GENERAL PURPOSES COMMITTEE

Date:Thursday, 20 September 2018

10:00hr

Democratic and Members' Services
Fiona McMillan
Deputy Monitoring Officer

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 Elisa Meschini 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

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Agenda Item No.2

GENERAL PURPOSES COMMITTEE: MINUTES

Date: Tuesday, 24th July 2018

Time: 10.00a.m. – 11.25a.m.

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

Apologies: Councillor Hudson

93. MINUTES – 24TH MAY 2018 AND ACTION LOG

The minutes of the meeting held on 24th May 2018 were agreed as a correct record, subject to the inclusion of Councillor Kindersley who had substituted for Councillor Nethsingha, and signed by the Chairman.

In noting the action log, Members were informed that the ongoing actions would be carried over to the next action log until they were concluded. One Member queried the response to the information provided on the indicator for Health Visiting mandated check at 2-2.5 years. Whilst she acknowledged that children where there were safeguarding concerns were on the Universal Partnership Plus pathway and were seen in their home by a Health Visitor, she was concerned about the children who were not seen. Another Member suggested that the failure of these children to be seen should be brought to the attention of their General Practitioner. **Action Required.**

94. PETITIONS

No petitions were received.

95. FINANCE AND PERFORMANCE REPORT – MAY 2018

The Committee was presented with the May 2018 Finance and Performance report for Corporate Services and LGSS Cambridge Office, which was showing a forecast underspend of £222k. Members were reminded that the Children and Young People (CYP) Committee had agreed a change in approach for the IT system for Children's Services. This had resulted in £504k of costs for Mosaic, which had formerly be charged to capital, falling back as a revenue pressure in 2018/19. It was noted that an overspend was forecast on IT Managed due to a change in the way telephony licensing was carried out. However, an £866k underspend was forecast on Financing Costs due to an amendment to the Minimum Revenue Provision payment.

One Member queried why the decision to no longer roll out the Mosaic System for Children's Services had let to a financial pressure. The Director Corporate and Customer Services reminded Members that they had received a report on the implications of changes to the IT systems that support Children's Services at their last meeting, and they had approved the provision of capital funding to support these changes. The financial consequences of this decision were that an element of investment, which had already taken place in the Mosaic System, would need to be written off.

Another Member queried why this investment could not be considered as part of the overall capital project. The Deputy Section 151 officer confirmed that it would need to be classified as a revenue pressure. The Chairman acknowledged that officers had considered the possibility but as this pressure had not been identified as part of the capital project, it would need to be classified as a revenue pressure. The same Member queried how this revenue pressure would therefore be funded. The Chairman reported that it was appropriate to identify it as a pressure at this stage. However, it was important to note that there was considerable time before year end to enable options for mitigation to be considered.

One Member noted that the Council was able to use funding it was holding as the accountable body for other organisations to fund capital expenditure instead of using Prudential Borrowing. She queried which bodies the Council was holding funding for. It was noted that the Council had held funding last year for the Local Enterprise Partnership and the Greater Cambridge Partnership. In response, it was questioned whether there was an apportionment of interest back to these bodies. The Deputy Section 151 agreed to investigate and report back to the Committee. **Action Required.**

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

96. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2018

The Committee received a report detailing the financial and performance information to assess progress in delivering the Council's Business Plan. Attention was drawn to the change in indicators on page 34 of the report from the start of the municipal year. The overall revenue budget position was showing a forecast year-end pressure of £1.8m, which included the pressure resulting in the change to IT systems which support Children's Services. The Deputy 151 Officer reminded the Committee that this pressure had been identified at an early stage in the year, and that the Council had a good record of identifying mitigations. He drew attention to a detailed analysis of financial performance at Section 3.1 which detailed the pressure in People and Communities and some slippage in Commercial and Investment. Members were also advised of key funding changes to the Capital Programme since the budget had been set.

In considering the report, individual Members raised the following:

<u>Overview</u>

- queried why "Adults and Children are kept safe" and "People live in a safe environment" indicators were so off target. The Director Corporate and Customer Services reported that the detail relating to the change in indicators was set out in the appendix. She explained that there was more work to do regarding target setting and agreed to provide the

Committee with a briefing. **Action Required.** The Chairman reminded the Committee that the “People live in a safe environment” indicator had been off target before the change in indicators as a result of delays in delivering local highway improvement schemes.

Revenue Budget

Place & Economy

- acknowledged the importance of keeping the Waste Management budget under review given the uncertainty, and the fact that Coroners was a demand led service with structural pressures which needed to be considered. However, one Member expressed concern about the impact on Place and Economy of funding these current projected pressures.

- expressed concern that there was a shortfall in funding for Bikeability, which was a popular scheme to encourage cycling and save lives. The Chairman reported that the Council did a lot of things which saved lives but it still had to manage within existing budgets. The Chairman of Economy and Environment (E & E) Committee reported that following discussions with the Department for Transport, the Council would receive additional funding of £60k for Bikeability. The Council’s Cycling Champion, Councillor Kavanagh, was also looking for additional finance outside the Council, which would be reported on in due course. It was noted that not all schools asked for training so other suggestions were being considered as part of the work being undertaken by Councillor Kavanagh. The Chairman of E & E Committee had also written to the Chairman of the Local Government Association (LGA) to take up centrally issues relating to cycle safety.

People and Communities

- expressed concern regarding the proposal to transfer £0.685m from general reserves to the revenue budget allocated to People and Communities. One Member reported that the issues regarding the budgeting of Children’s Services had been raised previously. She queried the realistic nature of the budgeting for these services and hoped that the need for a transfer of additional funding would not occur in the future. The Deputy Section 151 Officer drew attention to Appendix 5 on page 60 of the report which set out in detail the reasons for this transfer. He reminded the Committee that the Council had set its budget in February based on a robust estimate. Officers had worked hard to make sure all pressures had been identified at the earliest opportunity. The two budget pressures had arisen after the budget had been set and could not be dealt with within the budget for People and Communities.

- expressed concern that Children’s Services might ask for more from General Reserves. The Chairman clarified that the £0.685m represented a new duty – leaving care and a reduction in grant income, which had both been implemented by Government after the Council had set its budget. As indicated in the report, Children’s Services had been unable to fund this unforeseen budget pressure. The General Reserve was set at 3% of operational budget and would need to be replenished next year. He reminded the Committee that the “Smoothing Reserve” had been set up to manage a number of additional risks in 2019/20 and 2020/21 to avoid the

Council going into crisis. It was noted that the £7m Better Care Fund could not be guaranteed. Together with other authorities, he was lobbying Government strongly to prevent them giving £7m of local taxes raised in Cambridgeshire to other areas in 2019/20. He was strongly of the view that local taxes should be spent locally to deliver services. The Liberal Democrat Group Leader supported this view and reported that many counties were lobbying the LGA. She urged all Members to write to their local MP. The Chairman added that he had written to the LGA and County Councils' Network and hoped that Government would change its mind even though there had been no announcement. The Chairman added that there was also a £3m funding issue relating to the Schools' Forum, and the impact of the Social Care Green Paper. One positive was Business Rate Retention which would be based on a needs led formula. In conclusion, he stressed the importance of the Council planning for the worst case scenario.

- queried why the process for dealing with transformation bids had not been followed in relation to the proposal for £1.041m to be allocated towards investments in People and Communities. The Deputy Section 151 Officer reported that the Oxford Brookes work had been reported back. The Service Director: Children's Services and Safeguarding had been a year in post and now had a view where the Council should be going. He acknowledged that the transformation bid was set out in a different format but the corporate process had been followed. The rationale for the investment was detailed in Section E with a new section, Section C, detailing numbers shown in the Business Planning format to provide greater clarity. In response, the Member reported that she was concerned that this transformation bid had been considered as part of the finance papers, and requested a separate report in future. The Chairman agreed to investigate. **Action Required.**

- highlighted the fact that the need for more money for Children's Services had been predictable. The Leader of the Labour Group reported that she had identified £1.5m additional funding in the Labour budget amendment following discussions with the Service Director: Children's Services and Safeguarding. She was therefore concerned that the budget had been under pressure from the start. She explained that any improvements the Service made were effectively cancelled out by an increase in demand. She advised the Committee that there would probably be a need to transfer even more money in future. She acknowledged that it was very difficult to identify a realistic budget for this service. The Chairman reported that he had been fully involved in the discussion of budgetary issues. He was aware that all officers would like larger budgets but there was not sufficient funding. The Children's Services budget was demand led and extremely unpredictable. The changes resulting from the Oxford Brookes report would not come into effect until the medium and long term. He highlighted the work going on to identify all the pressures, which included Looked After Children (LAC) numbers of over 700.

- noted that the Service Director: Children's Services and Safeguarding had needed evidence, which he now had from the Peer Review, Ofsted and the Oxford Brookes report. The Chairman of Children and Young People

(CYP) Committee informed the Committee that the request for additional funding had been considered by CYP Committee. He advised the Committee that he had recently attended the Children's Leads Network in Hertfordshire. He explained that although the LAC numbers for Hertfordshire had gone down, the number of child protection plans had increased. He reported that the Service was trying to do things differently in order to address the pressures. The Chairman of General Purposes Committee reported that he would never change the threshold for budgetary reasons. Another Member asked whether early identification as a result of better systems had created a spike in pressure. The Chairman of CYP Committee reported that children were being taken through the system quicker. However, there would be a core element of 100 children who would remain with the Council. The same Member commented that it was important to celebrate the steps being taken to protect young people, the positive budget implications, and the outcomes for years 3 and 4.

- queried the LAC figure on page 61 of the report. It was noted that this was a pressure in 2018/19 and would be a pressure in 2019/20 if nothing was done to mitigate the overspend.

<u>LGSS Operational</u>

- queried why there was no figure in the actual column for LGSS Operational. The Deputy Section 151 explained that LGSS reporting timescales ran slightly behind County Council timescales. He acknowledged the concern of Members as the operational budget for LGSS had finished with a deficit for the last financial year. He reported that, although the level of risk was small, he would need to consider it carefully and report back to the Committee. **Action Required.**

- highlighted the different accounting rules used to manage the Public Health budget. One Member reported that he had raised this issue at Health Committee. This budget comprised a £25.4m ring-fenced public health grant, which was subject to NHS accounting rules rather than the County Council's actual system. The Director of Public Health was currently considering how this budget could show the actual expenditure taking place. The Chairman requested a briefing for the Committee. **Action Required.** The Deputy Section 151 Officer reminded the Committee that the whole Council operated on an actual basis. However, the same Member commented that this budget was sometimes accounting for treatments in the wrong period.

<u>Capital Programme</u>

- highlighted repeated concerns regarding the lack of control of the budget for the Ely Southern Bypass, which had been taking forward at pace with no funding contingency in place. The Chairman reminded the Committee that the decision on the Bypass had been taken at the last meeting. He queried why it had been raised again. The Deputy Section 151 Officer reported that the Capital Programme Project Team had requested it be considered for technical reasons.

- highlighted an issue regarding the phasing of development in St Neots. One Member reported that he was aware that Huntingdonshire District

Council set a limit of 199 dwellings before contributions were required. He was concerned that this could lead to developers separating what were naturally linked developments in order to avoid paying contributions for schools and highways. The Chairman of E & E Committee reported, that together with the Chairman of CYP Committee, he had been involved in discussions with Huntingdonshire District Council regarding this issue. Members were informed that there was no national requirement to set a trigger point in relation to Section 106 contributions. Many authorities negotiated with developers accordingly to size in addition to Community Infrastructure Levy (CIL) contributions. The Chairman reported that Fenland District Council had a clause in its local plan to identify if an application was linked to another one so as to prevent split delivery of sites to avoid contributions. He was also keen that providing full-fibre broadband should be embedded within planning procedure. He proposed that a report should be prepared for the E & E Committee detailing the Cambridge and Peterborough City and District Councils' approach to collection and agreeing distribution of CIL and Section 106 funding, and the approach of neighbouring districts, in order to provide a comparison. **Action Required.** The Chairman reported that the Combined Authority was considering establishing a viability unit to provide a standardised approach.

Balance Sheet

- highlighted the good news relating to net borrowing. The Deputy Section 151 Officer reported that this depended on the Council's cash flow needs. It was noted that this figure would be refreshed and was likely to come down. Members were informed that the figure of £683m was not near the ceiling.

Section F – Commissioning Director Redesign

- highlighted the significant challenges facing the commissioning directorate. The Chairwoman of Adults Committee drew attention to the well written case for more investment in brokerage function dealing with Delayed Transfers of Care (DTOC). The management of an integrated brokerage function across health and social care would ensure the right capacity and skills to manage the market in a sustainable way. She reported that adults had done well to manage its budget given a growing elderly population and an increase in Learning and Physical Disability needs. She welcomed any ideas to help the service improve outcomes, and highlighted the fact that the Neighbourhood Cares initiative had been achieved as a result of an idea.

It was resolved unanimously to:

a) Approve the carry forward of £104.5m capital funding from 2017/18 to 2018/19 and beyond as set out in section 6.7 and Appendix 6.

b) Approve -£3.3m rephasing of Place & Economy's (P&E) capital funding, -£6.6m of People & Communities (P&C) capital funding and -£0.5m of Commercial & Investment's capital funding for schemes as set out in section 6.7.

c) Approve that the Pothole Action Fund of £2.4m be allocated in full to P&E to use for its intended purpose of highway repair, as set out in section 6.7.

d) Note the reduction in the use of Section 106 funding of -£0.98m as set out in section 6.7.

e) Note the £4.4m additional contributions received in relation to Combined Authority Schemes, as set out in section 6.7.

f) Note the additional prudential borrowing of £12.0m in 2018/19 in relation to Ely Southern Bypass and £0.5m in 2018/19 in relation to the Libraries People's Network Refresh capital scheme as previously approved by GPC at the 29th May and 27th March 2018 meetings respectively, as set out in section 6.7.

g) Approve the allocation of the £309k SEND Implementation grant to the P & C directorate, see section 7.1.

h) Approve an increase in the revenue budget allocated to P & C of £0.685m, funded by a transfer from general reserves, as specified in Appendix 5 (section A).

i) Approve the allocation of £1.041m from the transformation fund towards the investments in P&C set out in Appendix 5, section B; and note the implications beyond the current financial year for recognition during business planning

j) Note the updated estimates of pressures and savings in future years, outlined in Appendix 5 (section C) for recognition in the business planning process.

97. TRANSFORMATION FUND MONITORING REPORT QUARTER 4 2017/18

The Committee received an outline of progress in delivery of the projects for which transformation funding had been approved at the end of the fourth quarter of the 2017/18 financial year. Attention was drawn to the Transformation Programme Overview in Figure 1. Members were advised of the performance of the Dedicated Reassessment Team – Learning Disabilities, which had made a significant saving and achieved improved outcomes but had not met its target. Appendix 1 mapped out the schemes that had received Transformation Fund investment against the Council's outcomes. It was suggested that after five years, it might be appropriate to review the outcomes to see whether they were still relevant.

One Member suggested that it was not helpful to have totals as many of the schemes ticked more than one box and it was also not a competition for outcomes. She also suggested that "The Cambridgeshire economy prospers to the benefit of all" box should be reviewed. It needed to be made clear whether the box was being ticked because it helped the Council's finances or the Cambridgeshire economy as a whole. She suggested that it should be the latter, as this Fund was about transforming rather than funding.

Another Member welcomed the encouraging report. She acknowledged that some schemes were not making savings as quickly as the Council might like but most of them were. She also highlighted the fact that the boxes did not reflect the scale of some schemes which could be quite large particularly in relation to helping people live independently. She requested a RAG rating down the side of the table. The Chairman acknowledged that a RAG rating would be useful and removal of column totals made sense. **Action Required.**

The Chairman requested that rough estimates be provided and would be useful to identify the benefit of transformation schemes to other organisations. The Chairman of E & E Committee agreed to work with officers on this issue. **Action Required.**

One Member queried the helpfulness of RAG ratings. She drew attention to the performance of the Dedicated Reassessment Team – Learning Disabilities, which had made significant savings and achieved improved outcomes but was rated red. The Chairman acknowledged that it was a blunt tool but in practice the saving identified in the Business Plan had not been met even though the outcomes were successful so the RAG rating was correct. The Deputy Section 151 officer agreed to circulate the criteria system for determining whether something should be red or amber. **Action Required.**

It was resolved unanimously to:

> note and comment on the report and the impact of transformation fund investment across the Council.

98. 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. Two items were added to the agenda for the next meeting, as follows: Approval of the Shared Services Section 113 Agreement and Debt Policy and Progress.

It was resolved unanimously to:

(i) review its agenda plan attached at Appendix 1; and

(ii) review its training plan attached at Appendix 2:

Chairman

Agenda Item No.2

Cambridgeshire County Council

GENERAL PURPOSES COMMITTEE

Minutes-Action Log

Introduction:
This log captures the actions arising from the General Purposes Committee on 24th July 2018 and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 12th September 2018.

Minutes of 24th July 2018					
Item No.	**Item**	**Action to be taken by**	**Action**	**Comments**	**Completed**
93.	**Minutes – 24th May 2018 and Action Log**	T Barden/ L Robin	Requested that General Practitioners be informed of children not attending their Health Visiting mandated check at 2-2.5 years.	This has been raised with the provider of the Health Visiting Service – Cambridgeshire Community Services NHS Trust. There is no separate communication to GPs if a child does not attend for one of their checks, but the non-attendance is noted in the child's record on 'SystmOne' so should be visible to the GP, provided the GP practice uses 'SystmOne' for their electronic medical records. GP practices which do not use 'SystemOne' are not able to see the child's record. Children on the Universal Plus and Universal Partnership Plus Health Visiting pathways (the most vulnerable children) are always followed up if they miss a check.	Yes

95.	**Finance and Performance report – May 2018**	T Kelly	Requested information on the apportionment of interest to organisations where the Council was the accountable body for holding their funding.	E-mail circulated to GPC on 12 September 2018	Yes
96.	**Integrated Resources and Performance Report for the period ending 31st May 2018**	T Kelly	Deputy Section 151 Officer to consider the LGSS Operational Revenue Budget and report back to the Committee.	Concern that period 2 outturn figures for LGSS were not available at the last Committee has been fed back, and related to a temporary staff shortage in that team. LGSS Revenue Budget figures are included in the report before the September GPC, as normal.	Yes
		T Kelly/ L Robin	Highlighted the different accounting rules used to manage the Public Health budget. This budget comprised a £25.4m ring-fenced public health grant, which was subject to NHS accounting rules rather than the County Council's actual system. The Chairman requested a briefing for the Committee.	E-mail circulated to GPC on 12 September 2018	Yes

		S Grace	Agreed to provide the Committee with a briefing on target setting in relation to the Indicators set out on page 34 of the report.	A briefing note detailing progress will be sent to GPC week beginning 13 September 2018.	Ongoing
		Cllr Bates G Hughes	Agreed a report should be prepared for the E & E Committee detailing the Cambridge and Peterborough City and District Councils' approach to collection and agreeing distribution of CIL and Section 106 funding, and the approach of neighbouring districts, in order to provide a comparison.	This is being added to the October Economy and Environment Committee agenda.	Yes
		C Malyon T Kelly	To consider in future whether transformation bids should be considered as part of the finance papers, or as a separate report.	In the short term, it is proposed to retain transformation bids as separate proposals as those that are likely to come forward over the next 18 months will probably be significant investments that warrant their own report. This position can be reviewed in light of experience as part of the 19/20 business planning process.	Yes
97.	**Transformation Fund Monitoring Report Quarter 4 2017/18**	J Turner	Introduce RAG rating.	Will be incorporated in the next Transformation Fund Report which will be Q1 2018/19.	Yes
		J Turner Cllr Bates	The Chairman requested that work be carried out to identify the benefit of these transformation schemes to other organisations.	Will be incorporated in the next Transformation Fund Report which will be Q1 2018/19.	Yes

		T Kelly	The Deputy Section 151 officer agreed to circulate the criteria system for determining whether something should have a red or amber RAG rating [i.e. calculations of how the RAG ratings are calculated]	E-mail sent to GPC on 16 August 2018	Yes

Minutes of 29th May 2018

90.	**Treasury Management Quarter Four**	C Malyon	The CFO reported that he would pick up where funding to charitable organisations sat in the Strategy and report back to Committee.	The treasury management strategy is scheduled for revision by the Committee as part of the policy review that commences the next round of business planning at GPC (in September). Loans to charitable organisations will be reported in the Q1 report to be received in September, with a protocol proposed for third party loan criteria and assessment as part of the treasury management strategy revision.	Yes
		C Malyon	The CFO to meet with the Chairman to consider the balance of risk and cost in relation to loans.	The CFO and the Chairman have discussed this matter and have recognised both the upsides in retaining over saturation of a short dated loan portfolio but also the risks associated with this approach. Steps will be taken to smooth the repayment profile of the portfolio with a greater mix medium term dated loans. This will re-balance the duration of the book and spread the risk. However it was also recognised that converting all short term loans at this point would have a detrimental impact on the revenue budget so this would be a phased process.	Yes

Agenda Item No:4

FINANCE AND PERFORMANCE REPORT – JULY 2018

To:	**General Purposes Committee**
Meeting Date:	**20th September 2018**
From:	**Director of Corporate and Customer Services** **Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**To present to General Purposes Committee (GPC) the July 2018 Finance and Performance Report for Corporate Services and LGSS Cambridge Office.** **The report is presented to provide GPC with an opportunity to comment on the projected financial and performance outturn position, as at the end of July 2018.**
Recommendation:	**The Committee is asked to review, note and comment upon the report.**

	Officer contact:		***Member contacts:***
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
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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 2018 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 underspend of £665k. There is a new variance of £182k underachievement against the Citizen First, Digital First Savings Target.

