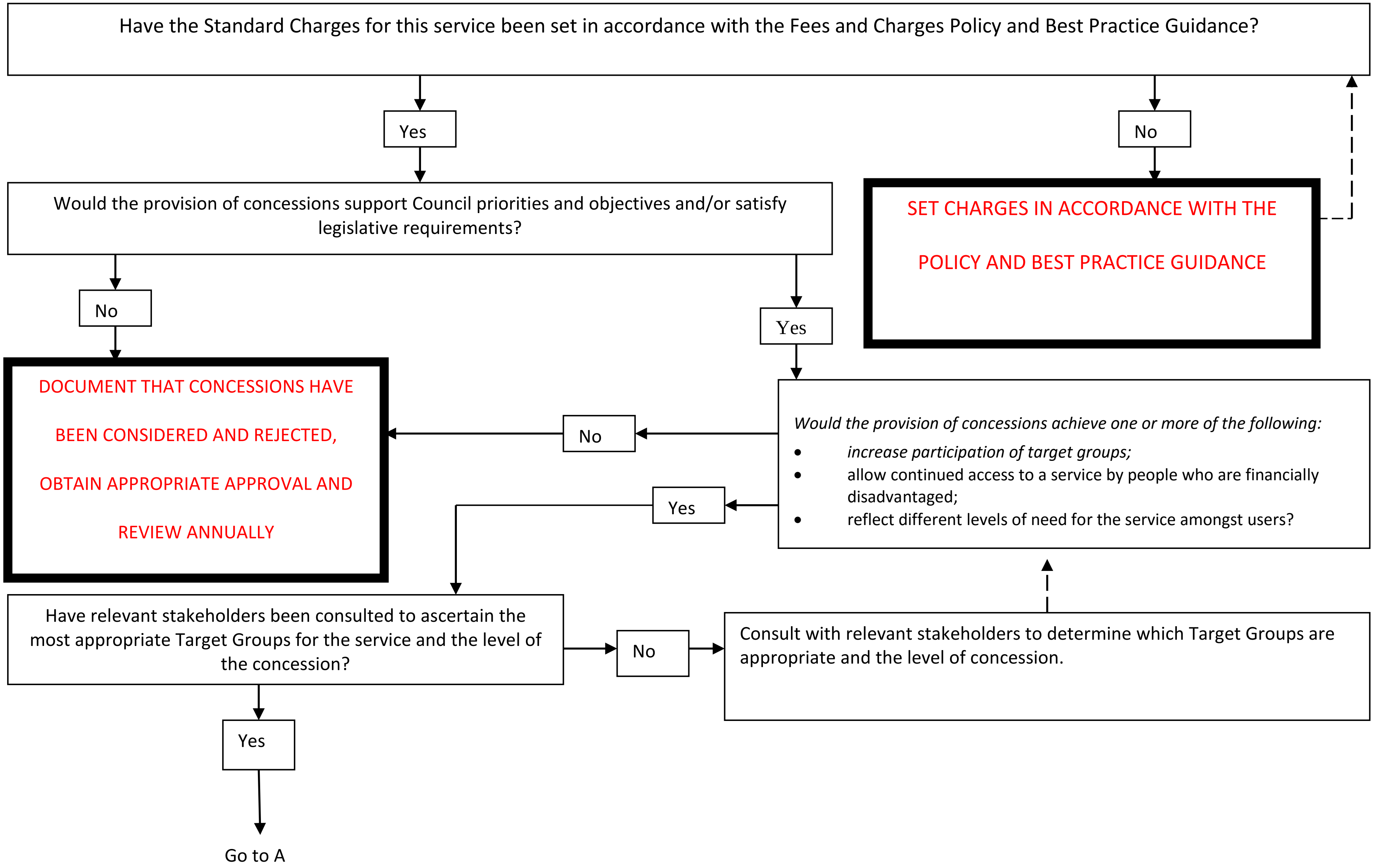
## UNDER/OVERACHIEVEMENT OF FEES AND CHARGES.

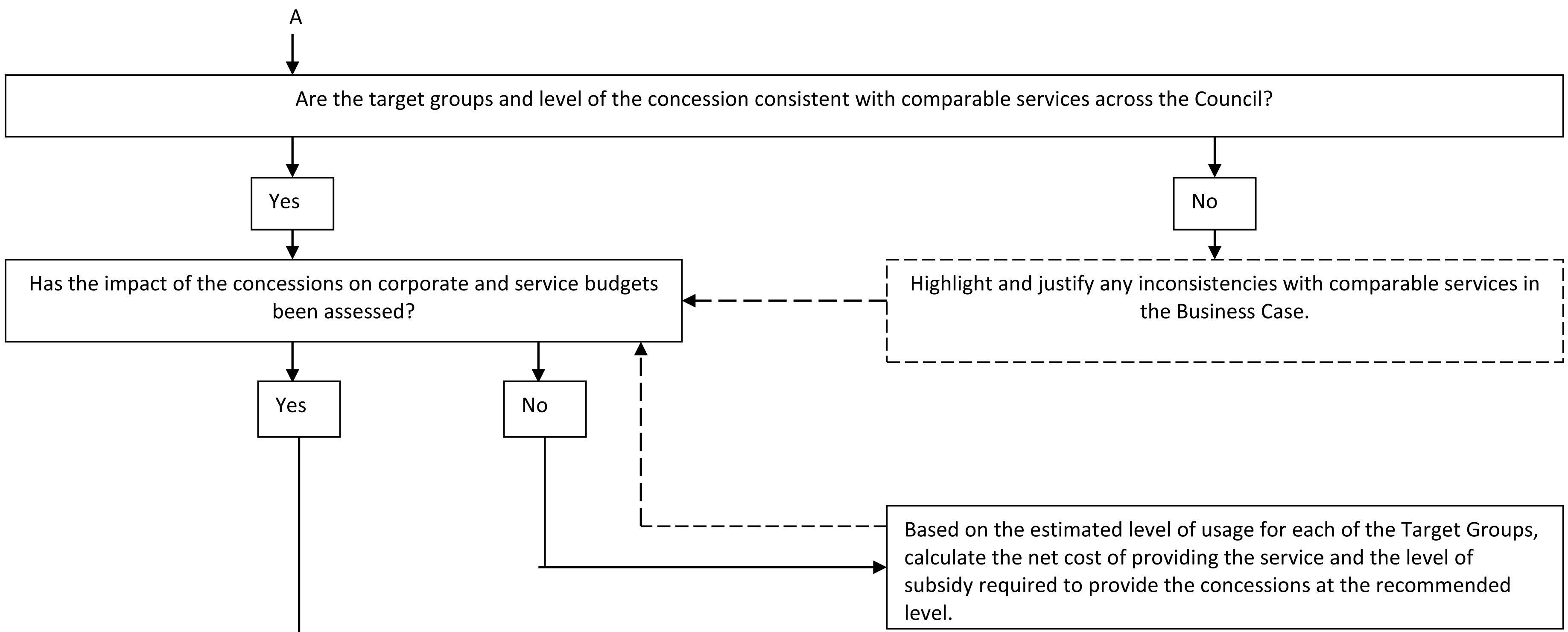
At a level deemed appropriate by the relevant service, a clear escalation process should be in place for the under or overachievement of charges.

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

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

**FEES AND CHARGES: CONCESSIONS**






- UPDATE DIRECTORY OF CHARGES
- OBTAIN APPROVAL FOR THE BUSINESS CASE WHICH DETAILS THE RATIONALE FOR DIRECTING THE PROPOSED LEVEL OF SUBSIDY TOWARDS A TARGET GROUP. THE BUSINESS CASE MUST BE EXPLICIT IN TERMS OF THE TARGET GROUPS THAT ARE RECOMMENDED TO RECEIVE THE CONCESSIONS AND THE LEVEL OF SUBSIDY THE COUNCIL IS PROVIDING TO FUND THE CONCESSIONS.
- MONITOR THE TAKE-UP OF CONCESSIONS AND IDENTIFY HOW WELL CONCESSION SCHEMES ARE PROMOTING ACCESS TO FACILITIES

| | April | May | June | July | August | September | October | November | December | January | February | March |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ACTIVITY** | | | | | | | | | | | | |
| Strategic Framework, Medium Term Financial Strategy, Capital Strategy | SMT, Transformation & Finance draft strategies in conjunction with Members. | | | | | Final drafts to GPC for sign off | Final drafts to Full Council for sign off | | | Final versions to GPC for sign off (post Settlement) | | |
| Treasury Management Strategy | | | | | | | | | TMS drafted by Finance | Final draft to GPC for sign off | | |
| Capital | | | | Services reviewing capital programme and prioritisation. Overseen by Capital Programme Board. | | | | | | | | |
| Demand | | | Teams of Finance, BI, Transformation & Service representatives, calculate service demand requirement. Reviewed by CLT. | | | | | | | | | |
| Inflation | | | | Finance calculate inflation requirement. Reviewed by CLT. | | | | | | | | |
| Pressures | | | Service pressure will be identified in conjunction with Finance and discussed at CLT. Those approved for funding will be included in the Business Plan. | | | | | | | | | |
| Transformation Fund/Programmes | Bids to the transformation fund will be presented throughout the year. Ideas will be discussed and refined at CLT before presentation to SMT. Once signed off by SMT, bids will go to GPC for approval. Services are encouraged to discuss ideas with Service Committees during their development. | | | | | | | | | | | |
| Monitoring of Transformation Fund | | | Baseline report and 2016-17 Q4 monitoring report to GPC | | | 2017-18 Q1 monitoring report to GPC | | 2017-18 Q2 monitoring report to GPC | | | | 2017-18 Q3 monitoring report to GPC |
| Consultation | | | | | | | Consultation process undertaken | | | Consultation final report considered by GPC | | |
| Fees & charges | | | | | | Fees & charges review undertaken and considered by Service Committees | | | | | | |
| **REPORTING** | | | | | | | | | | | | |
| GPC-SMT Workshops | | | Risks, KPIs, Comms | | | Workshop | | Workshop | | Workshop | | |
| Service Committees (incl. GPC in its Service Committee capacity) | | | | | | 1st view of capital programme and prioritisation | 1st view of revenue proposals and CIAs | Second view of capital proposals | Final view of Capital & Revenue proposals and CIAs | | | |
| General Purposes Committee | | | | | | Approve strategies (Strategic Framework, MTFS, Capital Strategy) | Review of capital prioritisation for whole Capital programme | | 1st view of full Business Plan (all sections) | Meeting 1 - LG Finance Settlement<br>Meeting 2 - Final view of full Business Plan | | |
| Members alternative budgets | | | | | | | | | | Develop significant budget amendments with Finance, ahead of Full Council | | |
| Full Council | | | | | | | Approve strategies (Strategic Framework, MTFS, Capital Strategy) | | | | Approve full Business Plan and set budget, including Council Tax level | |
| Publish approved Business Plan | | | | | | | | | | | | Approved Business Plan is published on the corporate website (by 1st April) |

## CAPITAL STRATEGY

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19th September 2017** |
| *From:* | **Chief Finance Officer** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **The Council's Capital Strategy details all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding.** |
| *Recommendation:* | **General Purposes Committee is asked to review and recommend to Council:** |

**a) That the advisory limit on the level of debt charges (and therefore prudential borrowing) should be kept at existing levels.**

**b) That borrowing related to Invest to Save/Earn schemes should continue to be excluded from the advisory debt charges limit.**


| | ***Officer contact:*** | | ***Member contact:*** |
|---|---|---|---|
| Name: | Chris Malyon | Name: | Councillors Count & Hickford |
| Post: | Chief Finance Officer | Chairman: | Chair/Vice-Chair |
| Email: | Chris.Malyon@cambridgeshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>roger.hickford@cambridgeshire.gov.uk |
| Tel: | 01223 699796 | Tel: | 01223 706398 |

## 1. BACKGROUND

1.1 The Council's Capital Strategy is revised each year to ensure it is up to date and fully comprehensive.

## 2. APPROACH TO CAPITAL

2.1 The Council will continue to follow the approach utilised in previous years. Any Invest to Save schemes generated through transformational work in order to deliver revenue savings will continue to be reviewed and assessed through the existing approach for developing and prioritising capital schemes.

## 3. SETTING PRUDENTIAL BORROWING LEVELS

3.1 In its role of recommending the final budget to Council, General Purposes Committee (GPC) is responsible for ensuring that the level of borrowing arising from the capital programmes proposed by Service Committees is prudential. Ultimately, if GPC does not consider borrowing levels to be affordable and sustainable it has the option not to recommend the Business Plan to Council.

3.2 In 2014 GPC recommended the introduction of an advisory debt charges limit to effect greater control over the Council's borrowing costs. GPC agreed that it should be reviewed annually towards the beginning of the business planning process, and should be amended if required.

3.3 Acknowledging the Council's strategic role in stimulating economic growth across the County, e.g., through infrastructure investment, it is recommended that any new, or changes to existing, capital proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement continue to be excluded from contributing towards the advisory limit. Any capital proposals generated through transformation work will be on an Invest to Save/Earn basis and therefore meet this criterion. In line with the approach set out in the Capital Strategy, GPC will still need to review the timing of the repayment, in conjunction with the overall total level of debt charges when determining affordability.

3.4 The table overleaf sets out the current advisory limit on debt charges (restated for the change in Minimum Revenue Provision (MRP) policy agreed by GPC in January 2016) that GPC is asked to review and confirm whether it is still appropriate. This level is higher than the level of debt charges approved for the 2017-18 Business Plan, therefore if the current level is maintained, this still provides scope for additional schemes to be added into the 2018-19 Business Plan if they are required and can justify their inclusion via the capital prioritisation process.

| | 2017-18 £m | 2018-19 £m | 2019-20 £m | 2020-21 £m | 2021-22 £m | 2022-23 £m |
|---|---|---|---|---|---|---|
| Restated advisory limit | 36.8 | 37.9 | 38.6 | 39.2 | 39.7 | 40.3 |
| 2017-18 Business Plan debt charges (including Invest to Save schemes) | 22.8 | 18.6 | 18.9 | 22.0 | 22.9 | - |
| **Headroom between advisory limit and 2017-18 debt charges** | **14.0** | **19.3** | **19.7** | **17.2** | **16.8** | **N/A** |

## 4. ALIGNMENT WITH CORPORATE PRIORITIES

### 4.1 Developing the local economy for the benefit of all

The following bullet points set out details of implications identified by officers:

- Reducing the advisory limit on debt charges would inevitably have an impact on the Council's ability to drive forward investment in the local economy. However, it is recommended that any capital proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement are excluded from contributing towards the advisory limit.

### 4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 5. SIGNIFICANT IMPLICATIONS

### 5.1 Resource Implications

This report provides details minor amendments to the process of planning for capital schemes, which has a direct impact on both capital and revenue (through financing costs). Reviewing the advisory debt charges limit will ensure that resources are targeted efficiently, effectively and equitably, and will provide Value for Money.

### 5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

### 5.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

### 5.4 Equality and Diversity Implications

There are no significant implications within this category.

## 5.5 Engagement and Consultation 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.

| Implications | Officer Clearance |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Yes<br>Tom Kelly: |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?** | Not applicable |
| | |
| **Has the impact on statutory, legal and risk implications been cleared by LGSS Law?** | Not applicable |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Not applicable |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any Public Health implications been cleared by Public Health** | Not applicable |

| Source Documents | Location |
|---|---|
| Draft Capital Strategy 2018-19 | Octagon First Floor<br>Shire Hall<br>Cambridge |
| Council Business Plan 2017-22 | https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/ |

# Section 6 – Capital Strategy

**Contents**

## 1: Introduction

This Capital Strategy describes how the Council's investment of capital resources in the medium term will optimise the ability of the authority to achieve its overriding vision and priorities. It represents an essential element of the Council's overall Business Plan and is reviewed and updated each year as part of the Business Planning Process.

The Strategy sets out the approach of the Council towards capital investment over the next ten years and provides a structure through which the resources of the Council, and those matched by key partners, are allocated to help meet the priorities outlined within the Council's Strategic Framework. It is also closely aligned with the remit of the Commercial & Investment (C&I) Committee, and will be informed by the Council's Asset Management Strategy. It is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding.

## 2: Vision and outcomes

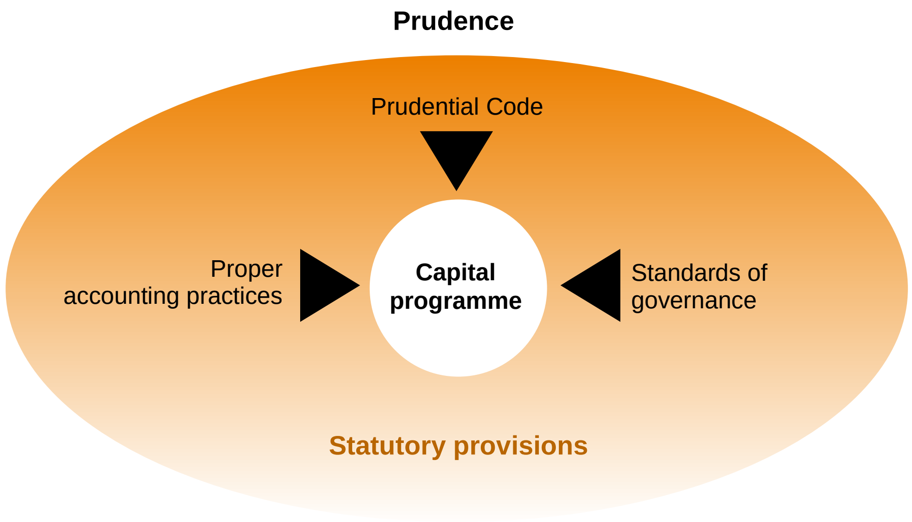
The Council achieves its vision of *"Making Cambridgeshire a great place to call home"* through delivery of its Business Plan which targets key priority outcomes. To assist in delivering the Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'), which are defined as those that have an economic life of more than one year.

Expenditure on these long term assets is categorised as capital expenditure, and is detailed within the Capital Programme for the Authority. Fixed assets are shaped by the way the Council wants to deliver its services in the long term and they create future financial revenue commitments, through capital financing and ongoing revenue costs.

## 3: Operating framework

Local Government capital finance is governed and operates under the Prudential Framework in England, Wales and Scotland. The Prudential Framework is an umbrella term for a number of statutory provisions and professional requirements that allow authorities largely to determine their own plans for capital investment, subject to an authority following due process in agreeing these plans and being able to provide assurance that they are prudent and affordable.

The framework is based on the following foundations:



## 4: Capital Expenditure

Capital expenditure, in accordance with proper practice (as defined by CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2017-18) results in the acquisition, creation or enhancement of fixed assets with a long term value to the Council. If expenditure falls outside of this scope[1], it will instead be charged to revenue during the year that the expenditure is incurred. It is therefore crucial that expenditure is analysed against this definition before being included within the Capital Programme to avoid unexpected revenue charges within the year. A guide to what can and cannot be included within the definition of capital expenditure is provided in Appendix 1.

The Council applies a self-determined de minimis limit of £10,000 for capital expenditure. Expenditure below this limit should be expensed to revenue in the year that it is incurred. However, as the de minimis is self-imposed, the Code does allow for it to be overridden if the authority wishes to do so.

All capital expenditure should be undertaken in accordance with the financial regulations; the Scheme of Financial Management, the Scheme of Delegation included within the Council's Constitution and the Contract Procedure Rules. Further, detailed guidance can also be found in the Council's Capital Guidance Notes (currently in draft format).

## 5: Capital funding

Capital expenditure is financed using a combination of the following funding sources:

| | |
|---|---|
| **Earmarked Funding** | Central Government and external grants |
| | Section 106 (S106), Community Infrastructure Levy (CIL) and external contributions |
| | Private Finance Initiative (PFI) / Public Private Partnerships (PPP) |
| **Discretionary Funding** | Central Government and external grants |
| | Prudential borrowing |
| | Capital receipts |
| | Revenue funding |

Explanation of, and further detail on these funding sources is provided in Appendix 2.

The Council will only look to borrow money to fund a scheme either to allow for cashflow issues for schemes that will generate payback (via either savings or income generation), or if all other sources of

[1] In addition, expenditure can be classified as capital in the unlikely scenario that:
- It meets one of the definitions specified in regulations made under the 2003 Local Government Act;
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

funding have been exhausted but a scheme is required. Therefore in order to facilitate this, the Council will re-invest 100% of all capital receipts received (after funding costs of disposal up to the allowable limit of 4% of receipt) back into the Capital Programme.

**6: External environment**

The Council uses a mixture of funding sources to finance its Capital Programme. The downturn in the housing and property market after the credit crunch initially caused development to slow and land values have subsequently been struggling to recover. In previous years this has negatively affected the ability of the Council to fund capital investment through the sale of surplus land and buildings, or from contributions by developers. Although this situation still exists for the north of the County, recent indications continue to suggest that in south Cambridgeshire the market is recovering to pre-2008 levels. This is particularly true for the city of Cambridge, where values have risen over and above pre-credit crunch levels. This has led to increased viability of development once again and therefore greater developer contributions in these areas.

Developer contributions have also been impacted by the introduction of Community Infrastructure Levies (CIL). CIL works by levying a charge per net additional floorspace created on all small-scale developments, instead of requiring developers to pay specific contributions towards individual projects as per the current developer contribution process (Section 106, which is set to continue for large developments). Although this is designed to create a more consistent charging mechanism, it also complicates the ability of the Council to fund the necessary infrastructure requirements created by new development due to the changes in process and the involvement of the city and district councils who have exclusive legal responsibility for determining expenditure. The Council also expects that a much lower proportion of the cost of infrastructure requirements will be met by CIL contributions. Huntingdonshire and East Cambridgeshire District Councils are currently the only districts within Cambridgeshire to have adopted CIL – Cambridge City Council and South Cambridgeshire were originally due to implement in April 2014, but this is now more likely to be Summer 2018, and Fenland District Council has decided not to implement at present. In addition, since April 2015 it is no longer possible to pool more than five developer contributions together on any one scheme, further reducing funding flexibility.

Central Government and external capital grants have also been heavily impacted during the last few years, as the Government has strived to deliver its programme of austerity. However, as part of the Autumn Statement 2014 the Government reconfirmed its commitment to prioritise capital investment over day-to-day spending over the next few years, in line with the policy of capital investment to aid the economic recovery. The Budget 2015 confirmed public sector gross investment will be held constant in real terms in 2016-17 and 2017-18, and increase in line with GDP from 2018-19. The Spending Review 2015 provided more detail to this, with plans to increase Central Government capital spending by £12 billion over the next 5 years. The Government has set out how it intends to do this in the National Infrastructure Delivery Plan 2016-2021, published in March 2016. This brought together for the first time the Government's plans for economic infrastructure with those to support delivery of housing and social infrastructure. It included the Pothole Action Fund (new from 2016-17), for which the Council was allocated an additional £1.0m in 2016-17 and £1.2m in 2017-18, specific large-scale schemes such as up to £1.5bn to upgrade the A14 between Cambridge and Huntingdon, as well as potential development of both the A1 East of England and the Oxford to Cambridge Expressway. It also acknowledged the development of Northstowe as a major housing site.

In addition to this, the Autumn Statement 2016 announced a National Productivity Investment Fund, which will provide an additional £1.1 billion of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks, as well as announcing the intention to consult on lending authorities up to £1 billion at a new local infrastructure rate for three years to support infrastructure projects that are high value for money.  In January 2017, the DfT announced individual allocations for 2017-18 from the National Productivity Investment Fund, which allocated £2.9m for improving the road network and £1.2m for a specific safety scheme on the A1303 to the Council.

Alongside the Local Government Finance Settlement for 2014-15, the then-Minister of State for Schools announced capital funding to provide for the increasing numbers of school-aged children to enable authorities to make sure that there are enough school places for every child who needs one.  He also announced that longer-term capital allocations would be made in order to aid planning for school places.  Unfortunately, the new methodology used to distribute funding for additional school places did not initially reflect this commitment as although Cambridgeshire's provisional allocation for 2014-15 was as anticipated, the initial allocation of £4.4m across the period 2015-16 to 2016-17 was £32m less than the Council had estimated to receive for those years according to our need.  Almost all of this loss related to funding for demographic pressures and new communities, i.e., infrastructure that we have a statutory responsibility to provide, and therefore we had limited flexibility in reducing costs for these schemes.

Given the growth the County is facing, it was difficult to understand these allocations and as such, the Council has continued to lobby the Department for Education (DfE) for a fairer funding settlement that is more closely in line with the DfE's commitment to enable the Council to provide all of the new places required in the County.

In addition to lobbying the DfE, the Council has also sought in the meantime to maximise its Basic Need funding going forward by establishing how the new funding allocation model works and providing data to the DfE in such a way as to maximise our allocation.  The new allocations are £25.0m for 2018-19 and £6.9m for 2019-20.  This goes some way to reduce the Council's shortfall, but still does not come close to covering the costs of all of the Council's Basic Need schemes.

The DfE also revised the methodology used to distribute condition allocations in 2015/16, in order to target areas of highest condition need.   A floor protection was put in place to ensure no authority received more than a 20% cut in the level of funding until 2018. The £1.2m reduction in allocation for Cambridgeshire for 2015-16 hit this floor; therefore from 2018 it is anticipated that the

Council’s funding from this area will reduce further, although confirmation of this will not be received until March 2018.