The LGSS Cambridge Office budget is forecasting an overspend of £1k and there are no significant forecast outturn variances (over £100k) to report. This element of the budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.

Financing Costs are forecasting an underspend of £976k at year-end. The underspend has increased by £110k from the previous month, due to a rebate of bank fees on international payments.

2.3 **Capital:**

At the end of July, Corporate Services, Transformation and LGSS Managed are forecasting a balanced position on capital budgets. There are no new significant variances (over £500k) to report this month.

LGSS Operational is forecasting a balanced position on capital budgets. There is one new significant variances to report for LGSS Operational schemes.

2.4 **Performance:**

Corporate Services has 10 performance indicators for which data is available. 6 indicators are currently at green, 2 at amber and 2 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?	Yes – 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?	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 (July 2018)	1st Floor, Octagon, Shire Hall, Cambridge

Appendix A

Corporate Services and LGSS Cambridge Office

Finance and Performance Report – July 2018

1. SUMMARY

1.1 Finance

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

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

Monthly Indicators	Red	Amber	Green	Total
July (Number of indicators)	2	2	6	10

2. INCOME AND EXPENDITURE

2.1 Overall Position

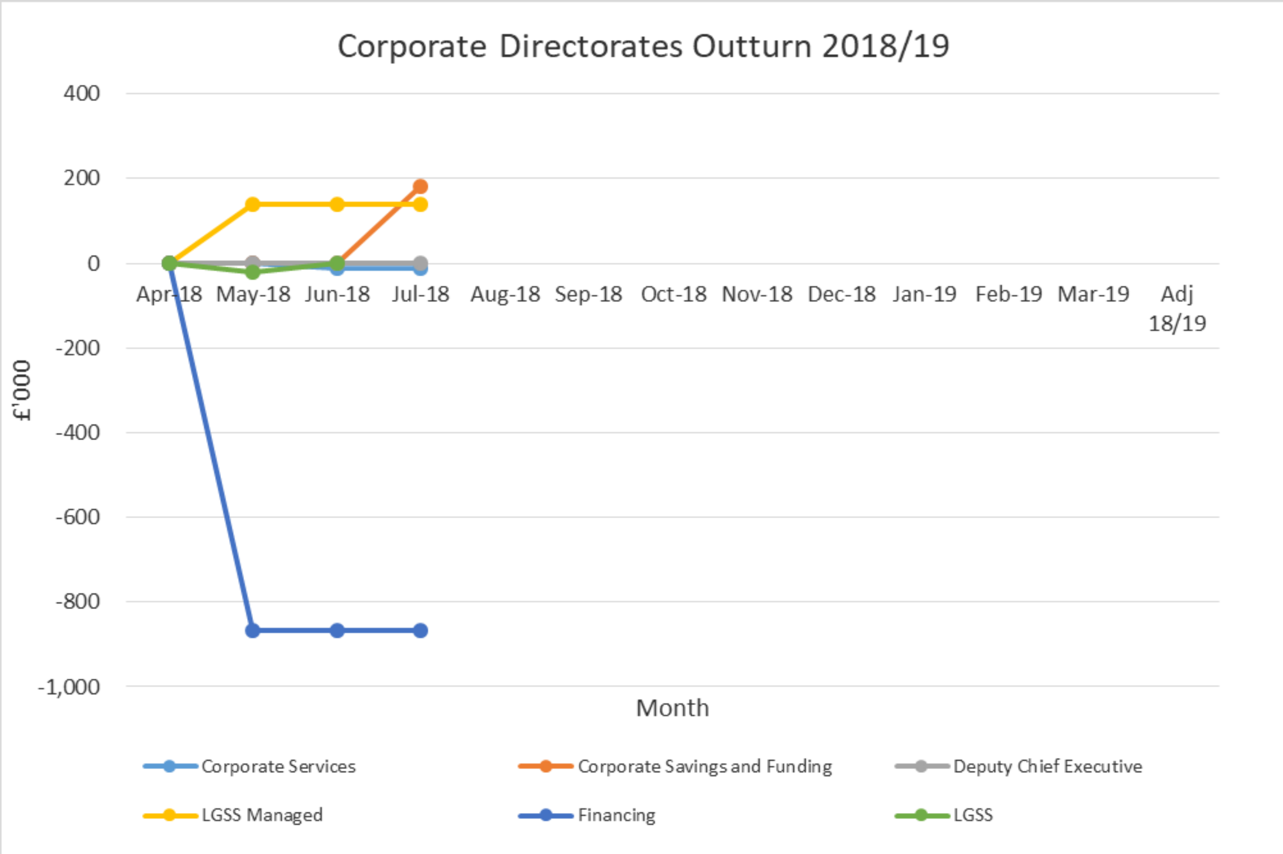
Outturn Variance (June) £'000	Directorate	Budget £'000	Actual £'000	Outturn Variance (July) £'000	*Outturn Variance (July) %*	Status
-11	Corporate & Customer Services	7,682	2,998	-11	-0.1%	Green
0	Corporate Savings & Funding	-1,262	0	182	14.4%	Amber
0	Deputy Chief Executive	336	795	0	0.0%	Green
-866	Financing Costs	25,983	3,051	-976	-3.8%	Green
140	LGSS Managed	11,286	7,671	140	1.2%	Amber
-737	**Total**	**44,025**	**14,516**	**-665**	**-3.8%**	
0	Grant Funding	-201	0	0	0.0%	

The service level budgetary control report for Corporate Services, LGSS Managed and Financing Costs for July 2018 can be found in CS appendix 1.

The service level budgetary control report for LGSS Cambridge Office for July 2018 can be found in LGSS appendix 1. The position on the LGSS trading contracts will be included here going forward. Pressures and deficits within LGSS Operational budgets are the responsibility of the Joint Committee. Formal risk sharing arrangements are in place such that changes in service or financing impacting one partner are isolated from impacting other partners. In practice, this means that where there is risk (or additional requirements for) in-year savings for back-office services shared with or facing Northamptonshire County Council, these do not impact on the service received by Cambridgeshire County Council or impact any overspend to be handled by CCC.

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 underspend of £11k.

There are no exceptions to report this month.

2.2.2 Significant Issues – Corporate Savings and Funding

Corporate Savings and Funding budgets are currently predicting an overspend of £182k due to savings targets that are not expected to be met in the year.

An underachievement of £182k is forecast against the Citizen First, Digital First savings target. This is due to a change in the scope of the Citizen First, Digital First project to reflect the nature of the work involved which is to enable savings to be achieved in other service areas.

2.2.3 Significant Issues – Deputy Chief Executive

Deputy Chief Executive budgets are currently predicting a balanced position.

There are no exceptions to report this month.

2.2.4 Significant Issues – LGSS Managed

LGSS Managed budgets are currently predicting an overspend of £140k at year-end. This is due to an increase in IT costs due to a change in telephony licensing.

There are no new exceptions to report this month.

2.2.5 Significant Issues – Financing Costs

Financing Costs are currently predicting an underspend of £976k. This is mainly due to a change in the payment of Minimum Revenue Provision.

The underspend on Financing Costs has increased by £110k this month due to a rebate of bank fees on international payments.

2.2.6 Significant Issues – LGSS Cambridge Office

LGSS Cambridge Office is currently predicting an overspend of £1k.

There are no exceptions to report this month.

Additional Income and Grant Budgeted this Period

(De minimis reporting limit = £30,000)

There were no new items recorded during July 2018.

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.

2.2 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:

	£000	Notes
Commercial Approach to Contract Management	36	Savings from cleaning contract
Organisational Structure Review	70	Savings from redundancy in Adults
Non-material virements (+/- £30k)	0	

3. BALANCE SHEET

3.1 Reserves

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

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

3.2 Capital Expenditure and Funding

Expenditure

- Corporate Services and Transformation schemes have a capital budget of £5.4m in 2018/19 and there is no spend to date. In-year, a balanced position is forecast. The total scheme forecast is on budget.

  There are no new material variances to report this month.

- LGSS Managed has a capital budget of £5.9m in 2018/19 and there is expenditure of £1k to date. In-year, a balanced position is forecast. The total scheme forecast is on budget.

  There are no new material variances to report this month.

- LGSS Cambridge Office has a capital budget of £0.1m in 2018/19 and there is no spend to date. In-year, a balanced position is forecast. The total scheme forecast is on budget.

  There are no new material variances to report this month.

Funding

- Corporate Services and Transformation schemes have capital funding of £5.4m in 2018/19. The Corporate Services capital programme as a whole is forecasting a balanced outturn position, so the full amount of this funding is expected to be used.

There are no new material variances to report this month.

- LGSS Managed has capital funding of £5.9m in 2018/19. The LGSS Managed capital programme as a whole is forecasting a balanced outturn position, so the full amount of this funding is expected to be used.

  There are no new material variances to report this month.

- LGSS Cambridge Office has capital funding of £0.1m in 2018/19. The LGSS Cambridge Office capital programme as a whole is forecasting a balanced outturn position, so the full amount of this funding is expected to be used.

  There are no new material variances to report this month.

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

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

4. PERFORMANCE

4.1 The key performance indicators for Corporate and Customer Services, LGSS Managed Services and the LGSS Cambridge Office for July 2018 are set out in CS Appendix 7 and LGSS Appendix 7.

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

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST JULY 2018

To:	**General Purposes Committee**		
Date:	**20 September 2018**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**2018/015**	*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) Note the additional section 106 funding received as set out in section 6.8.

b) Approve the allocation of the increased £112.7k Extended Rights to Free School Travel Grant to People and Communities (P&C) so that it can be used for its intended purpose, as set out in section 7.2;

c) Note the open purchase order reconciliation issue and the accounting entries required to correct the treatment, as previously recommended in the June 18 report, as set out in Appendix 3;

d) Approve the -£18.8m revised phasing of funding relating to changes in the capital programme variations budget, as previously recommended in the June 18 report, as set out in Appendix 3;

e) Approve the -£7.2m rephasing of P&C's capital funding for the St. Neots Wintringham Park scheme, as previously recommended in the June 18 report, 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 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.

1. OVERVIEW

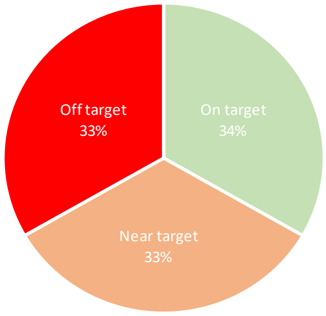
2.1 The following summary provides a snapshot of the Authority's performance against its indicators around outcomes, its forecast financial position at year-end and its key activity data for care budgets.

Data available as at: 31 July 2018

Outcomes

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

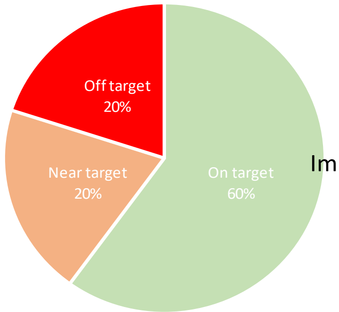
Older people live well independently



Stayed the same

7 indicators, 4 of which do not have targets

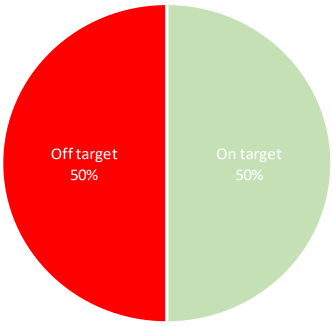
People with disabilities live well independently



Improving

6 indicators, 1 of which does not have a target

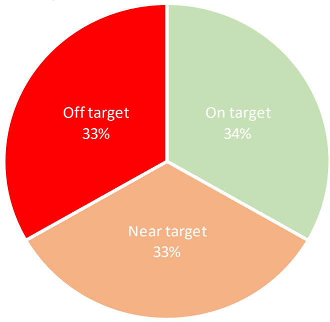
Adults and children are kept safe



Stayed the same

8 indicators, 4 of which do not have targets

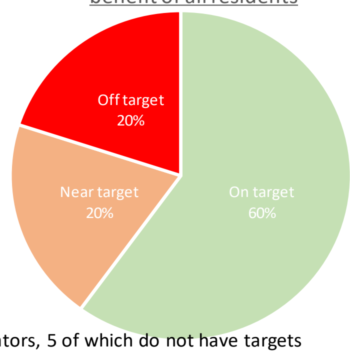
People live in a safe environment



Stayed the same

6 indicators, 3 of which do not have targets

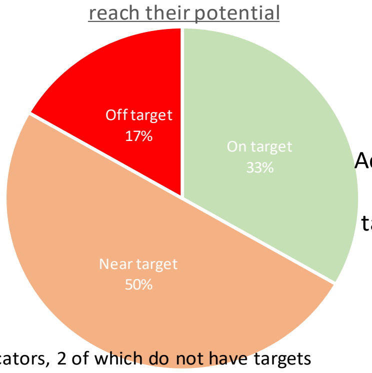
The Cambridgeshire economy prospers to the benefit of all residents



Stayed the same

15 indicators, 5 of which do not have targets

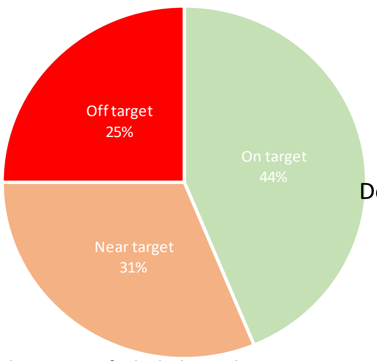
Places that work with children help them to reach their potential



Addition of targets

14 indicators, 2 of which do not have targets

People lead a healthy lifestyle and stay healthy for longer



Decreasing

35 indicators, 3 of which do not have targets

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
37 Early ideas ↑ 143 Business cases in development ↑ 23 Projects being implemented ↔ Transformation Fund: 12 projects rated Green ↔ 1 rated Amber (reflecting some need to re-phase savings) ↓ 5 rated Red (risk of non-delivery of savings or benefits) ↑	As of the end of March 2018* we had lost 6.27 days on average per staff member to sickness during the last 12 months. This is lower than the average number of days lost per staff member at the end of 2016/17 (6.91 days).

*Due to the recent move to the new HR system, ERP Gold, sickness reporting is not currently available on the system. This is currently being worked on and will be updated when available.

The latest master file of performance indicators is available here, https://tinyurl.com/ycn8hrqq.

Finance and Risk

Revenue budget forecast

+£5.2m (1.5%) variance at end of year

RED

This is a £1.132m increase in the revenue forecast pressure since last month.

Capital programme forecast

£0m (0%) variance at end of year

GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	8	2

*Latest Review: July 2018

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Jul-18	Apr-18	Trend since Apr-18
Nursing	425	410	Increasing
Residential	852	847	Stayed the same
Community	1,869	2,023	Decreasing

Adults aged 18+ receiving long term services

	Jul-18	Apr-18	Trend since Apr-18
Nursing	35	26	Increasing
Residential	348	309	Increasing
Community	2,109	1,933	Increasing

Children open to social care

	Jul-18	Apr-18	Trend since Apr-18
Looked after children	724	715	Increasing
Child protection	480	483	Stayed the same
Children in need*	2,794	2,225	Increasing

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

Public Engagement

	Jul-18	Apr-18	Trend since Apr-18
Contact Centre Engagement	13,414 Phone Calls	12,763	Increasing
	5,437 Other	5,316	Increasing
Website Engagement (cambridgeshire.gov.uk)	176,783 Users	154,319	Increasing
	262,417 Sessions	229,409	Increasing

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

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£5.2m (+1.5%); an increase of £1.1m on the forecast pressure reported in June; there have been increases in People & Communities (P&C) and Commercial & Investment (C&I). See section 3 for details. There is risk that the position may worsen further given demand pressures and the phasing of savings delivery: as in previous years the Council continues to focus on identifying in-year mitigations to offset this.

- The Capital Programme is forecasting a balanced budget at year end. This includes use of the capital programme variations budget. See section 6 for details.

3. REVENUE BUDGET

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

Key to abbreviations

CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

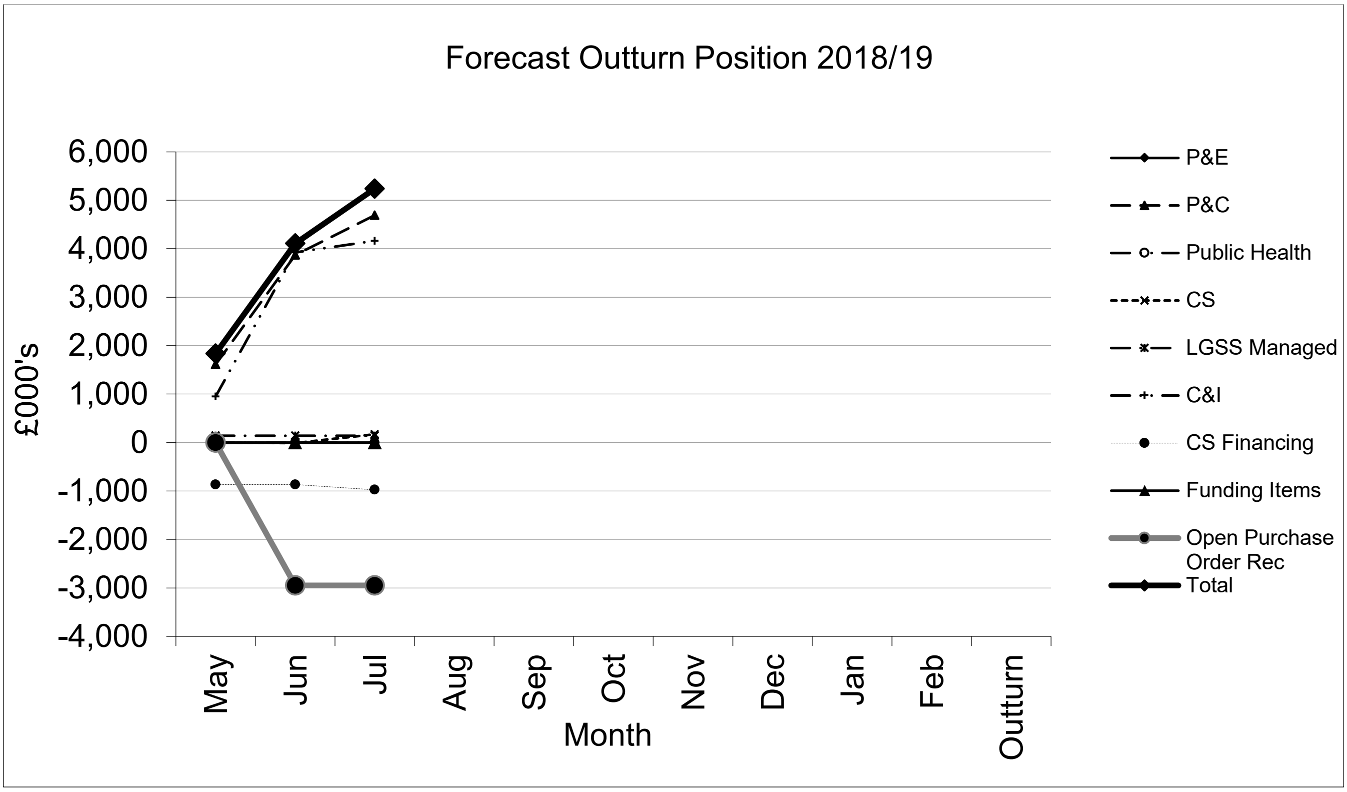
Forecast Variance (June) £000	Service	Current Budget for 2018/19 £000	Actual (July) £000	Forecast Variance (July) £000	Forecast Variance (July) %	Overall Status	DoT
0	Place & Economy	41,723	14,495	0	0.0%	Green	↔
3,868	People & Communities	239,944	92,550	4,690	2.0%	Red	↓
0	Public Health	629	-8,739	0	-	Green	↔
-11	Corporate Services	6,655	3,793	171	2.6%	Amber	↓
140	LGSS Managed	11,186	7,671	140	-	Green	↔
3,925	Commercial & Investment	-8,658	1,397	4,163	-	Red	↓
-866	CS Financing	25,983	3,051	-976	-3.8%	Green	↑
7,056	**Service Net Spending**	**317,462**	**114,218**	**8,188**	**2.6%**	**Red**	↓
0	Funding Items	32,705	8,837	0	0.0%	Green	↔
-2,950	Open Order Reconciliation	0	0	-2,950	-	Green	↔
4,106	**Subtotal Net Spending**	**350,167**	**123,055**	**5,238**	**1.5%**	**Red**	↓
	Memorandum items:						
-21	LGSS Operational	8,835	136	1	0.0%	Green	↓
4,085	**Grand Total Net Spending**	**359,002**	**123,191**	**5,239**	**1.5%**	**Red**	↓
	Schools	198,140					
	Total Spending 2018/19	**557,142**					

1 The budget figures in this table are net.

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

3 The budget of £629k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £25.4m from ring-fenced public health grant, which makes up its gross budget.

4 The 'Funding Items' budget comprises the £22.7m Combined Authority Levy, the £392k Flood Authority Levy and £9.7m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** a balanced budget is forecast at year-end. Although not yet identified it is anticipated that savings and underspends will be found within Place & Economy to fund the current projected pressures. There are no exceptions to report this month; for full and previously reported details see the P&E Finance & Performance Report, https://tinyurl.com/ycqvjb9v.

3.2.2 **People & Communities:** +£4.690m (+2.0%) pressure is forecast at year-end.