The National Infrastructure Delivery Plan commits to investment of £23bn over the period 2016 to 2021 to deliver 500 new free schools, over 600,000 additional school places, rebuild and refurbish over 500 schools and address essential maintenance needs. However it is not clear whether this will increase future allocations for Cambridgeshire, and if so whether it will be sufficient to fully fund demographic need.

The mechanism of providing capital funding has also changed significantly in some areas. In order to drive forward economic growth, Central Government announced in 2013 that it would top-slice numerous existing grants, including transport funding, education funding and revenue funding such as the New Homes Bonus, in order to create a £2 billion Local Growth Fund (LGF) which Local Enterprise Partnerships (LEPs) can bid for. In line with this announcement, the Council’s Integrated Transport allocation was reduced from £5.7m in 2014-15 to £3.2m in 2015-16. However, the Government has confirmed its commitment to the LGF fund until 2020-21, and the National Infrastructure Delivery Plan commits £12bn between 2015-16 and 2020-21.

Although the reduction in the Integrated Transport allocation was disappointing, as part of the Autumn Statement 2014 the Department for Transport (DfT) announced indicative Highways Maintenance funding for the next six years which included an increase of £5m for the Council for 2015-16, and an additional £2m - £3m for each of the following five years (over the original base).

This is not, however, all additional funding, as the Highways Maintenance increase in part replaced one-off, in-year allocations of additional funding that the Council has received in recent years for aspects such as severe weather funding. However, having up-front allocations provides significant benefit to the Council in terms of being able to properly plan and programme in the required work.

In addition to the Highways Maintenance formula allocation, the DfT have created a Challenge Fund and an Incentive Fund. The Challenge Fund is to enable local authorities to bid for major maintenance projects that are otherwise difficult to fund through the normal maintenance funding. The Council entered a joint bid with Peterborough City Council for a £5m share of this funding, which it was awarded in April 2017. The Incentive Fund is to help reward local highway authorities who can demonstrate they are delivering value for money in carrying out asset management to deliver cost effective improvements. Each authority has to score themselves against criteria that determines which of three bands they are allocated to (Band Three being the highest performing). The Council has successfully achieved Band 3, for 2017-18, which provides the maximum available funding (£13.3m).

It is anticipated in future years that the recently formed Combined Authority will take on the responsibilities of the local highway authority and will therefore in future it will receive DfT funding designated to the local highway authority, instead of the Council. It is anticipated that it will then commission the County Council to carry out the required works on the highway network.

Irrespective of the external funding position, the County's population continues to grow. This places additional strain on our infrastructure through higher levels of road maintenance, increased pressure on the transport network, a rise in the demand for school places, a shortage of homes and additional need for libraries, children's centres and community hubs.

As part of the Budget 2014, Central Government announced their agreement for a Greater Cambridge City Deal which will deliver a step change in investment capability; an increase in jobs and homes with benefits for the whole County and the wider LEP area. The agreement provides a grant of up to £500 million for new transport schemes. However, only £100 million of funding has initially been guaranteed with the remaining funding dependent on the achievement of certain triggers.

Despite this deal, as with the revenue position, the external operating environment poses a significant challenge to the Council as it determines how to invest in order to meet its outcomes, whilst facing increasing demands on its infrastructure that are not necessarily matched by an increase in external funding.

**7: Working in partnership**

The Council is committed to working with partners in the development of the County and the services within it. There are various mechanisms in place that provide opportunities to enhance the investment potential of the Council with support and contributions from other third parties and local strategic partners.

One of the Council's most significant newly created partnerships is between the Council, Cambridgeshire's city and district councils, Peterborough City Council and the Greater Cambridge / Greater Peterborough Local Enterprise Partnership (LEP) to set up a Combined Authority for Cambridgeshire and Peterborough in order to deliver the region's devolution deal; this was agreed by all member authorities in November 2016 and had already previously been backed by the LEP. The proposal included;

- A new £20m annual fund for the next 30 years to support economic growth, development of local infrastructure and jobs,
- A £100m housing fund, and
- A new £70m fund to be used to build more council rented homes in Cambridge.

The Mayoral Combined Authority is now in place, following Mayoral elections in May 2017.

The Council has also worked closely with Cambridge City Council, South Cambridgeshire District Council, Cambridge University and the LEP to negotiate the City Deal with Central Government. This has resulted in a changed set of governance arrangements for Greater Cambridge, allowing the County, Cambridge City Council and South Cambridgeshire District Council to pool a limited amount of funding and powers through a Joint Committee. This is helping to deliver a more joined-up and efficient approach to the key economic issues facing this rapidly-growing city region.

The Council continues to work with partners and stakeholders to secure commitment to delivery, as well as funding contributions for infrastructure improvements, in order to support continued economic prosperity. For example, the Council worked with the Greater Cambridge / Greater Peterborough LEP plus the New Anglia LEP and the South East Midlands LEP, as well as neighbouring local authorities, the city and district councils and the DfT to agree a funding package for improvements to the A14 between Cambridge and Huntingdon, which was secured with work having started in Autumn 2016. The Council will continue with this approach where infrastructure improvements are shown to have widespread benefits to our partners.

The Greater Cambridge / Greater LEP, is now a key mechanism for distributing Central Government and European funding in order to drive forward and deliver sustainable economic growth, through infrastructure, skills development, enterprise and housing. The LEP strives to do this in partnership with local businesses, education providers and the third sector, as well as the public sector including the Council. The LEP has developed a Strategic Economic Plan in order to bid on an annual basis for a share of the Local Growth Fund (LGF). The LEP submitted a bid to the 2015-16 process, the results of which were announced in July 2014. A number of proposals put forward by the LEP were approved, including £5m for the Council's King's Dyke Crossing scheme. The LEP subsequently submitted a bid to the 2016-17 SLGF, which the Government announced in January 2015 was successful and from which the LEP received an additional £38m. The LEP agreed to allocate £16m of this funding to the Council's Ely Crossing Scheme, in addition to a further £1m for work on the Wisbech Access Strategy. The Autumn Statement 2016 announced a third round of growth deals; the individual allocation for the Greater Cambridge / Greater Peterborough LEP was announced in January 2017 as an additional £37m.

The One Public Estate (OPE) group has replaced the Making Assets Count (MAC) programme as one of the key partnerships in relation to the overarching Capital Strategy. Like MAC, OPE allows partners, including the district councils, health partners and the emergency services, to effectively collaborate on strategic asset management and rationalise the combined operational property estate within the County. Before it ceased, MAC successfully led bids to Wave 3 of DCLG's One Public Estate programme, securing up to £0.5m in funding to bring forward major projects for joint asset rationalisation and land release.

The Local Transport Plan is a key document and is produced in partnership with the city and district councils. There has been a strong working relationship for many years in this area, which has succeeded in bringing together the planning and transport responsibilities of these authorities to ensure an integrated approach to the challenges facing the County.

Due to the introduction of the Community Infrastructure Levy (CIL) on all but large scale developments, the Council will also be working more closely with the city and district councils on the creation of the new infrastructure needed as a result of development. CIL is at the discretion of the Local Planning Authority i.e. the city and district councils, who are responsible for setting the levy and have the final decision on how the funds are spent. However as the County Council has responsibility for the provision of much of the infrastructure resulting from development, it is imperative that it is involved in the CIL governance arrangements of the city and district councils, and that it works closely with these authorities to ensure that it is able to influence investment decisions that affect the Council's services.

Examples of specific capital schemes currently being delivered in partnership include;

- Rolling out and exploiting better broadband infrastructure across the County; with Peterborough City Council, the district councils, the Local Enterprise Partnership, local businesses and the universities;
- Creation of a new school at Hampton Gardens, in conjunction with Peterborough City Council; and
- OPE projects, being delivered in conjunction with OPE partners, including potential care provision at the Hinchingbrooke Hospital site in Huntingdon, and Ida Darwin Hospital site in Fulbourn, Cambridge, and the creation of a shared Highways Depot at Swavesey.

**8: Asset management**

The Council's Capital Strategy inevitably has strong links to the Council's Asset Management Strategy, which provides detail on the framework for operational asset management; this includes defining the principles which guide asset management, its role in supporting service delivery, why property is retained, together with the policies, procedure and working arrangements relating to property assets.

The Council's Asset Management Strategy is currently under review and will be developed under the guidance of C&I Committee. The Strategy will continue to focus on the key objectives of:

- Reducing costs
- Co-locating front and/or back-office services
- Reducing carbon emissions
- Increasing returns on capital
- Opening up investment opportunities
- Improving service delivery to communities
- Taking advantage of lease breaks

There will also be a comprehensive review of existing policy and strategy, and in particular a strengthening of the Corporate Landlord model and its links into corporate strategies such as Community Hubs, Older Persons' Accommodation, and the Smarter Business Programme.

Specific property initiatives include:

- The Property Portfolio Development Programme, moving the Council towards becoming a developer of its own land, principally for housing, through a wholly-owned Company. This requires significant capital investment through loans to the company for development purposes, but will generate ongoing revenue streams for the Council;

- The County Farms Estate Strategy is under review and will feed into both the Asset Management Strategy and the Development Programme;

- A review of the Shire Hall complex and the potential for alternative approaches for the provision of back office accommodation.

The Capital Strategy also has strong links with the Council's Local Transport Plan (LTP), adopted in March 2011 and refreshed in 2014, covering the period 2011-2031. The Plan sets out the existing and future transport issues for the County, and how the Council will seek to address them.

The LTP demonstrates how the Council's policies and plans for transport contribute towards the vision of the Council, whilst setting a policy framework to ensure that planned, large-scale development can take place in the County in a sustainable way, as well as enabling the Council to take advantage of opportunities that may occur to bring in additional or alternative funding and resources.

The Plan highlights the following eight challenges for transport, as well as the strategy for addressing them:

- Improving the reliability of journey times by managing demand for road space, where appropriate and maximising the capacity and efficiency of the existing network
- Reducing the length of the commute and the need to travel by private car
- Making sustainable modes of transport a viable and attractive alternative to the private car
- Future-proofing the Council's maintenance strategy and new transport infrastructure to cope with the effects of climate change
- Ensuring people – especially those at risk of social exclusion – can access the services they need within reasonable time, cost and effort wherever they live in the County
- Addressing the main causes of road accidents in Cambridgeshire
- Protecting and enhancing the natural environment by minimising the environmental impact of transport
- Influencing national and local decisions on land-use and transport planning that impact on routes through Cambridgeshire

**9: Meeting statutory obligations to provide school places**

The majority of the schools' Capital Programme, which makes up a significant proportion of the Council's total Capital Programme, is generated in direct response to the statutory requirement to provide sufficient school places to meet demand. There is therefore a limit to the amount of flexibility that can be used to curtail, or reduce the costs for these schemes.

The Education Organisation Plan is refreshed every year and sets out the What, How and Why in relation to planning and delivering the additional school capacity required to meet current and forecast need, including information on how the schools' Programme is prioritised.

Although the geographical areas where places are required is driven by the populations of those areas, the Council still has an element of choice or influence over how it develops its Programme to meet those needs as follows:

- **General costs of construction**

The Council seeks to minimise construction costs on all projects and builds to the latest Government area guidelines that set out accommodation schedules. These detail the specification and size of building required for a given number of pupils. The Council's contractor framework seeks best value for money and mini competition between framework partners helps to ensure this.

- **Quality of build**

In general, the Council aims to build at mid-point in terms of quality. This balances the need to ensure that the materials the Council uses are robust and fit for purpose in respect of both an adequate life cycle for the asset and also maintenance requirements that are not overly burdensome to the end user or operator, but whilst at the same time providing Value for Money in terms of initial capital investment.

- **Future proofing**

The Council aims to build in the most efficient manner possible in order to minimise financial risk and also to avoid future disruption to schools. In some cases building a school or extension in phases may be the best option; in other situations where it is possible that the need for places will come forward, it may be more cost effective overall to build in one phase (even if this costs more in the short term). Early during the review process for each scheme, a recommendation is made as to the most suitable solution; however the Council also tries to be flexible if circumstances change.

- **Temporary accommodation**

The Council uses temporary 'classroom' accommodation when it is felt that this provides a suitable short-term solution in addressing a need. Such cases include meeting a temporary bulge in population, filling a gap prior to completion of a permanent solution or in an emergency.

- **Home to School Transport**

If the Council has some places available within the County overall, then it has the option of using Home to School Transport (funded by revenue) to transport children from oversubscribed areas to locations where schools do have capacity. The Council tries to minimise the use of this, as it is often an expensive solution. It is also not ideal to require children to travel longer distances to school and is not a sustainable option in the longer-term.

- **Location (within the geographical area of need)**

In many cases there may be a choice available between two or more schools in order to deliver the additional places for a certain geographical area of need. In these circumstances, a full appraisal is carried out, taking into consideration costs, the opinion and endorsement of the schools, the child forecasts, and the premise and site constraints.

- **Type – extension or new build**

The type will be dependent on a full appraisal of the situation.

- **Planning stipulations**

National and local planning policies and high aspirations of local members, planners and schools – especially Academy Trusts – to provide a higher specification than is statutorily required can cause costs to increase. Cambridge City Council and South Cambridgeshire District Council also require public art which can add an additional cost of up to 1% of the construction budget. All new schools also have to go through the Design Quality Panel, which adds an additional step into the planning process and extends the design phase and is funded by the project. Finally, some of the requirements of a S106 can have an impact on the levels of external funding available – for example, an increased requirement for affordable housing will reduce the amount available to fund education schemes for a development.

**10: Development of the Capital Programme**

The Council operates a five year rolling revenue budget, and a ten year rolling capital programme. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.

The process of developing the Programme during each planning cycle has varied over the last few years, influenced by the external environment and the Strategic Framework priorities of the period. As part of the 2014-15 planning process, the Council implemented a structured framework within which to develop the Capital Programme, which is not influenced by these factors (but instead allows them to be taken into account during development of the Programme).

New schemes for inclusion in the Programme are developed by Services (in conjunction with Finance) in line with the outcomes of the Strategic Framework. As stated in the financial regulations, any new capital scheme costing more than £160,000 is appraised as to its financial, human resources, property and economic consequences. The justification and impacts, as well as the expenditure and funding details of these schemes are initially specified in an outline Business Planning Proposal, and then a Capital Business Case as the proposal becomes more developed. At the same time, all schemes from previous planning periods are reviewed and updated as required.

All schemes, whether existing or new, are scrutinised and challenged where appropriate by officers to verify the underlying costs and/or establish whether alternatives methods of delivery have been investigated in order to meet the relevant needs and outcomes of the Council.

An Investment Appraisal of each capital scheme (excluding schemes with 100% ring-fenced funding) is undertaken / revised as part of the Business Case, which allows the scheme to be scored against a weighted set of criteria such as strategic fit, business continuity, joint working, investment payback and resource use.

This process allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its targeted priority outcomes.

In light of significant slippage experienced in recent years due to deliverability issues with the in-year Capital programme, a Capital Programme Board (CPB) was established in the latter part of 2015 in order to provide support and challenge with respect to both the creation of an initial budget for a capital scheme and also the deliverability and ongoing monitoring. The Terms of Reference require the CPB to ensure that the following outcomes are delivered:

- Improved estimates for cost and time of capital projects;
- Improved project and programme management and governance;
- Improved post project evaluation; and
- Improved prioritisation process across the programme as a whole.

The CPB scrutinises the programme before it is sent to Committees, and officers undertake any reworking and/or rephasing of schemes as required to ensure the most efficient and effective use of resources deployed. The Board will also ensure that all schemes included within the Business Plan under an initial outline business case are further developed and reviewed before final recommendation is given to start the scheme.

Service Committees review the prioritisation analysis and the Capital Programme is subsequently agreed by General Purposes Committee (GPC), who recommends it to Full Council as part of the overarching Business Plan.

Appendix 3 provides a diagram that outlines the governance arrangements that have been put in place for the Capital Programme.

As part of the 2017-18 Business Planning cycle, the Council also extended the cross-cutting approach to delivering the Business Plan introduced for the 2016-17 process, by introducing the transformation fund. This is an alternative cross-cutting approach, designed to ensure we maximise opportunities across the Council and with partners to deliver services in a different way. For further detail on this approach, please see section 3 of the Medium Term Financial Strategy (Section 2 of the Business Plan). In time, it is expected that this approach could have significant implications for the Capital Programme, for example, through the generation of additional Invest to Save schemes.

A summary of the Capital Programme can be found in the Medium Term Financial Strategy section of the Business Plan (Section 2), with further detail provided by each Service within their individual finance tables (Section 3).

**11: Revenue implications**

All capital schemes have a potential two-fold impact on the revenue position, due to:

- the cost of borrowing through interest payments and repayment of principal (called Minimum Revenue Provision), or through the loss of investment income; and
- the ongoing revenue impact of the scheme (such as staff salaries, utility bills, maintenance, administrative costs etc.), or revenue benefits (such as savings or additional income).

To ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the revenue budget planning process, partly through the operating model process. Both the borrowing costs and ongoing revenue costs/savings of a scheme are taken into account as part of a scheme's Investment Appraisal, and therefore, the process for prioritising schemes against their ability to deliver outcomes.

In addition, the Council is required by CIPFA's Prudential Code for Capital Finance in Local Authorities 2011 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, towards the start of each Business Planning Process, Council determines what proportion of revenue budget is spent on services and the corresponding maximum amount to be spent on financing borrowing. This is achieved by setting an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. This in turn can be translated into a limit on the level of borrowing included within the Capital Programme (this limit excludes ultimately self-funded schemes).

In order to afford a degree of flexibility from year to year, changes to the phasing of the borrowing limits is allowed within any three-year block, so long as the advisory aggregate limit remains unchanged. Blocks refer to specific three-year periods, starting from 2015-16, rather than rolling three-year periods. The advisory limit on debt charges is reviewed each year by GPC to ensure that changing factors such as the level of interest rates, or the external funding environment are taken into account when setting both.

During the 2015-16 Business Planning process, the following debt charges limits and borrowing limits for three-year blocks were set:

| | **2015-16 (£m)** | **2016-17 (£m)** | **2017-18 (£m)** | **2018-19 (£m)** | **2019-20 (£m)** | **2020-21 (£m)** | **2021-22 (£m)** | **2022-23 (£m)** | **2023-24 (£m)** |
|---|---|---|---|---|---|---|---|---|---|
| **Debt Charges Limits** | 40.2 | 44.6 | 45.4 | 45.9 | 46.0 | 46.0 | 46.0 | 46.0 | 46.0 |
| **Three-Year Borrowing Limits** | 176.7 | | | 60.0 | | | 60.0 | | |

However, due to the change in the Minimum Revenue Provision policy, agreed by Full Council in February 2016, these debt charge limits have been restated as follows:

| | 2015-16 (£m) | 2016-17 (£m) | 2017-18 (£m) | 2018-19 (£m) | 2019-20 (£m) | 2020-21 (£m) | 2021-22 (£m) | 2022-23 (£m) | 2023-24 (£m) |
|---|---|---|---|---|---|---|---|---|---|
| **Restated Debt Charges Limits** | - | 35.3 | 36.8 | 37.9 | 38.6 | 39.2 | 39.7 | 40.3 | 40.8 |
| **Three-Year Borrowing Limits** | 176.7 | | | 60.0 | | | 60.0 | | |

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

Due to the Council's strategic role in stimulating economic growth across the County through infrastructure investment, any capital proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement are excluded from contributing towards the advisory borrowing limit. These schemes are called Invest to Save or Invest to Earn schemes and will be self-funded in the medium term.

However, there will still be a revenue cost to these schemes, as with all other schemes funded by borrowing. Therefore, GPC will still need to review the timing of the repayments, in conjunction with the overall total level of debt charges to determine affordability of the Capital Programme, before recommending the Business Plan to Full Council.

Invest to Save and Invest to Earn schemes for all Services are expected to fund any revenue pressures, including borrowing costs, over the life of the asset. However any additional savings or income generated in addition to this repayment will be retained by the respective Service and will contribute towards their revenue savings targets.

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government would allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. As part of the 2017-18 Business Plan, the Council decided to use this flexibility to fund transformational activity, and as a result, prudential borrowing undertaken by the Council for the years 2017-18 and 2018-19 will be £2.3m higher in each respective year. This is expected to create additional Financing costs in the revenue budget of £146k in each of 2017-18 and 2018-19. For further information, please see the Flexible Use of Capital Receipts Strategy contained within chapter 3 of the MTFS (Section 2).

In addition, the Council also amended its accounting policy for 2017-18 to include the capitalisation of the cost of borrowing within all schemes; this has helped the Council to better reflect the cost of assets when they actually become operational. Although the capitalised interest will initially be held on a Service basis within the Capital Programme, the funding will ultimately be moved to the appropriate schemes each year once exact figures have been calculated.

**12: Managing the Capital Programme**

The Capital Programme is monitored in year through monthly reporting, incorporated into the Integrated Resources and Performance Report. Services monitor their programmes using their monthly Finance and Performance reports, which are reviewed by the Service Committees. These feed into the Integrated Report which is scrutinised by the CPB, submitted to the Strategic Management Team, then is subsequently reviewed by GPC. The report identifies changes to the Capital Programme to reflect and seek approval for;

- new / updated resource allocations;
- slippage or brought forward programme delivery;
- increase / reduction in overall scheme costs; and
- virements between schemes to maximise delivery against the priorities of the Council.

It is inevitable that new demands and pressures will be identified by the Council on an ongoing basis, however as far as is possible addressing these requirements is undertaken as part of the next Business Planning Process, in line with Regulation 6.4 of the Scheme of Financial Management.

Therefore, all new capital schemes should be approved via the Business Plan unless there is an urgent need to seek approval that cannot wait until the next planning process (i.e. because the scheme is required to start within the current financial year, or the following financial year if it is too late to be included within the current Business Plan).

In these situations, any supplementary capital request will be prepared in consultation with, and with the agreement of, the Chief Finance Officer. The report will, where possible, be reviewed by the CPB before being taken to the Strategic Management Team by the relevant Director and the Chief Finance Officer, before any request for a supplementary estimate is put to GPC. As part of this report, in line with the Business Planning process, any new schemes costing more than £160,000 will be appraised as to the financial, human resources, property and economic consequences before detailed estimate provision is made.

New demands and pressures and changes to estimated costs and funding for ongoing schemes will also potentially result in the need for virements between schemes. All virements should be carried out in line with the limits set out in Appendix I of the Scheme of Financial Management, up to the upper limit of £250,000 by the Chief Finance Officer. Anything above this limit will be dealt with in line with the process for new schemes, and will be taken to GPC for approval as part of the monthly Integrated Resources and Performance Report. Any over spends, whether in year or in relation to the whole scheme, once approved will be funded using applicable external sources and internal, non-borrowing sources first, before using borrowing as a last resort.

Once a project is complete, the CPB is also implementing a post-implementation review process for any significant schemes

(schemes over £1m, or for schemes between £0.5m and £1m where the variance is more than 20%) in order to ensure that the Council learns from any issues encountered and highlights and follows best practice where possible. In addition, the Board can request for a review to be completed on any scheme where it is thought helpful to have one.

**13: Summary of the 2018-19 Capital Programme**

Total expenditure on major new investments underway or planned includes:

- Providing for demographic pressures regarding new and improved schools and children's centres (£570m)
- Housing Provision (£184m)
- Major road maintenance (£83m)
- Ely Crossing (£36m)
- Rolling out superfast broadband (£36m)
- A14 Upgrade (£25m)
- King's Dyke Crossing (£14m)
- Integrated Community Equipment Service (£13m)
- Waste Facilities – Cambridge Area (£8m)
- Soham Station (£7m)
- Cambridgeshire Public Services Network Replacement (£6m)
- Cambridge Cycling Infrastructure (£5m)
- Abbey - Chesterton Bridge (£5m)
- MAC Joint Highways Depot (£5m)
- Development of Archive Centre premises (£5m)

The 2018-19 ten-year Programme, worth £666.6 million, is budgeted to be funded through £595.4 million of external grants and contributions, £64.5 million of capital receipts and £6.7 million of borrowing. This is in addition to an estimated previous spend of £609.8 million on some of these schemes, creating a total Capital Programme value of £1.3 billion. The related revenue budget to fund capital borrowing is forecast to spend £28.2 million in 2018-19, increasing to £37.6 million by 2022-23.

The 2018-19 Capital Programme includes the following Invest to Save / Invest to Earn schemes:

| Scheme | Total Investment (£m) | Total Net Return (£m) |
|---|---|---|
| Housing Provision | 184.5 | 395.2 |
| County Farms Investment | 3.8 | 3.1 |
| Citizen First, Digital First | 3.5 | 2.5 |
| Energy Efficiency Fund | 1.0 | 0.6 |
| MAC Joint Highways Depot | 5.2 | 0.2 |

## Appendix 1: Allowable capital expenditure

Financial regulations proscribe certain costs from being capitalised, in particular administrative and other general overheads, together with employee costs not related to the specific asset (such as configuration and selection activities). Authorities are also required to write off any abnormal costs that arose from inefficiencies (such as design faults, theft of materials etc.).