	£m	%
• **Looked After Children (LAC) Placements –** a +£3.0m pressure is forecast, which is an increase of £0.3m on the position previously reported in June 2018. This increase is a result of additional demand, with five additional high cost placements made during the month of July. This position will be closely monitored throughout the year, with subsequent forecasts updated to reflect any change in this position. Overall LAC numbers at the end of July 2018, including placements with in-house foster carers, residential homes and kinship, were 724, 23 more than at the end of June. This includes 74 unaccompanied asylum seeking children (UASC). We are aware that there have been further rises in the number of UASC supported over the summer – with an increased pressure anticipated around this next month. Discussions are also ongoing with the Home Office over expected time scales over confirming UASC status once they turn 18, which impacts on our ability to accurately forecast expected spend. High cost UASC packages are being reviewed in order to reduce costs where possible External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of July were 375, 6 more than at the end of June. The Access to Resources team are	+3.000	(+15%)

working with providers to ensure that support and cost matches need for all children. Actions being taken to address the forecast pressure are outlined in the P&C Finance & Performance Report, https://tinyurl.com/ybc6mnp8.

• **Home to School Transport - Special** – a +£0.75m pressure is forecast. This is as a result of increasing demand for Special Educational Needs (SEN) Transport, primarily due to increasing numbers of pupils attending special school and an increase in children with Education Health and Care Plans (EHCPs) requiring transport to other provisions. An increase in complexity of need has meant that more individual transport, and transport including a passenger assist, is needed. Actions being taken to address the forecast pressure are outlined in the P&C Finance & Performance Report, https://tinyurl.com/ybc6mnp8.	+0.750	(+10%)

- For full and previously reported details see the P&C Finance & Performance Report, https://tinyurl.com/ybc6mnp8.

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, https://tinyurl.com/y77dlvyr.

3.2.4 **Corporate Services:** +£0.171m (+2.6%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

3.2.5 **LGSS Managed:** +£0.140m (+1.2%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

3.2.6 **CS Financing:** -£0.976m (-3.8%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

3.2.7 **Commercial & Investment**: +£4.163m (-%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report, https://tinyurl.com/yahs8olv.
(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)

3.2.8 **Open Purchase Order Reconciliation:** -£2.950m underspend is forecast. There are no exceptions to report this month. For the recommendation previously recommended in the June 18 report, see Appendix 3.

3.2.9 **LGSS Operational:** +£0.001m (0%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

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), https://tinyurl.com/ybc6mnp8.

5. PERFORMANCE AND RISK

5.1 **Change in indicators:** There was one outcome where the overall performance decreased since the previous month. This was 'People lead a healthy lifestyle and stay healthy for longer' and reflects changes in four indicators. One indicator's performance improved; 'Personal Health Trainer Service - Personal Health Plans completed (Extended Service)' changed from red (87% of the YTD, year to date, target) to amber (93% of the YTD target). There were three indicators where performance worsened.

The first, 'Smoking Cessation – four week quitters' changed from amber (92% of YTD target) to red (55% of YTD target). The data included in this report for this indicator reflects April's performance and historically the number of quitters has been low in April. The service is also still experiencing issues with staff capacity and there is an ongoing programme to target performance. The second indicator where performance decreased was 'Number of referrals received for multi factorial risk' which changed from green (121% of YTD target) to amber (97% of YTD target). This decrease in the number of referrals represents the over-achievement in the previous month. The third indicator where performance decreased was 'Number of clients completing their PHP – Falls Prevention' which changed from green (100% of YTD target) to red (82% of target). This reflected a surge in the number of clients completing the programme and a lack of capacity to address the surge. This has now been resolved which should be reflected in next month's performance figures.

Work is underway to agree updated targets with directorates. Targets will be set appropriate to the indicator, and will be based on previous trends and look to maintain or improve the CCC position relative to statistical neighbours and national averages. It is anticipated that these will have been agreed with all directorates by mid-September. For the outcome 'Places that work with children help them to reach their potential' targets have now been set for 12 out of the 14 indicators included under this outcome, meaning the indicators are now RAG rated.

5.2 The master file of performance indicators is available here, https://tinyurl.com/ycn8hrqq, while the latest Corporate Risk Register can be found here, https://tinyurl.com/yd96a2vw.

6. CAPITAL PROGRAMME

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

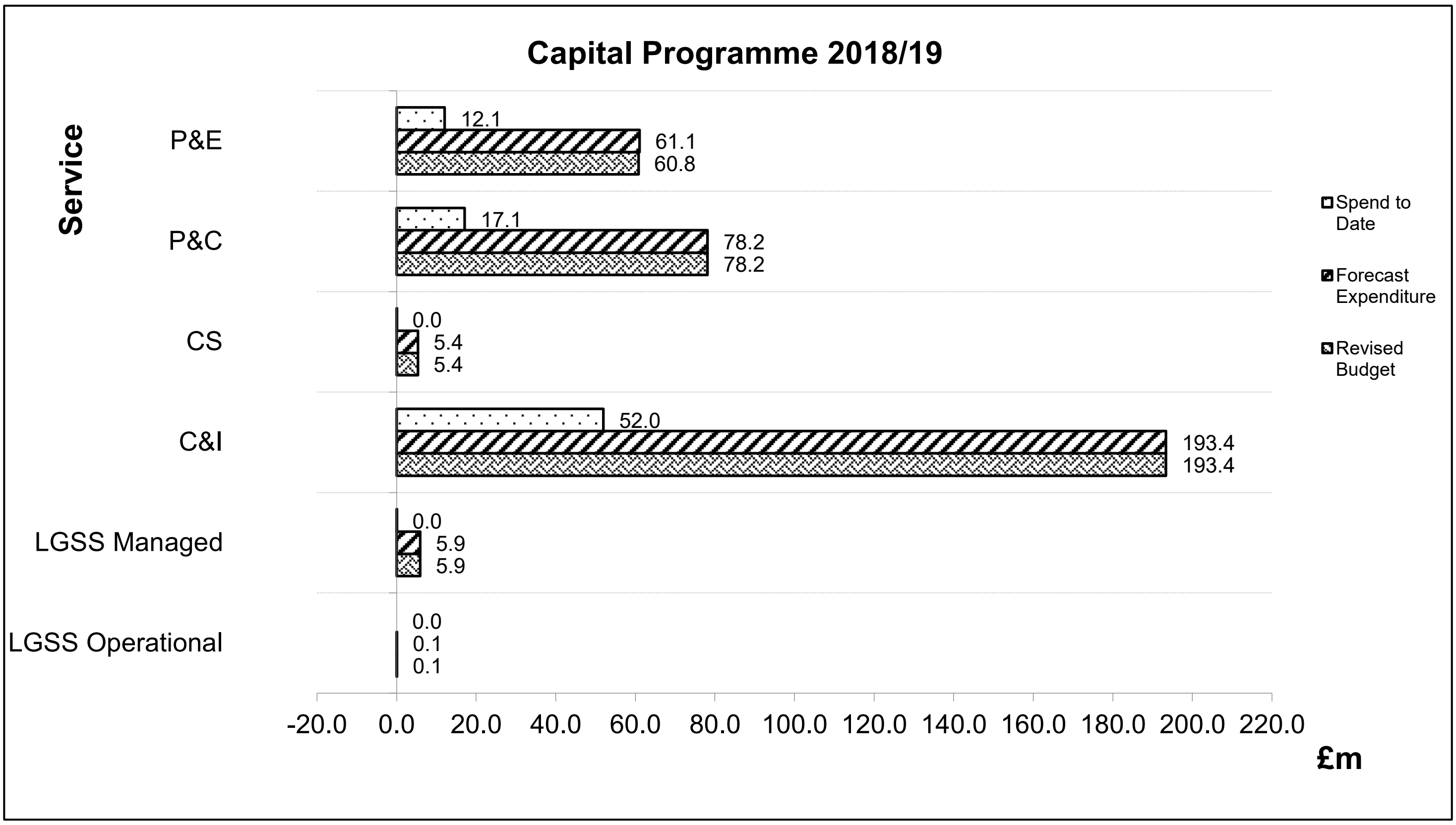
2018-19							TOTAL SCHEME	
Original 2018/19 Budget as per Business Plan £000	Forecast Variance - Outturn (June) £000	Service	Revised Budget for 2018/19 £000	Actual £000	Forecast Variance - Outturn (July) £000	Forecast Variance - Outturn (July) %	Total Scheme Revised Budget (July) £000	Total Scheme Forecast Variance (July) £000
35,956	556	P&E	60,782	12,097	286	0.5%	445,241	-
87,820	-0	P&C	78,157	17,123	-0	0.0%	669,433	15,801
2,038	-	CS	5,369	11	-	0.0%	19,437	-
6,415	-	LGSS Managed	5,915	11	-	0.0%	6,865	-
123,274	-	C&I	193,375	51,976	-	0.0%	318,847	-147
-	-	LGSS Operational	134	-	-	0.0%	2,025	-
-	-556	Outturn adjustment	-	-	-286	-	-	-
255,503	**-0**	**Total Spending**	**343,732**	**81,218**	**-0**	**0.0%**	**1,461,848**	**15,654**

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 P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2018/19 of £23.1m and is currently forecasting a balanced budget at year-end

3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.



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

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

2018/19					
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**
P&E	-14,931	286	0	0.00%	286
P&C	-10,469	-3,380	3,380	32.29%	-0
CS	-951	0	0	0.00%	0
LGSS Managed	-1,479	0	0	0.00%	0
C&I Non-Housing	-16,737	0	0	0.00%	0
LGSS Operational	0	0	0	-	0
Outturn adjustment	-	-286	-	-	-286
Subtotal	**-44,567**	**-3,380**	**3,380**	**7.59%**	**-0**
C&I Housing	0	0	0	0.00%	0
Total Spending	**-44,567**	**-3,380**	**3,380**	**7.59%**	**-0**

6.3 The C&I Housing scheme budget does not have a capital programme variations budget associated with it; it is therefore shown as a separate line in the above capital programme variations table.

6.4 Although there is a forecast in-year pressure in P&E, it is not currently thought that the position across the whole programme will be a pressure. However, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

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

6.5.1 **Place & Economy:** a +£0.3m (+0.5%) in-year pressure is forecast at year-end.

	£m	**%**
• **Ely Crossing** – an in-year pressure of +£1.1m is forecast. This is due to forecast accelerated spend of £1.1m in 2018/19 rather than in 2019/20; the completion date is likely to be October 2018. This will not affect the total scheme cost. The benefits of the crossing include: • The road will solve long-standing problems and reduce journey times for drivers between A10 and stuntney Causeway by up to 56% • The railway bridge is currently amongst the most frequently struck rail bridges in the Country and the new bypass will help to relieve these problems • Network Rail will be enabled to close the level crossing and consequently increase train frequencies (the underpass will be available for local traffic) • A new walkway for residents and visitors in the vicinity of a national heritage site. dyke	+1.1	(+8%)
• **Libraries** – an in-year underspend of -£0.5m is forecast across library schemes. This is due to rephasing on the following schemes which are funded by section 106 developer contributions and will not commence until 2019/10: o New Community Hub / Library Provision Darwin Green: An in-year underspend of £0.3m is forecast. o New Community Hub / Library Provision Cambourne: An in-year underspend of £0.2m is forecast.	-0.5	(-21%)
• **Huntingdon - West of Town Centre Link Road**– an in-year underspend of -£0.8m is forecast. This is due to rephasing of expenditure due to ongoing negotiations in relation to valuations.	-0.8	(-83%)

- For full and previously reported details see the P&E Finance & Performance Report, https://tinyurl.com/ycqvjb9v.

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

	£m	**%**
• **Basic Need – Secondary** – an in-year underspend of -£2.6m is forecast. This is mainly due to rephasing on the following schemes: o Northstowe Secondary & Special has experienced rephasing of £700k in 2018-19 due to a requirement for piling foundations on the site, which will lead to an increase in total scheme cost and also extend the build time. o Cambourne Village College work is not starting on site until February 2019 for a September 2019 completion; the impact being £1,932k rephasing.	-2.6	(-7%)

- **P&C Capital Variation –** as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £3.4m underspend is balanced by use of the capital variations budget; this is an increase of £2.5m on the use of variations budget reported last month and relates to the underspend on Basic Need – Secondary schemes as reported above. +3.4 (+32%)

- For full and previously reported details see the P&C Finance & Performance Report, https://tinyurl.com/ybc6mnp8.

6.5.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

6.5.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details and previously reported see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

6.5.5 **Commercial & Investment**: a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report, https://tinyurl.com/yahs8olv.
(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)

6.5.6 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

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

6.6.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the P&E Finance & Performance Report, https://tinyurl.com/ycqvjb9v.

6.6.2 **People & Communities:** a +£15.8m (+2%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the P&C Finance & Performance Report, https://tinyurl.com/ybc6mnp8.

6.6.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

6.6.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

6.6.5 **Commercial & Investment**: a -£0.1m (-0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report, https://tinyurl.com/yahs8olv.
(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)

6.6.6 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq.

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	17.5	4.1	-0.4	2.4	**23.6**	23.6	-
Basic Need Grant	24.9	-	-	-	**24.9**	24.9	-
Capital Maintenance Grant	4.0	-	0.2	-	**4.2**	4.2	-
Devolved Formula Capital	1.0	0.7	-	-0.1	**1.6**	1.6	-
Specific Grants	6.5	4.4	-1.0	-	**9.9**	9.9	-
S106 Contributions & Community Infrastructure Levy	11.0	3.0	-0.5	-0.6	**12.8**	12.8	-
Capital Receipts	81.1	-	-	-	**81.1**	81.1	-
Other Contributions	12.1	-	-3.6	4.6	**13.0**	13.0	-
Revenue Contributions	-	-	-	-	**-**	-	-
Prudential Borrowing	97.3	92.3	-31.2	14.0	**172.5**	172.5	-
TOTAL	**255.5**	**104.5**	**-36.6**	**20.3**	**343.7**	**343.7**	**-**

[1] Reflects the difference between the anticipated 2017/18 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2018/19 Business Plan, and the actual 2017/18 year end position.

6.8 Key funding changes (of greater than £0.25m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Section 106 contributions	P&E	+£0.3	An additional £314k Section 106 funding has been received for Northstowe busway schemes within Major Scheme Development & Delivery. **General Purposes Committee is asked to note this additional funding.**

7. FUNDING CHANGES

7.1 Where there has been a material change in 2018/19 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 GPC for approval.

7.2 Extended Rights to Free School Travel Grant

The Extended Rights to Free School Travel Grant is an un-ringfenced grant from the Department for Education (DfE) that has been allocated to Local Authorities to allow them to pay for home-to-school travel for children from low-income families who go to school further from home than the statutory walking distances.

In August 2018 the DfE advised of an increase of £112,700 Extended Rights funding for Cambridgeshire County Council. This revised allocation is as a result of increases in free school meal (FSM) numbers and the subsequent potential increase in the numbers of pupils eligible to free home-to-school transport and the associated costs. The DfE has recalculated local authorities' Extended Rights allocations in light of these changes and increased them to cover the potential for increases in the size of the Extended Rights cohort in 2018/19.

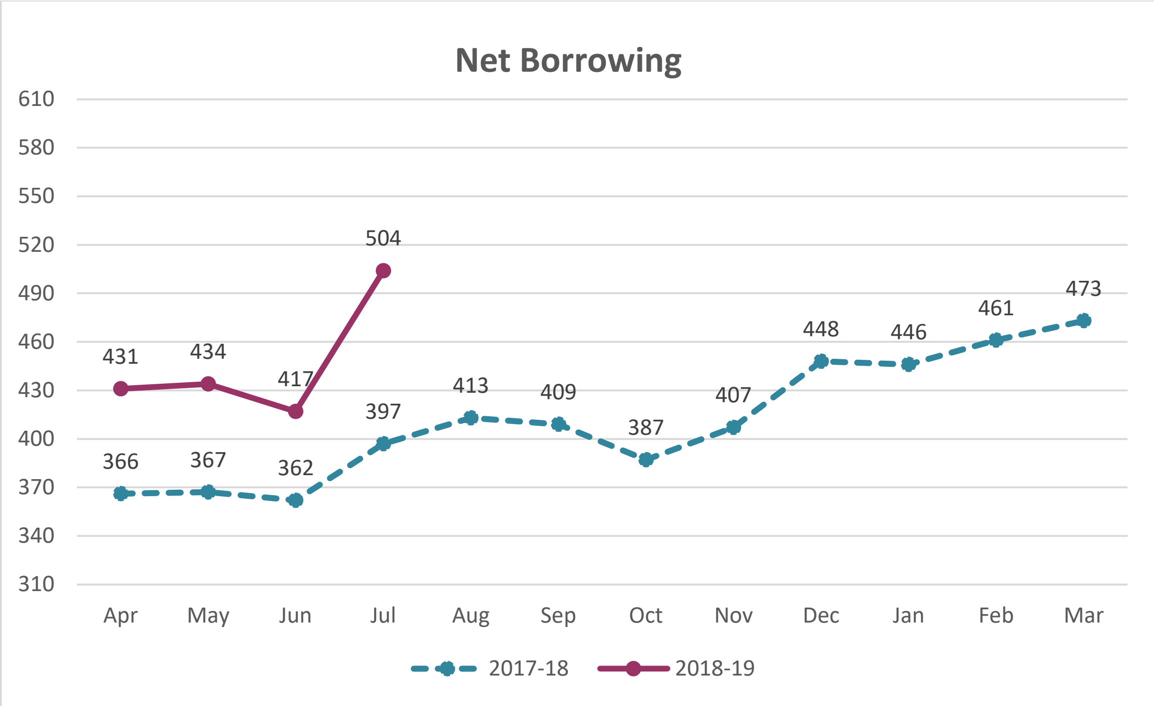
The Extended Rights to Free School Travel Grant is held corporately in the 'Funding items' section of the Council's budget. However, since the increased grant element from DfE relates to increases in the numbers of pupils eligible to free home-to-school transport and the associated costs, General Purposes Committee is asked to approve the allocation of this increased grant element to the P&C directorate where the increased costs are being incurred.

General Purposes Committee is asked to approve the allocation of the increased £112.7k Extended Rights to Free School Travel Grant to People and Communities so that it can be used for its intended purpose.

8. BALANCE SHEET

8.1 A more detailed analysis of prompt payment and debt management balance sheet health issues will be included once this reporting has been developed following the transition to the new financial system.

8.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of July 2018 were £59.15m (excluding 3rd party loans) and gross borrowing was £562.78m. Of this gross borrowing, it is estimated that £70.69m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



8.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2018-19 TMSS was set in February 2018, it was anticipated that net borrowing would reach £683m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1st April 2018 was £473m, this reduced to £431m at the end of April 2018 thus starting at a lower base than originally set out in the TMSS (£683m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.

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

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

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

8.7 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report (https://tinyurl.com/y9vuz8or).

8.8 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. 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 Name of Financial Officer: Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	No Name of Legal Officer: Not applicable
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	No Name of Legal Officer: Not applicable
Have the equality and diversity implications been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any engagement and communication implications been cleared by Communications?	No Name of Officer: Not applicable
Have any localism and Local Member involvement issues been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any Public Health implications been cleared by Public Health	No Name of Officer: Not applicable

Source Documents	Location
P&E Finance & Performance Report (July 18) P&C Finance & Performance Report (July 18) PH Finance & Performance Report (July 18) CS and LGSS Cambridge Office Finance & Performance Report (July 18) C&I Finance & Performance Report (July 18) Performance Management Report & Corporate Scorecard (July 18) Capital Monitoring Report (July 18)	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	P&E	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	239,124	629	41,428	25,983	7,207	11,126	-8,188	8,871	33,685
Post BP adjustments	208				203	58	-433	-36	
Greater Cambridge Partnership budgets not reported in CCC budget					-863				
Use of earmarked reserves for Community Transport			84						-84
Cleaning contract savings transfer					36		-36		
Organisational structure review	-70				70				
Use of earmarked reserves for Community Transport			211						-211
Funding from General Reserves for Children's services reduced grant income expectation as approved by GPC	295								-295
Funding from General Reserves for New Duties – Leaving Care as approved by GPC	390								-390
Current budget	**239,946**	**629**	**41,723**	**25,983**	**6,654**	**11,184**	**-8,657**	**8,835**	**32,705**
Rounding	2	0	0	0	-1	-1	1	0	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2018	2018-19 Movements in 2018-19	2018-19 Balance at 31 July 2018	Forecast Balance 31 March 2019	Notes
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	13,392	2,568	15,960	10,721	
- Services					Service reserve balances transferred to General Fund after review
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	0	0	0	0	
subtotal	13,392	2,568	15,960	10,721	
Earmarked					
- Specific Reserves					
5 Insurance	3,175	0	3,175	3,175	
subtotal	3,175	0	3,175	3,175	
- Equipment Reserves					
6 P&C	64	0	64	64	
7 P&E	30	0	30	0	
8 CS	30	0	30	3	
9 C&I	680	0	680	0	
subtotal	804	0	804	67	
Other Earmarked Funds					
10 P&C	514	0	514	514	
11 PH	2,567	0	2,567	2,069	
12 P&E	5,382	-294	5,088	4,580	Includes liquidated damages in respect of the Guided Busway
13 CS	2,628	0	2,628	2,865	
14 LGSS Managed	63	0	63	0	
15 C&I	552	106	658	658	
16 Transformation Fund	21,877	7,591	29,468	19,841	Savings realised through change in MRP policy
17 Innovate & Cultivate Fund	844	-66	778	446	
18 Smoothing Fund	0	3,413	3,413	3,413	
subtotal	34,427	10,750	45,177	34,386	
SUB TOTAL	**51,799**	**13,317**	**65,117**	**48,350**	
Capital Reserves					
- Services					
18 P&C	778	0	778	778	
19 P&E	10,200	12,417	22,617	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	0	28,535	28,535	0	
22 Corporate	43,561	13,859	57,420	44,591	Section 106 and Community Infrastructure Levy balances.
subtotal	54,539	54,811	109,350	46,369	
GRAND TOTAL	**106,338**	**68,129**	**174,467**	**94,719**	

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 2018	2018-19		Forecast Balance 31 March 2019	Notes
			Movements in 2018-19	Balance at 31 July 2018		
		£000s	£000s	£000s	£000s	
- Short Term Provisions						
1	P&E	55	0	55	0	
2	P&C	200	0	200	200	
3	CS	0	0	0	0	
4	LGSS Managed	3,460	0	3,460	3,460	
5	C&I	0	0	0	0	
	subtotal	3,715	0	3,715	3,660	
- Long Term Provisions						
6	LGSS Managed	3,613	0	3,613	3,613	
	subtotal	3,613	0	3,613	3,613	
GRAND TOTAL		**7,328**	**0**	**7,328**	**7,273**	

APPENDIX 3 – RECOMMENDATIONS FROM JUNE 18 REPORT

The June Integrated Resources and Performance Report included a number of recommendations to General Purposes Committee (GPC) that have not yet received approval, as the last Integrated Resources and Performance Report to be presented at a meeting of GPC was the May report, on 24th July 2018.

GPC is asked to approve the recommendations in the June report, which were circulated to the Committee by email.

June Integrated Resources and Performance Report
One recommendation regarding the open purchase order reconciliation issue and the accounting entries required to correct the treatment, as set out in section 3.2.8:

3.2.8 **Open Purchase Order Reconciliation:** -£2.950m (-%) underspend is forecast at year-end.

	£m	%
• As a result of a review of purchasing system balances, it is possible to credit back to revenue £2.95m of amounts previously recognised as paid but which had in fact been held in suspense. The process for making payment to suppliers involves several steps, principally, a) raising a purchase order for goods and services, b) receipting the arrival or delivery of those goods and services, and c) the payment being made to the supplier. There is deliberately a segregation of duties within and between these tasks so that no single staff member can set up, agree, receive and pay a supplier. The design of the Council's previous accounting system, e-Business Suite, permitted a mismatch to arise between amounts raised in purchase order and/or goods receipted and amounts actually paid to suppliers within a 5% tolerance threshold to allow business as usual to run smoothly. In simple terms, amounts ordered and in some cases receipted, exceeded the amounts actually invoiced and paid to suppliers. This can occur when it is not clear in advance what the final cost of works will be, or when authority for goods and services to be ordered is granted (and raised on the system) but not ultimately proceeded with at all or to the same extent, there were also instances of duplicate orders being raised (but not paid). In line with standard accounting practice, the Council has recognised the cost of amounts receipted within services rather than the level of cash actually paid out. Although the use of payables suspense accounts to manage this process is common and enabled smooth purchasing arrangements, reconciliation processes to prevent amounts held in suspense reaching a material level were not sufficient. A detailed reconciliation process has now been undertaken back to 2006, identifying 10,917 transactions where a mismatch was apparent between the open purchase order and amounts actually paid by invoice. Alongside the changeover in financial system to ERP Gold, the opportunity has been taken to make the judgment that	-3.0	(-%)

open orders beyond a certain age can now be closed and credited back where there is a mismatch.

Amounts within the suspense account related to ring-fenced grant funded cost centres have been excluded and do not form part of the credit back to the general fund.

General Purposes Committee is asked to note this open purchase order reconciliation issue and the accounting entries required to correct the treatment.

Two recommendations concerning capital funding, found in section 7.8:

Key funding changes (of greater than £0.25m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Revised Phasing (capital programme variations budgets)	All Services	-£18.8	In 2016/17 the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service, which effectively reduces the capital programme budget. Capital programme variations budgets were included in the 2018/19 Business Plan, but these have been revised for 2018/19 as a result of the rolled forward and revised phasing exercise carried out in May 18. **General Purposes Committee is asked to approve the -£18.8m revised phasing of funding relating to changes in the capital programme variations budget.**
Revised Phasing	P&C	-£7.2	The St. Neots Wintringham Park Primary scheme has been rephased resulting in a -£7,150k change to its 2018/19 funding requirement as this project will not start on site until September 2019. **General Purposes Committee is asked to approve the -£7.2m rephasing of P&C's funding for the St. Neots Wintringham Park scheme.**

Agenda Item No:6

MEDIUM TERM FINANCIAL STRATEGY

To:	**General Purposes Committee**
Meeting Date:	**20th September 2018**
From:	**Chief Finance Officer**
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:	**It is recommended that General Purposes Committee:** **note the Draft Medium Term Financial Strategy for 2019-24.**

	Officer contact:		*Member contact:*
Name:	Chris Malyon	Name:	Councillors Count & Hickford
Post:	Chief Finance Officer	Chairman:	Chair/Vice-Chair
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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. In addition to growth in the general population, 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 The Council was offered the opportunity to agree a fixed four year settlement as part of the Comprehensive Spending Review, but, along with a small number of other Local Authorities, rejected the offer (in October 2016) due to the unsustainability of the minimum level of funding in the latter years of the offer, in particular negative Revenue Support Grant (RSG) in 2019-20. During September 2018, the Council is responding to a national consultation on the approach to negative RSG next year, following the consensus at the July General Purpose Committee that the current proposal was unacceptable for Cambridgeshire residents and council tax payers.

1.6 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. 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. The opportunity to make further efficiencies is minimal.

1.7 The Council’s scope to make wholesale service cuts is constrained by the statutory responsibility it has to deliver some services. The key areas where budgets are becoming unsustainable are care packages, which cover a wide range of users from older people through to learning disabilities, special educational needs (SEN) and looked after children. We do not have the option to simply stop providing services in these areas and must meet statutory requirements. The users of these services are vulnerable people and we cannot relinquish our statutory responsibilities for their care.

1.8 The Council's ability to make on-going service reductions in the way that it has in the past is very restricted. The only real answer therefore is to manage demand, particularly in those 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.

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

1.10 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 2019-24 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. Within the appended MTFS, the highlighted sections, in particular, are due for a full update, later in the Autumn, when departments have refreshed underpinning estimates.

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.

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 very 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.

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.

3.3 The following table sets out the current saving/income requirement for the organisation as a whole, summarising the factors giving rise to the savings. Note that the overall saving/income requirement and other figures outlined below will be refined during the course of the business planning process as pressures are identified, assumptions around inflation and demand refreshed, and funding levels published by government.

Reason for Savings	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Total £000
Loss (+) / Gain (-) of funding	-3,636	-10,071	-12,625	-13,949	-13,862	-54,143
Inflation	6,667	6,454	6,694	6,616	6,578	33,009
Demand	8,893	9,191	9,362	10,744	10,987	49,177
Pressures and investments	7,437	1,583	4,948	3,438	-	17,406
Capital	3,028	4,292	528	1,295	-	9,143
Reserves	10,355	1,028	-3,505	-322	-546	7,010
Other	2,932	-36	-34	-	-	2,862
Total	**35,676**	**12,441**	**5,368**	**7,822**	**3,157**	**64,464**

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

3.5 These 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.

3.6 The published 2019-24 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.

3.7 The following table sets out the current saving/income requirement for the Council and indicates the level of saving/income yet to be identified. Identified savings and incomes exclude all proposals generated through the transformation programme in 2018-19.

	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Total £000
Identified savings	15,026	226	1,512	-255	7	**16,516**
Unidentified savings	20,650	12,215	3,856	8,077	3,150	**47,948**
Total	**35,676**	**12,441**	**5,368**	**7,822**	**3,157**	**64,464**

3.8 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 2019-20.

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 2019.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

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 2019-24 Council Business Plan 2018-23	Octagon First Floor Shire Hall Cambridge

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 (RSG) in 2019-20. 2019-20 would have been the final year of the fixed settlement.

There is a great deal of uncertainty surrounding the UK's public finances not least due to uncertainty around our future relationship with the European Union following Brexit. Potential impacts on economic growth, immigration policy, and the cost of goods and services may influence levels of funding available to local authorities as well as the cost of providing local services. In addition to the international uncertainty, there are a number of Central Government consultations currently underway, most notably those on technical aspects of Fair Funding and negative RSG, which are expected to affect the Council's funding. The outcomes of these consultations will be taken into account within the Business Plan as they become available.

The Fair Funding Review will affect how funding is allocated and redistributed between local authorities from 2020 onwards. It will reset business rate baselines which set out expected business rate receipts, funding baselines which determine relative need, and the tier split of business rates between County Councils and District Councils. It is expected to use three main 'cost drivers': population, deprivation and sparsity, together with additional cost drivers related to specific local authority services. Damping is expected to play a significant role in limiting reallocations of funding between local authorities. It is also likely that reallocations will be phased in so no local authority will face a cliff edge cut to their funding.

At Autumn Budget 2017 it was announced that business rates revaluations will take place every three years, rather than every five years, following the next revaluation. This increases the risk to local authorities of funding changes part way into the period of their medium term financial strategies making longer term planning more challenging. Spring Statement 2018 announced that the next revaluation, which was due in 2022, will be brought forward to 2021. This will further increase the potential risk of significant changes to local authority funding allocations when the new model of 75% business rates retention is introduced in 2020-21.

Unemployment rates have continued to fall to their lowest level in over 40 years which, despite modest levels of economic growth, is beginning to exert upward pressure on wages, especially in parts of the Country such as Cambridgeshire. Higher wage growth will increase labour costs for local authorities, exerting additional pressure on limited financial resources which often do not see proportionate increases. 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.

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 currently held at almost £20m ensuring that finance is not a barrier to transformation. This has supported Adult's and Children's services particularly, it has enabled these services to transform their current models of delivery and in doing so reduced the level of reduction in services that would have needed to be made without the transformation funding.

The Council still has to make some stark and unpalatable choices but we are pushing at all boundaries to ensure that we are still able to fulfil our statutory duties and protect the most vulnerable.

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 2019-20 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. The general population is also aging due to increasing life expectancies which is putting pressure on the ability of service users to contribute to the long term costs of their care. In addition to this background population growth the needs of those requiring care packages are becoming more complex and therefore costly. 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 and the community 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 are a rise of 1.99% in 2019-20 and 0% for the remaining four years of the Strategy, but the Adult Social Care precept is assumed to increase by 2% in all five years – as yet there is no confirmation the precept will be available beyond 2019-20.

- A 1.99% general council tax increase for 2019-20
- No increases in general council tax from 2020-21 until 2023-24

- An increase in the Adult Social Care Precept of 2% for all five years of the Strategy;
- The strategic approach to developing savings and transformation proposals that support the Business Plan continue to evolve through a focus on demand management, (this entails employing a place based approach that builds on communities natural resources) efficiency, accountability, partnership and co-production;
- For the financial year 2019-20 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 (and if necessary restored to) 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 backdrop of the Council's 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 councils and the Combined Authority where there is a mutual financial benefit to so do, particularly in relation to the pilots preceding the introduction of the 75% Business Rates Retention scheme;
- The Council Tax assumption and forecasts are reviewed each year and updated if necessary;
- The Council will continue to lobby central government for fair funding leading into the national replacement of the current funding formula in 2020-21.
- Work will continue with the Combined Authority to secure additional freedoms and flexibilities to support the further integration of health and social care.

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.

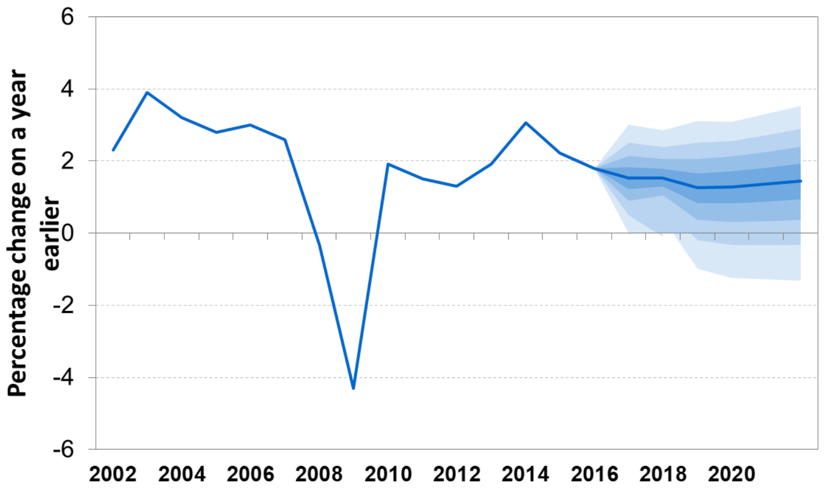
National economic outlook

Over the past four years, UK GDP growth has fallen steadily following a two year period of strong post-crisis growth, peaking in the third quarter of 2013. In 2014 the UK economy was the fastest growing in the G7 and has since fallen to among the slowest growing in 2018 with a current growth rate of 1.5%, expected to fall to 1.3% in 2019. GDP growth is expected to remain relatively flat over the next four years however this is subject to significant uncertainty due to the potential impact of Brexit on the UK economy.

The impact of exiting the European Union on the public sector will be largely dependent on the terms of the UK's future relationship with the EU. Future opportunities of Brexit could include the potential for increased devolution of decision making powers and funding streams to local authorities. However the public sector faces exposure to financial risk as a result of Brexit, at least in the short to medium term, including potential reductions in EU grant funding, uncertainty about the UK's future trading relationship with the EU and the impact of immigration policy on the labour pool. Local Authorities therefore need to ensure that they are financially resilient in order to provide for the potential risks of Brexit, and to capitalise on the opportunities that may arise.

Labour productivity remains a key weakness for the UK, with the International Monetary Fund warning that it is a key risk the UK's future economic health. The Office of Budget Responsibility is forecasting a gradual rise in productivity over the next four years based on a rising Bank Rate, a tight labour market and investment in additional capacity in preparation for Brexit. However productivity growth is set to remain significantly lower than its pre-crisis rate. Current forecasts put the UK's productivity at 27% below the extrapolation of the pre-crisis trend by the beginning of 2023.

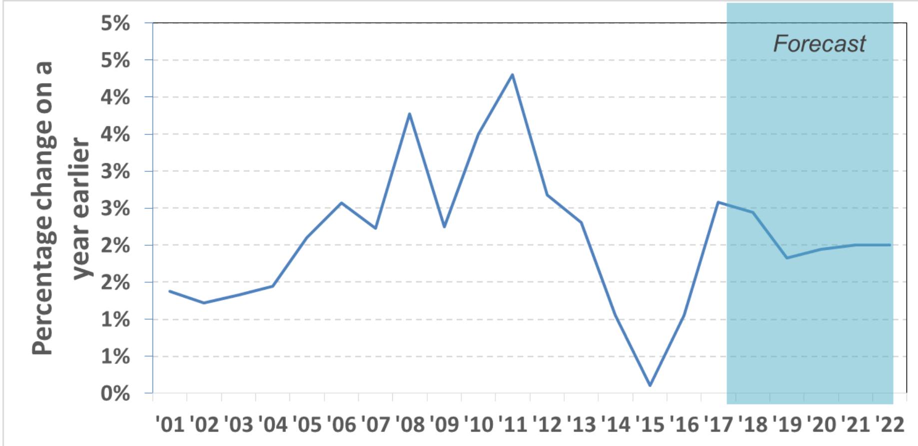
Figure 2.1: GDP Growth (Source: OBR, March2018)



The downturn in the housing and property market after the credit crunch initially caused development to slow and land values have subsequently been struggling to recover. In previous years this has negatively affected the ability of the Council to fund capital investment through the sale of surplus land and buildings, or from contributions by developers. Although this situation still exists for the north of the County, recent indications continue to suggest that in south Cambridgeshire the market has recovered to pre-2008 levels. This is particularly true for the city of Cambridge, where values have risen over and above pre-credit crunch levels. This has led to increased viability of development once again and therefore greater developer contributions in these areas. The Council continues to invest in the Cambridgeshire economy and has ambitious plans for local housing development, having set up a property development and investment company, 'This Land'.

The government has set a target of 2% for the underlying rate of inflation as measured by the Consumer Price Index. During 2014 inflation fell below this level for the first time since late 2009. Since then CPI inflation has risen sharply, recently driven by the depreciation in sterling after the EU referendum and rising global commodity and energy prices. CPI inflation peaked at 3% in the final quarter of 2017 but is expected to fall back to around the 2% target in 2018.

Figure 2.2: CPI Inflation (Source: OBR, March 2018)



Unemployment has continued to fall, with the OBR revising the level of sustainable unemployment from 5% to 4.5% - the latest figures from the Office for National Statistics put the unemployment rate at 4.2%; with 1.41m people aged 16 to 64 not employed but seeking work but is expected to rise slightly by the end of the MTFP period mainly due to the increases in the National Living Wage putting pressure on equilibrium employment. As at July 2018, the number of people claiming Jobseekers Allowance was 0.90m. In total, 32.4m people were in employment (75.7% of the population aged 16-64).

4.2%
of the labour force aged 16 and over could not find a job

75.7%
of people aged 16 to 64 were employed

0.90m
people were claiming Jobseeker's Allowance

In August 2018 the Bank of England increased the base rate by 0.25% to 0.75%; the highest level since the financial crisis. This was in response to the falling unemployment rate which has reached its lowest level since the mid-1970s and the resulting impact on wage growth. The ONS predict this rising to 1.25% by 2023; while these rises seem large compared to the historically low rates since 2009, and will have some degree of adverse effect on the cost of borrowing, the rate is still significantly lower than the pre-crash peak of 5.7%.

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

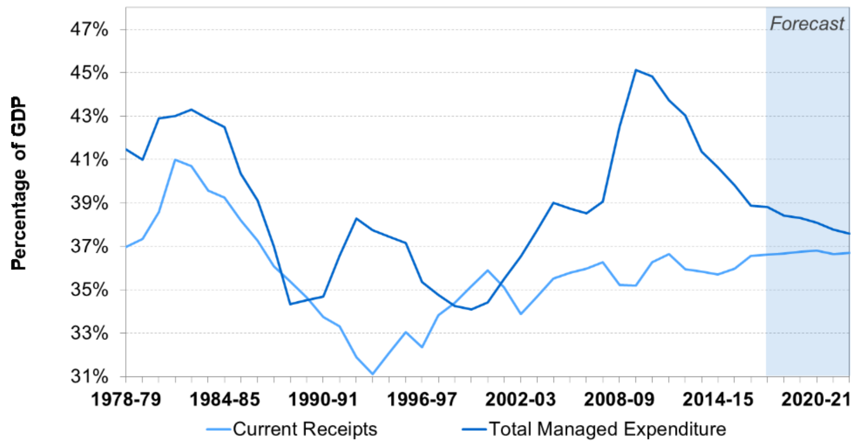
Public Sector spending

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

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

Public sector net debt rose to 85.6% of GDP in 2017-18 but is expected to reduce to 77.9% by 2022-23. At its peak, debt will have increased by over 40% of GDP since 2007-08 – a figure that highlights the long-term challenge, facing this and future governments, of returning the UK's public finances to a sustainable position.

Figure 2.3: Total public sector spending and receipts

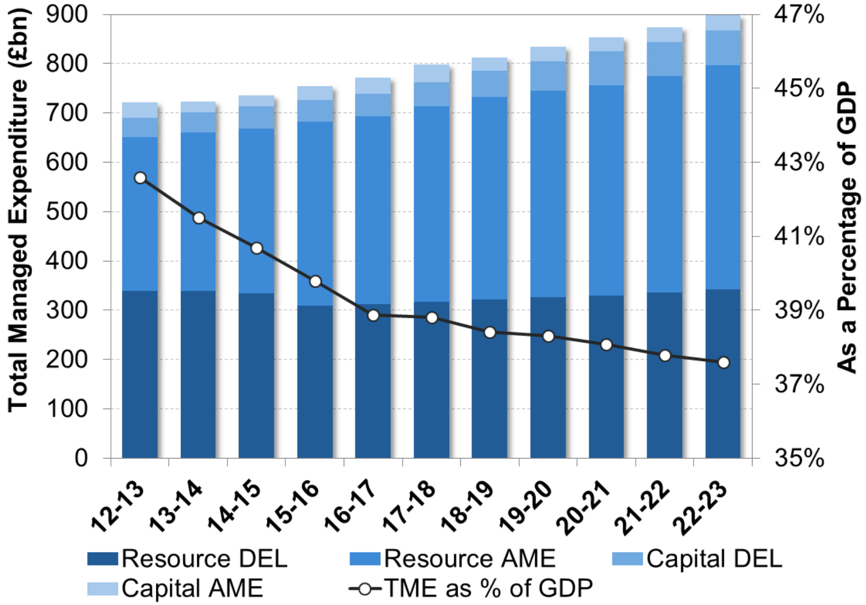


The government plans to eliminate the deficit by a mixture of spending and fiscal consolidation. Current estimates indicate that Total Managed Expenditure will be reduced from 38.8% of GDP in 2017-18 to 37.6% of GDP by 2022-23.

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

HM Treasury's forecast for TME over the next five years, as shown in Figure 2.4, indicates a 2% year on year increase, in revenue Departmental Expenditure Limits until 2022-23 to match forecast long term inflation targets, alongside a larger increase in AME. This forecast has not been updated since GDP growth was revised down alongisde the November budget thus there is the possibility DEL growth will be reduced.