The following table provides some examples of what can and cannot be capitalised. The examples should be regarded as illustrative rather than definitive – interpretation of accounting rules requires some subjective judgement that will be affected by the specific circumstances of each project.

| Item of expenditure | Capital or Revenue? | |
|---|---|---|
| Feasibility studies | **Revenue** | Until a specific solution has been decided upon, costs cannot be directly attributable to bringing an asset into working condition. This includes all costs incurred whilst deliberating on any issues, scoping potential solutions, choosing between solutions and assessing whether resources will be available to finance a project. However, feasibility studies can be capitalised if they occur after a decision has been made to go ahead with a particular option i.e. if they are directly attributable in bringing an asset closer to a working (or enhanced) condition. |
| Demolition of an existing building | **Capital** | Demolition would usually be an act of destruction that would be charged to revenue; however if the costs incurred are necessary in preparing a site for a new scheme, it can be argued that they are an integral part of the new works. |
| Costs of buying out sitting tenants of existing building | **Capital** | Similar to demolition costs, this would help prepare a site in its existing condition for the new works. |
| Initial delivery and handling costs | **Capital** | Required to bring the asset closer into working condition. |
| Costs of renting alternative accommodation for staff during building works | **Revenue** | All costs incurred in carrying out the regular business of the authority whilst construction is underway make no direct contribution to the value of the asset. |
| Site security during construction | **Revenue** | Although this activity protects the investment during construction, it does not enhance it. |
| Installation and assembly costs | **Capital** | Required to bring the asset closer into working condition. |
| Testing whether the asset is functioning properly | **Capital** | Required to bring the asset closer into working condition. |

| | | |
|---|---|---|
| Rectification of design faults | **Capital** | Required to bring the asset closer into working condition. However, the previous expenditure incurred on the defective work would need to be written off to revenue. |
| Liquidated Damages | **Revenue** | Paying out damages as compensation for breaching a contract does not enhance the value of the asset. |
| Furniture and fittings | **Capital – but often revenue for CCC** | Items required to bring an asset into working condition are often capitalised as part of the overall cost of the scheme, even if such items fall below the de minimis limit of the authority. However, the Council's policy is to not capitalise equipment, therefore if the purchase is outside of an overarching property scheme, then the costs will be revenue. The downside of capitalisation is that it will not be possible to justify future replacement of furniture and fittings as being capital. |
| Training and familiarisation of staff | **Revenue** | The asset will be regarded as being in working condition, irrespective of whether anyone in the authority can use it. |
| Professional fees | **Capital** | But only to the extent that the service provided makes a contribution to the physical fabric of the new construction (e.g. architecture design) or the work required to bring the property into working condition for its intended use (e.g. legal advice in preparation of building contracts). |
| Borrowing costs | **Capital** | Any interest payable on expenditure incurred before the asset is in working condition can be added to the cost of the fixed asset. Any financing costs incurred after that date will be a charge to revenue. CCC is looking to amend its accounting policies in 2017-18 in order to be able to apply this. |
| Finance and Internal Audit staff costs | **Revenue** | These costs are generally incurred for governance reasons, rather than enhancing the value of the asset. |

## Appendix 2: Sources of capital funding

### Central Government and external grants

Grant funding is one of the largest sources of financing for the capital programme. The majority of grants are awarded by Central Government departments including the Department for Education (DfE) and the Department for Transport (DfT). In addition, the Council receives grants from various external bodies, including lottery funded organisations. Grants can be specific to a scheme or have conditions attached, including time and criteria restrictions.

### Capital receipts

The sale of surplus or poor quality capital assets as determined by the Asset Management Strategy generates capital receipts, which are reinvested in full in order to assist with financing the capital programme.

### Section 106 (S106), Community Infrastructure Levy (CIL) and external contributions

S106 contributions are provided by developers towards the provision of public infrastructure (normally highways and education) required as a result of development. Capital schemes undertaken in new development areas are currently either completely or mostly funded by the S106 agreement negotiated with developers. The Community Infrastructure Levy (CIL) is a new levy that local authorities can choose to charge on new developments in their area that will replace a large proportion of S106 agreements once it comes into force. Other external contributions are made by a variety of organisations such as district councils, often contributing towards jointly funded schemes.

### Private finance initiative (PFI) / Public private partnerships (PPP)

The Council makes use of additional government support through PFI and PPP and has dedicated resource to manage schemes that are funded via this source. Previous schemes that have been funded this way include Waste, Street Lighting and Schools. The Coalition Government has announced that this form of capital finance will be redesigned to provide improved value for money.

### Borrowing (known as prudential borrowing)

The Council can determine the level of its borrowing for capital financing purposes, based upon its own views regarding the affordability, prudence and sustainability of that borrowing, in line with the CIPFA Prudential Code for Capital Finance. Borrowing levels for the capital programme are therefore constrained by this assessment and by the availability of the revenue budget to meet the cost of this borrowing, considered in the context of the overall revenue budget deliberations. Further information is contained within the Treasury Management Strategy Statement (Section 7 of the Business Plan).

**Revenue Funding**

The Council can use revenue resources to fund capital projects on a direct basis. However, given the general pressures on the revenue budget of the Council, it is unlikely that the Council will often choose to undertake this method of funding.

# Appendix 3: Capital Programme governance

Development of revenue implications

Development of initial proposals

Progression of schemes from non-CPB approved to approved

**Investment Appraisals (IAs) and Business Cases (BCs)**

One document completed in two phases to avoid duplication (IA then BC)

## Strategic Framework
Vision and Outcomes drive priorities for capital expenditure

## Directorate
Develops proposals - scheme outlines, risks, business cases, robustness, financial considerations

IA

## Finance Support
Assesses revenue implication of proposals, following review of all funding streams. Assists in building proposals & acts as a critical friend ensuring proposals and Investment Appraisals are robust

## SMT / Service/I&A Committee / GPC (BP)
Reviews proposals, prioritisation of schemes and revenue impact of proposed Capital Programme to recommend to Full Council

## Full Council
In February, approves strategy, funding parameters, and schemes due to start in year 1 as recommended by the CPB. Approves in principle schemes for years 2 – 10

*New schemes to be included in year 1 need to go via CPB route*

## Directorate
Detailed Business Case

BC

## Finance Support
Assists in building detailed business cases & acts as a critical friend ensuring the BC is fit for CPB submission

## Capital Programme Board (CPB)
Reviews IA and BC to ensure schemes to start in year 1 are ready for delivery and funding is available. Can also review schemes to start in subsequent years. Reviews already approved schemes to remove barriers and/or advise on next steps

## Monthly IR&PR
Monitors the capital programme as reported on by the CPB. Requests approval of CPB recommended additional schemes or changes of existing schemes outside of officer delegation limits

## Service/I&A Committee / GPC (IR&PR)
Takes advice/recommendation from the CPB and approves new or changes to existing capital schemes if required outside of the budget setting process

**Not Recommended – requires further development**

**May - February**

**Mid May**
CPB reviews roll forwards and rephasing (for current year schemes)

**May to Mid-August**
Services review all existing schemes in programme and develop new bids, inc. IAs

**Mid-August**
CPB reviews capital IAs and BCs (Yr 1 schemes)

**End August**
SMT reviews whole programme

**September**
Service committees review programme
CPB reviews prioritisation of whole programme

**October**
GPC reviews prioritisation

**November & December**
Service committees review relevant parts of the revised programme

**January**
GPC reviews whole BP and recommends to Full Council

**February**
Full Council agrees BP

**ONGOING**

Year 1 schemes not yet approved via CPB – see above timescales

Year 2+ schemes reviewed by CPB as and when developed as part of monthly meetings

CPB monitors capital programme monthly

BCs for new / changed schemes sent to CPB before approval is requested by service committee / in monthly IR&PR

**Agenda Item No:9**

## SERVICE COMMITTEE REVIEW OF THE DRAFT 2018-19 CAPITAL PROGRAMME

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19th September 2017** |
| *From:* | **Director of Customer Service and Transformation**<br>**Chief Finance Officer** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **This report provides the Committee with an overview of the draft Business Plan Capital Programme for Corporate and Managed Services** |
| *Recommendation:* | **The Committee is requested to:** |

**a) note the overview and context provided for the 2018-19 Capital Programme for Corporate and Managed Services; and**

**b) comment on the draft proposals for Corporate and Managed Services 2018-19 Capital Programme and endorse their development**



| | *Officer contact:* | | *Member contact:* |
|---|---|---|---|
| Name: | Chris Malyon | Name: | Councillors Count & Hickford |
| Post: | Chief Finance Officer | Chairman: | Chair/Vice-Chair |
| Email: | Chris.Malyon@cambridgeshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>roger.hickford@cambridgeshire.gov.uk |
| Tel: | 01223 699796 | Tel: | 01223 706398 |

## 1. CAPITAL STRATEGY

1.1 The Council strives to achieve its vision through delivery of its Business Plan. To assist in delivering the Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'), which are defined as those that have an economic life of more than one year. Expenditure on these long term assets is categorised as capital expenditure, and is detailed within the Capital Programme for the Authority.

1.2 Each year the Council adopts a ten year rolling capital programme as part of the Business Plan. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.

1.3 This report forms part of the process set out in the Capital Strategy whereby the Council updates, alters and refines its capital planning over an extended planning period. New schemes are developed by Services and all existing schemes are reviewed and updated as required before being presented to the Capital Programme Board and subsequently Service Committees for further review and development.

1.4 An Investment Appraisal of each capital scheme (excluding committed schemes and schemes with 100% ring-fenced funding) is undertaken / revised, which allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its outcomes.

## 2. DEVELOPMENT OF THE 2018-19 CAPITAL PROGRAMME

2.1 Prioritisation of schemes (where applicable) is included within this report to be reviewed individually by Service Committees alongside the addition, revision and update of schemes. Prioritisation of schemes across the whole programme will be reviewed by General Purposes Committee (GPC) in October, before firm spending plans are considered again by Service Committees in November. GPC will review the final overall programme in December, in particular regarding the overall levels of borrowing and financing costs, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.

2.2 The introduction of the Transformation Fund for the 2017-18 planning process has not impacted on the funding sources available to the Capital Programme as any Invest to Save or Earn schemes will continue to be funded over time by the revenue payback they produce via savings or increased income. This is the most financially sensible option for the Council due to the ability to borrow money for capital schemes and defray the cost of that expenditure to the Council over the life of the asset. However, if a scheme is transformational, then it should also move through the governance process agreed for the transformation programme, in line with all other transformational schemes, but without any funding request to the Transformation Fund.

2.3 There are several schemes in progress where work is underway to develop the scheme, however they are either not sufficiently far enough forward to be able to include any capital estimate within the Business Plan, or a draft set of figures have been included but they are, at this stage, highly indicative. The following are the two main schemes that this applies to:

- The Adults Committee first considered the Older People's Accommodation Strategy in 2016. Following consideration of outline modelling and a business case to increase the availability of affordable care home beds in the County through more direct intervention in the market by the Council, the Adults Committee is due to receive an update in September on market engagement and next steps towards a more detailed business case and procurement. Amongst a number of options, there is potential for implications for the Council's capital plans through provision of land, other assets or involvement with construction. The Council is engaged with health partners on these challenges, and plans are also in development for an investment in housing for vulnerable people using improved better care fund monies.

- The Council is in the fortunate position of being a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This has, however, required the Council to move from being a seller of sites to a developer of sites, through a Housing Company. A Special Purpose Vehicle has been established, the Cambridgeshire Housing Investment Company (CHIC), through which the Council will operate to make best use of sites with development potential in a co-ordinated and planned manner, in order to progress those sites for a range of development options. This will generate capital receipts to support site development and create significant revenue and capital income for the Council which will help support services and communities.

  A comprehensive 10-year pipeline of development projects has been identified and the initial model is currently being reviewed, refined and developed by both the Housing Company and the Council. As such, it is expected that the figures within the Business Plan will continue to be refined as the model evolves over the next few months.

## 3. REVENUE IMPLICATIONS

3.1 All capital schemes can have a potential two-fold impact on the revenue position, relating to the cost of borrowing through interest payments and repayment of principal and the ongoing revenue costs or benefits of the scheme. Conversely, not undertaking schemes can also have an impact via needing to provide alternative solutions, such as Home to School Transport (e.g. transporting children to schools with capacity rather than investing in capacity in oversubscribed areas).

3.2 The Council is required by the Charted Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2011 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to ensure that it achieves this, GPC 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 (starting from 2015-16), so long as the aggregate limit remains unchanged.

3.3 For the 2017-18 Business Plan, GPC agreed that this should continue to equate to the level of revenue debt charges as set out in the 2014-15 Business Plan for the next five years (restated to take into account the change to the MRP Policy agreed by GPC in January 2016), and limited to around £39m annually from 2019-20 onwards. GPC will be asked to reconfirm this decision for the 2018-19 process as part of the Capital Strategy paper, also being presented at the September meeting.

## 4. SUMMARY OF THE DRAFT CAPITAL PROGRAMME

4.1 The revised draft Capital Programme is as follows:

| Service Block | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | Later Yrs £'000 |
|---|---|---|---|---|---|---|
| People and Communities | 87,573 | 121,024 | 78,846 | 37,229 | 25,992 | 85,353 |
| Economy, Transport and Environment | 34,250 | 25,232 | 17,631 | 18,561 | 20,098 | 19,182 |
| Public Health | - | - | - | - | - | - |
| Commercial and Investment Committee | 46,994 | 6,938 | 1,120 | 12,371 | 760 | 18,970 |
| Corporate and Managed Services | 7,136 | 460 | 460 | 460 | - | - |
| LGSS Operational | - | - | - | - | - | - |
| **Total** | **175,953** | **153,654** | **98,057** | **68,621** | **46,850** | **123,505** |

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

| Funding Source | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | Later Yrs £'000 |
|---|---|---|---|---|---|---|
| Grants | 53,009 | 32,373 | 33,046 | 29,716 | 31,712 | 78,020 |
| Contributions | 19,927 | 44,375 | 54,545 | 14,164 | 8,160 | 196,305 |
| Capital Receipts | 21,676 | 5,252 | 6,615 | 19,536 | 1,909 | 9,556 |
| Borrowing | 51,426 | 72,842 | 20,659 | 12,690 | 9,215 | 2,426 |
| Borrowing (Repayable)* | 29,915 | -1,188 | -16,808 | -7,485 | -4,146 | -162,802 |
| **Total** | **175,953** | **153,654** | **98,057** | **68,621** | **46,850** | **123,505** |

* 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.

4.3 The following table shows how each Service's borrowing position has changed since the 2017-18 Capital Programme was set:

| Service Block | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | Later Yrs £'000 |
|---|---|---|---|---|---|---|---|
| People and Communities | 1,832 | 15,545 | 37,793 | 3,022 | 3,903 | -6,486 | -2,333 |
| Economy, Transport and Environment | 10,712 | 2,976 | -1,665 | -2,859 | -3,055 | -6,484 | -1,723 |
| Public Health | - | - | - | - | - | - | - |
| Corporate and Managed Services | 958 | 438 | - | - | - | - | - |
| LGSS Operational | -100 | - | - | - | - | - | - |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Commercial and Investment Committee | -650 | 1,449 | -165 | -17 | 4 | 2 | 2,258 |
| Corporate and Managed Services – relating to general capital receipts | - | - | - | - | - | - | - |
| **Total** | **12,752** | **20,408** | **35,963** | **146** | **852** | **-12,968** | **-1,798** |

4.4 The table below categorises the reasons for these changes:

| Reasons for change in borrowing | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | Later Yrs £'000 |
|---|---|---|---|---|---|---|---|
| New | 580 | 12,806 | 20,957 | 5,761 | 2,630 | 300 | 3,850 |
| Removed/Ended | -6,054 | 180 | 200 | 30 | -100 | -9,300 | 11,965 |
| Minor Changes/Rephasing* | -3,757 | 8,639 | 5,198 | -9,318 | 5,741 | 3,320 | -8,192 |
| Increased Cost (includes rephasing) | -2,002 | 4,096 | 12,050 | 2,667 | 901 | -839 | -420 |
| Reduced Cost (includes rephasing) | 2,822 | -3,341 | -2,174 | -1,820 | -1,885 | -3,182 | 0 |
| Change to other funding (includes rephasing) | 4,978 | -459 | 5,715 | 5,373 | -4,092 | -254 | -6,752 |
| Variation Budget | 16,185** | -1,513 | -5,983 | -2,547 | -2,343 | -3,013 | -2,249 |
| **Total** | **12,752** | **20,408** | **35,963** | **146** | **852** | **-12,968** | **-1,798** |

**This does not off-set to zero across the years because the rephasing also relates to pre-2017-18.*
***This reflects removal of this budget for 2017-18, as it is a rolling budget that is refreshed every year*

4.5 The revised levels of borrowing result in the following levels of financing costs:

| Financing Costs | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 |
|---|---|---|---|---|---|
| 2017-18 agreed BP | 18.6 | 18.9 | 22.0 | 22.9 | - |
| 2018-19 draft BP | 16.6 | 17.4 | 21.6 | 23.6 | 25.1 |
| **CHANGE (+) increase / (-) decrease** | **-2.0** | **-1.5** | **-0.4** | **0.7** | **25.1** |

4.6 Invest to Save / Earn schemes are excluded from the advisory financing costs limit – the following table therefore compares revised financing costs excluding these schemes. In order to afford a degree of flexibility from year to year, the limit is reviewed over a three-year period – based on the revised programme, the advisory limit is not exceeded for either of these 3 year blocks.

| Financing Costs | 2018-19 £m | 2019-20 £m | 2020-21 £m | 2021-22 £m | 2022-23 £m | 2023-24 £m |
|---|---|---|---|---|---|---|
| 2018-19 draft BP (excluding Invest to Save / Earn schemes) | 26.5 | 28.8 | 32.2 | 34.4 | 36.1 | 36.1 |
| | | | | | | |
| Recommend limit | 37.9 | 38.6 | 39.2 | 39.7 | 40.3 | 40.8 |
| **HEADROOM** | **-11.4** | **-9.8** | **-6.9** | **-5.3** | **-4.2** | **-4.8** |
| | | | | | | |
| Recommend limit (3 years) | 115.7 | | | 120.8 | | |
| **HEADROOM (3 years)** | **-28.1** | | | **-14.3** | | |

4.7 Although the limit hasn't been exceeded, the Business Plan is still under review and as such adjustments to schemes and phasing will continue over the next two to three months. However, as there is significant headroom available, it is not expected that any further revisions will cause a breach of the advisory limit.

## 5. OVERVIEW OF CORPORATE & MANAGED SERVICE'S DRAFT CAPITAL PROGRAMME

5.1 The revised draft Capital Programme for the Council's Corporate and Managed Services is as follows:

| Capital Expenditure | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | Later Yrs £'000 |
|---|---|---|---|---|---|---|
| Corporate & Managed Services | 7,136 | 460 | 460 | 460 | - | - |

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

| Funding Source | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | Later Yrs £'000 |
|---|---|---|---|---|---|---|
| Capital Receipts | 11,125 | 2,769 | 6,015 | 2,130 | 1,909 | 9,556 |
| Borrowing | -3,989 | -2,309 | -5,555 | -1,670 | -1,909 | -9,556 |
| **Total** | **7,136** | **460** | **460** | **460** | **-** | **-** |

5.3 The full list of Corporate and Managed Services capital schemes are shown in the draft capital programme at **appendix one**. Table 4 lists the schemes with a description and with funding shown against years. Table 5 shows the breakdown of the total funding of the schemes, for example whether schemes are funded by capital receipts or prudential borrowing.

5.4 The following changes have been made to existing schemes in the 2018-19 Business Plan:

- C/C.1.003 Citizen First, Digital First
  This scheme has been rephased to account for lower spending in 17/18 and is currently rephased into 18/19. The cost of the total scheme remains unchanged.

- C/C.1.004 Mosaic IT Infrastructure
  This scheme was previously reported within the CFA tables with a title 'CFA Management Information System IT Infrastructure'.

## 6. ALIGNMENT WITH CORPORATE PRIORITIES

### 6.1 Developing the local economy for the benefit of all

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

### 6.2 Helping people live healthy and independent lives

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

### 6.3 Supporting and protecting vulnerable people

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

## 7. SIGNIFICANT IMPLICATIONS

### 7.1 Resource Implications

The following bullet points set out details of significant implications identified by officers:

- There may be revenue implications associated with operating new or enhanced capital assets but equally capital schemes can prevent the need for other revenue expenditure.
- The overall scale of the capital programme has been reduced to limit the impact on the Council's revenue budget and this in turn will have beneficial impacts on the services that are provided from that source

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

There are no significant implications within this category.

### 7.3 Statutory, Risk and Legal Implications

The following bullet points set out details of significant implications identified by officers:

- Regulations for capital expenditure are set out under Statute.  The possibility of capital investment, from these accumulated funds, may ameliorate risks from reducing revenue resources.
- At this stage, there are no proposals with significant risk arising from "pay-back" expectations.

### 7.4 Equality and Diversity Implications

There are no significant implications within this category.

### 7.5 Engagement and Consultation Implications

Consultation is continuous and ongoing between those parties involved to ensure the most effective use of capital funding.

### 7.6 Localism and Local Member Involvement

Local Members will be engaged where schemes impact on their area and where opportunities for strategic investment arise.

### 7.7 Public Health Implications

Strategic investment in some of the schemes outlined may have potential to improve Public Health outcomes.  This includes schemes that encourage active travel through cycling, walking and use of public transport.

| Implications | Officer Clearance |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Yes<br>Name of Officer: Tom Kelly |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?** | N/A |
| | |
| **Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?** | Yes or No<br>Name of Legal Officer: Fiona McMillan |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Yes<br>Name of Officer: Tom Barden |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Yes<br>Name of Officer: Christine Birchall |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Yes<br>Name of Officer: Tom Barden |
| | |
| **Have any Public Health implications been cleared by Public Health** | Yes<br>Name of Officer: Tess Campbell |

| Source Documents | Location |
|---|---|
| The 2017/18 Business Plan, including the Capital Strategy<br><br>Capital Planning and Forecast: financial models | <https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/><br><br>c/o Group Accountants<br>1st Floor Octagon<br>Shire Hall<br>Cambridge |

Appendix A

# Section 4 - C: Corporate and Managed Services

## Table 4: Capital Programme

### Budget Period: 2018-19 to 2027-28

| Summary of Schemes by Start Date | Total Cost £000 | Previous Years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| Ongoing | -2,030 | - | -1,685 | -115 | -115 | -115 | - | - |
| Committed Schemes | 17,080 | 6,534 | 8,821 | 575 | 575 | 575 | - | - |
| **TOTAL BUDGET** | **15,050** | **6,534** | **7,136** | **460** | **460** | **460** | **-** | **-** |

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 | Later Years £000 | Committee |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **C/C.01** | **Corporate Services** | | | | | | | | | | | | |
| C/C.1.001 | Essential CCC Business Systems Upgrade | Windows 2003 servers came to the end of their life in July 2015. The majority of all organisation wide customer / digital systems sat on these servers, which required upgrading. | | Committed | 300 | 261 | 39 | - | - | - | - | - | GPC |
| C/C.1.003 | Citizen First, Digital First | Further improvements to be made to automate our systems and processes. To take out costs and to improve the speed of transactions with the Council for our customers, partners and providers. | | Committed | 3,546 | 730 | 1,091 | 575 | 575 | 575 | - | - | GPC |
| C/C.1.004 | Mosaic IT Infrastructure | Procurement of Management Information systems for CFA in accordance with Contract Regulations and to ensure that systems are fit for purpose to meet the emerging financial, legislative and service delivery requirements. This will require replacement or upgrade of some or all of the Council's current systems. | | Committed | 3,000 | 2,750 | 250 | - | - | - | - | - | GPC |
| | **Total - Corporate Services** | | | | **6,846** | **3,741** | **1,380** | **575** | **575** | **575** | **-** | **-** | |
| **C/C.02** | **Managed Services** | | | | | | | | | | | | |
| C/C.2.006 | CPSN Replacement | This is for the procurement of a replacement Wide Area Network solution. The current contracted service (CPSN) is due to end in June 2018, but we are close to securing a continuance taking us to June 2019. This proposal is for funding for the 2017-18 and 2018-19 financial years to allow for the procurement and transition to a new service (EastNet). | | Committed | 5,500 | 500 | 5,000 | - | - | - | - | - | GPC |
| | **Total - Managed Services** | | | | **5,500** | **500** | **5,000** | **-** | **-** | **-** | **-** | **-** | |
| **C/C.03** | **Transformation** | | | | | | | | | | | | |
| C/C.3.001 | Capitalisation of Transformation Team | Funding the Transformation team from capital instead of revenue, by using the flexibility of capital receipts direction. | | Committed | 2,586 | 1,293 | 1,293 | - | - | - | - | - | GPC |

# Appendix A

## Section 4 - C: Corporate and Managed Services

### Table 4: Capital Programme

**Budget Period: 2018-19 to 2027-28**

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 | Later Years £000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| C/C.3.002 | Capitalisation of Redundancies | Funding the cost of redundancies from capital instead of revenue, using the flexibility of capital receipts direction. | | Committed | 2,000 | 1,000 | 1,000 | - | - | - | - | - | GPC |
| | **Total - Transformation** | | | | **4,586** | **2,293** | **2,293** | **-** | **-** | **-** | **-** | **-** | |
| **C/C.10** | **Capital Programme Variation** | | | | | | | | | | | | |
| C/C.10.001 | Variation Budget | The Council has decided to include a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis. | | Ongoing | -2,030 | - | -1,685 | -115 | -115 | -115 | - | - | GPC |
| C/C.10.002 | Capitalisation of Interest Costs | The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year. | | Committed | 148 | - | 148 | - | - | - | - | - | GPC |
| | **Total - Capital Programme Variation** | | | | **-1,882** | **-** | **-1,537** | **-115** | **-115** | **-115** | **-** | **-** | |
| | | | | | | | | | | | | | |
| | **TOTAL BUDGET** | | | | **15,050** | **6,534** | **7,136** | **460** | **460** | **460** | **-** | **-** | |

| Funding | Total Funding £000 | Previous Years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| **Government Approved Funding** | | | | | | | | |
| **Total - Government Approved Funding** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Locally Generated Funding** | | | | | | | | |
| Capital Receipts | 44,106 | 10,602 | 11,125 | 2,769 | 6,015 | 2,130 | 1,909 | 9,556 |
| Prudential Borrowing | -29,056 | -4,068 | -3,989 | -2,309 | -5,555 | -1,670 | -1,909 | -9,556 |
| **Total - Locally Generated Funding** | **15,050** | **6,534** | **7,136** | **460** | **460** | **460** | **-** | **-** |
| | | | | | | | | |
| **TOTAL FUNDING** | **15,050** | **6,534** | **7,136** | **460** | **460** | **460** | **-** | **-** |

Appendix A

## Section 4 - C: Corporate and Managed Services

### Table 5: Capital Programme - Funding

**Budget Period: 2018-19 to 2027-28**

| Summary of Schemes by Start Date | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|
| Ongoing | -2,030 | - | - | - | 39,520 | -41,550 |
| Committed Schemes | 17,080 | - | - | - | 4,586 | 12,494 |
| **TOTAL BUDGET** | **15,050** | **-** | **-** | **-** | **44,106** | **-29,056** |

| 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.01** | **Corporate Services** | | | | | | | | | | |
| C/C.1.001 | Essential CCC Business Systems Upgrade | | - | Committed | 300 | - | - | - | - | 300 | GPC |
| C/C.1.003 | Citizen First, Digital First | | -2,455 | Committed | 3,546 | - | - | - | - | 3,546 | GPC |
| C/C.1.004 | Mosaic IT Infrastructure | | - | Committed | 3,000 | - | - | - | - | 3,000 | GPC |
| | **Total - Corporate Services** | | **-2,455** | | **6,846** | **-** | **-** | **-** | **-** | **6,846** | |
| **C/C.02** | **Managed Services** | | | | | | | | | | |
| C/C.2.006 | CPSN Replacement | | - | Committed | 5,500 | - | - | - | - | 5,500 | GPC |
| | **Total - Managed Services** | | **-** | | **5,500** | **-** | **-** | **-** | **-** | **5,500** | |
| **C/C.03** | **Transformation** | | | | | | | | | | |
| C/C.3.001 | Capitalisation of Transformation Team | | - | Committed | 2,586 | - | - | - | 2,586 | - | GPC |
| C/C.3.002 | Capitalisation of Redundancies | | - | Committed | 2,000 | - | - | - | 2,000 | - | GPC |
| | **Total - Transformation** | | **-** | | **4,586** | **-** | **-** | **-** | **4,586** | **-** | |
| **C/C.10** | **Capital Programme Variation** | | | | | | | | | | |
| C/C.10.001 | Variation Budget | | - | Ongoing | -2,030 | - | - | - | - | -2,030 | GPC |
| C/C.10.002 | Capitalisation of Interest Costs | | - | Committed | 148 | - | - | - | - | 148 | GPC |
| | **Total - Capital Programme Variation** | | **-** | | **-1,882** | **-** | **-** | **-** | **-** | **-1,882** | |
| C/C.9.001 | Excess Corporate Services capital receipts used to reduce total prudential borrowing | | | Ongoing | - | - | - | - | 39,520 | -39,520 | GPC |
| | **TOTAL BUDGET** | | | | **15,050** | **-** | **-** | **-** | **44,106** | **-29,056** | |

Appendix A

# Capital Investment Appraisals

## Prioritised List of Schemes

| Priority Score ( /100) | Class | Service Area | Ref | Title | Total Scheme Cost £000 | Total Prudential Borrowing £000 | Flexibility in Phasing | Alternative Methods of Delivery |
|---|---|---|---|---|---|---|---|---|
| F | Fully Funded | CS | C/C.10.001 | Variation Budget | -2,030 | -2,030 | | - |
| F | Fully Funded | CS | C/C.10.002 | Capitalisation of Interest Costs | 148 | 148 | | - |
| C | Committed | CS | C/C.1.001 | Essential CCC Business Systems Upgrade | 300 | 300 | No flexibility | - |
| C | Committed | CS | C/C.1.004 | Mosaic IT Infrastructure | 3,000 | 3,000 | Limited due to existing contracts ending in 2016/17 | Reduced Quality / Scope of Project - |
| C | Committed | CS | C/C.2.006 | CPSN Replacement | 5,500 | 5,500 | No flexibility | - |
| 26 | Invest to Save | CS | C/C.1.003 | Citizen First, Digital First | 3,546 | 3,546 | | - |
| 8 | Other | CS | C/C.3.001 | Capitalisation of Transformation Team | 2,586 | - | | - |
| 0 | Other | CS | C/C.3.002 | Capitalisation of Redundancies | 2,000 | - | | - |

**Agenda Item No:10**

# LEVEL OF OUTSTANDING DEBT

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19th September 2017** |
| *From:* | **LGSS Finance Director** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **To update the committee following the report in December 2016 on progress to date, on the actions being taken to control and manage debt and to agree revised debt management targets.** |
| *Recommendation:* | **The Committee is asked:** |

**(i)** **to note the actions being taken to manage income collection and debt recovery.**

**(ii)** **agree that the Credit Control Service continues to utilise external debt collection agencies for appropriate debts reporting performance to the Chief Finance Officer quarterly.**

**(iii)** **that the debt targets be split between Adult Social Care and Sundry debt with a target to reduce the aged debt levels in each financial year from 2017-18 as follows:**

| Aged Debt | Adult Social Care | All other Sundry Debt |
|---|---|---|
| 1 - 90 days | 3% | 3% |
| 91 - 360 days | 5% | 5% |
| 360+ days | 7% | 7% |

**(iv)** **agree that a further update will be provided in March 2018.**

| | *Officer contact:* | | *Member contacts:* |
|---|---|---|---|
| Name: | Chris Law | Names: | Councillors Count & Hickford |
| Post: | Head of Finance Operations | Post: | Chair/Vice-Chair |
| Email: | claw@northamptonshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>Roger.Hickford@cambridgeshire.gov.uk |
| Tel: | 07841 784606 | Tel: | 01223 706398 |

## 1. BACKGROUND

1.1 Members noted that Cambridgeshire County (CCC) has not been achieving the Integrated Resources and Performance Report (IRPR) debt targets set for some time and that the total operational debt outstanding is a cause for concern.

1.2 This report will set out the current position following the report presented in December 2016 including progress made to date, the factors that are continuing to place upward pressure on the total debt figures and the actions being taken to manage the position currently and make recommendations for the Committee to manage the position further.

## 2. MAIN ISSUES

2.1 The operational debt targets currently in place have not changed since circa 2008 when the value of invoices was lower. As reported in December, as invoice values are generally increasing so has actual debt been rising over the period for a number of reasons but mainly due to the increased invoiced contributions for Adult Social Care services and the growing unwillingness of people to pay.

2.2 The table below details volumes and activities for each of the years at an Authority level including the average service invoice value. This is important to identify from the perspective of debt recovery as when you combine the total debt and invoice volumes the average value is considerably lower due to the number of low value invoices issued. This information is also set out in Directorate level detail in **Appendix 1**.

2.3 Furthermore, if the sundry debt invoices are stripped out of the average invoice values, it can be seen how social care invoice values have risen over time thus placing pressure on the overall debt figures due to non-payment.

**CCC Debt Data - 2011/12 to 2015/16 Comparison**

| | | | Total | |
|---|---|---|---|---|
| | **Current Target** | **2011-12** | **2015-16** | **2016-17** |
| | **£** | **£** | **£** | **£** |
| **Volume of Invoices Raised** | | 70,372 | 66,016 | 69,528 |
| **Value of Invoices Raised** | | 165,458,250 | 184,669,488 | 172,783,679 |
| **Average Total Invoice Value** | | 2,351 | 2,797 | 2,485 |
| ***Year End Debt - 4-6 Months** | **410,000** | 373,304 | 728,887 | 790,995 |
| ***Year End Debt 6 Months+** | **990,000** | 723,727 | 2,032,677 | 2,222,245 |
| ***Total Debt > 90 Days** | **1,570,000** | **1,097,031** | **2,761,564** | **3,013,240** |

***Debt Figures Over 90 Days Taken from Year End Aged Debt by Directorate Reports & Exclude Payment Plan and Secured Charge Debts**

## 3. CHALLENGES IN COLLECTING DEBT

3.1 There are continuing factors that have contributed to the increase in total operational debt in the last financial year:

- The impact of austerity on people's income and ability to pay – for example, benefits income has remained relatively static for older people/those with care needs whilst inflation and the costs of goods and services continues to rise.

- The proportion of low value non-social care invoices raised is having an adverse impact on resource utilisation as time is being spent reviewing and managing these instead of the higher value/more difficult to collect invoices.

- Increased charging for services previously provided either at a lower cost or for free by the Council, e.g. care services, sheltered housing, school transport.

- Increased charging in Adult Social Care services. In 2016/17, 5,421 financial assessments were conducted, which was an increase of 1,075 from 2015/16 with a greater proportion of those being assessed now being required to pay for the service in full

- People refusing to pay or considering the Council as low on the list of creditors to pay. Where care services are being provided and cannot be stopped the Council potentially faces a worsening position month on month.

3.2 The Credit Control service are experiencing significant issues in being able to recruit and retain staff to work in credit control that is now starting to impact the ability to drive down the overall aged debt. This is a combination of the available salaries in the market compared to what is offered by the Council and a lack of suitable candidates. In an effort to reduce risk and improve resilience a team of credit control staff in Northampton is being recruited to manage NCC work leaving the remaining Cambridge based staff to work on CCC work. In the short term this will alleviate the issues currently being faced whilst an assessment is made on what can be done differently to retain and recruit staff.

3.3 Adult Social Care debt remains the most difficult to collect mainly due to the competing demands on people's income and so their ability to pay together with a small number of people who believe they should not have to pay for the care they are receiving. Work is underway to improve working arrangements between the financial assessment and care management teams particularly the internal processes and sharing of knowledge and experience. Some improvement is being seen but there is more work to do.

## 4. PREVENTION ACTIVITY

4.1 Debt prevention activities remain the most effective method to reduce the risks of bad debt occurring and there are a number of strategies in place including:

- The Credit Control Service continue to proactively engage with Adult Social Care to collaborate on debt prevention, improved processes and managing the customer journey as a single integrated process with the aim of reducing the time from care needs being assessed to an invoice being issued.

- Service users are advised, in all cases, that they can pay by direct debit in all instances. This has resulted in increased direct debit take-up with 41% of invoiced service users now being supported by this payment method.

- There is a financial assessment officer working at Addenbrooke's hospital alongside social care staff to undertake financial assessments concurrently with care assessments.

- Training is being provided to all Care Management staff about the financial assessment process and the importance of discussing this with a service user and, where possible, collecting any documents or forms.

- The Financial Assessment Team now have access to the Department for Work and Pensions (DWP) Customer Information System (CIS), which provides access to the financial information of a service user even if they have not yet provided it. A major advantage is the removal of the need to provisionally assess a service user due to non-disclosure. This in turn leads to more accurate invoicing and less potential for inflated debt figures if invoices remain unpaid (which is highly likely in non-disclosure cases).

- Now CIS access has been obtained, the financial assessment process is being reconfigured to move to undertaking recorded telephone financial assessments during Q3 of this financial year. The benefit of this will be that a service user will be informed at the end of the call what their financial contribution will be.

- Working alongside the CCC Transformation Team, the Credit Control Service has supported departments and services where requested as they seek to provide services differently, e.g. moving to payment on application rather than invoicing.

- The ICON cash management system was deployed into CCC in June 2017 as part of the wider strategic work on replacing Oracle with ERP Gold and to provide greater functionality to enable CCC to transform how it takes payments for services.

## 5. DEBT RECOVERY PROGRESS & STRATEGY

5.1 The Collections Strategy remains the starting point for all recovery activity with the initial letters being system driven and all appropriate low-value invoices being filtered out early and passed to the three external collection agents currently being used. This leaves the skilled debt recovery officers the time to focus on reviewing higher-value cases to determine the most appropriate way forward.

5.2 Three external debt collection agents are available to be used and to date we have sent CCC debts to two of them – Capitol Collections and DWF. A summary of the performance between March 2016 and March 2017 is below with the full data available in **Appendix 2.**

**Collection Agents Performance Summary**
**March 2016 to March 2017**

| Debt Type | Total Referred (£) | No of Accounts | Total Collectable (£) | Actual Collection (£) | As % |
|---|---|---|---|---|---|
| **Capitol** | | | | | |
| Probate | 226,128 | 42 | 202,875 | 80,477 | 40 |
| Sundry | 138,018 | 419 | 88,407 | 64,698 | 73 |
| Overall | 364,146 | 461 | 291,282 | 145,175 | 50 |
| **DWF** | | | | | |
| Probate | 8,195 | 67 | 7,790 | 1,223 | 16 |

5.3 Capitol have been used by CCC for a longer period and so have a larger number of debts referred to them and have had a longer period over which to try and recover the outstanding amounts due. DWF have also only had Probate related cases sent to them during the period being reported with virtually all of them related to adult social care. These are difficult cases to collect with many estates having insufficient money available to settle the debt.

5.4 In the December 2016 report it sets out that all debts referred to collection agents are those that that previously would have been written off (after exhausting all other available avenues) and are taken on a ‘no collection, no payment’ basis. As such, any collection return is additional money the authority would otherwise not have received.

5.5 Legal action continues to be an avenue pursued where the prospect of recovery is considered to be good in terms of the costs and resources required. Each case is assessed on its own merits in terms of the amounts due, known assets and likely success of the action otherwise there is the potential to throw good money after bad. There are currently no active cases.

5.6 We have secured additional, one-off funding for two additional Senior Credit Control Officers for 1 year to support both CCC and NCC aged debt. They will specifically target over 180 day debt in ASC with a remit to recover overdue payments, put in place direct debits for ongoing care payments (where applicable) and collaborate with ASC colleagues on where process improvements can be made to minimise aged debt from occurring.

## 6. TARGETS FOR DEBT RECOVERY

6.1 This report recommends that the targets need to be updated and to do this it would make sense to rebase the target to current level otherwise the position of continually reporting under performance will persist. Recognising that the largest invoicing area both by volume and value is Adult Social Care and that this is also the most challenging debt to collect, it is proposed that the target is split into two categories – Adult Social Care debt and Sundry debt – to effectively measure performance across the distinct debt types.

6.2 Comparative data on ASC debt levels of neighbouring authorities accompanied the December 2016 GPC report and this showed CCC performance to be better than almost all those who provided data. As agreed at GPC, CCC has joined the annual CIPFA Benchmarking Club and the draft report has recently been received.

6.3 There are 27 other Authorities who have chosen to take part in the benchmarking, being a mix of counties, boroughs and districts. Overall, Cambridgeshire compares favourably in most areas where it was possible to fully engage in (there were a small number of areas where it was not possible to extract the data required on this occasion, however work has been undertaken to ensure this is not an issue in future years).

6.4 42% of Cambridgeshire debt is current (1-30 days) with 27% over a year old (this includes secured and payment plan debts) both of which are in the top quartile of performance with the remaining 31% between 31 and 364 days, where Cambridgeshire's performance is at the median when compared against the other participating authorities.

6.5 Whilst there are some positives to be taken from the benchmarking undertaken, the continued high volumes of low value invoices are impacting on the effectiveness of the team to focus on the higher, more problematic to collect Adult Social Care debts. The achievement of sustainable debt reductions relies heavily on CCC Directorates transforming how paid services are delivered in terms of payment upon application wherever possible and / or securing direct debits / electronic recurring payments to significantly reduce invoice volumes and the Credit Control Service and CCC Transformation Team are pro-actively working together to deliver the necessary changes.

6.6 To take account of the differences between sundry and adult social care debts it is proposed to split out debt reporting into two categories for performance measurement purposes. Whilst an overarching target to achieve could be implemented it is considered a percentage reduction base lined annually to the year-end position is the most effective way to measure improvements.

6.7 The proposed debt reductions by 31 March 2019 against a 31 March 2018 baseline are as follows:

| Aged Debt | Adult Social Care | Sundry Debt |
|---|---|---|
| 1 - 90 days | 3% | 3% |
| 91 - 360 days* | 5% | 5% |
| 360+ days* | 7% | 7% |

*excluding debts with legal, on payment plans or secured

It is proposed to take the overall debt figures at 31 March each financial year as the baseline to measure performance in this area with a review of the targets every 3 years.

## 7. ALIGNMENT WITH CORPORATE PRIORITIES

### 7.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

**7.2 Helping people live healthy and independent lives**

There are no significant implications for this priority.

**7.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

## 8. SIGNIFICANT IMPLICATIONS

8.1 **Resource Implications**

There are no significant implications within this category

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

There are no significant implications within this category.

8.3 **Statutory, Risk and Legal Implications**

There are no significant implications within this category

8.4 **Equality and Diversity Implications**

There are no significant implications within this category

8.5 **Engagement and Communication Implications**

There are no significant implications within this category

8.6 **Localism and Local Member Involvement**

There are no significant implications within this category

8.7 **Public Health Implications**

There are no significant implications within this category

| Implications | Officer Clearance |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Yes<br>Name of Financial Officer: Chris Malyon |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?** | Not applicable |
| | |
| **Has the impact on statutory, legal and risk implications been cleared by LGSS Law?** | Not applicable |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Not applicable |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any Public Health implications been cleared by Public Health** | Not applicable |

| Source Documents | Location |
|---|---|
| Integrated Resources and Performance Reports to General Purposes Committee<br><br>Level of Outstanding Debt Report to General Purposes Committee – December 2016 | https://cmis.cambridgeshire.gov.uk/ccc_live/Committees.aspx |

## CCC Debt Data - 2011/12 to 2015/16 Comparison

| | | | Adult Social Care | |
|---|---|---|---|---|
| | Current Target | 2011-12 | 2015-16 | 2016-17 |
| | £ | £ | £ | £ |
| Volume of Invoices Raised | | 52,126 | 47,378 | 48,900 |
| Value of Invoices Raised | | 62,355,827 | 74,073,803 | 67,416,953 |
| Average Service Invoice Value | | 1,196 | 1,563 | 1,379 |
| *Year End Debt - 4-6 Months | 340,000 | 196,075 | 543,996 | 582,439 |
| *Year End Debt 6 Months+ | 920,000 | 541,586 | 1,929,378 | 2,035,980 |
| *Total Debt > 90 Days | 1,260,000 | 737,661 | 2,473,373 | 2,618,419 |

| | | | Childrens & Families | |
|---|---|---|---|---|
| | Current Target | 2011-12 | 2015-16 | 2016-17 |
| | £ | £ | £ | £ |
| Volume of Invoices Raised | | 13,128 | 13,745 | 15,656 |
| Value of Invoices Raised | | 48,584,520 | 42,484,583 | 42,345,133 |
| Average Service Invoice Value | | 3,701 | 3,091 | 2,705 |
| *Year End Debt - 4-6 Months | 30,000 | 21,561 | 46,299 | 51,785 |
| *Year End Debt 6 Months+ | 30,000 | 7,079 | 20,525 | 34,852 |
| *Total Debt > 90 Days | 60,000 | 28,640 | 66,823 | 86,637 |

| | | | Environment Services | |
|---|---|---|---|---|
| | Current Target | 2011-12 | 2015-16 | 2016-17 |
| | £ | £ | £ | £ |
| Volume of Invoices Raised | | 2,291 | 2,245 | 2,440 |
| Value of Invoices Raised | | 17,347,505 | 10,019,947 | 13,495,890 |
| Average Service Invoice Value | | 7,572 | 4,463 | 5,531 |
| *Year End Debt - 4-6 Months | 20,000 | 15,609 | 81,601 | 50,416 |
| *Year End Debt 6 Months+ | 10,000 | 172,398 | 31,542 | 52,520 |
| *Total Debt > 90 Days | 30,000 | 188,007 | 113,144 | 102,936 |

| | | | Corporate Services | |
|---|---|---|---|---|
| | Current Target | 2011-12 | 2015-16 | 2016-17 |
| | £ | £ | £ | £ |
| Volume of Invoices Raised | | 2,827 | 2,648 | 2,532 |
| Value of Invoices Raised | | 37,170,399 | 58,091,155 | 49,525,703 |
| Average Service Invoice Value | | 13,148 | 21,938 | 19,560 |
| *Year End Debt - 4-6 Months | 20,000 | 140,058 | 56,991 | 106,355 |
| *Year End Debt 6 Months+ | 30,000 | 2,665 | 51,233 | 98,893 |
| *Total Debt > 90 Days | 50,000 | 142,723 | 108,224 | 205,248 |

| | | | Total | |
|---|---|---|---|---|
| | Current Target | 2011-12 | 2015-16 | 2016-17 |
| | £ | £ | £ | £ |
| Volume of Invoices Raised | | 70,372 | 66,016 | 69,528 |
| Value of Invoices Raised | | 165,458,250 | 184,669,488 | 172,783,679 |
| Average Total Invoice Value | | 2,351 | 2,797 | 2,485 |
| *Year End Debt - 4-6 Months | 410,000 | 373,304 | 728,887 | 790,995 |
| *Year End Debt 6 Months+ | 990,000 | 723,727 | 2,032,677 | 2,222,245 |
| *Total Debt > 90 Days | 1,570,000 | 1,097,031 | 2,761,564 | 3,013,240 |

***Debt Figures Over 90 Days Taken from Year End Aged Debt by Directorate Reports & Exclude Payment Plan and Secured Charge Debts**

**Collection Agents Performance Summary**
**March 2016 to March 2017**

| Collection Agent | Debt Type | Total Referred (£) | No of Accounts | Total Collectable (£) | Actual Collection (£) | As % |
|---|---|---|---|---|---|---|
| Capitol | Probate | 226,128 | 42 | 202,875 | 80,477 | 40 |
| | Sundry | 138,018 | 419 | 88,407 | 64,698 | 73 |
| | Overall | 364,146 | 461 | 291,282 | 145,175 | 50 |
| DWF | Probate | 8,195 | 67 | 7,790 | 1,223 | 16 |

**Capitol Commercial - Summary Report: 09.08.2017**

**Probate Accounts for CCC - March 16 to March 17**

| | Number | Value |
|---|---|---|
| **Probate accounts sent to CCC** | **42** | **226,128** |
| Closed by Client | 3 | 15,921 |
| Closed by Capitol | 3 | 40,437 |
| Gone Away/Neg Traces | 6 | 7,332 |
| Open Files | 16 | 63,793 |
| Awaiting Client Response | 4 | 18,198 |
| Paid In Full | 3 | 21,683 |
| Part Paid Number/Value | 7 | 58,764 |
| **SUMMARY OF COLLECTIONS** | | |
| Total of all debts sent for collection | 42 | 226,128 |
| Accounts closed by Clients | 3 | 15,921 |
| Gone Away/Neg Traces | 6 | 7,332 |
| Total of amount that could be collected | **33** | **202,875** |
| Number/Value collected to date | 10 | 80,447 |
| **% Collection rate by number/value** | **30%** | **40%** |

**Sundry Accounts for CCC - March 16 to March 17**

| | Number | Value |
|---|---|---|
| **Sundry accounts sent to CCC** | **419** | **138,018** |
| Closed by Client | 50 | 40,369 |
| Closed by Capitol | 31 | 4,610 |
| Gone Away/Neg Traces | 31 | 9,242 |
| Open Files | 52 | 19,099 |
| Awaiting Client Response | 0 | 0 |
| Paid In Full | 236 | 55,671 |
| Part Paid Number/Value | 19 | 9,027 |
| **SUMMARY OF COLLECTIONS** | | |
| Total of all debts sent for collection | 419 | 138,018 |
| Accounts closed by Clients | 50 | 40,369 |
| Gone Away/Neg Traces | 31 | 9,242 |
| Total of amount that could be collected | **338** | **88,407** |
| Number/Value collected to date | 255 | 64,698 |
| **% Collection rate by number/value** | **75%** | **74%** |

**DWF - Summary Report: 09.08.2017**

**Accounts sent to DWF - March 16 to March 17**

| | Number | Value |
|---|---|---|
| **Probate accounts sent to CCC** | **67** | **8,195** |
| Closed by Client | 7 | 405 |
| Closed by CCC | 0 | 0 |
| Gone Away/Neg Traces | 0 | 0 |
| Open Files | 0 | 0 |
| Awaiting Client Response | 0 | 0 |
| Paid In Full | 14 | 1,233 |
| Part Paid Number/Value | 0 | 0 |

**SUMMARY OF COLLECTIONS**

| | | |
|---|---|---|
| Total of all debts sent for collection | 67 | 8,195 |
| Accounts closed by Clients | 7 | 405 |
| Gone Away | 0 | 0 |
| Total of amount that could be collected | **60** | **7,790** |
| Number/Value collected to date | 14 | 1,233 |
| **% Collection rate by number/value** | **23%** | **16%** |

**Agenda Item No: 11**

# UPDATE REPORT ON THE INTRODUCTION OF OPUS LGSS

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19th September 2017** |
| *From:* | **Paul White, Head of Procurement**<br>**Janet Maulder, Head of HR** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **To review progress since the creation of Opus LGSS People Solutions (Opus LGSS) earlier this year, which was formed after approval from GPC Committee in July 2016.** |
| *Recommendation:* | **The Committee is asked to note progress made to date.** |

| | ***Officer contact:*** | | ***Member contacts:*** |
|---|---|---|---|
| Name: | Janet Maulder | Names: | Councillors Count & Hickford |
| Post: | Head of HR | Post: | Chair/Vice-Chair |
| Email: | Janet.maulder@cambridgeshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>Roger.Hickford@cambridgeshire.gov.uk |
| Tel: | 01223 699495 | Tel: | 01223 706398 |

## 1. BACKGROUND

1.1 Following approval by GPC Committee at the end of July 2016 the new arrangements with Opus LGSS People Solutions (Opus LGSS) were put into place as planned in January 2017.