Figure 2.4: Total Managed Expenditure



Detailed government spending plans for individual departments were announced in the 2015 Spending Review, and departments will continue to deliver these plans. The Chancellor has announced that the next spending review will take place in 2019 and will set DELs for 2020-21 onwards.

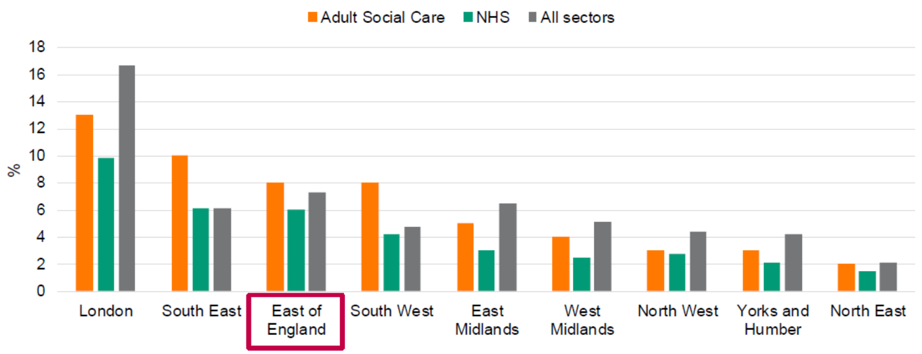
By far the majority of the Ministry of Housing, Communities and Local Government's DEL is allocated to individual local authorities. Our internal modelling of future cuts prudently assumes the continuation of the cuts previously confirmed by the 2015 Spending Review. As the Council is one of only ten councils who have not accepted the Government's multi-year settlement, this creates an additional level of uncertainty regarding how any changes to the DEL will be applied to local authorities. A consultation on the allocations of Revenue Support Grant proposed in the multi-year settlement is currently ongoing. This stands to impact funding for the County Council by up to £7m. The Government has also launched a Fair Funding review which will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The new model of funding could bring about significant changes in distribution of funding between Local Authorities from 2020-21.

Local economic outlook

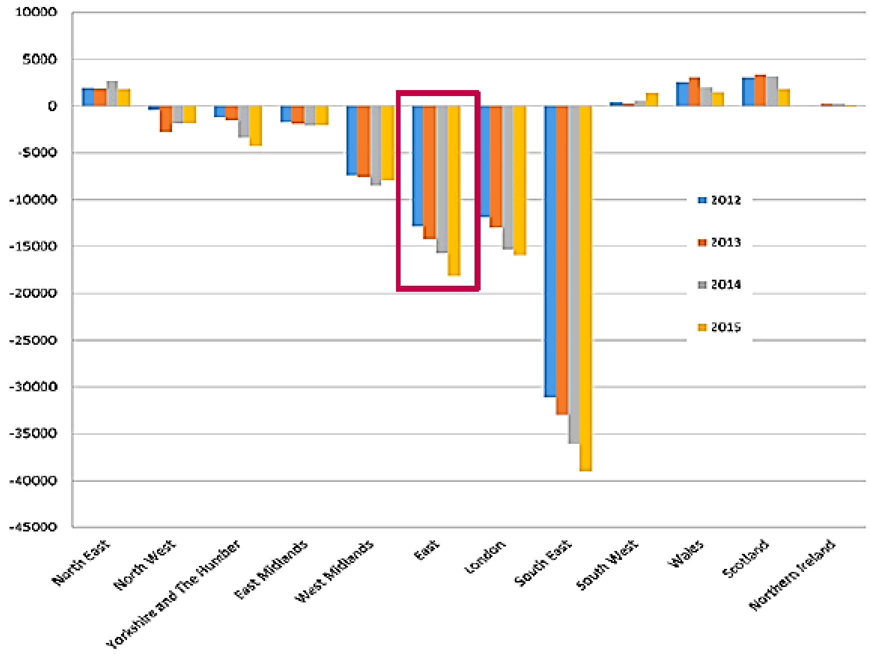
Cambridgeshire has a relatively resilient economy, compared to the national picture, as demonstrated by its above average levels of job creation between 2001 and 2011. In the aftermath of the financial crisis increases in hi-tech firm size were evident between 2008 and 2010. The East of England remained 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.

The principal risks to the East of England economy as a result of Brexit are those associated with trade and labour. Over 7% of Eastern workers are EU nationals; the highest proportion of any English region outside of London. Tighter immigration expectations around EU migration could have a significant impact on the Adult Social Care market where 8% of the workforce are EU nationals. Additionally, the East was the second highest net importer of European goods and services in 2015 behind the South East. A reduction in the availability of EU workers or the introduction of trade tariffs impacting the cost of imported goods and services could therefore have an adverse effect on the Eastern economy.

Proportion of EU workers by region and employment sector

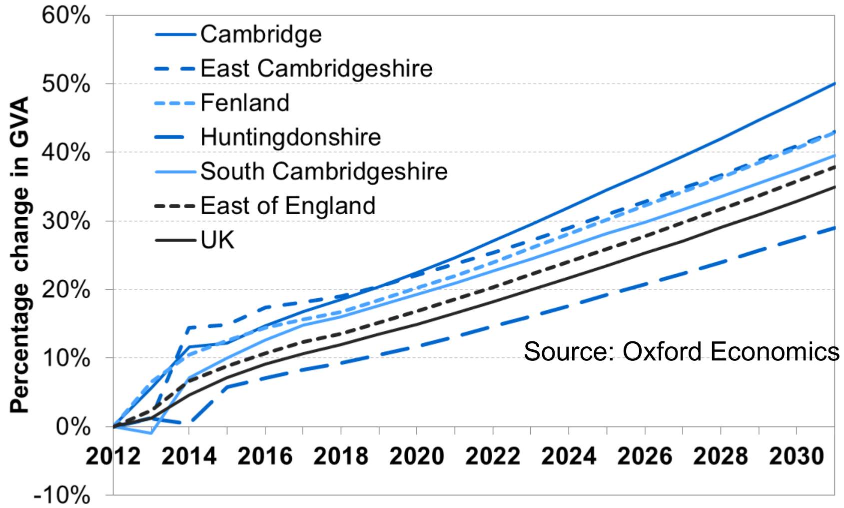


Trade balance with EU by region (£m, 2015 prices)



Economic productivity is measured by Gross Value Added (GVA). Calculated on a workplace basis, Cambridgeshire's GVA was £19.028 million in 2017, a 5.9% increase from 2014. Per head of population, GVA was £28,932 in 2017, 21% above the East of England average of £23,904 per head, and 13% above the England average of £25,673 per head.

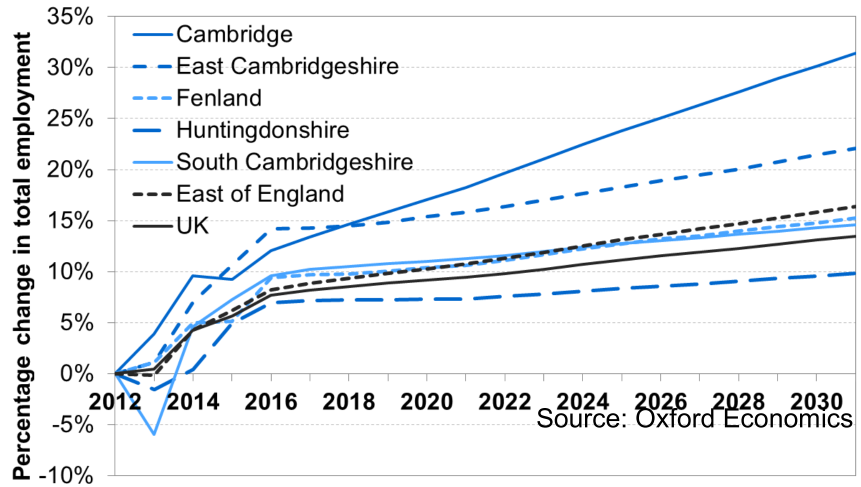
Figure 2.5: GVA growth forecasts for Cambridgeshire by district



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 7.9% over the term of the MTFS, with the most significant increase in Cambridge City, where GVA is expected to increase by £558m. 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 presents a key opportunity for the county. Cambridgeshire has seen a 3.2% rise in the number of private sector jobs from 2015 to 2016. From an historical perspective, job creation has previously been uneven, with Fenland and Cambridge only seeing limited growth between 2001 and 2011; however Fenland and Cambridge have seen jobs growth of 3.7% and 2.4% respectively from 2010 to 2016. A significant proportion of jobs in Cambridge and South Cambridgeshire are in manufacturing, healthcare and education. In

Huntingdonshire, East Cambridgeshire and Fenland, jobs are concentrated in the construction and agricultural sectors.

Fenland and East Cambridgeshire have been designated a Social Mobility Opportunity Area. This follows work from the Social Mobility Commission to assess the prospects of disadvantaged young people from every council area in the UK. The delivery plan for the opportunity area has four priorities, one of which is to focus on raising the aspirations of young people regarding their final careers. Other key actions include increasing teacher numbers.

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. In March 2017, the Council approved the Cambridgeshire digital connectivity blueprint for 2017-2020 (£13.2m) with associated targets for broadband access, mobile coverage and public Wi-Fi access.

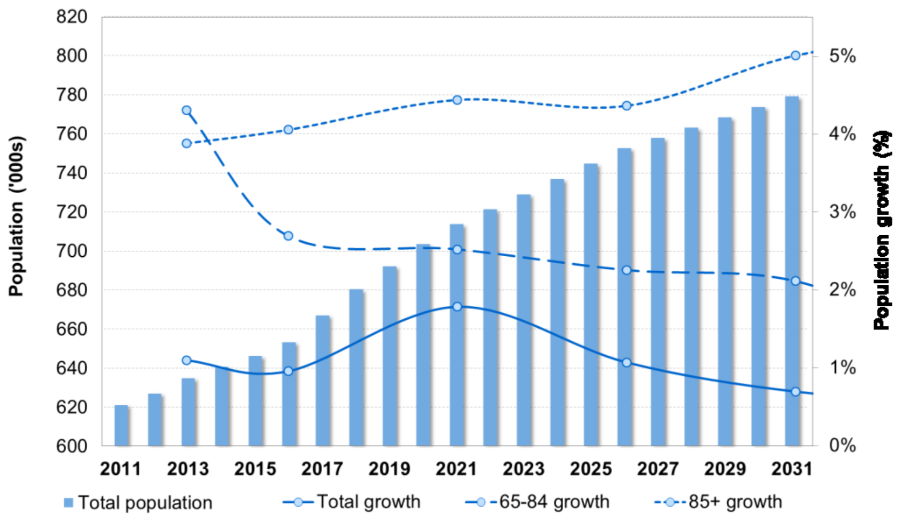
As part of the Budget 2014, Central Government announced their agreement for a Greater Cambridge City Deal (Greater Cambridge Partnership) which will deliver a step change in investment capability; an increase in jobs and homes with benefits for the whole County and the wider Local Enterprise Partnership 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 County Council’s population estimates show that Cambridgeshire’s population has continued to grow since the Census 2011, rising by 4% to 648,300 by mid-2015. At the time of the 2011 census, Cambridgeshire was the fastest growing county in the UK with the county’s population having increased by 68,500 between 2001 and 2011 to 621,200 - 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 which is compounded by an increasing proportion of the population in the 60+ age group. 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 over half of it occurring in Huntingdonshire 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, and forecast to account for 24% of the total population in 2036 compared to 16% at the 2011 Census, placing unprecedented demand on social care services for the elderly. It is also anticipated that there will be more people with care needs such as learning disabilities within the population.

Figure 2.7: Population forecasts for Cambridgeshire



3) Transformation

The Business Plan sets out how the Council intends to deliver its priority outcomes. With real terms reduction in resources and pressures of demographic growth, maintaining the level of funding for the key activities that deliver these outcomes becomes increasingly challenging without fundamental change.

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

The Transformation Programme is now integrated into the Business Planning process with our programme of investments and savings reflecting the transformational changes we are planning for 2019-20 and beyond.

The key principles driving our thinking are;

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

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

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

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

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

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

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

Transformation Fund

To support the delivery of this new approach the Council has established a Transformation Fund, through changing the way the Council bears its cost of borrowing, and has introduced a mechanism by which base funding priorities are reviewed and re-aligned where there is a clear rationale to do so. The Councils transformation resource is integrating a cross-cutting approach that the Council has recognised as an essential ingredient to delivering the new culture and approach within the organisation.

Flexible Use of Capital Receipts Strategy

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

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

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

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

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

Table 3.1: Effect of using Capital Receipts on Prudential Indicators

Prudential Indicator	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Capital Financing Requirement	+3.0	+5.3	+7.6	+9.9	+12.2
Operational Boundary (Total Borrowing)	-	-	-	-	-
Authorised Limit (Total Borrowing)	-	-	-	-	-

This is expected to create additional Financing costs in the revenue budget of £150k - £200K in each of 2017-18 to 2021-22.

The Council originally budgeted to fund £2.3m using this direction in 2017-18, but it actually funded £3.0m of 2017-18 expenditure, and intends to fund a further £2.3m in 2018-19. This expenditure will help to deliver the following savings (all savings are ongoing):

Table 3.2: Transformation Spend to be funded by Capital Receipts, and associated savings

THIS TABLE WILL NEED UPDATING TO INCLUDE 2019-20, FOLLOWING THE DEVELOPMENT OF THE 2019-20 SAVINGS PROPOSALS LATER IN THE AUTUMN

Scheme	2017-18 £k			2018-19 £k	
	ACTUAL COST	ANNUAL BUDGETED SAVING	ANNUAL RECURRING SAVING	BUDGETED COST	ANNUAL BUDGETED SAVING
Adult Social Care Transformation	420	-2,135	-1,271	367	-10,206
Learning Disability Transformation	99	-430	-430	29	-50
Children's Change Programme	594	-2,214	-1,878	75	-594
Children's Centres & Children's Health Services Transformation	17	-	-	304	-1,544
Commissioning Enhanced Services Transformation	214	-107	-107	37	-94
Learning Transformation	41	-395	-395	167	-748
Transport Transformation	61	-1,333	-1,257	15	-666
Assets / Facilities work stream / Property projects	302	-194	-56	173	-700
Automation	62	-247	-191	150	-350
Organisational Structure Review	783	-1,389	-1,374	261	-704
Commercialisation	294	-	-	388	-5,900
Waste Transformation	8	-25	-	2	-1,000
Libraries Transformation	88	-	-	135	-230
To be confirmed	-	-	-	190	-
TOTAL	**2,984**	**-8,469**	**-6,872**	**-2,293**	**-22,786**

These workstreams are focused on delivering the following outcomes:

Transformation Scheme	Activity
Adult's Positive Challenge Programme	Development of a new approach and service model for Adult Social Care which will improve outcomes for individuals and communities whilst also being economically sustainable. The principle of putting choice and independence directly into the hands of individuals and communities. The new model will be driven by a neighbourhood/ placed based approach. Workstreams have been identified which are focussed on maximising the opportunity to reduce demand and avoid cost. Main workstreams are - Changing the conversation to maximise independence at every opportunity - Improve support to carers to prevent carer breakdown - Expand and embed Technology Enabled Care - Target reablement towards people most likely to regain independence - Outcome based commissioning and new models of care - Developing an enablement approach in young people with Learning Disabilities - Developing a neighbourhood based approach
Learning Disability Transformation	Major programme to implement the revised model of care – meeting people's needs through a strengths-based approach to social care. Programme also includes delivery of strategic commissioning activity, including the development of new care capacity to allow service users to return to live in-county – and converting residential provision to supported living to promote independence for people with learning disabilities as well as providing cost savings to the Council.
Change for Children Programme	This extensive programme re-models children's social care delivery, replacing the Unit Model with one based on specialist teams. This will bring better management oversight particularly in respect of children in need and children in care, reducing drift and delay in the system, and reducing overall volumes of work. The greatest priority is to reduce numbers of children and young people in care to at least the average of our statistical neighbours, which would mean we would have around 110 fewer children and young people [2017-18 rates] in care than current August 2018 number of 719.
Children's Centres & Children's Health Services Transformation	A large amount of work has been completed, such as: new models of delivery, associated finance, the governance of the children's centre and engagement. This has included a major review of the structure of provision, the development of an enhanced outreach offer and the development of service hubs within communities.
Commissioning Enhanced Services Transformation	Supporting the creation of a dedicated commissioning function, driving a complete review of all strategic commissioning activity – delivering multi-million pound savings and a market-shaping programme.

Learning Transformation	Involving a review of the local authority role in education in the context of expansion of the academy sector, diminishing local authority funding and the need to shift from provision and commissioning to a system leadership role.
Transport Transformation	Through the Total Transport transformation programme we are scrutinising contract services to ensure the Council delivers the most efficient mainstream school transport services whilst ensuring all eligible pupils receive free transport in line with the Council's policy on journey times.
Scheme	
Assets / Facilities work stream / Property projects	Completion of an outcome focussed review regarding our approach to the Council’s asset and property portfolio – leading to the establishment of shared property services with our partners, generating income through commercialising property assets and re-shaping the property portfolio to support business outcomes.
Automation	Reduction in staff costs in service teams and Contact Centre from review of services that can be delivered by automation.
Organisational Structure Review	Identifying areas to reduce spend on staffing budgets e.g. looking in detail at management structures and reduced team mileage through flexible working.
Commercialisation	Development of a Strategic Investments model for the authority and creation of a dedicated investment vehicle to deploy multi-million pound investments for a commercial return.
Waste Transformation	Renegotiation of the Waste PFI contract and sharing services for minerals and waste planning applications with other Councils.
Libraries Transformation	Changing the service to make it financially sustainable and allow reinvestment in the book fund, including income generation and service redesign.

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).

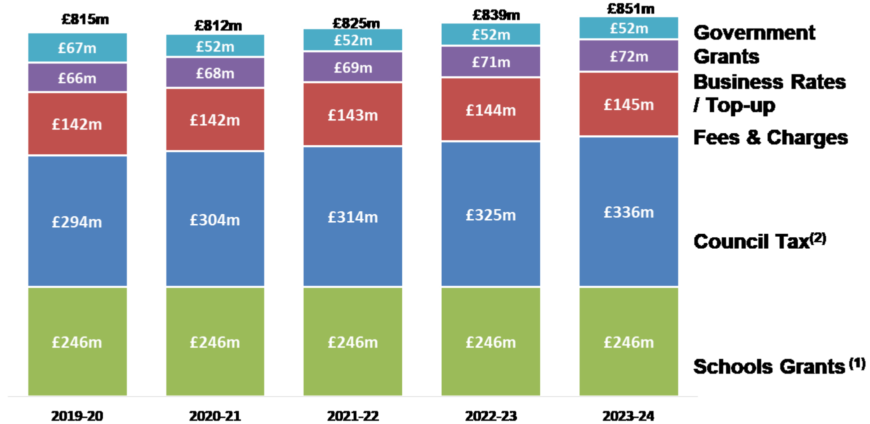
The Council's revenue spending is shaped by our Transformation Programme, influenced by levels of demand and the cost of service provision, and constrained by available funding.

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 2019-20, Cambridgeshire is expected to receive £569m of funding excluding grants retained by its schools. The key sources of funding are Council Tax, for which a provisional increase of 1.99% on the general council tax rate and 2% for the Adult Social Care precept has been assumed, and Central Government funding (excluding grants to schools).

Figure 4.1: Medium term funding forecast



(1) This includes Schedule 2 Dedicated Schools Grant, retained by the County Council under regulation to support schools and education functions, and grant funding used to purchase traded services from the County Council
(2) This includes Adult Social Care Precept funding with a provisional increase of 2% per year, a 1.99% increase in basic council tax in 2019-20 and 0% in 2020-21

As is evident from Figure 4.1, the Council will continue to face a challenging funding environment over the medium term., The Council will see an increase in overall gross budget (excluding schools) of 6.2% to 2023-24, primarily due to increases in council tax. However inflationary pressures, population growth and increased demand for services are expected to result in additional budget pressures of 14.6% of gross budget over the same period. This leaves a residual unfunded pressure of £46m (see figure 4.2). The council will therefore seek to make further improvements to the efficiency of service provision in order to ensure long term financial sustainability.

The parameters used in our modelling of incoming resources are set out below along with the assumptions we have applied.

Table 4.1: Parameters used in modelling future funding

Funding Source	Parameters
Business Rates	• Cambridgeshire Rateable Value (prudent assumption of zero real growth) • National CPI inflation (3% in 2018-19, falling to 2% by 2022-23, as per OBR forecasts)
Top-up	• National CPI inflation (1.83% in 2019-20 as per OBR forecasts)
General Council Tax	• Level set by Council (1.99% in 2019-20 and 0% thereafter) • Occupied Cambridgeshire housing stock (0.8%-1.5% annual increase, as per District Council forecasts)
Adult Social Care Precept	• Level set by Council (2% assumed until 2023-24)
Revenue Support Grant	• MHCLG Departmental Expenditure Limit (-13.2% per year until 2023-24)
Other grants	• Grants allocated by individual government departments (overall decrease of 22.8% by 2023-24)
Fees & charges	• Charges set by Council (overall 4.50% annual increase)

Our analysis of revenue resources highlights the implications of a number of government policies designed to shape the local authority funding environment. The continued reduction in government grants, to the degree where this effects a real terms reduction in overall Council funding, is a potent driver for reducing the range of service provision once any remaining efficiencies have been made. In particular Revenue Support Grant, worth more than £50m a year as recently as 2015-16 is currently expected to become negative in 2019-20 (although a recent consultation has been launched which may defer this). This will require the council to increase the proportion of local business rates paid over to central government.