1.2 Opus LGSS was created as a partnership with Opus People Solutions, who are owned by Suffolk County Council, to supply and manage Cambridgeshire County Council's requirements for temporary/interim workers. This replaced the previous arrangement with Guidant Group.

1.3 Opus LGSS has been set up by Opus People Solutions and LGSS on behalf of Cambridgeshire County Council who are part owners in the company.

1.4 The switch over went smoothly and whilst the new arrangements have only been in place for just over six months the anticipated benefits are now starting to be seen.

1.5 The original proposal identified three primary objectives:

- To have greater influence over the wider issues including the quality and pay of agency workers in specific categories such as social workers as well as to support the overall workforce strategy;
- To provide financial savings by reducing the costs associated with securing agency staff;
- To ensure continuity of supply of agency workers

## 2. PROGRESS TO DATE AGAINST OBJECTIVES

### 2.1 Objective 1 – Greater Influence and support to overall workforce strategy

2.1.1 CCC like most organisations have to rely on the use of agency staff to cover key posts where vacancies or sickness arise. Our use of agency workers is most predominant in social care where cover can be critical to services being able to deliver and in some cases stay open. This usage is under constant scrutiny by senior managers. Our reliance on agency staff in the social work field is generally at around 10% of our workforce which, whilst higher than we would wish to see, is significantly lower than most other local authorities.

2.1.2 The table below shows the number of agency workers engaged each month during the first seven months of the calendar year. One of the key objectives of the Opus LGSS team is to source as many agency workers directly as possible rather than rely on just external agency providers.

2.1.3 There has been some positive development in the numbers achieved as the year progresses, as shown in the table below.

2.1.4 For each agency worker engaged directly the cost in terms of margins to CCC is lower, and this is expected to continue to rise as the year progresses, now that the team are fully staffed.

2.1.5 The target for directly sourced agency workers by 31 March 2018 was 17%, with this increasing to 44% by 31 March 2019. The table below shows that at the end of July this had reached 23%, therefore well ahead of the target set. The future target for March 2019 is still viewed as realistic and achievable.

| Agency Numbers Sourced Via | Feb | Mar | Apr | May | Jun | July |
|---|---|---|---|---|---|---|
| **Total No** | 204 | 200 | 178 | 187 | 220 | 200 |
| **Agency** | 92% | 89% | 83% | 80% | 79% | 77% |
| **Opus sourced** | 8% | 11% | 17% | 20% | 21% | 23% |

2.1.6 Feedback from users of the service has been positive. The Opus LGSS team are based on site at Shire Hall and co-located with the HR Team which provides a real benefit in terms of sharing knowledge on workforce matters, role details etc, and expediting issues that arise.

2.1.7 Recruiting managers have easier access to the team in person or by phone to discuss their requirements which has proved to be hugely beneficial in making sure the right candidates are sourced in a timely way. Where there are difficulties in recruiting or any feedback is received that needs addressing, the team can mobilise quickly to address any customer concerns.

2.1.8 Opus LGSS are providing additional vetting on CVs, ensuring that candidates of the right calibre are being put forward to recruiting managers to consider. This is not typically the case where agencies, or managed service providers are remotely based, therefore this new approach provides a much better service to our managers and saves time from having to review candidates that are clearly unsuitable.

2.1.9 Since the introduction of the new IR35 tax legislation in April of this year, Opus LGSS have managed the deduction of tax and national insurance from our agency workers who are self-employed, preventing the Council from having to establish arrangements on payroll for them. This is a more efficient and cost effective way of operating the regulations.

## 2.2 Objective 2 – To provide financial savings

2.2.1 The original business case identified modest savings for CCC in the 1st year that were anticipated to increase once the model became established and other LGSS partners joined the model in subsequent years. The tables below show the projected savings for each financial year and the projected actual benefit in 2017/18.

| Savings by Financial Year | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---|---|---|---|---|---|
| **Projected savings for each Financial year** | **£65,240** | **£275,419** | **£334,524** | **£374,844** | **£388,289** |

| | | | | | |
|---|---|---|---|---|---|
| **Projected actual savings** | **£107,220** | **£275,419** | **£334,524** | **£374,844** | **£388,289** |

2.2.2 The actual projected savings for 2017/18 of £107k are slightly ahead of the forecast of £65k, which is mainly due to the success of Opus LGSS sourcing agency workers directly earlier than originally envisaged and also securing at a lower overall cost. The projected actual savings for 2018/19 onwards remain as forecast.

2.2.3 As projected in the original business case Northamptonshire County Council (NCC) have now also gone live with the same arrangements in August 2017. This will support the ability of Opus LGSS to attract agency workers to sign up and support the delivery of the future projected savings. The opportunity will also be undertaken to explore the how other local Councils such as Peterborough City Council could participate at the end of their current contract.

2.2.4 Opus LGSS have reported that as of 31st July 2017, 59% of administrative and business support staff have successfully been engaged on the rate of pay used for permanent staff.

2.3 **Objective 3 - To ensure continuity of supply of agency workers**

2.3.1 The switch over to the new arrangements went smoothly with all existing agency workers moved over in January. The only issue in the first few weeks after go live was ensuring all recruiting managers had been trained in the electronic system for booking, which did require some manual intervention in the early weeks.

2.3.2 To ensure on-going continuity of supply Opus LGSS have now signed up nearly 90 Agency providers to their extended supply chain to ensure they can provide agency resources where they are unable to supply directly. The ability to attract key workers such as Social Workers to sign up with Opus LGSS directly is a primary future focus for Opus LGSS, and this should be helped by the addition of Northamptonshire County Council.

2.4 **Summary**

2.4.1 The introduction of Opus LGSS has already delivered an improved service to the Council's managers who have to maintain staffing levels in order to deliver critical front line services. In addition it has delivered savings to the Council beyond the original projections which is a very promising start to this new venture.

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

### 3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 4. SIGNIFICANT IMPLICATIONS

### 4.1 Resource Implications

There are no significant implications within this category.

**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.

| Implications | Officer Clearance |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Not applicable |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?** | Not applicable |
| | |
| **Has the impact on statutory, legal and risk implications been cleared by LGSS Law?** | Not applicable |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Not applicable |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any Public Health implications been cleared by Public Health** | Not applicable |

| Source Documents | Location |
|---|---|
| General Purposes Committee – July 2016 | https://cmis.cambridgeshire.gov.uk/ccc_live/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/2/Default.aspx |

**Agenda Item No:12**

# CAMBRIDGESHIRE COUNTY COUNCIL APPROACH TO PUBLIC CONSULTATION ON THE BUSINESS PLAN

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19th September 2017** |
| *From:* | **Director of Corporate and Customer Services** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **To outline to General Purposes Committee the proposal for the 2018/19 Business Planning consultation as recommended by the Communities and Partnership Committee.** |
| *Recommendation:* | **General Purposes Committee is:** |

- **recommended to endorse the proposed option for consultation on the Council's Business Plan; and**

- **asked to recommend to Council (via Constitution and Ethics Committee) that the terms of reference of the Communities and Partnership Committee be amended to give it responsibility for the Council's Consultation Strategy and its approach to future Business Planning consultation.**


| | ***Officer contact:*** | | ***Member contacts:*** |
|---|---|---|---|
| Name: | Tom Barden | Names: | Councillors Count & Hickford |
| Post: | Head of Business Intelligence | Post: | Chair/Vice-Chair |
| Email: | Tom.barden@cambridgeshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>Roger.Hickford@cambridgeshire.gov.uk |
| Tel: | 01223 699705 | Tel: | 01223 706398 |

## 1 BACKGROUND

1.1 At its meeting on 13 June 2017, General Purposes Committee requested that the Communities and Partnerships Committee consider options and recommend an approach to the consultation on the Business Plan proposals for 2018/19. Communities and Partnership Committee discussed the consultation approach at its meeting on 24 August 2017, and this paper presents their recommendation.

## 2 CONSULTATION PROPOSAL

2.1 Communities and Partnerships Committee decided to recommend an option that would involve two stages:

- Stage 1 – focus groups, to take a deep look at residents' priorities;
- Stage 2 – a representative household and open web survey on the draft proposals considered by Service Committees in November.

2.2 For Stage 1 there would be one focus group per District and we would ensure these groups were representative of the demography of the area.

2.3 From this research, we could get a good understanding about different groups' views on subjects such as independence, early help, community resilience and self-support, and the role a council should play when finances are tight and demand is increasing.

2.4 This would be followed up by Stage 2, which would be a consultation on the specific draft proposals that will be discussed in November by Service Committees. This would be done as a randomised, representative household survey (as has been done in previous years) of approximately 1,300 residents so the results will be significant at a County level.

2.5 The questionnaire will set out the key proposals in simple terms and asking the extent to which people support these proposals in the context of the overall budget challenge. The questionnaire would also include questions on Council Tax, as has been done in previous years, and questions about quality of life. This consultation would be driven by a communications campaign to promote engagement with the survey. More detail on the methodologies to be used for the Focus Groups and the Household Survey are set out in **Appendix One.**

2.6 The focus groups and the household survey would be commissioned from a market research company. The focus groups would cost approx. £2,000 per group, with total cost of approx. £10,000. The guide price for the household survey is £25,000. However, this work would be competitively tendered to ensure we get the best price and value for this activity. This programme of formal market research and surveying would also be supported by engagement with the public at community events and with existing networks and Partnership Boards for feedback from partners and service users.

2.7 At its meeting on 24 August the Communities and Partnership committee also endorsed the proposed Council strategy on consultation and engagement (see http://tinyurl.com/ycy3hm9f, item 4, Appendix 4). Given the remit of the Communities and Partnership Committee it is recommended that in future this committee takes responsibility for the Council's strategy on consultation and engagement, including the approach taken to consultation on the Council's Business Plan.

## 3. KEY ISSUES

3.1 Whilst the timing of Business Planning consultation is inevitably tight this proposal allows for results of the initial focus groups to be shared with Members whilst the budget proposals are in the early stages of discussion in Service Committees. The results of the household survey will be shared with Members as soon as possible following completion of fieldwork at the end of November. This is likely to be in the Christmas period or shortly afterwards.

3.2 The need for the consultation overall to be representative and robust was emphasised by the Communities and Partnership Committee, this will be taken into account in the design.

## 4. ALIGNMENT WITH CORPORATE PRIORITIES

The following bullet points set out details of implications identified by officers:

### 4.1 Developing the local economy for the benefit of all

Robust and meaningful consultation will provide a benefit to the local economy by ensuring that we support and promote local economic activity that has been identified by citizens themselves.

### 4.2 Helping people live healthy and independent lives

Citizens and service users are 'experts by experience' and are therefore best placed to decide what kind of support is going to make them more healthy and independent. This proposal is designed to ensure that we have a meaningful input from citizens into decisions about how the Council's budget is spent and how services should be delivered.

### 4.3 Supporting and protecting vulnerable people

This proposal is about listening to people's views on the priority and business plan proposals about our services to support and protect vulnerable people, to make sure that they are as effective as possible.

## 5. SIGNIFICANT IMPLICATIONS

### 5.1 Resource Implications

The resource implication is estimated at a maximum of £35,000. However, tendering for the focus groups and household survey together will encourage more competitive pricing. Existing officer capacity will be utilised to implement the other activities described.

### 5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

As detailed in 5.1.

### 5.3 Statutory, Risk and Legal Implications

This proposal is designed to ensure that the Council meets its statutory and legal obligations to consult on its plans.

### 5.4 Equality and Diversity

The proposal takes a representative sample of the county's population. The communications package supporting the consultation will be designed to support the aim of representativeness and inclusion.

### 5.5 Engagement and Consultation Implications

The proposal describes a piece of work that allows for large-scale engagement and consultation, with an associated communications package, which will take place from September – December 2017.

### 5.6 Localism and Local Member Involvement

Members can support the proposed consultation activity by promoting it at events, on social media etc. The programme of attendance at community engagement events also offers an opportunity for Member involvement which has been successful in the past.

### 5.6 Public Health

There are no significant implications relating to public health.

| Implications | Officer Clearance |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Tom Kelly: Head of Finance |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?** | Tom Kelly: Head of Finance |
| | |
| **Has the impact on statutory, legal and risk implications been cleared by LGSS Law?** | Richard McAdam: LGSS Law |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Sue Grace: Director Corporate and Customer Services |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Christine Birchall: Head of Communications and Information |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Cllr Steve Criswell & Communities and Partnership Committee Members |
| | |
| **Have any Public Health implications been cleared by Public Health** | N/A |

| Source Documents | Location |
|---|---|
| GPC minutes and report on consultation 29 November 2016<br>GPC minutes 13 June 2017<br>Communities and Partnership Committee July 2017<br>Communities and Partnership Committee August 2017 | https://cmis.cambridgeshire.gov.uk/ccc_live/Committees.aspx |

**Appendix One**

## CAMBRIDGESHIRE COUNTY COUNCIL PUBLIC CONSULTATION ON THE BUSINESS PLAN: METHODOLOGY

To ensure the public consultation on the Council's Business Plan is carried out in accordance with best practice we will engage a professional market research company, with a track record of working with the public sector, to carry out the two core elements of this years' consultation:

- The District based focus groups
- The Household Survey

### Stage One – Focus Groups

Introducing Focus Groups into the Business Planning consultation process will allow us to take a deeper look at residents' priorities. The focus groups will be specified as follows:

- Participants will be pre-selected by market research company there will be 8-12 people per focus group with one focus group in each of the five district/City areas
- Participants' demographics will be broadly as follows, being mindful of the demographic profile of each area:
    - Two people from younger age groups 18 – 30
    - One person from mid-range age groups 30 – 55
    - Two people from older age groups 55+
    - Equal numbers of men and women – mix of working, unemployed, retired, students etc.
- Discussion will last approx. 2 - 3 hours, with possible morning, afternoon and evening sessions.
- The detailed content of the sessions will be scoped out with the successful bidder, but an example session could focus on understanding participants' views on the question 'what are councils for – and how do you think they need to change?'. This would be approached in two ways – by understanding participants' existing awareness of issues facing the Council, then by exploring different proposals. For example:

  *Information and awareness building:*

- What do you know about the responsibilities of county councils – what services do they provide?
- Information about the Council budget– and how this is made up and will change in next few years.

- Information about Cambridgeshire – how many older people, school aged children, how many miles or roads, how this will change in next few years.
- What do they know about the costs of different services – what's spent on a residential bed for an older adult, children in care, building or mending roads, running a library etc.
- What do they think about this? Any surprises, concerns?

*Proposals and options for the future*

- All Councils talk a lot about coping with reducing funding with rising demand – various options for this are being looked at, we want to know your views
- Focusing on those most in need – what level of need are we talking about/where do you draw the line?
- Communities taking more action locally, supporting people closer to home – what areas of services would suit this most comfortably, what more could be done, who by?
- Spending more on early help – what is being done/could be done more to prevent people needing more expensive services
- Raising income – examples like Soham solar farm/housing company, selling land, or services. What else could we do?
- Level of council tax – what various bands pay per week/per month, what an extra 1% means
- Campaigning for additional national funding – Is this the role for councillors/MPs/local people to get more involved in?
- Efficiencies – buying better, reducing staffing costs (breakdown of job roles of 5,000 council staff), costs of buildings, business mileage etc. Suggestions.
- Working with partners – where is it most important we work together with other organisations, where are the priority areas for improvement across the public sector?

From this research we would get a good understanding about different groups' views on subjects such as independence, early help, community resilience and self-support, and the role a council should play when finances are tight and demand is increasing.

We would ask the market research company to demonstrate how they ensure participants are not unduly led by the way questions are framed. We would also asked them to demonstrate how they will achieve a good representative cross-section of people in each group.

**Stage Two – Household Survey**

For the household survey we will maintain a continuity of approach with 2016/17. In summary the methodology will be:

- A household survey of approximately 1,300 residents so the results will be significant at a County level. The sample with be a stratified, random sample. That is to say participants will be randomly selected within the criteria of having a final sample that reflects the age / location structure of the County's population. This gives the best chance that the results of the survey can be said to be true of the population of the county as well as the sample. This household survey will be carried out by the professional market research company.

- As we have done previously this household survey will be accompanied by a digital / on-line consultation using the same questionnaire. This allows anyone to participate but these results will be analysed separately from the household survey so any bias can be controlled for.
- Where relevant the survey questions will be based on those used last year. Maintaining some of the same set of questions will mean that comparison to previous years will be possible.
- The questions will include understanding residents' views on changes to Council Tax and seeking feedback on our key budget proposals for the coming year.
- To achieve this the consultation will provide a summary overview of the key proposals, and ask some simple straightforward questions about the degree of support for the proposals and requesting other comments. The model of the recent consultations on the St Neots' Bridge and Children's Centres, i.e. straightforward questions so that people can provide a clear response, will be used here.
- Doing a random and representative household survey is a good opportunity to extend and develop our evidence base about people in Cambridgeshire. Therefore we intend to introduce a new question about quality of life which will allow us to start to develop some quantitative and qualitative information about how people feel about their life and what is affecting them. The question we intend to use is from the Office for National Statistics' work to measure quality of life and personal well-being as this would allow comparison, by Local Authority area, to this UK analysis of well-being by age and other demographic factors.
- To reflect comments made by GPC in 2016, which requested that consultation should reflect the Council's transformation and improvement activity and its focus on working with partners, we will add a question about people's experience of the public sector and what is important to them.
- The questionnaire and script used in 2016 can be accessed at http://tinyurl.com/ycy3hm9f item 4 Appendix 1.

As we have done previously we will complement this activity with an accompanying programme of public facing community engagement, where Members and officers can speak to people. We will also engage with Partnership Boards and other networks to obtain feedback from service users, partners and stakeholders.

All this activity will be supported by promotion of the online version of the survey to key groups using all communication channels.

As requested by Members the results of previous consultations will be taken into account in the final report. Therefore a short summary report, detailing the key headlines from the Council's previous 12 months' consultation and engagement work will be shared with Members during the Business Planning process this Autumn.

**Agenda Item No:13**

## TREASURY MANAGEMENT - QUARTER ONE

| | | | |
|---|---|---|---|
| *To:* | **General Purposes Committee** | | |
| *Meeting Date:* | **19th September 2017** | | |
| *From:* | **Chief Finance Officer** | | |
| *Electoral division(s):* | **All** | | |
| *Forward Plan ref:* | **Not applicable** | *Key decision:* | **No** |
| *Purpose:* | **To provide the first quarterly update on the Treasury Management Strategy 2017-18, approved by Council in February 2017.** | | |
| *Recommendation:* | **The General Purposes Committee is recommended to note the Treasury Management Report.** | | |


| | ***Officer contact:*** | | ***Member contacts:*** |
|---|---|---|---|
| Name: | Lewis Chingwaru | Names: | Councillors Count & Hickford |
| Post: | Group Accountant – Treasury & Tax | Post: | Chair/Vice-Chair |
| Email: | LChingwaru@northamptonshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>Roger.Hickford@cambridgeshire.gov.uk |
| Tel: | 01604 367858 | Tel: | 01223 706398 |

## 1. BACKGROUND

1.1 Treasury Management is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code). The Code has been developed to meet the needs of Local Authorities and its recommendations provide a basis to form clear treasury management objectives and to structure and maintain sound treasury management policies and practices.

1.2 The Code was adopted via the Treasury Management Strategy Statement (TMSS), which was approved by Council in February 2017. It requires the Council to produce an annual treasury report and a half yearly report. Alongside these, General Purposes Committee are also provided with quarterly updates on progress against the Strategy.

1.3 This report has been developed in consultation with the Council's external investment manager and treasury advisors, Capita Asset Services (CAS) and provides an update for the first quarter to 30th June 2017.

## 2. SUMMARY OF KEY HEADLINES

2.1 The main highlights for the quarter are:

- Investment returns received on cash balances, compares favourably to the benchmarks. A return of 0.46% was achieved compared to the 7 day and 3 month London Interbank Bid Rate (LIBID) benchmark (0.11%, 0.19% respectively). See section 6.

- A balanced budget (nil overall variance) is currently reported for the 1st quarter, work is still in progress on technical adjustments on capitalisation of interest and the finalisation of the 2017-18 MRP calculations. The forecast will be updated at the next reporting stage when this work is expected to have been completed. For further information please see Section 9.

## 3. THE ECONOMIC ENVIRONMENT

3.1 This information has been provided by Capita Asset Services – Treasury Solutions (CAS Treasury Solutions), the Council's treasury management advisors.

3.2 During the quarter ended 30th June 2017, the significant UK headlines of this analysis were:

- The economy showed signs of re-accelerating;
- There was an intensifying squeeze on households' real earnings;
- The Monetary Policy Committee took a more hawkish turn, with 3 members voting to raise interest rates;
- A snap General Election delivered a hung Parliament;
- Face-to-face negotiations with the EU began.

## 4. SUMMARY PORTFOLIO POSITION

4.1 A snapshot of the Council's debt and investment position is shown in the table below:

| | TMSS Forecast February 2017 (as agreed by Council) | | Actual as at 31 March 2017 | | Actual as at 30 June 2017 | | Revised Forecast to March 2018 | |
|---|---|---|---|---|---|---|---|---|
| | £m | Rate % | £m | Rate % | £m | **Rate %** | **£m** | **Rate %** |
| **Long term borrowing** | | | | | | | | |
| PWLB | 439.4 | 4.5 | 278.6 | 4.3 | 278.6 | **4.5** | 278.6 | **4.3** |
| PWLB (3rd Party Loans) | - | | 3.9 | 2.3 | 3.8 | **2.3** | 3.8 | **2.3** |
| Market | - | | 45.0 | 4.0 | 45.0 | **4.0** | 45.0 | **4.0** |
| LOBO | 34.5 | 3.6 | 19.5 | 3.6 | 19.5 | **3.3** | 19.5 | **3.3** |
| **Total long term** | **473.9** | **4.3** | **347.0** | **4.3** | **346.9** | **4.3** | **346.9** | **4.3** |
| **Short term borrowing** | - | - | 92.0 | 0.4 | 67.0 | **-** | 67.0 | **-** |
| **Total borrowing** | **473.9** | **4.2** | **439.0** | **3.4** | **413.9** | **3.7** | **413.9** | **3.7** |
| | | | | | | | | |
| **Investments** | **7.9** | **0.5** | **40.5** | **0.3** | **36.9** | **0.3** | **10.0** | **0.3** |
| | | | | | | | | |
| **Total Net Debt / Borrowing** | **466.0** | **-** | **398.5** | **-** | **376.9** | **-** | **403.9** | **-** |
| | | | | | | | | |
| **3rd Party Loans & Share Capital** | **-** | **-** | **4.3** | **-** | **4.3** | **-** | **4.3** | **-** |

4.2 Net debt at 30th June 2017 (£376.9m) is considerably less than originally set out in the Treasury Management Strategy Statement in February 2017 (£466m). The full year projection shows that net debt as at 31st March (£403m) is forecast to be less by £62m compared to the original TMSS estimate of (£466m). The forecast excludes 3rd Party loans

4.3 Further analysis of borrowing and investments is covered in the following two sections.

## 5. BORROWING

5.1 The Council can take out loans in order to fund spending for its Capital Programme. The amount of new borrowing required each year is determined by capital expenditure plans and projections of the Capital Financing Requirement, forecast reserves and current and projected economic conditions.

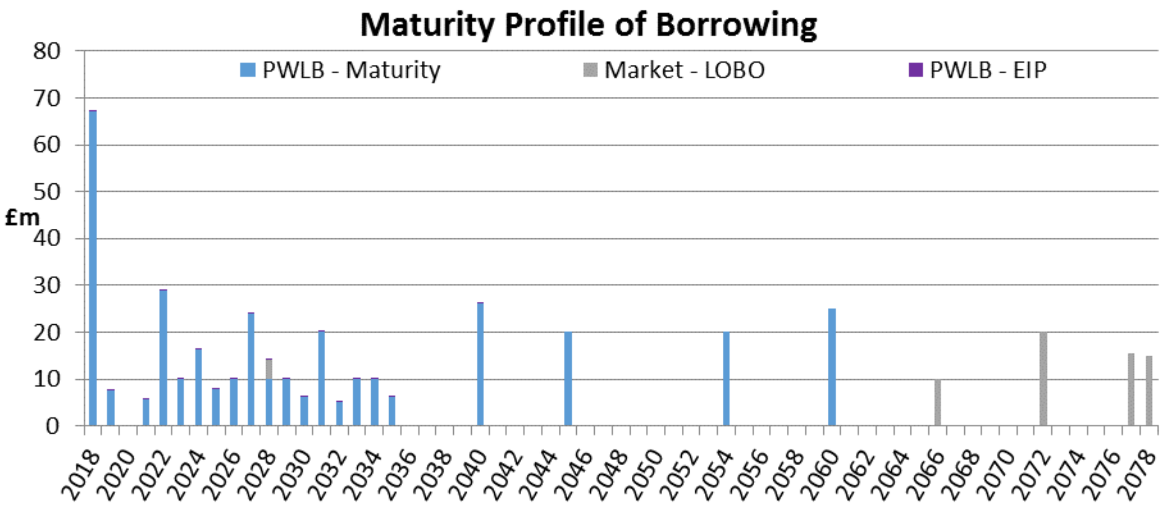
**New loans and repayment of loans:**

5.2 This section shows details of new long term (>1yr) loans raised and loans repaid during this quarter. No Loans were raised or repaid during the 1st quarter to 30th June 2017.

**Maturity profile of borrowing:**

5.3 The following graph shows the maturity profile of the Council's loans. The majority of loans have a fixed interest rate and are long term which limits the Council's exposure to interest rate fluctuations. The weighted average years to maturity of the portfolio (assuming Lender Option Borrower Option (LOBO) Loans run to maturity) is 19.7 years.

5.4 The presentation below differs from that in Treasury Indicator for maturity structure of borrowing in **Appendix 1** paragraph 4, in that the graph below includes LOBO loans at their final maturity rather than their next call date. In the current low interest rate environment the likelihood of the interest rates on these loans being raised and the loans requiring repayment at the break period is extremely low.




**Loan restructuring:**

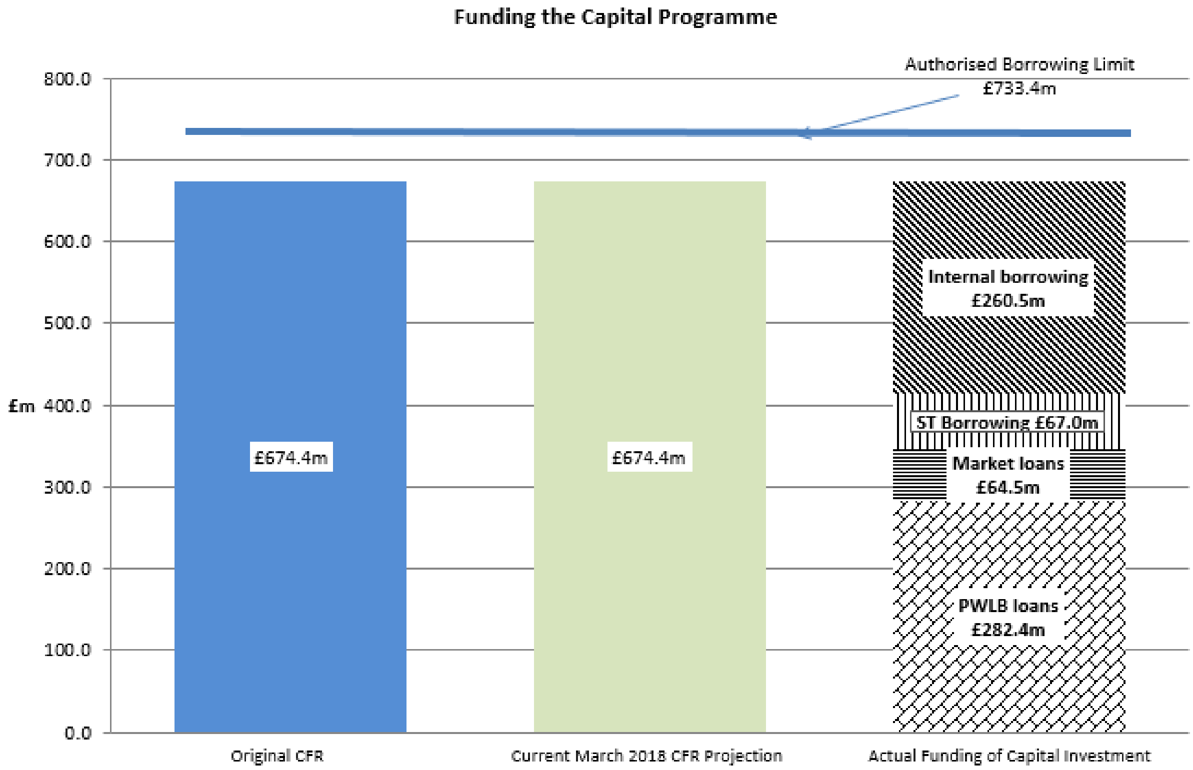
5.5 When market conditions are favourable long term loans can be restructured to:
- to generate cash savings
- to reduce the average interest rate
- to enhance the balance of the portfolio by amending the maturity profile and/or the level of volatility. (Volatility is determined by the fixed/variable interest rate mix)

5.6 During the quarter there were no opportunities for the Council to restructure its borrowing due to the position of the Council's borrowing portfolio compared to market conditions. Debt rescheduling will be considered subject to conditions being favourable but it is unlikely that opportunities will present themselves during this year. The position will be kept under review, and when opportunities for savings do arise, debt rescheduling will be undertaken to meet business needs.

**Funding the Capital Programme:**

5.7 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the next year. It identifies the expected level of borrowing and investment levels. When the 2017-18 TMSS was set, it was anticipated that the Capital Financing Requirement (CFR), the Council's liability for financing the agreed Capital Programme, would be £674.4m. This figure is naturally subject to change as a result of changes to the approved capital programme.

5.8 The chart below compares the maximum the Council could borrow in 2017-18 with the forecast CFR at 31st March 2018 and the actual position of how this is being financed at 30th June 2017.




5.9 As shown on the chart above, it can be seen that the council's current CFR projection is £59.0m below the statutory Authorised Borrowing Limit set for the Council at the start of the year.

5.10 In addition, the chart shows how the Council is currently funding its borrowing requirement (through internal and external resources). As at 30th June 2017, based on current projections of the Capital Financing Requirement, internal borrowing is expected to be approximately £260.5m. Internal borrowing is the use of the Council's surplus cash to finance the borrowing liability instead of borrowing externally.

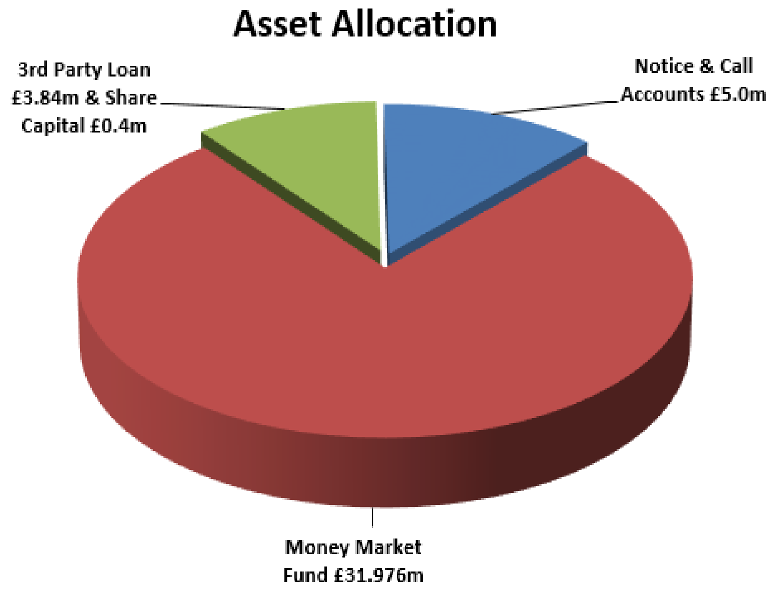
## 6. INVESTMENTS

6.1 Investment activity is carried out within the Council's counterparty policies and criteria, and with a clear strategy of risk management in line with the Council's treasury strategy for 2017-18. This ensures that the principle of considering security, liquidity and yield, in that order (SLY), is consistently applied. The Council will therefore aim to achieve the optimum return on investments commensurate with proper levels of security and liquidity. Any variations to agreed policies and practices are reported to GPC and Council.

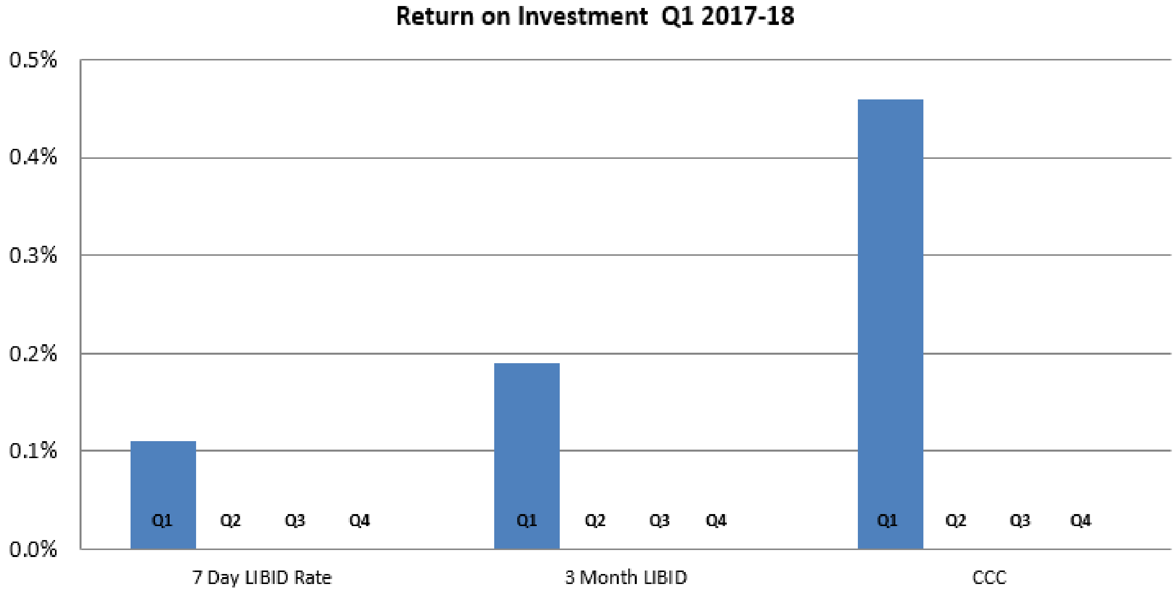
6.2 As described in paragraph 5.10, the strategy currently employed by the Council of internal borrowing also has the affect of limiting the Council's investment exposure to the financial markets, thereby reducing credit risk.

6.3 As at 30th June the level of investment totalled £36.98m, excluding 3rd party loans and share capital which are classed as capital expenditure. The level of cash available for investment is as a result of reserves, balances and working capital the Council holds. These funds can be invested in money market deposits, placed in funds or used to reduce external borrowings.

6.4 A breakdown of investments by asset allocation are shown in the graph below, with detail at **Appendix 2**. The majority of investments are in notice and call accounts and money market funds to meet the liquidity demands of the Council. The weighted average time to maturity of investments at 30th June is 1 day. Where possible deposits are placed for longer durations with appropriate counterparties to obtain enhanced rates of return.



6.5 The graph below compares the returns on investments with the relevant benchmarks for the each quarter this year.




6.6 It can be seen from the graph that investments returned 0.46% during the quarter which is more than both the 7 day LIBID (0.11%), 3 month LIBID (0.19%) benchmarks.

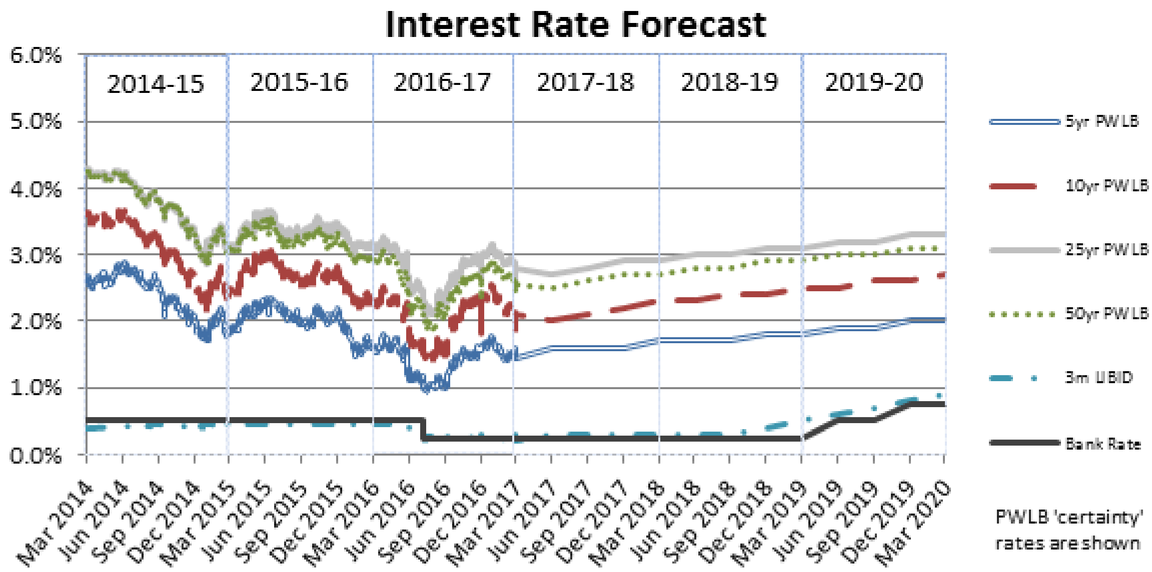
6.7 Using credit ratings, the investment portfolio's historic risk of default stands at 0.0001%. This simply provides a calculation of the possibility of average default against the historical default rates. The Council is also a member of a benchmarking group run by CAS which shows that, for the value of risk undertaken and duration of investments, the returns generated are currently below the Model Band. This is because the Council maintains low cash balances compared to the size of its balance sheet, and a high proportion of these balances are held in a low interest bearing instant access account with Barclays, to meet business needs.

6.8 Leaving market conditions to one side, the Council's return on investment is influenced by a number of factors, the largest contributors being the duration of investments and the credit quality of the institution or instrument. Credit risk is a measure 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, and interest rate risk; the risk that arises from fluctuating market interest rates. These factors and associated risks are actively managed by the LGSS Treasury team together with the Council's Treasury Advisors (CAS).

## 7. OUTLOOK

7.1 The current interest rate forecast is shown in the graph below. The performance of the economy over the coming months will be critical for any further monetary policy easing or tightening. The central forecast now is for increases in Bank Rate to commence in quarter ending June 2019, but these will very much depend on how strongly and how soon the economy makes a gradual recovery, and so start a process of very gradual increases in Bank Rate over a prolonged period.

7.2 Geopolitical events, sovereign debt crisis developments and slowing emerging market economies make forecasting PWLB rates highly unpredictable in the shorter term. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates is expected to remain unchanged. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities.




7.3 From a strategic perspective, the Council is continually reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved. Cash flows in the last couple of years have been sufficiently robust for the Council to use its balance sheet strength to limit the amount of new long term borrowing undertaken.

## 8. THIRD PARTY LOANS

8.1 A loan to Arthur Rank Hospice Charity of £4m was approved in 2015-16 and advanced in the form of a secured loan in June 2016 to enable the charity to build a 24 bedded hospice.

8.2 Interest and principal repayments for this loan have been made accordance with the loan agreements.

## 9. DEBT FINANCING BUDGET

9.1 Overall a balanced budget is currently forecasted and reported for Debt Charges the forecast will be updated at the next reporting stage when the work on technical adjustments on capitalisation of interest and the finalisation of 2017-18 MRP calculation is expected to have been completed.

9.2 Table below shows the Debt Financing Budget for 2017-18.

| 2017/18 | Budget | Estimated Outturn | Variance |
|---|---|---|---|
| | £m | £m | £m |
| Interest payable | 16.071 | 16.071 | 0 |
| MRP | 11.477 | 11.477 | 0 |
| Interest receivable | -0.07 | -0.07 | 0 |
| Internal Interest (net) | 0.031 | 0.031 | 0 |
| Debt Management Expenses | 0.1 | 0.1 | 0 |
| Technical & Other | -0.085 | -0.085 | 0 |
| **Total** | **27.524** | **27.524** | **0** |
| Accountable Body Saving | -1.2 | -1.2 | 0 |
| Capitalised Interest | -2.098 | -2.098 | 0 |
| CHIC Net Interest Receivable | -1.424 | -1.424 | 0 |
| **Grand Total** | **22.802** | **22.802** | **0** |

9.3 Although there is a link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.

## 10. MUNICIPAL BONDS AGENCY

10.1 The UK Municipal Bonds Agency is now ready to issue bonds on behalf of local authorities and the first issuance is expected imminently. This authority has approved the relevant documents and guarantees that allow borrowing from the Agency and it is anticipated that Cambridgeshire will participate in the first bond issue to raise a small amount of borrowing.

## 11. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

11.1 With effect from 1st April 2004 The Prudential Code became statute as part of the Local Government Act 2003 and was revised in 2011.

11.2 The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of the Council are **affordable, prudent and sustainable**. To ensure compliance with this the Council is required to set and monitor a number of Prudential Indicators.

11.3 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement (TMSS) and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators are shown in **Appendix 1**.

## 12. ALIGNMENT WITH CORPORATE PRIORITIES

### 12.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 12.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 12.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 13. SIGNIFICANT IMPLICATIONS

### 13.1 Resource Implications

This report provides information on performance against the Treasury Management Strategy. Section 9 shows the impact of treasury decisions impacting the Debt Charges Budget, which are driven by the capital programme and the Council's overall financial position.

### 13.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications in this category

### 13.3 Statutory, Legal and Risk Implications

The Council continues to operate within the statutory requirements for borrowing and investments. Further details can be found within the Prudential Indicators in Appendix 1.

### 13.4 Equality and Diversity Implications

There are no significant implications in this category.

### 13.5 Engagement and Communications Implications

There are no significant implications in this category.

### 13.6 Localism and Local Member Involvement

There are no significant implications in this category

13.7 **Public Health Implications**

There are no significant implications in this category

| Implications | Officer Clearance |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Yes<br>Name of Financial Officer: Chris Malyon |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?** | Not applicable |
| | |
| **Has the impact on statutory, legal and risk implications been cleared by LGSS Law?** | Not applicable |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Not applicable |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any Public Health implications been cleared by Public Health** | Not applicable |

| Source Documents | Location |
|---|---|
| None | N/A |

**Appendix 1**

## Prudential and Treasury Indicators at 30th June 2017

**Monitoring of Prudential and Treasury Indicators: approved by Council in February 2017.**

1. **Has the Council adopted CIPFA Code of Practice for Treasury Management in the Public Services?**

   The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. This is a key element of the Treasury Strategy 2017-18 which was approved by Council in February 2017.

2. **Limits for exposure to fixed and variable rate net borrowing (Borrowing less investments)**

| | Limits | Actual |
|---|---|---|
| Fixed rate | 150% | 86.87% |
| Variable rate | 65% | 13.13% |
| Total | | 100% |

The Interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation exposures could be greater than 100% or negative depending upon the component parts of the formula. The formula is shown below:

*<u>Total Fixed (or Variable) rate exposure</u>*
*Total borrowing – total investments*

Fixed Rate calculation:

*<u>(Fixed rate borrowing £327.4m* - Fixed rate investments £0m*)</u> = 86.87%*
*Total borrowing £413.9m - Total investments £37m*

*Defined as greater than 1 year to run

Variable Rate calculation:

*<u>(Variable rate borrowing £86.5m** - Variable rate investments £37m**)</u> = 13.13%*
*Total borrowing £413.9m - Total investments £37m*

** Defined as less than 1 year to run or in the case of LOBO borrowing the call date falling within the next 12 months.

3. **Total principal sums invested for periods longer than 364 days**

| | 2017-18 Limit £m | Actual £m |
|---|---|---|
| Investment longer than 364 days to run | 0.0 | 0.0 |

Notes: This indicator is calculated by adding together all investments that have greater than 364 days to run to maturity at the reporting date.

4. **Limits for maturity structure of borrowing**

| | Upper Limit | Actual |
|---|---|---|
| under 12 months | 80% | 21% |
| 12 months and within 24 months | 50% | 2% |
| 24 months and within 5 years | 50% | 8% |
| 5 years and within 10 years | 50% | 19% |
| 10 years and above | 100% | 50% |

**Note:** The guidance for this indicator requires that LOBO loans are shown as maturing at the next possible call date rather than at final maturity.

**Affordability**

5. **Ratio of financing costs to net revenue stream**

| 2017-18 Original Estimate % | 2017-18 Revised Estimate % | Difference % |
|---|---|---|
| 7.7 | 7.75 | 0.05 |

6. **Estimated incremental impact of capital investment decisions on band D council tax**

| 2017-18 Original Estimate £ | 2017-18 Revised Estimate £ | Difference £ |
|---|---|---|
| 11.38 | 11.75 | 0.37 |

**Prudence:**

7. **Gross borrowing and the Capital Financing Requirement (estimated borrowing liability excluding PFI)**

| Original 2017-18 Capital Financing Requirement (CFR) £m | 2017-18 CFR (based on latest capital information) £m | Actual Gross Borrowing £m | Difference between actual borrowing and original CFR £m | Difference between actual borrowing and latest CFR £m |
|---|---|---|---|---|
| 674.4 | 674.4 | 346.9 | 327.5 | 327.5 |

**Capital Expenditure**

8. **Estimates of capital expenditure**

For details of capital expenditure and funding please refer to the monthly capital report.

**External Debt**

9. **Authorised limit for external debt**

| 2017-18 Authorised Limit £m | Actual Borrowing £m | Headroom £m |
|---|---|---|
| 733.4 | 346.9 | 386.5 |

The Authorised limit is the statutory limit on the Council's level of debt and must not be breached. This is the absolute maximum amount of debt the Council may have in the year.

10. **Operational boundary for external debt**

| 2017-18 Operational Boundary £m | Actual Borrowing £m | Headroom £m |
|---|---|---|
| 703.4 | 346.9 | 356.5 |

The operational boundary is set as a warning signal that debt has reached a level nearing the Authorised limit and must be monitored carefully.

**Appendix 2**

## Investment Portfolio as at 30th June 2017

| Class | Type | Deal Ref | Start / Purchase Date | Maturity Date | Counterparty | Profile | Rate | Principal O/S (£) |
|---|---|---|---|---|---|---|---|---|
| Share Capital | Share Capital | CCC/59 | 25/09/14 | 25/09/24 | The UK Municipal Bonds Agency | - | - | 400,000.00 |
| 3rd Party Loan | Fixed | CCC/88 | 16/06/16 | 16/06/41 | Arthur Rank Hospice Charity | EIP | 3.3400% | 3,920,000.00 |
| **3rd Party Loans & Share Capital Total** | | | | | | | **3.3400%** | **4,320,000.00** |
| Deposit | Call | CCC/CE/6 | 01/12/14 | | Barclays Bank plc | Maturity | 0.1500% | 5,000,000.00 |
| **Call Total** | | | | | | | **0.1500%** | **5,000,000.00** |
| Deposit | MMF | CCC/ST/7 | 22/07/15 | | Deutsche Managed Sterling Platinum | Maturity | 0.2299% | 11,976,000.00 |
| Deposit | MMF | CCC/ST/3 | 31/03/14 | | SLI Sterling Liquidity/Cl 2 | Maturity | 0.2406% | 20,000,000.00 |
| **MMF Total** | | | | | | | **0.2366%** | **31,976,000.00** |
| **Deposit Total** | | | | | | | **0.5129%** | **-<br>41,216,000.00** |
| **Grand Total** | | | | | | | | **41,774,000.00** |

**Agenda Item No:14(a)**

## CARE IN CAMBRIDGESHIRE FOR PEOPLE WITH LEARNING DISABILITIES

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19 September 2017** |
| *From:* | **Joint Director of Commissioning and Assistant Director of Adult Social Care** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **The programme of work will achieve improved outcomes for people with learning disabilities and financial efficiency for the local authority by identifying and providing suitable care arrangements in Cambridgeshire for people who are currently living in other counties.**<br><br>**The work programme will achieve 2 outcomes:**<br><br>**1. A comprehensive review of all current out of area placements and a managed programme to organise care in Cambridgeshire where it is in service users' best interests and in line with their wishes.**<br><br>**2. A strategic commissioning review of the sufficiency of care provision in Cambridgeshire now and in the future – and plan to create the additional capacity and improved commissioning processes will minimise the number of new out of area placements in future.** |
| *Recommendation:* | **General Purposes Committee is recommended to fund from the Transformation Fund the recruitment of two social workers for a fixed 12 month period to a maximum investment of £120k to enable a review of out of area care for adults with learning disabilities and supporting people to move back to Cambridgeshire where it is in their best interest and in line with their wishes.** |

| | ***Officer contact:*** | | ***Member contacts:*** |
|---|---|---|---|
| Name: | Emily Sanderson | Names: | Councillors Count & Hickford |
| Post: | Senior Transformation Advisor | Post: | Chair/Vice-Chair |
| Email: | Emily.sanderson@cambridgeshire.gov.uk | Email: | Steve.Count@cambridgeshire.gov.uk<br>Roger.Hickford@cambridgeshire.gov.uk |
| Tel: | 01223 728129 | Tel: | 01223 706398 |

## 1. BACKGROUND

1.1 Placements made out of area tend to be more expensive and less cost effective. This is often due to the placements being made to care for people with complex and very significant needs where there is no sufficiently specialist provision available in county. Out of area placements also tend to be less cost effective than those in county since out of area placements are more likely to be individual placements rather than as part of a larger service likely to deliver economies of scale. There are also additional ongoing costs to the locality teams when reviewing care and support for out of area placements.