The Business Rates Retention Scheme, introduced in April 2013, aims to increase the self-sufficiency of local government and provide an additional incentive for local authorities to invest in local economic growth. This is achieved by linking an element of local authority income to a share of the Business Rates collected in their area. County Councils receive a 9% share of Business Rates as compared to the District Councils' share of 40% which provides vital stability against the variability of Business Rates. However this means that County Councils retain a lower proportion of business rates growth and therefore receive smaller increases in funding than Districts with high levels of 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 was intended to incentivise local authorities to encourage business growth and allowed County Councils to retain an

additional 9% of any growth in business rates above an agreed "stretch target".
As part of the provisional 2018-19 Local Government Finance Settlement, it was announced that the Government will implement a 75% (rather than 100%) model in 2020-21 alongside a new 'Fair Funding' formula. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out; to date the Revenue Support Grant and the Public Health Grant have been confirmed to be rolled in. The impact of these funding changes may be significant for the Council however we are awaiting further clarity from MHCLG before the changes can be included in the forecasts.

Ahead of the introduction of 75% Business Rates Retention in 2020-21, the Government has announced a further round of pilots. The aim of these pilots is to establish an appropriate tier split of business rates between District and County Councils and trial a concept of business rate pooling which allows the risk of variability in business rates income to be shared between multiple authorities. Subject to political approval across partners, Cambridgeshire will bid for a 2019-20 business rate pilot which will create a business rates pool for Cambridgeshire. If the bids was successful it could lead to significant one-off additional funding to the participating authorities for investment in local services.

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 financial 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 2018-19, rather than 680,500. This has been mitigated to a small extent by the New Homes Bonus, which acts as a clear promoter of housing growth.

The New Homes Bonus was also subject to consultation, the results of which were to introduce a baseline growth rate of 0.4% below which no bonus is paid, and to use the funding this freed up to create a £240m Adult Social Care Grant. This grant has fallen over the past 2 years and the Council does not expect to receive the grant in 2019-20.

The government has limited the general increase in Council Tax in 2019-20 to 3% per year (and CCC is currently planning for an increase of 1.99%), but has provided additional flexibility for local authorities with Adult Social Care responsibilities to raise Council Tax by an additional precept. This precept is capped at a maximum 6% increase in the 3 years to 2019-20 with the flexibility to raise it by up to 3% in each of 2017-18 and 2018-19. This Business Plan assumes that the Council will increase general council tax by 2% in 2019-20 and continue to phase in the 6% Adult Social Care precept via a 2% rise in 2019-20.

The availability of the Adult Social Care precept has not been confirmed beyond 2019-20, however the budget assumes the precept will be available beyond this point.

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

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

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

Spending forecast

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

Inflationary pressures

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

There is not a direct link between the inflation we face and nationally published inflation indicators such as the Consumer Price Index (CPI) due to the more specific nature of the goods and services that we have to purchase. Estimates of inflation have been based on indices and trends, and include specific pressures such as inflationary increases built into contracts. Our medium term plans assume inflation will run at around 1.2%, having taken account of the mix of goods and services we purchase. The table below shows expected overall inflation levels for the Council:

Table 4.2: Inflationary pressures

	2019-20	2020-21	2021-22	2022-23	2023-24
Inflationary cost increase (£000)	6,667	6,454	6,694	6,616	6,578
Inflationary cost increase (%)	1.4%	1.4%	1.4%	1.4%	1.3%

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. The demographic pressures set out in the table below relate to circumstances where;

- Services cannot absorb the financial impact of general population growth
- Service user population growth exceeds that of the general population
- Needs of service users are expected to increase

Table 4.3: Demographic pressures

	2019-20	2020-21	2021-22	2022-23	2023-24
Total demographic cost increase (£000)	8,893	9,191	9,362	10,744	10,987
Total demographic cost increase (%)	1.8%	2.0%	2.0%	2.3%	2.3%

Planned actions to manage demand are detailed within the savings plans for each service area.

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 this 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 and 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 2017 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 the 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).

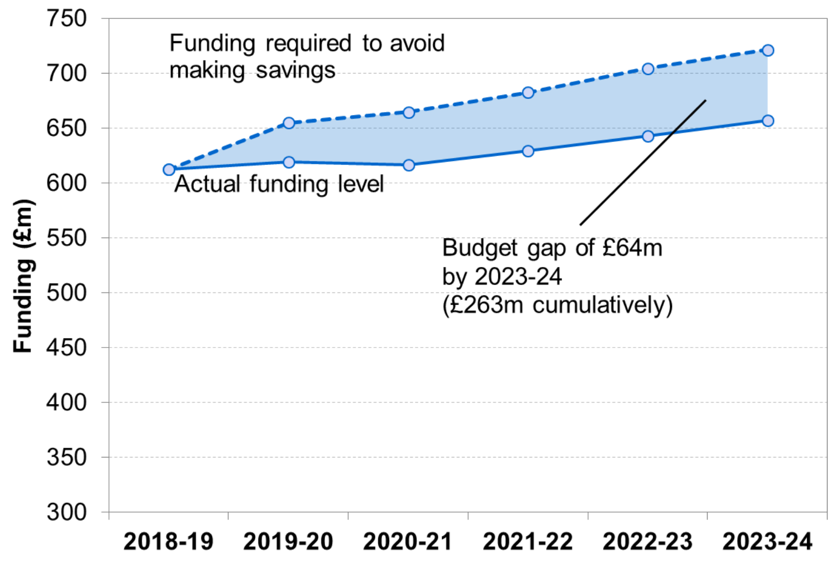
Once the service programmes have been refined, if the amalgamated level of borrowing and thus debt charges breaches the advisory limit, schemes will either be re-worked in order to reduce borrowing levels, or the number of schemes included will be limited according to the ranking of schemes within the prioritisation analysis. As part of the 2019-20 business planning process, the Council will undertake a more focused review of the Capital Programme which will seek to minimise the cost to the taxpayer of financing debt charges for capital schemes. The review will focus on re-prioritising and re-programming capital schemes according to need to ensure that the council makes the best use of the capital funding available and minimises the revenue impact of capital projects.

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 or 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 £64m 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.

Capital

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

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

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

Capital funding

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

Central Government and external capital grants have also been heavily impacted during the last few years, as the Government has strived to deliver its programme of austerity. However, as part of the Autumn Statement 2014 the Government reconfirmed its commitment to prioritise capital investment over day-to-day spending for the next few years, in line with the policy of capital investment to aid the economic recovery. The Spending Review 2015 confirmed this and announced plans to increase Central Government capital spending by £12 billion over the next 5 years. The Autumn Statement 2016 also announced a National Productivity Investment Fund, which will provide an additional £1.1 billion of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks, as well as announcing the intention to consult on lending authorities up to £1 billion at a new local infrastructure rate for three years to support infrastructure projects that are high value for money. The Autumn Budget 2017 announced a new £1.7bn Transforming Cities Fund that will target projects that drive productivity by improving connectivity, reducing congestion and utilising mobility services and technology, and it also confirmed that it will introduce the discounted interest rate for up to £1bn of infrastructure projects. As such the Business Plan anticipates as a general principle that overall capital grant allocations will remain constant from 2018-19 onwards.

In 2014-15, the Department for Education 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. The allocations were £25.0m for 2018-19 and going forward are £6.9m for 2019-20, and £20.6m for 2020-21. 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 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 it was anticipated that the Council's funding from this area would be reduced further – the Council's 2018-19 funding allocation was only actually £166k lower than the previous year, however it is anticipated that funding will still reduce further in 2019-20.

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. To date, the Government has given approval to 8 new free schools in Cambridgeshire to pre-implementation stage. Not all of these, however, are in areas where the Council has an identified basic need requirement. The process for Wave 13 applications was announced by the Government in May 2018. There is much stricter criteria in place around this wave therefore it is unclear at this time whether there will be any applications for Cambridgeshire.

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

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

The Greater Cambridge / Greater Peterborough LEP submitted a funding bid into the 2015-16 SLGF process, the results of which were announced in July 2014. A number of proposals put forward by the LEP were approved, including £5m for the Council's King's Dyke Crossing scheme. The LEP subsequently submitted a bid to the 2016-17 SLGF, which the Government announced in January 2015 was successful and the LEP received an additional £38m. The LEP agreed to allocate £16m of this funding to the Council's Ely Crossing scheme, in addition to a further £1m for work on the Wisbech Access Strategy. This was a new scheme, added into the 2015-16 Capital Programme and is currently in delivery. The third round of growth deals was announced in January 2017; the individual allocation for the Greater Cambridge / Greater Peterborough LEP was an additional £37m.

Moving forward, the recently formed Cambridgeshire and Peterborough Combined Authority (CPCA) has taken on the responsibilities of the local highway authority and therefore the CPCA now receives DfT funding designated to the local highway authority, instead of the Council. The CPCA is continuing to commission the County Council to carry out the required works on the highway network. In addition, from April 2018 the Greater Cambridge / Greater Peterborough LEP ceased to exist and was relaunched as a new LEP, The Business Board, supported by the CPCA.

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 2018:

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

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

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

will aim to provide concessions consistently across the Authority, in line with the Best Practice Guidance.

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 2019-20 to 2023-24

	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000
Business Rates plus Top-up	66,231	67,587	69,008	70,459	71,942
Council Tax	293,734	303,716	314,021	324,920	336,209
Revenue Support Grant	-7,170	-7,170	-7,170	-7,170	-7,170
Other Unringfenced Grants	10,352	33,477	33,115	33,514	33,442
Dedicated Schools Grant (DSG)	232,219	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	26,487	14,086	14,086	14,086	14,086
Other Ringfenced Grants	37,619	12,059	12,059	12,059	12,059
Fees & Charges	141,719	142,236	143,386	144,312	145,225
Total gross budget	**814,625**	**811,644**	**824,158**	**837,833**	**851,446**
Less grants to schools (1)	-245,653	-245,653	-245,653	-245,653	-245,653
Schedule 2 DSG plus income from schools for traded services to schools	50,742	50,742	50,742	50,742	50,742
Total gross budget excluding schools	**619,714**	**616,733**	**629,247**	**642,922**	**656,535**
Less Fees, Charges & Ringfenced Grants	-256,567	-219,123	-220,273	-221,199	-222,112
Total net budget	**363,147**	**397,610**	**408,974**	**421,723**	**434,423**

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

Local Government Finance Settlement

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

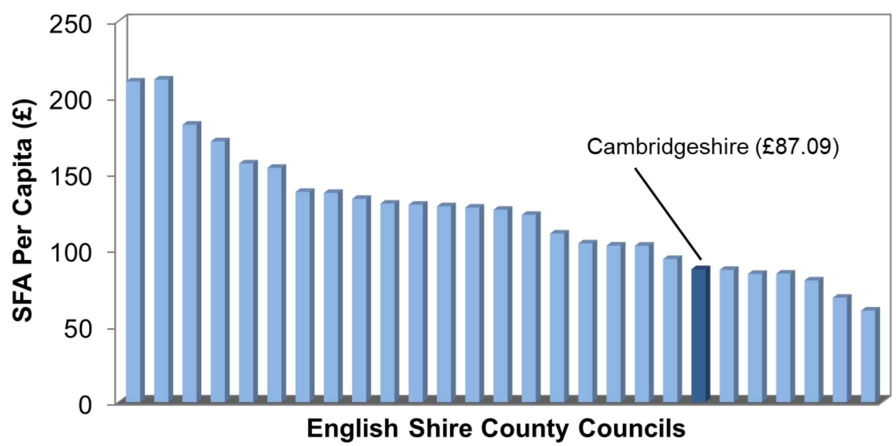
The headline position, as updated by the provisional 2019-20 Local Government Finance Settlement for Cambridgeshire County Council, is a 15% reduction in the Settlement Funding Assessment per capita from government in 2019-20. The overall change in government funding when specific grants are included is a reduction of 6.2%.

Table 6.2: Comparison of Cambridgeshire's 2018-19 and 2019-20 overall Government funding

	2018-19 £000	2019-20 £000
Business Rates plus Top-up	64,039	66,230
Revenue Support Grant	3,915	-7,170
Other Unringfenced Grants	11,304	10,353
Better Care Funding	24,744	26,487
Other Ringfenced Grants	38,312	37,619
Government Revenue Funding (excluding schools)	**142,314**	**133,519**
Difference		**-8,795**
Percentage cut		-6.2%

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 2019-20 Cambridgeshire's SFA award per head of population was the seventh lowest of all shire county councils, at only £87.09 compared to the average of £122.99.

Figure 6.2: County Council SFA per Capita 2019-20



Revenue Support Grant

Within this overall reduction, the cuts to Revenue Support Grant (RSG) are the most severe with the Council's allocation having reduced by £93m since 2013-14. We are forecasting continued significant cuts with the grant becoming negative in 2019-20. Negative RSG is currently subject to a Government consultation with the preferred option being to write off the negative element using Central Government's share of business rate receipts.

These reductions are based on cuts of 13.2% in the Local Government Spending Control Totals.

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

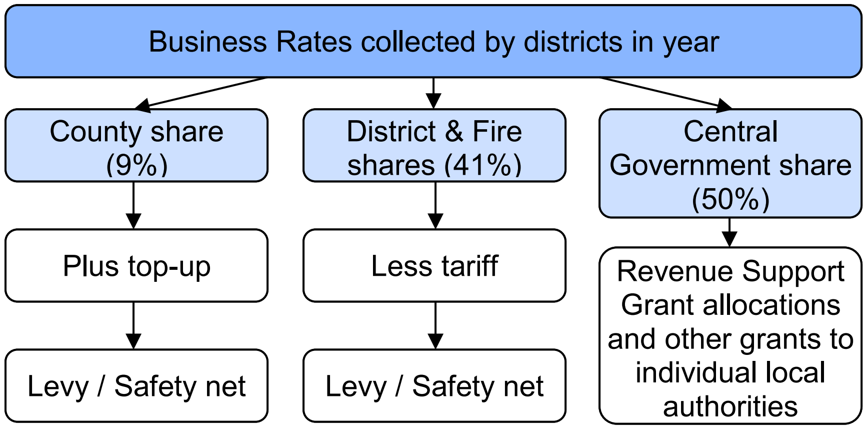
Business Rates Retention Scheme

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

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

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

Figure 6.3: Business Rates Retention Scheme



On top of their set share, each authority pays a tariff or receives a top-up to redistribute business rates more evenly across authorities. The tariffs and top-ups were set in 2013-14 based on the previous 'Four Block Model' distribution and are increased annually by September CPI inflation (this was RPI prior to 2018-19). A levy and 'safety net' system also operates to ensure that a 1% increase in business rates is limited to a 1% increase in retained income, with the surplus funding any authority whose income drops by more than 7.5% below their baseline funding.

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

Despite moving to a new funding framework the new model locked in elements of the previous system which were of concern. The relative allocation of top-up and RSG is effectively determined by the 2012-13 Four Block Model distribution. Cambridgeshire County Council has long been concerned about the use of the Four Block Model, particularly in reflecting accurately the costs and benefits of growth as well as the relative efficiency of local authorities and the pockets of deprivation in some areas of Cambridgeshire. The consultation regarding the replacement of the current funding model is currently open and will feed into the system which is due to be rolled out in 2020-21 – Cambridgeshire County Council Members have already initiated positive steps to ensure our voice is heard in this critical forum.

We have used modelling undertaken by Cambridgeshire billing authorities (City and District Councils) to forecast our share of business rates. However, there is a significant risk to the accuracy of these forecasts in particular due to the ongoing legal proceedings which will affect whether NHS sites received business rate discounts

Council Tax

The Government sets Council tax referendum principles annually which stipulate the maximum percentage increase which local authorities may apply without triggering a referendum. In 2018-19, the maximum increase in the basic level of council tax was raised from 1.99% to 2.99%. The Secretary of State announced that this would give local authorities "the independence they need to help relieve pressure on local services" while "recognising the need to keep spending under control". Due to significant sustained pressure on Council budgets during the current spending review period, the Government has set out its intention to maintain the same core principle in 2019-20.

Cambridgeshire County Council starts the Business Planning Process with a Council Tax rate below the average for all counties. Responding to the need to protect vital services and put the Council's finances on a firm footing, the Council is increasing basic council tax by 1.99% in 2019-20. Prior to 2018-19, Council tax had not been increased in three years. The increase of 1.99% is in line with the inflation forecasts of the Office of Budgetary Responsibility set out earlier in this document.

Adult Social Care Precept

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

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

The Council chose not to use this additional flexibility, levying a 2% precept for 2018-19 and projecting this to continue for all five years of the Medium Term Strategy. It should be noted that the availability of the Adult Social Care precept beyond 2019-20 has not yet been confirmed by Government and this assumption will be revisited annually and updated as required.

Council Tax Requirement

The current Council Tax Requirement (and all other factors) gives rise to a 'Band D' Council Tax of £1,299.70. This is an increase of 3.99% on the actual 2018-19 level due to levying the Adult Social Care Precept and 1.99% increase in basic 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 2019-20

	2019-20 £000	% Rev. Base
Adjusted base budget	**801,509**	
Transfer of function	-38	
Revised base budget	**801,471**	
Inflation	6,328	0.8%
Demography	7,380	0.9%
Pressures	14,371	1.8%
Investments	-3,260	-0.4%
Savings	-32,660	-4.1%
Change in reserves/one-off items	20,995	2.6%
Total budget	**814,625**	**101.7%**
Less funding:		
Business Rates plus Top-up	66,231	8.3%
Revenue Support Grant	-7,170	-0.9%
Dedicated Schools Grant	232,219	29.0%
Unringfenced Grants (including schools)	23,786	3.0%
Ringfenced Grants	64,106	8.0%
Fees & Charges	141,719	17.7%
Surplus/deficit on collection fund	-	0.0%
Council Tax requirement	**293,734**	**36.7%**
District taxbase	226,004	
Band D	**1,299.69**	

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 2018-19 £
A	6/9	866.46	33.24
B	7/9	1,010.87	38.78
C	8/9	1,155.28	44.32
D	**9/9**	**1,299.69**	**49.86**
E	11/9	1,588.51	60.94
F	13/9	1,877.33	72.02
G	15/9	2,166.15	83.10
H	18/9	2,599.38	99.72

Unringfenced grants

The Council expects to receive £10.354m in unringfenced grants in 2019-20; a reduction of £0.95m on the 2018-19 total of £11.305m. This is principally due to the discontinuation of the Adults Social Care Support Grant provided by Government in 2017-18 and 2018-19 to assist Council's in meeting the rising cost of social care. The 2018-19 Local Government Finance Settlement confirmed the Public Health Grant would remain ringfenced until 2020-21 at which point it will be rolled into the shift to 75% business rates retention. This has resulted in a shift in savings ask to Public Health Grant funded expenditure in order match the level of grant funding available. Planning collaboratively across directorates on an outcomes basis should enable the Council to reach a position where the presence or absence of the ringfence becomes less important. However there may be a risk that when the ringfence is removed, Public Health England will require achievement of performance and activity targets which require more funding to deliver than we are currently allocating.

Table 6.5: Unringfenced grants for Cambridgeshire 2019-20

	2019-20 £000
New Homes Bonus	3,384
Education Services Grant	1,511
Other	5,459
Total unringfenced grants	**10,354**

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.
The improved Better Care Fund announced in the Spring 2017 budget, is worth £12.4m in 2019-20, the future of this funding

source is uncertain beyond 2019-20 thus the MTFS assumes it will be zero from 2020-21 onwards.

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

Fees and charges

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

Dedicated Schools Grant

The Council receives the Dedicated Schools Grant (DSG) from the Government and it is therefore included in our gross budget figures in table 6.1. However, this grant is ring-fenced to pass directly on to schools, other education providers and services. This plan therefore uses the figure for "total budget excluding grants to schools". The DSG funding arrangements for 2019-20 are based on a national funding formula introduced in 2018-19 which provides a cash increase of 0.5% (a year) per pupil for every school. The impact on individual schools will be dependent on their individual circumstances, whilst centrally retained services will be funded based on the overall level of available resources.

Capital programme spending
THIS SECTION WILL BE UPDATED FOLLOWING THE FIRST REVISION OF THE 2019-20 PROGRAMME FOR OCT COMMITTEES

The 2018-19 ten year capital programme worth £812m is currently estimated to be funded through £616m of external grants and contributions, £122m of capital receipts and £75m of borrowing (Table 6.6). This is in addition to previous spend of £609m on some of these schemes creating a total Capital Programme value of £1.4 billion. Due to the increase in borrowing in relation to the Council's Housing Delivery Vehicle (HDV) the revenue impact of prudential borrowing is due to increase from £26.0m in 2018-19, to £38.5m by 2022-23 however this will be more than offset by the forecast income from surpluses generated by the HDV.

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

	Prev. years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later years £000	Total £000
Grants	186,988	54,034	34,309	35,464	35,614	37,592	76,427	**460,428**
Contributions	74,378	23,040	35,422	50,660	25,882	14,235	192,872	**416,489**
General capital receipts	5,058	81,126	26,293	5,098	6,493	500	2,500	**127,068**
Prudential borrowing	203,660	60,994	91,480	24,179	15,212	11,299	10,530	**417,354**
Prudential borrowing (repayable)	139,047	36,309	5,477	-16,343	3,071	-4,746	-162,802	**13**
Total funding	**609,131**	**255,503**	**192,981**	**99,058**	**86,272**	**58,880**	**119,527**	**1,421,352**

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

- Providing for demographic pressures regarding new schools and children's centres (£570m)
- Housing Provision (£184m)
- Commercial Investment Portfolio (£100m)
- Major road maintenance (£83m)

- Ely Crossing (£49m)
- Rolling out superfast broadband (£36m)
- A14 Upgrade (£25m)
- Shire Hall Relocation (£17m)
- King's Dyke Crossing (£14m)
- Integrated Community Equipment Service (£13m)
- Cycling City Ambition Fund (£8m)
- Waste Facilities – Cambridge Area (£8m)
- ~~Soham Station (£7m)~~ [now CPCA]
- Cambridgeshire Public Services Network Replacement (£6m)
- Cambridge Cycling Infrastructure (£5m)
- Abbey – Chesterton Bridge (£5m)
- MAC Joint Highways Depot (£5m)
- Development of Archive Centre premises (£5m)

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

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

	Prev. years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later years £000	Total £000
Ongoing	79,062	8,571	10,023	18,283	23,327	23,455	19,216	**181,937**
Commitments	529,244	153,186	110,564	55,510	29,497	9,720	40,791	**928,512**
New starts:								
2018-19	660	91,686	44,244	4,675	12,120	4,600	270	**158,255**
2019-20	150	2,060	28,150	19,790	6,158	270	-	**56,578**
2020-21	-	-	-	-	-	-	-	**-**
2021-22	-	-	-	400	7,750	2,900	200	**11,250**
2022-23	15	-	-	-	1,020	13,185	12,710	**26,930**
2023-24	-	-	-	250	5,000	3,950	22,390	**31,590**
2024-25	-	-	-	150	1,400	800	23,950	**26,300**
2025-26	-	-	-	-	-	-	-	**-**
Total spend	**609,131**	**255,503**	**192,981**	**99,058**	**86,272**	**58,880**	**119,527**	**1,421,352**

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

Scheme	Prev. years £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	Later years £000	Total £000
P&C	192,087	87,820	116,239	75,585	50,814	36,168	81,569	**640,282**
P&E	289,614	35,956	26,203	19,700	20,654	21,912	19,238	**433,277**
CS & Managed	6,204	8,453	3,027	2,973	2,753	-	-	**23,410**
C&I	121,226	123,274	47,512	800	12,051	800	18,720	**324,383**
LGSS	-	-	-	-	-	-	-	**-**
Total	**609,131**	**255,503**	**192,981**	**99,058**	**86,272**	**58,880**	**119,527**	**1,421,352**

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

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

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

7) Balancing the budget

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

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

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

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

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

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

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

Detailed spending plans for 2019-20, 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 the following 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.

- **Innovate & Cultivate 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.

- **Smoothing Fund** – In January 2018, the Council's General Purposes Committee agreed to allocate the additional funds raised from the increase in general council tax, beyond those used to balance the 2018-19 budget, to a smoothing reserve. This reserve will be topped up in 2019-20 using additional council tax receipts due to the 2.99% increase in 2018-19 and planned increase of 1.99% in 2019-20.

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 2019-20 to 2023-24

Balance as at:	31 March 2019 £m	31 March 2020 £m	31 March 2021 £m	31 March 2022 £m	31 March 2023 £m	31 March 2024 £m
General reserve	11.9	16.6	16.6	16.6	16.6	16.6
Earmarked reserves	27.9	27.9	27.9	27.9	27.9	27.9
Schools reserves	21.9	21.9	21.9	21.9	21.9	21.9
Transformation & Innovation Funds*	19.8	27.3	34.1	40.4	46.1	51.3
Smoothing Reserve	3.4	12.7	22.0	31.3	40.6	49.9
Total	**84.9**	**106.4**	**122.5**	**138.1**	**153.1**	**167.6**
General reserve as % of gross non-school budget	2.1%	3.0%	3.0%	3.0%	2.9%	2.8%

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

Adequacy of the general reserve

Greater uncertainties in the Local Government funding environment, such as arise from the Business Rates Retention Scheme and localisation of Council Tax Benefit, increase the levels of financial risk for the Council. As a result of these developments we reviewed the level of our **general reserve** and have set a target for the underlying balance of no less than 3% of gross non-school spending in 2019-20, 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 2019-20 to 2023-24

Risk	Source of risk	Value £m
Inflation	0.5% variation on Council inflation forecasts.	0.7
Demography	0.5% variation on Council demography forecasts.	0.7
Interest rate change	0.5% variation in the Bank of England Base Rate.	0.1
Council Tax	Inaccuracy in District tax base forecasts and collection levels.	1.2
Business Rates	Inaccuracy in District taxbase forecasts of County share of Business Rates to the value which triggers the Safety Net.	0.5
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.	1.4
Deliverability of savings against forecast timescales	Savings to deliver Business Plan not achieved.	2.6
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
Unidentified risks	Unknown	6.3
Balance		**16.6**

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.

Appendix 1 – Fees and Charges Best Practice Guidance

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

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

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

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

PURPOSE OF THE GUIDANCE

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

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

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

ASSESSMENT OF CHARGING LEVELS – THE STANDARD CHARGE

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

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

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

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

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

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

LEVEL OF SUBSIDY

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

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

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

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

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

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

CONCESSIONS

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

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

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

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

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

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

CHARGING EXEMPTIONS

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

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

PROCESSES AND FREQUENCIES

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

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

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

COLLECTION OF CHARGES AND OUTSTANDING DEBTS

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

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

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

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

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

APPROVALS

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

MONITORING AND IMPROVEMENT

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

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

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

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

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

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

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

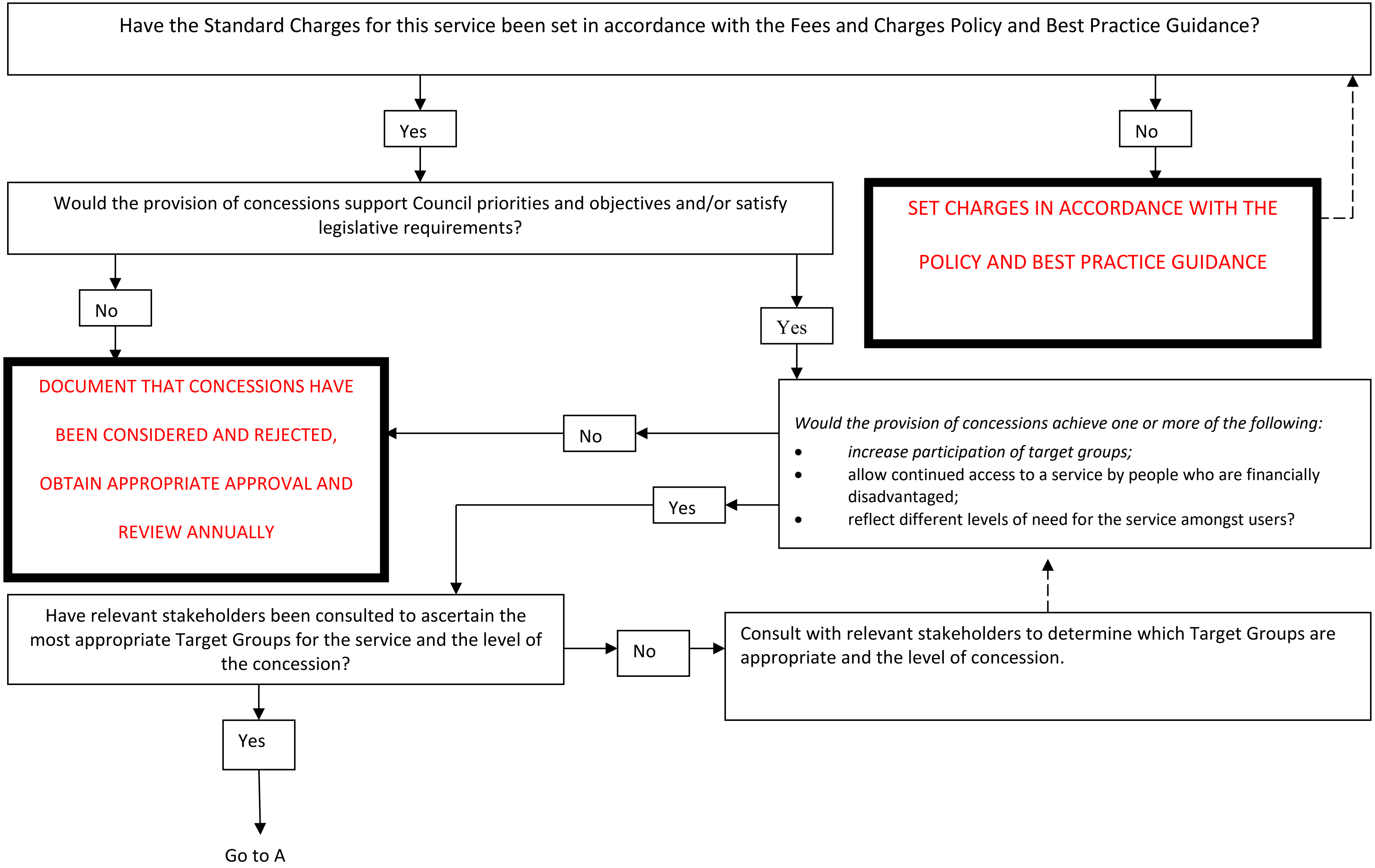
UNDER/OVERACHIEVEMENT OF FEES AND CHARGES.

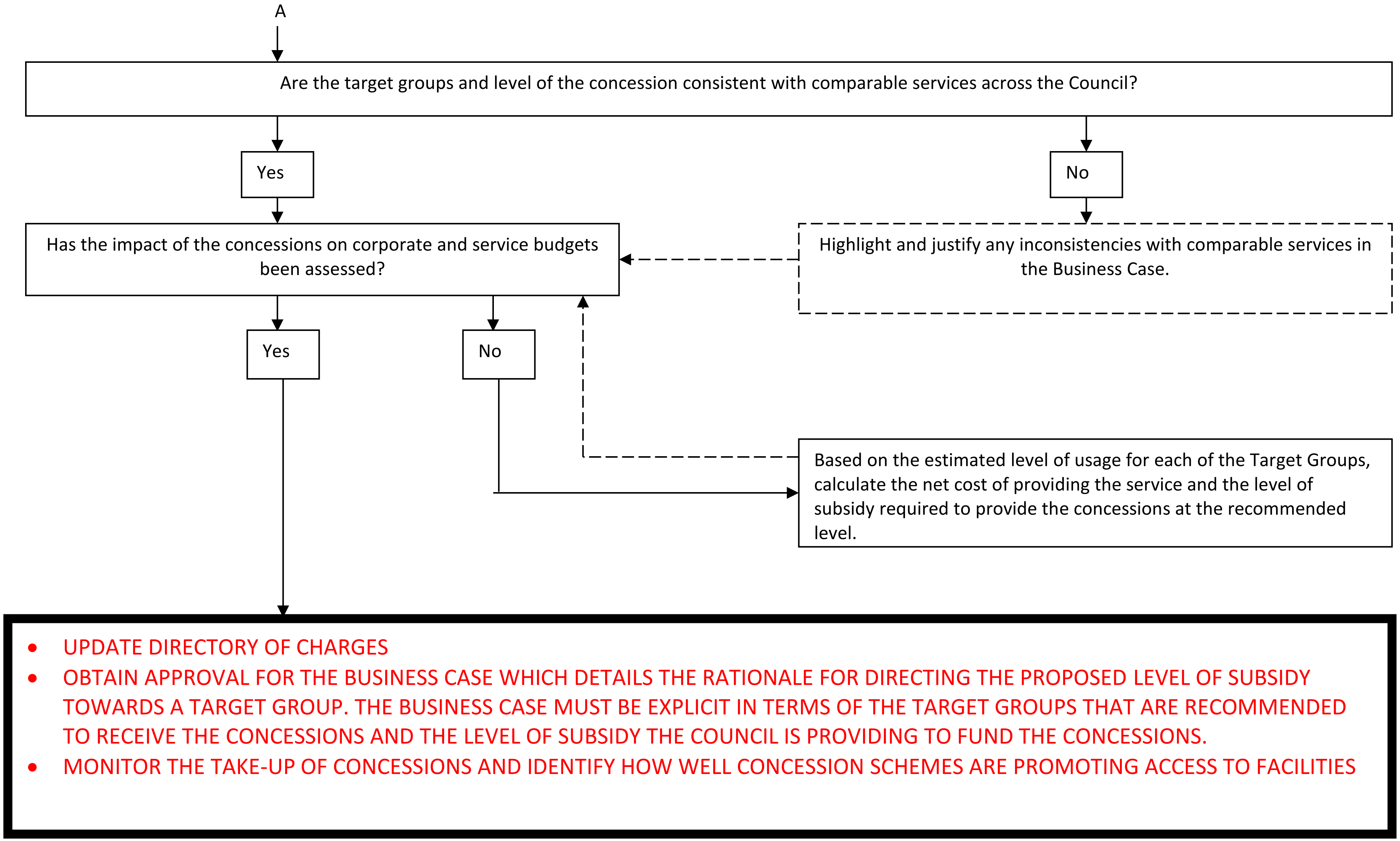
At a level deemed appropriate by the relevant service, a clear escalation process should be in place for the under or overachievement of charges.

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

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

FEES AND CHARGES: CONCESSIONS




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

Agenda Item No: 7

CAPITAL STRATEGY

To:	**General Purposes Committee**
Meeting Date:	**20th September 2018**
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. However, all capital schemes can potentially also impact on revenue.**
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.

And to:

c) Note the areas for potential reduction in cost as set out in section 4 and for further consideration by service committees.

	Officer contact:		*Member contacts:*
Name:	Chris Malyon	Names:	Councillors Count & Hickford
Post:	Chief Finance Officer	Post:	Chair/Vice-Chair
Email:	Chris.Malyon@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 699796	Tel:	01223 706398

1. BACKGROUND

1.1 The Council's Capital Strategy (see Appendix A) is revised each year to ensure it is up to date and fully comprehensive. As all capital schemes have the potential to impact on the revenue position, in order to ensure that resources are allocated optimally, capital programme planning needs to be determined in parallel with the revenue budget planning process.

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. General Purpose Committee will see the detailed results of this prioritisation process in later in the process.

2.2 In light of the Council's increasingly challenging financial position, the programme is being reviewed more thoroughly as part of the 2019-20 planning process to ensure that the programme is not placing undue pressure on the tightly controlled revenue position.

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 below 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 2018-19 Business Plan.

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Restated advisory limit	37.9	38.6	39.2	39.7	40.3	40.8
2018-19 Business Plan debt charges (including Invest to Save schemes)	26.0	29.0	34.7	36.7	38.5	N/A
Headroom between advisory limit and 2018-19 debt charges	**11.9**	**9.6**	**4.5**	**3.0**	**1.8**	**N/A**

4. REVIEWING THE STRUCTURE AND TIMING OF THE CAPITAL PROGRAMME

4.1 As part of the ongoing transformational activity being undertaken in order to narrow the revenue budget gap in the 2019-20 Business Plan, the Capital Programme has undergone a fundamental review to determine if schemes can be reduced, amended, removed or delayed in order to help deliver revenue savings through reduced costs of borrowing.

4.2 The results of this review can be summarised as follows:

- Where schemes have already been let to contractors, there is very little opportunity (in addition to the work services already do as part of ongoing contract management) to reduce costs further. In addition, it would actually cost the Council more to remove or postpone these schemes due to contract and inflation costs.

- There are a significant number of schemes that are either being delivered in partnership, with the use of grant funding, or as a result of developer contributions. As such, there is little that can be done to amend these schemes.

- Where schemes are being delivered in response to a statutory requirement, it is unlikely that a scheme can be removed but it is possible that the scheme can be delivered in an alternative way, the cost can be reduced or the scheme can be delayed, all of which would provide either temporary (in the case of delay) or long-term revenue benefit to the Council.

- The schemes that are therefore sensible to delay are those that have not yet been let to contractors. These tend to have start dates of at least 2019-20, if not later, and as such provide no immediate benefit to the revenue position. In addition, the Council’s current accounting policies mean that neither Minimum Revenue Provision (MRP) – the cost of repaying borrowing – nor interest costs on borrowing are charged to revenue whilst a scheme is in progress. As such, due to these schemes generally taking at least one year to complete, the revenue benefit of removing, delaying or reducing the cost of these schemes would not be realised until at least 2020-21.

- As part of a longer-term strategy to reduce costs, there are several areas that have been identified in relation to the Education Capital Programme in particular, where work could be undertaken to reduce scheme costs in the future if there is appetite to do so. These include SuDS (Sustainable Drainage Systems), highways improvements, public art, cycle storage and BREEAM (Building Research Establishment Environmental Assessment Method).

4.3 As a result of this review, two schemes have been removed from the programme:

- One school scheme involving replacement of (newly acquired) mobile accommodation with permanent accommodation – revenue benefit of around £414k from 2021-22
- Soham Station (to be delivered by the Cambridgeshire and Peterborough Combined Authority) – revenue benefit of around £310k from 2024-25

4.4 There is potential for the following scheme to be removed, but this is pending review of the waste revenue savings proposals:

- Waste schemes – revenue benefit of around £300k from 2020-21

4.5 There are several Education schemes in the programme which relate to replacement of temporary accommodation with permanent accommodation which could be delayed if it is felt beneficial to the revenue position (however this would be contingent on securing further planning permission). The earliest revenue benefit for doing so would not be realised until 2023-24 and each scheme would save between £35k and £170k per annum. In all cases there would be a temporary benefit for each year that the scheme is delayed, but this would be partially off-set by additional costs in later years due to the impact of higher inflation.

4.6 There is one significant Education scheme that could be delayed by one year depending on updated pupil forecasts, which would generate a one-off revenue benefit of around £1.5m in 2020-21. Again, this would be partially off-set by additional costs in later years due to the impact of higher inflation.

4.7 It is anticipated that service committees will consider these and any further proposals emerging to reduce or delay capital costs in October committees.

5. ALIGNMENT WITH CORPORATE PRIORITIES

5.1 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.

5.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

5.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

This report provides details of how amendments made as part of the process of planning for capital schemes has a direct impact on both capital and revenue (through debt charges). Reviewing both the advisory debt charges limit and the detail of schemes already included in the programme will ensure that resources are targeted efficiently, effectively and equitably, and will provide Value for Money.

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

6.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

6.4 Equality and Diversity Implications

There are no significant implications within this category.

6.5 Engagement and Consultation Implications

There are no significant implications within this category.

6.6 Localism and Local Member Involvement

There are no significant implications within this category.

6.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes 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?	N/A
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
Draft Capital Strategy 2019-120	Octagon First Floor Shire Hall Cambridge
Council Business Plan 2018-23	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 and Investment Strategy. It is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding.

2: Vision and outcomes

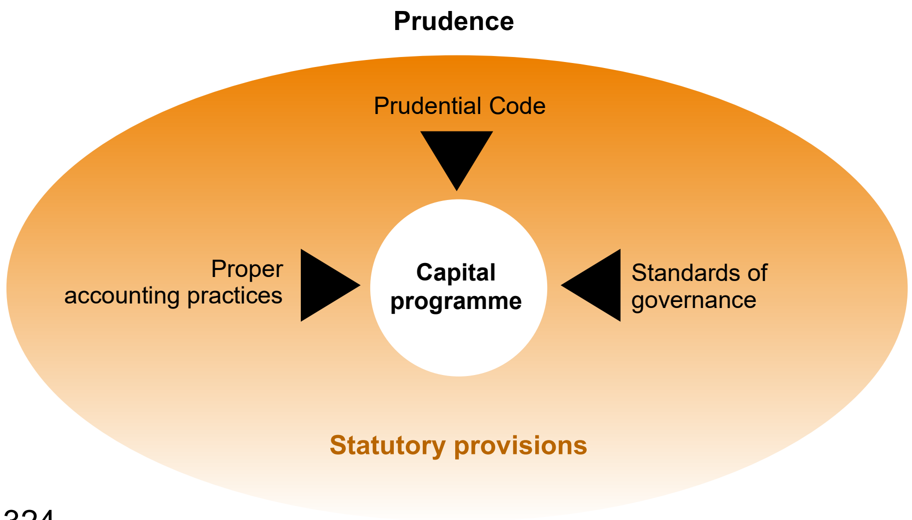
The Council achieves its vision of *"Making Cambridgeshire a great place to call home"* through delivery of its Business Plan which targets key priority outcomes. To assist in delivering the Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'),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

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

3: Operating framework

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

The framework is based on the following foundations:



4: Capital Expenditure

Capital expenditure, in accordance with proper practice (as defined by CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2018-19) 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 charged 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 an authority wishes to do so.

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

5: Capital funding

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

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

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

The Council will only look to borrow money to fund a scheme either to allow for cashflow issues for schemes that will generate payback (via either savings or income generation), or if all other sources of funding have been exhausted but a scheme is required. Therefore

[1] In addition, expenditure can be classified as capital in the unlikely scenario that:

- It meets one of the definitions specified in regulations made under the 2003 Local Government Act;
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

in order to facilitate this, the Council will re-invest 100% of all capital receipts received (after funding costs of disposal up to the allowable limit of 4% of receipt) back into the Capital Programme.

6: External environment

The Council uses a mixture of funding sources to finance its Capital Programme.

Developer Contributions

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

Developer contributions have also been affected 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 still in place for large developments). Although this is designed to create a more consistent charging mechanism, it also complicates the ability of the Council to fund the necessary infrastructure requirements created by new development due to the changes in process and the involvement of the city and district councils who have exclusive legal responsibility for determining expenditure. The Council 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 their draft schedules are currently being revised, with no new timescales announced as yet, and Fenland District Council has decided not to implement at present. In addition, since April 2015 it has no longer been possible to pool more than five developer contributions together on any one scheme, further reducing funding flexibility.