1.2 This work is linked with the Transforming Care agenda to reduce the number of people with learning disabilities placed in in-patient settings. This work will give the opportunity to commission a specialist service to meet the needs of some of the people returning to county as well as some of the people in in-patient settings in county.

## 2. MAIN ISSUES

2.1 The request is for investment from the Transformation Fund for two social worker posts for a 12 month period to a total cost of £120k. The work required to achieve the savings is equivalent to two social worker posts for 12 months, but the funding will be used flexibly to achieve savings. The expectation is that the funding will be front loaded to achieve pace in delivering the savings. The overall saving to be achieved is £373k. £60k of the savings achieved through this project will be reinvested on an ongoing basis to provide brokerage support to the Learning Disability Partnership, initially to support this work and then to provide ongoing business as usual brokerage support. Therefore the net saving for 2018/19 is £313k.

2.2 It is not necessarily appropriate for every person placed out of county to be brought back to Cambridgeshire. Of the 130 existing people with learning disabilities living out of area 27 have been identified where it would be beneficial for them to move back to Cambridgeshire. There are a further 35 people where more work is required to identify if a move back to Cambridgeshire would be beneficial.

2.3 The savings identified against this bid are based on the following assumptions:

a) 5 people will be moved into Glebe Farm by April 2018, a new service being built by Kingsley Healthcare. This cohort is already identified and waiting on the service to be built.
b) 31 additional people with a variety of sizes of care packages and a confidence level of 50% will be moved back in Cambridgeshire. This is modelled on extending the existing cohort of people identified to move back to Cambridgeshire. The saving modelled is a full year effect, however the introduction of the 50% confidence level will allow account for some slippage relating to timing.

2.4 Risks and mitigation relating to this saving are therefore:

a) The Glebe Farm cohort are unable to move in before April 2018. This risk is being mitigated by close communication with Kingsley Healthcare to ensure that we have the most up to date information regarding their service development.
b) 31 additional people are not able to be moved back into county. This risk is being mitigated by identifying dedicated social workers to work on this. This will enable the

social workers to progress conversations with the existing provision, family and advocates at pace to support the move back into county.

c) There is insufficient provision in county to meet the needs of those moving back to county. This is being mitigated by the reinvestment of some of the saving into 2 people dedicated to brokerage, providing additional capacity in service development and negotiation to meet the needs of those moving back to county.
d) People are moved back into county but there are fewer savings delivered than anticipated. This will be mitigated by the regular review and remodelling of the savings to be delivered from the identified cases. The current modelling is based on a conservative estimate of the number of people that can be moved back into county combined with a challenging target for the amount of savings to be delivered from each case. Combined with the confidence level of 50%, this means that there is sufficient flexibility in the modelling for the savings to be delivered even if not necessarily from the originally anticipated people.
e) There is a risk that savings may be delayed if a number of the cases need to go to Court of Protection. The mitigation for this risk is frontloading the social workers' time to identify cases that may need to go to Court of Protection quickly so that the delay can be minimized.

2.5 **Appendix 1** provides more detail concerning the modelling of the saving and the cohort of people with learning disabilities who have been placed out of area.

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

### 3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 3.3 Supporting and protecting vulnerable people

The project work will be undertaken in line with social work practice in Cambridgeshire, this includes a best interest assessment regarding any potential changes to care packages. The report above also sets out the implications for this priority in paragraph 2.2 and in more detail in **Appendix 1**.

## 4. SIGNIFICANT IMPLICATIONS

### 4.1 Resource Implications

There are no significant implications within this category.

### 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.*

| **Implications** | **Officer Clearance** |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Yes<br>Name of Financial Officer: Tom Kelly |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?** | Not applicable |
| | |
| **Has the impact on statutory, legal and risk implications been cleared by LGSS Law?** | Not applicable |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Yes<br>Name of Officer: Christine Birchall |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any Public Health implications been cleared by Public Health** | Not applicable |

| Source Documents | Location |
|---|---|
| None | Not applicable |

## Out of Area Repatriation

## Business Case: Care in Cambridgeshire for People with Learning Disabilities

## Summary of the Opportunity

This business case responds to the opportunity to achieve improved outcomes for people with learning disabilities and financial efficiency for the local authority by identifying and providing suitable care arrangements in Cambridgeshire for people who are currently living in other counties.

The work programme will achieve 2 outcomes:

1. A comprehensive review of all current out of area placements and a managed programme to organise care in Cambridgeshire where it is in service users' best interests and in line with their wishes.

2. A strategic commissioning review of the sufficiency of care provision in Cambridgeshire now and in the future – and plan to create the additional capacity and improved commissioning processes we will need to minimise the number of new out of area placements in future.

To deliver these objectives we are requesting investment from the Transformation Fund for two additional social worker posts. This investment will be set against savings to be achieved from the cost of care provision.

The investment requested is for a total of £120k and the saving projected from this work programme is £373k, to be achieved in 2018/19.

## Out of Area Placements

There are currently 130 people with learning disabilities supported by the Learning Disability Partnership (LDP) living in care settings which are beyond the Cambridgeshire border. The most common reason for provision being made out of area is to care for people with complex and very significant needs which require very specialist support not available locally. Often these placements can be very high cost, in particular where very resource intensive support is required such as specialist inpatient settings.

There are also a variety of other factors. For example in some instances there are safeguarding reasons which make an out of area placement most appropriate; for some individuals their cultural and religious needs mean that the most appropriate placement is outside the area; and in other instances there is a preference from the service user and their family for a home which is beyond the border but not far from their family home and community.

This business case focuses on repatriating those service users within the out of area cohort who wish to return to Cambridgeshire and whose needs could be equally well or better met with local provision. The ‘scale of opportunity’ section on page 3 explains the cohort we want to work with more fully.

## Capacity Requirements

Delivering a programme of repatriation is an extensive piece of work – requiring significant dedicated social work capacity alongside strategic commissioning and brokerage input. The funding of two additional dedicated posts is requested to deliver the lengthy process for every repatriation case which is shown below.

1. Assessment of need in line with The Care Act 2014 – requires full involvement of person being assessed and, where they need assistance to understand the assessment process, anyone that is acting as their advocate. This could be a family member or, if not, this will require referral to advocacy. There is also the process of agreeing and signing off the assessment with the person and within the Council.
2. Determination of eligibility for services (this is separate to the assessment but part of the process – listed separately to be clear on all stages).
3. Calculation of indicative budget based on assessment of need.
4. Discussion with the person and their family as part of the support planning process around potential to move back to County seeking their views and wishes and taking into account their community networks and other variables.
5. Support plan revised as required and signed by the Council and person.
6. Placement finding process – looking at all available vacancies to determine if needs could be met or deciding if a new service needs to be commissioned.
7. Accommodation needs to be considered and identified. This may mean existing vacancies, acquisition of new properties or even new build in some circumstances.
8. Mental Capacity Act 2015 (MCA) assessment and, if needed, a best interest process which has to look at all of the available options which may meet a person’s needs (including staying in existing provision). There is potential for court of protection proceedings which are complex with timeframes agreed through the court.

9. Transition planning – includes staff recruitment and training as well as potential visits of person and family. Consideration of Deprivation of Liberty Safeguards which again may include a potentially lengthy court process
10. Move to progress
11. Review after placement and subject to complexity of the case it would be done frequently or at least annually.

In delivering the above, there is a legal requirement to work collaboratively with the person in assessment and support planning – this means that they have to be as involved as possible in the process and have access to an advocate where this is needed. Similarly the MCA requires the Council to make all reasonable efforts to present information and decisions in a way that maximises a person's ability to make a decision. For people with learning disabilities this can include assessments around communication and provision of aids to facilitate communication meaning an assessment usually requires a series of structured meetings for each service user. Decisions around the capacity of the individual to make decisions are time and decision specific, it is not a blanket decision about capacity.

**Timescale**

Given the length and complexity of the process we have modelled the repatriation taking on average 9-12 months to complete – meaning the associated financial benefit will be delivered in the 2018/19 financial year.

In some cases we already have a new intended placement lined up in Cambridgeshire and therefore will hope to organise moves to take place in the latter part of 2017/18 – meaning potentially some financial saving this period.

**Scale of the Opportunity**

Moving a service user from an out of area placement to one in Cambridgeshire can be a really positive outcome. Where new care provision, which matches needs, has been created or existing care provision is available within Cambridgeshire we have the opportunity to support a move closer to friends, family and communities and ensuring support from our teams is close at hand.

However it will not be appropriate in every case. In particular where service users have made a deliberate choice to move away or have formed close friendships and links to the local community out of area they will not want to return. Equally there are some people living only just over the border and not far from their local community. A further important consideration is that for some people with learning disabilities significant change is extremely unsettling and therefore moving care provision would risk undermining the stability of their care and ultimately the stability of their lives. In determining someone's best interests their wishes are paramount, as is the imperative to ensure the provision is suitable for their needs. In some cases these considerations will support repatriation and in others they will mean that an out of area placement remains the best option.

As well as the positive impact on outcomes, there is the potential for new care arrangements in Cambridgeshire to be better value for money than out of area provision. Savings can be delivered through reassessment and reducing or refining the care package and through a brokerage/negotiation process to ensure the placement is offering best value for money. In some instances where an out of area placement was identified as the only viable provision to meet a more specialist need (at the point it was needed) the price may well have been artificially high. In those cases if we can successfully identify or create new provision then there is a good chance we'll be able to agree a model with the new provider which meet needs at lower costs. But again we should not assume that this will always be the case. Needs will usually be unchanged and so in some instances the cost of Cambridgeshire based provision will be just as high as the out of County provision and therefore repatriation will lead to savings in some cases but not in others. An additional consideration is that the cost of living in Cambridgeshire is high compared to many of our out of area placements leading to higher living costs as well as more difficulty recruiting care staff at competitive rates. For some fictional examples of the complexities involved in predicting savings from this work, see Appendix 1.

Given the above discussion we have undertaken an analysis of the existing out of area cohort to identify the proportion for whom repatriation might be appropriate and to model a realistic level of saving we might expect from this work.

There are 130 clients that are currently living out of area. Of these, the split between those where repatriation may or may not be appropriate is shown below.

| | **clients** | **value** |
|---|---|---|
| Desktop analysis indicates repatriation could be beneficial | 27 | c5M |
| Desktop analysis shows that repatriation is inappropriate | 68 | c4M |
| Desktop analysis was inconclusive, further investigation including meeting the service user and provider needed to determine if repatriation could be beneficial | 35 | c1.5M |
| **Total** | **130** | **10.5M** |

The 68 instances where we are not initially suggesting people return to Cambridgeshire are for a variety of reasons – as highlighted below.

| | |
|---|---|
| Client has been in placement for over 15 years and so is very clearly settled in their community | 26 |
| Client is placed on the border of Cambridgeshire | 18 |
| Client has established links in the area they are placed | 10 |

| | |
|---|---|
| Moving the placement to Cambridgeshire is likely to decrease the outcomes for the client | 12 |
| Client moved to alternate provision out of area to deliver savings and maintain current network | 1 |
| Client has capacity and does not wish to move | 1 |
| **Total** | **68** |

In order to model the financial impact of this work we are estimating that 37 service users will be the focus of the programme – this includes the 27 already identified and a proportion of those still under consideration.

The savings estimate from these 37 cases is modelled as below. It applies a confidence level to account for the likelihood that not all cases will lead to a move into Cambridgeshire and assumes that the packages with a higher existing cost will deliver a higher level of saving.

| Annual Cost of Care Package | Number of People | Size of Saving per person | Confidence Level | Total Saving |
|---|---|---|---|---|
| Less than £50k | 1 | £0 | 50% | £0 |
| £50k - £100k | 9 | £10k | 50% | £45k |
| £100k - £150k | 15 | £15k | 50% | £113k |
| More than £150k | 6 | £30k | 50% | £90k |
| Cohort due to move into Glebe Farm | 5 | £25k | 100% | £125k |

The potential savings at the confidence levels shown is £373K.

**Strategic Commissioning To Prevent Further Out of Area Placements**

As well as working to bring people who are currently out of area back, it is equally important that we have a focus on minimising the number of new out of area placements we make in future.

Achieving this has a number of work strands, we will;

- Enhance the oversight and governance arrangement associated with cases where an out of area placement is being considered – to ensure every alterative has been exhausted before approval is given;
- Establishing a more forward looking placement planning and brokerage process so that we are identifying people whose needs are harder to meet

earlier – and so begin planning and commissioning provision in Cambridgeshire well ahead of time;

- Develop flexible in-house care provision which can help us meet the needs of people for an initial period whilst we identify and plan the best possible care setting for a person's longer term future;
- Enhance our market management of the local care economy – undertaking a strategic review of the capacity we need now and in the future for the patterns of needs we anticipate. This will allow us to work with the provider market to stimulate the new provision we need.

This strategic commissioning work will be delivered by the existing resource within the Commissioning Directorate and so we are not including a resource request for this element of the business case.

We know that out of area provision can come at an additional cost, especially where we have limited alternative options, and so if we can stimulate the market of in-county provision we will constrain future spend on care placements. This will not achieve a saving but will mitigate potentially significant cost pressures which would otherwise emerge. This element of the business case is therefore of equal importance to the repatriation workstream and is a vital part of our long term demand management strategy.

**Interdependencies**

We need to ensure that the savings delivered through this repatriation work are separated from the savings delivered through the Project Assessment Team's project to review high cost packages to ensure that the savings are not double counted. It is unlikely that we will be able to deliver the estimated £10k of saving per case through the review of a high cost package and then deliver further savings on the same case through repatriation to Cambridgeshire.

However if we begin work on repatriation but then find that this will not be appropriate the case would then still be considered by the PAT team – potentially still leading to savings, just not as a result of a move to Cambridgeshire.

Equally the cohort of 68 cases not considered for repatriation will still also be reviewed by the PAT team. Savings can be delivered without repatriation through reviewing placement support and considering moving provision within the out of area local area.

**Current Position**

Of the 27 people, there are 7 people who have a plan for repatriation as well as timescales. 5 of these are part of a cohort who are due to move into a new service in Q4 2017/18. The other 2 people are due to return back to county once they have finished their education in Q3 2017/18 and Q2 2018/19 respectively.

These plans are being delivered through a combination of 'business as usual' from the LDP Locality Teams and a single dedicated social worker from the PAT team. Focus on the repatriation work is withdrawing capacity from the PAT team to deliver savings from reviewing high cost placements.

There is significant work to complete with 20 cases already identified as possibilities for repatriation as well as further assessment work with 35 cases to determine if repatriation should be considered. In order to ensure that this work gathers pace and does not detract from other savings and service priorities, it is important that there is resource dedicated to repatriation.

**Appendix – Fictional Examples of Different Types of Case and they expected financial impact**

Case A

Ms Smith is placed in a residential provision in Bradford at a cost of £80k a year. A social worker reassesses Mrs Smith as part of the current review workstream delivering a saving of £10k on her care package. Mrs Smith has capacity and does not wish to move back to Cambridgeshire.

Outcome: Mrs Smith does not move back to Cambridgeshire, savings are delivered through reassessment and brokerage.

Case B

Mr Jones is placed in a residential setting in Cardiff. His family live in Cambridgeshire and would support a move to in county. There are no placements available in Cambridgeshire. Mr Jones' needs are assessed and a service commissioned by the Commissioning Directorate to meet the needs at the same cost. This process takes 18 months and then Mr Jones returns to county.

Outcome: No savings achieved, Mr Jones returns to county after 18 months with a likelihood of increased outcomes due to closer proximity to informal network.

Case C

Ms Black is placed in a residential provision in Lincoln. She does not have capacity and her advocate would in principle support a move back to Cambridgeshire. There is a supported living placement available in Lincoln at a 10% reduced cost. There is also a supported living placement available in Cambridgeshire at a 5% reduced cost due to the higher cost of living in Cambridgeshire. Ms Black's advocate would support either placement.

Outcome: Ms Black is placed in a supported living placement in Lincoln at a 10% reduced cost.

Case D

Mr White is placed in a residential provision in Scarborough where he is stable and well-supported at a cost of £80k a year. He does not have capacity and his advocate would, in principle, support a move back to Cambridgeshire. There is a residential placement available in Cambridgeshire at a cost of £80k a year. A social worker reassesses Mr White in his current placement as part of the review workstream and the brokerage team negotiate Mr White’s package down to £70k a year delivering a saving of £10k a year.

Outcome: Mr White remains in his current placement with his package negotiated down to £70k.

Case E

Ms Singh is placed in a supported living placement in Coventry. She is stable, well-supported and her family live nearby. There is a residential placement available in Cambridgeshire at a 15% reduced cost. Ms Singh does not have capacity and her advocate would not support a return to Cambridgeshire since her outcomes are likely to be reduced.

Outcome: Ms Singh remains in her placement in Coventry.

**Agenda Item No:14(b)**

# TRANSFORMATION FUND MONITORING REPORT Q1 2017-18

| | |
|---|---|
| *To:* | **General Purposes Committee** |
| *Meeting Date:* | **19 September 2017** |
| *From:* | **Chief Finance Officer** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **To outline progress in delivery of the projects for which transformation funding has been approved at the end of the first quarter of the 2017/18 financial year.** |
| *Recommendation:* | **It is recommended that the Committee note and comment on the report, including whether the format of the paper gives the right level of detail and information to allow the Committee to fulfil their monitoring role** |


| | ***Officer contact:*** | | ***Member contact:*** |
|---|---|---|---|
| Name: | Chris Malyon | Name: | Councillors Count & Hickford |
| Post: | Deputy Chief Executive and Chief Finance Officer | Chairman: | Chair/Vice-Chair |
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## 1. BACKGROUND

1.1 As part of a new approach to business planning, focused on outcomes, it was agreed that the Council would establish a fund that could be used to resource the costs of delivering transformation, ensuring that finance is not a barrier to change at pace across the organisation. A fund of nearly £20m was established and there is now a programme of schemes which have received funding and are supporting the delivery of saving in the current financial year (2017/18) and beyond.

1.2 General Purposes Committee (GPC) has responsibility for stewardship of the fund, approving business cases for new proposals and reviewing progress with existing schemes. In June the Committee received a baseline report describing how each of the proposals would be progressed and monitored and this paper provides the first quarterly in-year monitoring update on expenditure and outcomes to date.

1.3 In June GPC asked that future reports provide a high-level overview of how proposals were working, using a RAG rating system to highlight where things are on and off-track. The steer given was that individual Policy and Service Committees would review relevant projects in detail as appropriate, with GPC maintaining a strategic oversight role.

## 2. OVERVIEW OF PROGRAMME

2.1 As requested the table at fig 1 provides a summary for Committee of the following in regard to each of the existing Transformation schemes:

- investment funding spent to the end of the quarter
- savings secured to the end of the quarter, where this can be calculated, and therefore the return on investment
- RAG rating as to whether the proposal is deemed on track (Green) or whether the impacts are likely to be delayed and re-phased (amber) or are at risk of not being delivered (red).
- Short narrative summary of progress and impact, including any known impact for partner organisations

2.2 This is the first update report to General Purposes Committee and as such many schemes are at the early stage meaning that we are not yet able to fully monitor impact on finances and outcomes. In some instances schemes have taken longer to establish and move forward than originally anticipated and in some cases this will necessitate a re-phasing of the expenditure and the associated benefits. These instances are highlighted in the table for GPC to comment on. In some cases the re-phasing will mean that transformation funding will need to be carried forward into the next financial year to ensure that the programme can deliver in full.

## 2.3 Figure 1 – Overview of Schemes

| Scheme Description and Total Investment & Saving | | Fund Expenditure to date at Q1 2017/18 (£000) | Savings to date at Q1 2017/18 (£,000) | Total projected Saving from investment | Progress & Commentary | RAG Rating |
|---|---|---|---|---|---|---|
| Dedicated Reassessment Team - Learning Disabilities (A/R 6.114) | | 158 | -228 | -2,381 | A dedicated Project Assessment Team (PAT) has been established and a full programme of care package reviews and provider negotiations is underway.<br><br>A detailed 'deep dive' report has been provided to Adults Committee confirming current expectation that savings for 2017/18 will be delivered in full.<br><br>The small saving achieved to date in Q1 reflects the time lag between the beginning of assessment activity and it being cashed as savings – future quarters are expected to show much higher figures | Green |
| Invest £000 | Saving £000 | | | | | |
| 750 | -2,381 | | | | | |
| **Scheme Description and Total Investment & Saving** | | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Recouping under-used direct payments (c/r 5.306 | | 0 | -30 | -100 | The savings target for this work has been revised down to £100k (from 395k) and consequently the additional investment of £87k is not required – see exceptions section for detail | Red |
| Invest £000 | Saving £000 | | | | | |
| 87 | -395 | | | | | |
| **Scheme Description and Total Investment & Saving** | | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |

| | | | | | |
|---|---|---|---|---|---|
| Using Assistive Technology to help people with learning disabilities (C/R.5.302)<br>Invest £000: 186<br>Saving £000: -214 | 31 | -38 | -214 | We are systematically using the potential of assistive technology in care plans for people with learning disabilities and savings have been made. The largest impact is around avoided spend where an increase in night time support has been requested and assessments have evidenced this is not needed – avoided cost of £36k per case. The decision was made to change provider from external contractor to in house provision has been implemented with external contractor ending on 31.08.17. | Green |
| **Scheme Description and Total Investment & Saving** | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Neighbourhood Cares Transformation Pilot (c/r5.304)<br>Invest £000: 656<br>Saving £000: n/a | 6 | n/a | n/a | The pilot sites for this transformation scheme will be in Soham and St Ives and the team workers for the pilot phase have now been completed and are currently undertaking their induction programme.<br><br>We have tendered for and awarded the contract for an external independent evaluation to run as part of the pilot phase. | Green |
| **Scheme Description and Total Investment & Saving** | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Increase in client contributions from improving frequency of re-assessment - older people & elderly mental health (A/R.6.134)<br>Invest £000<br>Saving £000 | 22 | -151 | -381 | Enhanced process in place delivering greater level of reassessments. 409 reassessments have been completed since January 2017. The full year impact of the increase in reassessments has generated £302,159 in additional financial contributions (full year impact) this is expected to increase as more reassessments are processed. No | Green |

| | | | | | | |
|---|---|---|---|---|---|---|
| 46 | -381 | | | | complaints have been received in relation to the reassessments. | |

| Scheme Description and Total Investment & Saving | | Fund Expenditure to date at Q1 2017/18 (£000) | Savings to date at Q1 2017/18 (£,000) | Total projected Saving from investment | Progress & Commentary | RAG Rating |
|---|---|---|---|---|---|---|
| Total Transport (C/R.5.102) | | 44 | 0 | -840 | Transformation funding has been used to recruit additional staff to proactively conduct route reviews from scratch to develop the most cost-efficient bus journeys possible for the Council<br><br>The latest round of reviews starting from September, is expected to generate savings of around £430,000 a year (note not captured in the Q1 figures<br><br>This forms part of the overall programme which is on track to deliver the full £840k | Green |
| Invest £000 | Saving £000 | | | | | |
| 132 | -840 | | | | | |

| Scheme Description and Total Investment & Saving | | Fund Expenditure to date at Q1 2017/18 (£000) | Savings to date at Q1 2017/18 (£,000) | Total projected Saving from investment | Progress & Commentary | RAG Rating |
|---|---|---|---|---|---|---|
| Enhanced Intervention Service for Children with Disabilities (c/r 5.401) | | 18 | -43.5 | -696 | Project team have been recruited and are operational.<br><br>Currently working with three young people with complex needs who are at risk of exclusion or education breakdown requiring a move to an out of area residential school placement. In each case the children are still at home or in local placement and there is a reduced level of anxiety for the child, their families and support network.<br><br>Note – there is current pressure on the overall budget for placements for children in care and so savings schemes in this areas are being closely managed – including regular reporting to savings | Green |
| Invest £000 | Saving £000 | | | | | |
| 120 | -696 | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | delivery boards | |
| **Scheme Description and Total Investment & Saving** | | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Systemic family meetings to be offered at an earlier stage to increase the number of children being diverted from LAC placements (c/r5.402) | | 2 | -115 | -611 | The new posts have been successfully recruited to and the additional capacity enables the clinical team to operate at capacity as per the unit model. The focus is on ensuring wider family networks are identified as part of care solutions and emergency placements are reduced because the wider family can step in.<br><br>We are building the evidence base of work with children in complex situations and where the identified risk factors for breakdown are present – allowing us to demonstrate the impact of these interventions. Judged on target to meet savings but there is current pressure on the overall budget for placements for children in care and so savings schemes in this areas are being closely managed – including regular reporting to savings delivery boards | Green |
| Invest £000 | Saving £000 | | | | | |
| 148 | -611 | | | | | |
| **Scheme Description and Total Investment & Saving** | | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000))** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Supporting people with physical disabilities & people with autism to live more independently (a/r 6.111) | | 32 | -171 | -791 | Additional capacity is supporting a programme of reviews of care plans for people with physical disabilities – with a greater focus on independence.<br><br>Capacity is also allowing us to ensure Continuing healthcare funding is allocated in all cases where this is appropriate | Green |
| Invest £000 | Saving £000 | | | | | |
| 128 | -791 | | | | | |

<table>
<tr><th colspan="2">Scheme Description and Total Investment & Saving</th><th>Fund Expenditure to date at Q1 2017/18 (£000)</th><th>Savings to date at Q1 2017/18 (£,000)</th><th>Total projected Saving from investment</th><th>Progress & Commentary</th><th>RAG Rating</th></tr>
<tr><td colspan="2">Enhanced Response Service: Falls and Telecare</td><td rowspan="3">44</td><td rowspan="3">0</td><td rowspan="3">-390</td><td rowspan="3">This project, which provides an out of hours service through our Reablement Teams to older people, is now operational and has responded to a total of 429 calls between April and July 2018.<br><br>Savings are modelled for 2018/19 onwards so not yet measurable</td><td rowspan="3">Amber</td></tr>
<tr><td>Invest £000</td><td>Saving £000</td></tr>
<tr><td>417</td><td>-390</td></tr>
<tr><th colspan="2">Scheme Description and Total Investment & Saving</th><th>Fund Expenditure to date at Q1 2017/18 (£000)</th><th>Savings to date at Q1 2017/18 (£,000)</th><th>Total projected Saving from investment</th><th>Progress & Commentary</th><th>RAG Rating</th></tr>
<tr><td colspan="2">Enhanced Occupational Therapy Support to reduce the need for double-handed care</td><td rowspan="3">3</td><td rowspan="3">-51</td><td rowspan="3">-100</td><td rowspan="3">Savings to date are £51,294 but it is now considered unlikely that the team will achieve the target figure in full from the specific schemes supported by the additional investment – see exceptions section for detail</td><td rowspan="3">Red</td></tr>
<tr><td>Invest £000</td><td>Saving £000</td></tr>
<tr><td>90</td><td>-252</td></tr>
<tr><th colspan="2">Scheme Description and Total Investment & Saving Agreed</th><th>Fund Expenditure to date at Q1 2017/18 (£000)</th><th>Savings to date at Q1 2017/18 (£,000)</th><th>Total projected Saving from investment</th><th>Progress & Commentary</th><th>RAG Rating</th></tr>
<tr><td colspan="2">Link workers within Adult Mental Health Services (c/r5.403)</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">-480</td><td rowspan="3">Recruitment has now been completed for 2 fixed term post holders to work with Cambridgeshire and Peterborough Foundation Trust to embed Think Family principles within front line practice. The profile of the investment funding will slip by up to 3 months, with investment funding required from quarter 2. There are no assumed savings from this proposal until 2018/19 but the evaluation</td><td rowspan="3">Green</td></tr>
<tr><td>Invest £000</td><td>Saving £000</td></tr>
<tr><td>168</td><td>-480</td></tr>
</table>

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | methodology is being finalised.<br><br>Note – there is current pressure on the overall budget for placements for children in care and so savings schemes in this areas are being closely managed – including regular reporting to savings delivery boards | |
| **Scheme Description and Total Investment & Saving** | | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Commercial Approach to Contract Management (c/r5.001) | | 237 | -30 | -2000 | This investment supports additional external support in order to identify contract management savings. These will be reflected in underspends on contractual spend and in future business planning savings associated with externally commissioned services.<br><br>At present there are a number of initiatives derived from this investment that are delivering savings and efficiencies for 2017/18 across the Council. However, these are contributing to service-specific savings targets, rather than delivering savings against the centrally held savings target.<br><br>With greater governance now in place around the Council's purchasing and procurement, the Commercial Board is developing a specific programme to identify further savings opportunities from this work in 2019 and beyond. | Amber |
| Invest £000 | Saving £000 | | | | | |
| 400 | -2000 | | | | | |
| **Scheme Description and Total Investment & Saving** | | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |

| | | | | | |
|---|---|---|---|---|---|
| Sustaining Budgetary performance in older people's services (c/r 5.320)<br>Invest £000: 600<br>Saving £000: -1861 | 9 | -1861 | -1861 | Return on investment is linked to the reallocation of some of the achieved underspend in Older People's and Mental Health Services in 2016/17.<br><br>As long as the service continues to meet people's needs without an overspend appearing then the saving has been sustained. Demographic pressures are being managed / mitigated within Older People's and Mental Health Services and so this is currently on track at end of Q1 | Green |
| **Scheme Description and Total Investment & Saving** | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Street Lighting Synergies (B/R.6.214)<br>Invest £000: 633<br>Saving £000: -209 per year (£4m over total lifetime) | 633 | -110 | -209 | Investment was made in re-negotiating the Street Lighting PFI and establishing a shared arrangement with Northants CC. The unitary charge element of the street lighting contract will be at a lower level than it would have been had the investment not been made and this is resulting a monthly spend of circa £20k lower than previously (from April 2017). Total amount annual budget saving is projected as 209k per year and over the lifetime of the contract the total benefit will be circa £4m cumulatively. | Green |
| **Scheme Description and Total Investment & Saving** | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Move to full cost recovery for non-statutory highway works (B/R 5.202) | 0 | 0 | -200 | The agreed investment is to implement a time recording system so that officers could record the true cost of time spent on projects, which in turn would enable us to invoice applicants for the full cost of any highway work (improvement schemes). | Green |

| | | | | | |
|---|---|---|---|---|---|
| Invest £000: 50<br>Saving £000: -200 | | | | This work is still in development and the expenditure has therefore not yet been drawn down - but the scheme will still be delivered | |
| **Scheme Description and Total Investment & Saving** | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Using Assistive Technology to help older people (c/r 5.303)<br>Invest £000: 260<br>Saving £000: -358 | 17 | -165 | -358 | We have purchased the required "Just Checking Systems", recruited to our additional fixed term post, agreed evaluation data and started reporting.<br><br>The project has made a positive start and is on track to improve outcomes and achieve savings – see highlights section for more detail | Green |
| **Scheme Description and Total Investment & Saving** | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Adults Transformation programme (C/R.5.319).<br>Invest £000: 500<br>Saving £000: 0 | | n/a | n/a | Initial funding of £500k has been approved to fund external support to help shape and deliver an ambitious change programme across all adult social care client groups. The tendering process to identify a partner has taken longer than anticipated but the programme is on track – see highlights section | Green |
| **Scheme Description and Total Investment & Saving** | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |

| Scheme Description and Total Investment & Saving | | Fund Expenditure to date at Q1 2017/18 (£000) | Savings to date at Q1 2017/18 (£,000) | Total projected Saving from investment | Progress & Commentary | RAG Rating |
|---|---|---|---|---|---|---|
| Children's Social Care Support for young people with complex needs (C/R.5.404) | | 0 | 0 | -1508 | Investment made in establishing the new hub model in social work.<br><br>Implementation of the model has been delayed; from Q2 the outreach element of the model is operational and from Q3 the residential and police element of the model will be on stream. Further aspects of the model by way of fostering and supported lodgings, communication worker and clinician will progressively come on stream during Q3.<br><br>Currently estimating 342k of savings in 2017/18 with the remaining amounts in 2018/19 and beyond | Amber |
| Invest £000 | Saving £000 | | | | | |
| 890 | -1508 | | | | | |
| **Scheme Description and Total Investment & Saving** | | **Fund Expenditure to date at Q1 2017/18 (£000)** | **Savings to date at Q1 2017/18 (£,000)** | **Total projected Saving from investment** | **Progress & Commentary** | **RAG Rating** |
| Specialist Support for Adults with Autism to increase their independence (A/R 6.113) | | 12 | -2 | -20 | This scheme has been partially successful but will deliver a smaller financial benefit (£20k) than originally estimated (£72k) – see highlights section for detail | Red |
| Invest £000 | Saving £000 | | | | | |
| 50 | -72 | | | | | |

## 3. EXCEPTIONS AND HIGHLIGHTS

3.1 Across the programme 14 projects are considered on track and so rated green, 4 are amber reflecting some need to re-phase savings and 3 are red reflecting some non-delivery of savings or benefits. The Following paragraphs provide further detail in relation to schemes which are not on track. Highlights reflecting the impact of transformation activity on outcomes are also provided for information.

3.2 Specialist Support for Adults with Autism to increase their independence (A/R 6.113)
Transformation funding was approved for 2 posts working with people with autism to help them live more independently and with a reduced need for formal care. This scheme has been partially successful but will deliver a smaller financial benefit (£20k) than originally estimated (£72k). As such it is recommended that we do not recruit to replace one of the post holders who has vacated the role. This will result in a smaller expenditure from the transformation fund more proportionate to the modest financial return. The learning from this work will also be captured to allow us to support better outcomes and greater independence for people with autism in future.

3.3 Using Assistive Technology to help older people (C/R 5.303)
The project to introduce the use of 'just checking' monitoring equipment in the assessment of needs of older people has made a positive start. The use of Just Checking is giving social workers and families really valuable new information about people's movements and activities living at home and this is informing decisions about care planning and in particular the judgements about whether not people can continue to cope at home. There is already growing evidence that the use of the technology is changing the perception of risk and needs. We have already identified 13 cases where the equipment has allowed the social worker to provide a lower costing package than the one originally considered based on the information provided during the monitoring process. Monitoring people's ability to cope in independence is giving greater confidence in our efforts to keep people in their own homes for longer and in other instances it allows us to pick up other issues (such as someone not being sufficiently mobile) allowing us to take preventative action before their needs escalate. As a next phase we are starting to work on improving the offer to Discharge Planning and are currently costing initiatives around "Telecare Enabled Discharge" a process to facilitate discharge, avoid delays, help prevent readmissions and ease winter pressures. We are planning a large "MarketPlace Event" in conjunction with UKTelehealthcare early next year for all staff to attend to stimulate innovation and we continue to hold "Just Checking" workshops as needed.

3.4 Enhanced Response Service: Falls and Telecare (A/R.6.171)
This project, which provides an out of hours service through our Reablement Teams to older people, is now operational, albeit at an early stage. It has taken longer than originally expected to establish and so has been rated as amber reflecting the delay – with the main issue being the ongoing challenge in recruiting additional staffing capacity. The city team has been operating since April and other area teams are coming on line in a phased approach. The service has responded to a total of 429 calls between April and July 2018 ensuring older people get support promptly and that any issues requiring either urgent or ongoing care are picked up. By providing this new service we have already made a strong contribution to pressures in the health and social care system by avoiding the need for costly ambulance call outs and unnecessary hospital admissions. Avoided cost benefit to our health partners to date is estimated at around £100k. As the service develops we are

continuing to explore its role in the wider partnership strategy and would hope to augment the investment in our in-house team with input from the voluntary and community sector, emergency services and health teams. This will be part of the longer term sustainability plan for the service. Further reports on this scheme will be provided through the Adults Committee recognising the benefits of providing the service but challenging savings target associated with this workstream which forms part of the overall financial position of care for older people.

3.5 Adults transformation programme (C/R.5.319).

Initial funding of £500k has been approved to fund external support to help shape and deliver an ambitious change programme across all adult social care client groups. Subsequently, a tendering process has been initiated, and expressions of interest from external providers have been considered. The procurement process to find an external partner has taken somewhat longer than originally profiled as the first round of submissions did not deliver what we wanted – an external partner has now been identified and will start work with us in October 2017. Expenditure from the transformation fund will therefore be re-profiled reflecting the delayed start of the work. There are no savings attached to this investment during 2017-18, although it is crucial to the Council's longer term financial position. This will be a major focus of future Business Planning rounds. Progress will continue to be reported at each quarterly update.

3.6 Recouping under-used direct payment budget allocations through enhanced monitoring (C/R.5.306)

The savings modelled as part of the business case for this scheme are not considered to be deliverable in full and a revised estimate of £100k is projected rather than the original £365k. As this work has progressed we have found that the existing monitoring arrangements had already identified the majority of the direct payment allocations which were being under-utilised – thereby leaving a reduced scope for further improvement. As such it is no longer recommended that we draw down the additional transformation funding as the extra capacity is not required in light of the reduced opportunity. Through this work mechanisms for strengthening the monitoring process have been and continue to be improved and the teams are working with Finance to develop a more efficient and streamlined way of forecasting potential clawback/non spend of Direct Payment money – including the use of BOXI as a replacement for the previous Business Objects tool.

3.7 Enhanced Occupational Therapy Support to reduce the need for double-handed care (A/R.6.165)

The team have commenced the planned new areas of work, specifically assessments of service users with learning disabilities and reviews of moving and handling practice in Care Homes with a view to promoting single-handed care rather than the need for two workers wherever possible. In the Care Home project, they are working with the CCG's Care Home Support Team to identify care homes that need specific support with moving and handling. They are also attending the regular complex cases panel to identify clients where their intervention might prevent the need for a move from either own home to residential home, or residential to nursing. The team are achieving some success and have saved an identified £51k to date but it is now considered that the overall target of 252k may not be achievable in full. Revised estimates will continue to be provided as the work progresses. However the team as a whole they are continuing to make a strong contribution overall to constraining demand for double handed care in the existing client group of older people living in domiciliary settings with savings currently of £480K identified to date for 2017/18.

## 4. ALIGNMENT WITH CORPORATE PRIORITIES

### 4.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 4.2 Helping people live healthy and independent lives

A key focus of the Transformation Programme is on helping people to live healthy lives and cope more independently of public services. The impact on independence is summarised in the updates for each proposal in figure 1 and in the highlights section, in particular at paragraphs 3.2, 3.3 and 3.4

### 4.3 Supporting and protecting vulnerable people

The impacts associated with the people living healthy and independent lives are captured within Community Impact Assessments for each proposals within the Business Plan, including these transformation programmes. By successfully delivering transformation we can address the funding shortfall whilst protecting and enhancing outcomes for vulnerable groups. The transformation fund and its impact therefore mitigates the potential need for service reductions which would impact negatively on vulnerable people.

## 5. SIGNIFICANT IMPLICATIONS

### 5.1 Resource Implications

The resource implications are captured in the table at figure 1 – highlighting expenditure from the transformation fund and it actual and anticipated return on investment.

### 5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

No significant implications – in some instances the procurement process has taken longer than anticipated creating some delay in the expenditure and impact of the transformation investments – these are described within the commentary for each scheme.

### 5.3 Statutory, Legal and Risk Implications

There are no significant impacts for this priority

### 5.4 Equality and Diversity Implications

There are no significant implications within this category from this report – individual community impact assessments were completed for all schemes as part of the original business case.

### 5.5 Engagement and Communications Implications

There are no significant impacts for this priority

### 5.6 Localism and Local Member Involvement

There are no significant impacts for this priority

## 5.7 Public Health Implications

There are no significant impacts for this priority

| Implications | Officer Clearance |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Yes – Chris Malyon and Tom Kelly |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?** | Not applicable |
| | |
| **Has the impact on statutory, legal and risk implications been cleared by LGSS Law?** | Not applicable |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any engagement and communication implications been cleared by Communications?** | Not applicable |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | Not applicable |
| | |
| **Have any Public Health implications been cleared by Public Health** | Not applicable |

| Source Documents | Location |
|---|---|
| General Purposes Committee Agenda, Reports and Minutes | https://cmis.cambridgeshire.gov.uk/ccc_live/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/2/Default.aspx |

| GENERAL PURPOSES COMMITTEE AGENDA PLAN | Published on 1st September 2017<br><br>**Agenda Item No.15** | Cambridgeshire County Council |
|---|---|---|

**Notes**

Committee dates shown in bold are confirmed.
Committee dates shown in brackets and italics are reserve dates.

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.
* indicates items expected to be recommended for determination by full Council.
+ indicates items expected to be confidential, which would exclude the press and public. Additional information about confidential items is given at the foot of this document.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.
The agenda dispatch date is six clear working days before the meeting.

| Committee date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|---|---|---|---|---|---|
| **19/09/17** | 1. Minutes – 25/07/17 | M Rowe | Not applicable | 06/09/17 | 08/09/17 |
| | 2. Integrated Resources and Performance Report (July) | R Bartram | 2017/017 | | |
| | 3. Resources and Performance Report (July) – Corporate and Customer Services and LGSS Managed | T Kelly | Not applicable | | |
| | 4. Treasury Management Report – Quarter 1 | M Batty | Not applicable | | |
| | 5. Review of actions to target outstanding debt | C Law | Not applicable | | |
| | 6. Medium Term Financial Strategy* | C Malyon | Not applicable | | |
| | 7. Capital Strategy* | C Malyon | Not applicable | | |
| | 8. Strategic Framework* | C Malyon | Not applicable | | |

| Committee date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|---|---|---|---|---|---|
| | 9. County Council Consultation Strategy (recommendation from Communities and Partnership Committee) | S Grace | Not applicable | | |
| | 10. Transformation Fund Update | J Wilson | Not applicable | | |
| | 11. Draft Capital Programme including capital finance and prioritisation tables (CS&T and LGSS Managed) | R Bartram | Not applicable | | |
| | 12. Opus LGSS Recruitment Update | P White/<br>J Maulder | Not applicable | | |
| **24/10/17** | 1. Minutes – 19/09/17 | M Rowe | Not applicable | 11/10/17 | 13/10/17 |
| | 2. Integrated Resources and Performance Report (August) | R Bartram | 2017/023 | | |
| | 3. Resources and Performance Report (August) – Corporate and Customer Services and LGSS Managed | T Kelly | Not applicable | | |
| | 4. Service Committee Review of Draft Revenue Business Planning Proposals for 2018/19 to 2022/2023 | C Malyon | Not applicable | | |
| | 5. Draft 2018/19 Capital Programme and Capital Prioritisation | C Malyon | Not applicable | | |
| | 6. Commercial Investment Strategy | C Malyon | Not applicable | | |
| **28/11/17** | 1. Minutes – 24/10/17 | M Rowe | Not applicable | 15/11/17 | 17/11/17 |
| | 2. Integrated Resources and Performance Report (September) | R Bartram | 2017/024 | | |
| | 3. Resources and Performance Report (September) – Corporate and Customer Services and LGSS Managed | T Kelly | Not applicable | | |
| | 4. Treasury Management Report – Quarter 2* | M Batty | Not applicable | | |
| | 5. Capital Project – CREATE Update | M Gunn | Not applicable | | |

| Committee date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|---|---|---|---|---|---|
| | 6. Second Review of Draft 2018-19 Capital Programme and Capital Prioritisation | C Malyon | Not applicable | | |
| | 7. Business Planning 2018-19 to 2022-23 – update | C Malyon | Not applicable | | |
| **19/12/17** | 1. Minutes – 28/11/17 | M Rowe | Not applicable | 06/12/17 | 08/12/17 |
| | 2. Integrated Resources and Performance Report (October) | R Bartram | 2017/025 | | |
| | 3. Resources and Performance Report (October) – Corporate and Customer Services and LGSS Managed | T Kelly | Not applicable | | |
| | 4. Amendments to Business Plan Tables (if required) | C Malyon | Not applicable | | |
| | 5. Draft Revenue and Capital Business Planning Proposals for 2018-19 to 2022-2023 (whole Council) | C Malyon | Not applicable | | |
| **09/01/18** | 1. Minutes – 19/12/17 | M Rowe | Not applicable | 21/12/17 | 29/12/17 |
| | 2. Integrated Resources and Performance Report (November) | R Bartram | 2018/001 | | |
| | 3. Resources and Performance Report (November) – Corporate and Customer Services and LGSS Managed | T Kelly | Not applicable | | |
| | 4. Local Government Finance Settlement | C Malyon | Not applicable | | |
| | 5. Overview of Business Planning Proposals | C Malyon | Not applicable | | |
| **23/01/18** | 1. Minutes – 09/01/18 | M Rowe | Not applicable | 10/01/18 | 12/01/18 |
| | 2. Transformation Strategy/Strategic Framework | C Malyon | Not applicable | | |
| | 3. Capital Receipts Strategy | C Malyon | Not applicable | | |
| | 4. Treasury Management Strategy | C Malyon | Not applicable | | |

| Committee date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|---|---|---|---|---|---|
| | 5. Business Plan* | C Malyon | Not applicable | | |
| | 6. Consultation Report | S Grace | Not applicable | | |
| *[27/02/18] Provisional Meeting* | | | | 14/02/18 | 16/02/18 |
| **27/03/18** | 1. Minutes – 23/01/18 | M Rowe | Not applicable | 14/03/18 | 16/03/18 |
| | 2. Treasury Management Report – Quarter 3 | M Batty | Not applicable | | |
| | 3. Integrated Resources and Performance Report (January) | R Bartram | 2018/002 | | |
| | 4. Resources and Performance Report (January) – Corporate and Customer Services and LGSS Managed | T Kelly | Not applicable | | |
| *[24/04/18] Provisional Meeting* | | | | 11/04/18 | 13/04/18 |
| **29/05/18** | 1. Minutes – 27/03/18 | M Rowe | Not applicable | 16/05/18 | 18/05/18 |
| | 2. Integrated Resources and Performance Report (March) | R Bartram | 2018/003 | | |
| | 3. Resources and Performance Report (March) – Corporate and Customer Services and LGSS Managed | T Kelly | Not applicable | | |
| | 4. Treasury Management Report – Quarter 4 and Outturn Report* | M Batty | Not applicable | | |

**Notice made under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 in compliance with Regulation 5(7)**

1. At least 28 clear days before a private meeting of a decision-making body, public notice must be given which must include a statement of reasons for the meeting to be held in private.
2. At least 5 clear days before a private meeting of a decision-making body, further public notice must be given which must include a statement of reasons for the meeting to be held in private, details of any representations received by the decision-making body about why the meeting should be open to the public and a statement of the Council's response to such representations.

| Forward plan reference | Intended date of decision | Matter in respect of which the decision is to be made | Decision maker | List of documents to be submitted to the decision maker | Reason for the meeting to be held in private |
|---|---|---|---|---|---|
| | | | | | |

**Decisions to be made in private as a matter of urgency in compliance with Regulation 5(6)**

3. Where the date by which a meeting must be held makes compliance with the above requirements impracticable, the meeting may only be held in private where the decision-making body has obtained agreement from the Chairman of the Council.
4. Compliance with the requirements for the giving of public notice has been impracticable in relation to the business detailed below.
5. The Chairman of the Council has agreed that the Committee may hold a private meeting to consider the business referred to in paragraph 4 above because the meeting is urgent and cannot reasonably be deferred for the reasons stated below.

| Date of Chairman's agreement | Matter in respect of which the decision is to be made | Reasons why meeting urgent and cannot reasonably be deferred |
|---|---|---|
| | | |

For further information, please contact Quentin Baker on 01223 727961 or Quentin.Baker@cambridgeshire.gov.uk

| **GENERAL PURPOSES COMMITTEE TRAINING PLAN** | | | The Training Plan below includes topic areas for GPC approval. Following sign-off by GPC the details for training and development sessions will be worked up. | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Ref** | **Subject** | **Desired Learning Outcome/Success Measures** | **Priority** | **Date** | **Responsibility** | **Nature of training** | **Attendance by:** | **Cllrs Attending** | **Percentage of total** |
| 1. | Emergency planning | The Council's roles and responsibilities, how do we respond in an emergency | | 25th July 2017 | Stuart Thomas / Sue Grace | | GPC | Bailey<br>Bates<br>Bywater<br>Count<br>Criswell<br>Dupre<br>Hickford<br>Hudson<br>Jenkins<br>Nethsingha<br>Schumann<br>Shuter | 80% |
| 2. | Business Intelligence | Data / system integration<br>Date sharing with other authorities.<br>The importance of good governance and information management.<br>*(pre reading material required)* | | 28th November 2017 | Tom Barden/ Sue Grace | | | | |