Government Grants

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

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

The Autumn Budget 2017 announced that a £1.7bn Transforming Cities Fund would be created out of the NPIF in 2018-19 to target projects that drive productivity by improving connectivity, reducing congestion and utilising mobility services and technology. The Cambridgeshire and Peterborough Combined Authority was allocated £74m from this fund. The Pothole Action Fund was also allocated a further £46m for 2017-18, from which the Council was allocated an additional £0.8m. In March 2018 the Government announced a further £100m increase to the Pothole Action Fund, from which the Council received £1.6m in 2018-19.

The Autumn Budget 2017 also announced some key measures in relation to the Cambridge-Milton Keynes-Oxford corridor, including; a commitment to build up to 1m new homes in the area by 2050, £5m to develop the proposals for Cambridge South Station, and construction on key elements of the Expressway between Cambridge and Oxford, ready to be open by 2030. Finally, the Budget confirmed the previous intention to introduce a new discounted interest rate that will be accessible to authorities for 3 years to support up to £1bn of infrastructure projects that are 'high value for money'.

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

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

In addition to lobbying the DfE, the Council has also sought in the meantime to maximise its Basic Need funding going forward by establishing how the new funding allocation model works and providing data to the DfE in such a way as to maximise our allocation. The allocations were £25.0m for 2018-19 and going forward are £6.9m for 2019-20, and £20.6m for 2020-21. 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 it was anticipated that the Council's funding from this area would be reduced further – the Council's 2018-19 funding allocation was only actually £166k lower than the previous year, however it is anticipated that funding will still reduce further in 2019-20.

The National Infrastructure Delivery Plan commits to investment of £23bn over the period 2016 to 2021 to deliver 500 new free schools, over 600,000 additional school places, rebuild and refurbish over 500 schools and address essential maintenance needs. To date, the Government has given approval to 8 new free schools in Cambridgeshire to pre-implementation stage. Not all of these, however, are in areas where the Council has an identified basic need requirement. The process for Wave 13 applications was announced by the Government in May 2018. There is much stricter criteria in place around this wave therefore it is unclear at this time whether there will be any applications for Cambridgeshire.

The DfE also announced in October 2017 an additional £100m funding stream called the Healthy Pupil Capital Fund which was available for schools to provide physical education and after-school activities, as well as to support healthy eating, mental health and well-being and medical conditions. The Council's allocation for 2018-19 was only £0.4m.

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 funding for transport, education and revenue, 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 share of this funding; it was awarded £3.5m in April 2017. The Incentive Fund is to help reward local highway authorities who can demonstrate they are delivering value for money in carrying out asset management to deliver cost effective improvements. Each authority has to score themselves against criteria that determines which of three bands they are allocated to (Band 3 being the highest performing). The Council successfully achieved Band 3 for 2017-18 and 2018-19 which provided the maximum available funding (£13.3m and £14.5m respectively).

Moving forward, the Cambridgeshire and Peterborough Combined Authority (CPCA) has taken on the responsibilities of the local highway authority and therefore the CPCA now receives DfT funding designated to the local highway authority, instead of the Council. The CPCA is continuing to commission the Council to carry out the required works on the highway network.

External Pressures

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

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

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

7: Working in partnership

The Council is committed to working with partners in the development of the County and the services within it. There are various mechanisms in place that provide opportunities to enhance the investment potential of the Council with support and contributions from other third parties and local strategic partners. One of the 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. 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 called the Greater Cambridge Partnership. 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 Peterborough LEP, became 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 strived 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 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 successful bid to the 2016-17 SLGF, which the Government announced in January 2015, 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.

Following the establishment of the CPCA, from April 2018 the Greater Cambridge / Greater Peterborough LEP ceased to exist and was relaunched as a new LEP, The Business Board, supported by the CPCA.

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

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

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

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

- Rolling out and exploiting better broadband infrastructure across the County; with Peterborough City Council, the district councils, the Local Enterprise Partnership, local businesses and the universities; and

- OPE projects, being delivered in conjunction with OPE partners, including;
  - Care provision at Ida Darwin Hospital site in Fulbourn, Cambridge
  - Huntingdon Jobcentre / Huntingdonshire District Council Pathfinder House co-location in Huntingdon
  - Creation of a shared Highways Depot at Swavesey
  - Ely and Wisbech Hospitals redevelopment project
  - Various Community Hubs projects across the County
  - Oak Tree housing redevelopment in Huntingdon.

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, procedures and working arrangements relating to property assets.

The Council's Asset Management Strategy is currently under review and will be developed under the guidance of 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

This will be developed in line with the Cambs 2020 vision, which will see the Council move out of its current main base in Cambridge and adopt a Hubs and Spokes model of office accommodation. 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, which has seen the establishment of a wholly-owned housing company in order to allow the Council to become a developer of its own land, principally for housing. This requires significant capital investment through loans to the company for development purposes, but will generate ongoing revenue streams for the Council, as well as significant amounts of capital receipts that will be re-invested;

- The Programme also has a commercial investment strand, where the Council is developing a portfolio of strategic investments which will provide ongoing revenue streams. These investments will be completed using the Council's Acquisitions Strategy; this was initially adopted by Commercial & Investment Committee in 2017, however it is undergoing further review as the Council increases activity in this area, and in response to revised Central Government guidance on financing such schemes;

- The County Farms Estate Strategy is currently subject to an Outcome Focused Review which will feed into both the Asset Management Strategy and the Development Programme;

- A review of the provision of back office accommodation as part of the Cambs 2020 scheme.

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 Education 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 and early years and childcare 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 Education Programme is prioritised.

Although the Programme is largely driven by demographic changes, 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 Design and Build 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, 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 additional places will come forward in the foreseeable future, it can prove 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, some distance from their local communities, 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, pupil 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. 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 2017 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, towards the start of each Business Planning Process, Council determines what proportion of revenue budget is spent on services and the corresponding maximum amount to be spent on financing borrowing. This is achieved by setting an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. This in turn can be translated into a limit on the level of borrowing included within the Capital Programme (this limit excludes ultimately self-funded schemes).

In order to afford a degree of flexibility from year to year, changes to the phasing of the borrowing limits is allowed within any three-year block, so long as the advisory aggregate limit remains unchanged. Blocks refer to specific three-year periods, starting from 2015-16, rather than rolling three-year periods. The advisory limit on debt charges is reviewed each year by GPC to ensure that changing factors such as the level of interest rates, or the external funding environment are taken into account when setting both.

During the 2015-16 Business Planning process, the following debt charges limits and borrowing limits for three-year blocks were set:

	2015-16 (£m)	2016-17 (£m)	2017-18 (£m)	2018-19 (£m)	2019-20 (£m)	2020-21 (£m)	2021-22 (£m)	2022-23 (£m)	2023-24 (£m)
Debt Charges Limits	40.2	44.6	45.4	45.9	46.0	46.0	46.0	46.0	46.0
Three-Year Borrowing Limits	176.7			60.0			60.0		

However, due to the change in the Minimum Revenue Provision policy, agreed by Full Council in February 2016, these debt charge limits have been restated as follows:

	2015-16 (£m)	2016-17 (£m)	2017-18 (£m)	2018-19 (£m)	2019-20 (£m)	2020-21 (£m)	2021-22 (£m)	2022-23 (£m)	2023-24 (£m)
Restated Debt Charges Limits	-	35.3	36.8	37.9	38.6	39.2	39.7	40.3	40.8
Three-Year Borrowing Limits	176.7			60.0			60.0		

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

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

However, there will still be a revenue cost to these schemes, as with all other schemes funded by borrowing. Therefore, GPC will still need to review the timing of the repayments, in conjunction with the overall total level of debt charges to determine affordability of the Capital Programme, before recommending the Business Plan to Full Council.

Invest to Save and Invest to Earn schemes for all Services are expected to fund any revenue pressures, including borrowing costs, over the life of the asset. However, any additional savings or income generated in addition to this repayment will be retained by the respective Service and will contribute towards their revenue savings targets.

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government would allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects between 2016-17 and 2018-19. The Government then further extended this flexibility to cover a further 3 years until 2021-22. As part of the 2017-18 Business Plan, the Council decided to use this flexibility to fund transformational activity, and as a result, prudential borrowing undertaken by the Council for the years 2017-18 to 2021-22 will be between £2.3m and £3.0m higher in each respective year. This is expected to create additional Financing costs in the revenue budget of £150k to £200k each year. For further information, please see the Flexible Use of Capital Receipts Strategy contained within section 3 of the MTFS (Section 2).

In addition, the Council also amended its accounting policy for 2017-18 to include the capitalisation of the cost of borrowing within all schemes; this has helped the Council to better reflect the cost of assets when they actually become operational. Although the capitalised interest will initially be held on a Service basis within the Capital Programme, the funding will ultimately be moved to the appropriate schemes each year once exact figures have been calculated.

12: Managing the Capital Programme

The Capital Programme is monitored in year through monthly reporting, incorporated into the Integrated Resources and Performance Report. Services monitor their programmes using their monthly Finance and Performance reports, which are reviewed by the Service Committees. These feed into the Integrated Report which is scrutinised by CPB, submitted to Strategic Management Team, then is subsequently reviewed by GPC. The report identifies changes to the Capital Programme to reflect and seek approval for;

- new / updated resource allocations;
- slippage or brought forward programme delivery;
- increase / reduction in overall scheme costs; and
- virements between schemes to maximise delivery against the priorities of the Council.

It is inevitable that new demands and pressures will be identified by the Council on an ongoing basis, however as far as is possible addressing these requirements is undertaken as part of the next Business Planning Process, in line with Regulation 6.4 of the Scheme of Financial Management.

Therefore, all new capital schemes should be approved via the Business Plan unless there is an urgent need to seek approval that cannot wait until the next planning process (i.e. because the scheme is required to start within the current financial year, or the following financial year if it is too late to be included within the current Business Plan).

In these situations, any supplementary capital request will be prepared in consultation with, and with the agreement of, the Chief Finance Officer. The report will, where possible, be reviewed by the CPB before being taken to the Strategic Management Team by the relevant Director and the Chief Finance Officer, before any request for a supplementary estimate is put to GPC. As part of this report, in line with the Business Planning process, any new schemes costing more than £160,000 will be appraised as to the financial, human resources, property and economic consequences before detailed estimate provision is made.

New demands and pressures and changes to estimated costs and funding for ongoing schemes will also potentially result in the need for virements between schemes. All virements should be carried out in line with the limits set out in Appendix I of the Scheme of Financial Management, up to the upper limit of £250,000 by the Chief Finance Officer. Anything above this limit will be dealt with in line with the process for new schemes, and will be taken to GPC for approval as part of the monthly Integrated Resources and

Performance Report. Any over spends, whether in year or in relation to the whole scheme, once approved will be funded using applicable external sources and internal, non-borrowing sources first, before using borrowing as a last resort.

Once a project is complete, the CPB is also implementing a post-implementation review process for any significant schemes (schemes over £1m, or for schemes between £0.5m and £1m where the variance is more than 20%) in order to ensure that the Council learns from any issues encountered and highlights and follows best practice where possible. In addition, the Board can request for a review to be completed on any scheme where it is thought helpful to have one.

13: Summary of the 2018-19 Capital Programme

THIS SECTION WILL BE UPDATED FOLLOWING THE FIRST REVISION OF THE 2019-20 PROGRAMME FOR OCT COMMITTEES

Total expenditure on major new investments underway or planned includes:

- Providing for demographic pressures regarding new and improved schools and children's centres (£570m)
- Housing Provision (£184m)
- Commercial Investment Portfolio (£100m)
- Major road maintenance (£83m)
- Ely Crossing (£49m)
- Rolling out superfast broadband (£36m)
- A14 Upgrade (£25m)
- Shire Hall Relocation (£17m)
- King's Dyke Crossing (£14m)
- Integrated Community Equipment Service (£13m)
- Waste Facilities – Cambridge Area (£8m)
- ~~Soham Station (£7m)~~ [now CPCA]
- 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 £812.2 million, is budgeted to be funded through £615.6 million of external grants and contributions, £122.0 million of capital receipts and £74.7 million of borrowing. This is in addition to an estimated previous spend of £609.1 million on some of these schemes, creating a total Capital Programme value of £1.4 billion. The related revenue budget to fund capital borrowing is forecast to spend £26.0 million in 2018-19, increasing to £38.5 million by 2022-23.

The 2018-19 Capital Programme includes the following Invest to Save / Invest to Earn schemes:

Scheme	Total Investment (£m)	Total Net Return (£m)

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

Appendix 1: Allowable capital expenditure

Financial regulations proscribe certain costs from being capitalised, in particular administrative and other general overheads, together with employee costs not related to the specific asset (such as configuration and selection activities). Authorities are also required to write off any abnormal costs
that arose from inefficiencies (such as design faults, theft of materials etc.).

The following table provides some examples of what can and cannot be capitalised. The examples should be regarded as illustrative rather than definitive – interpretation of accounting rules requires some subjective judgement that will be affected by the specific circumstances of each project.

Item of expenditure	Capital or Revenue?	
Feasibility studies	**Revenue**	Until a specific solution has been decided upon, costs cannot be directly attributable to bringing an asset into working condition. This includes all costs incurred whilst deliberating on any issues, scoping potential solutions, choosing between solutions and assessing whether resources will be available to finance a project. However, feasibility studies can be capitalised if they occur after a decision has been made to go ahead with a particular option i.e. if they are directly attributable in bringing an asset closer to a working (or enhanced) condition.
Demolition of an existing building	**Capital**	Demolition would usually be an act of destruction that would be charged to revenue; however if the costs incurred are necessary in preparing a site for a new scheme, it can be argued that they are an integral part of the new works.
Costs of buying out sitting tenants of existing building	**Capital**	Similar to demolition costs, this would help prepare a site in its existing condition for the new works.
Initial delivery and handling costs	**Capital**	Required to bring the asset closer into working condition.
Costs of renting alternative accommodation for staff during building works	**Revenue**	All costs incurred in carrying out the regular business of the authority whilst construction is underway make no direct contribution to the value of the asset.
Site security during construction	**Revenue**	Although this activity protects the investment during construction, it does not enhance it.
Installation and assembly costs	**Capital**	Required to bring the asset closer into working condition.
Testing whether the asset is functioning properly	**Capital**	Required to bring the asset closer into working condition.

Rectification of design faults	**Capital**	Required to bring the asset closer into working condition. However, the previous expenditure incurred on the defective work would need to be written off to revenue.
Liquidated Damages	**Revenue**	Paying out damages as compensation for breaching a contract does not enhance the value of the asset.
Furniture and fittings	**Capital – but often revenue for CCC**	Items required to bring an asset into working condition are often capitalised as part of the overall cost of the scheme, even if such items fall below the de minimis limit of the authority. However, the Council's policy is to not capitalise equipment, therefore if the purchase is outside of an overarching property scheme, then the costs will be revenue. The downside of capitalisation is that it will not be possible to justify future replacement of furniture and fittings as being capital.
Training and familiarisation of staff	**Revenue**	The asset will be regarded as being in working condition, irrespective of whether anyone in the authority can use it.
Professional fees	**Capital**	But only to the extent that the service provided makes a contribution to the physical fabric of the new construction (e.g. architecture design) or the work required to bring the property into working condition for its intended use (e.g. legal advice in preparation of building contracts).
Borrowing costs	**Capital**	Any interest payable on expenditure incurred before the asset is in working condition can be added to the cost of the fixed asset. Any financing costs incurred after that date will be a charge to revenue. CCC is looking to amend its accounting policies in 2017-18 in order to be able to apply this.
Finance and Internal Audit staff costs	**Revenue**	These costs are generally incurred for governance reasons, rather than enhancing the value of the asset.

Appendix 2: Sources of capital funding

Central Government and external grants

Grant funding is one of the largest sources of financing for the capital programme. The majority of grants are awarded by Central Government departments including the Department for Education (DfE) and the Department for Transport (DfT). In addition, the Council receives grants from various external bodies, including lottery funded organisations. Grants can be specific to a scheme or have conditions attached, including time and criteria restrictions.

Capital receipts

The sale of surplus or poor quality capital assets as determined by the Asset Management Strategy generates capital receipts, which are reinvested in full in order to assist with financing the capital programme.

Section 106 (S106), Community Infrastructure Levy (CIL) and external contributions

S106 contributions are provided by developers towards the provision of public infrastructure (normally highways and education) required as a result of development. Capital schemes undertaken in new development areas are currently either completely or mostly funded by the S106 agreement negotiated with developers. The Community Infrastructure Levy (CIL) is a new levy that local authorities can choose to charge on new developments in their area that will replace a large proportion of S106 agreements once it comes into force. Other external contributions are made by a variety of organisations such as district councils, often contributing towards jointly funded schemes.

Private finance initiative (PFI) / Public private partnerships (PPP)

The Council makes use of additional government support through PFI and PPP and has dedicated resource to manage schemes that are funded via this source. Previous schemes that have been funded this way include Waste, Street Lighting and Schools. The Coalition Government has announced that this form of capital finance will be redesigned to provide improved value for money.

Borrowing (known as prudential borrowing)

The Council can determine the level of its borrowing for capital financing purposes, based upon its own views regarding the affordability, prudence and sustainability of that borrowing, in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2017. Borrowing levels for the capital programme are therefore constrained by this assessment and by the availability of the revenue budget to meet the cost of this borrowing, considered in the context of the overall revenue budget deliberations. Further information is contained within the Treasury Management Strategy Statement (Section 7 of the Business Plan).

Revenue Funding

The Council can use revenue resources to fund capital projects on a direct basis. However, given the general pressures on the revenue budget of the Council, it is unlikely that the Council will often choose to undertake this method of funding.

Appendix 3: Capital Programme governance

Development of revenue implications

Development of initial proposals

Progression of schemes from non-CPB approved to approved

Investment Appraisals (IAs) and Business Cases (BCs)

One document completed in two phases to avoid duplication (IA then BC)

Strategic Framework
Vision and Outcomes drive priorities for capital expenditure

Directorate
Develops proposals - scheme outlines, risks, business cases, robustness, financial considerations

IA

Finance Support
Assesses revenue implication of proposals, following review of all funding streams. Assists in building proposals & acts as a critical friend ensuring proposals and Investment Appraisals are robust

SMT / Service/C&I 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

Not Recommended – requires further development

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/C&I Committee / GPC (IR&PR)
Takes advice/recommendation from the CPB and approves new or changes to existing capital schemes if required outside of the budget setting process

May - February

Mid May
CPB reviews roll forwards and rephasing (for current year schemes)

May to Mid-August
Services review all existing schemes in programme and develop new bids, inc. IAs

Mid-August
CPB reviews capital IAs and BCs (Yr 1 schemes)

End August
SMT reviews whole programme

September
Service committees review programme
CPB reviews prioritisation of whole programme

October
GPC reviews prioritisation

November & December
Service committees review relevant parts of the revised programme

January
GPC reviews whole BP and recommends to Full Council

February
Full Council agrees BP

ONGOING

Year 1 schemes not yet approved via CPB – see above timescales

Year 2+ schemes reviewed by CPB as and when developed as part of monthly meetings

CPB monitors capital programme monthly

BCs for new / changed schemes sent to CPB before approval is requested by service committee / in monthly IR&PR

Agenda Item No:8

TRANSFORMATION FUND MONITORING REPORT QUARTER 1 2018/19

To:	**General Purposes Committee**		
Meeting Date:	**20 September 2018**		
From:	**Julia Turner, Transformation Manager**		
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 2018/19 financial year.**		
Recommendation:	**It is recommended that the Committee note and comment on the report and the impact of transformation fund investment across the Council.**		

	Officer contact:		***Member contacts:***
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1. BACKGROUND

1.1 General Purposes Committee (GPC) has responsibility for the stewardship of the Transformation Fund, approving business cases for new proposals and reviewing progress of the existing schemes.

1.2 This report provides GPC with a high level overview of how the proposals are meeting their financial objectives for schemes that have investment for Quarter 1 of 2018/19 using a Red, Amber Green (RAG) rating system. Service Committees continue to review relevant projects in detail as appropriate.

1.3 This report also highlights where the proposals contributed towards the Council's Outcomes and also where schemes provide benefits across the systems to other organisations, where known.

2. OVERVIEW OF TRANSFORMATION FUND PERFORMANCE

2.1 The table below provides a summary of investments which are rated blue as exceeding savings, green as 'on track' and those which are amber or red because the delivery of benefits is either delayed or will not be achieved as originally anticipated. The total invested and delivered to date and projected over the lifetime of the programme is provided in the overview.

RAG Rating	No of Schemes	Investment to Q1 (£000)	Total Investment Committed for scheme (£000)	Savings / Income to Q1 (£000)	Total Projected Saving/income over lifetime of scheme (£000)
Blue	1	0	120	-93	-315
Green	12	22	1638	-1677	-3952
Amber	1	0	250	-100	-1000
Red	2	185	1491	-1592	-4600
Total	**16**	**207**	**3499**	**-3462**	**-9867**

2.2 **Exceptions**

The following tables show details of the two schemes which are rated as RED in this quarter:

Scheme: Dedicated social work and commissioning capacity LD			**RED**
Investment to date	**Total scheme Investment Committed**	**Savings to date**	**Total scheme savings anticipated**
£185,000	£786,000	-£1,409,000	-£3,100,000

Service Comments:

The above saving figures include 18/19 progress only, however it is important to recognise the success from 17/18 savings from reassessments (reference A/R.6.114) have spanned multiple years. In 17/18, £2,001k savings were achieved through reassessments and this included savings accrued as a result of reassessments undertaken by both the Project Assessment Team (PAT) and Learning Disability (LD) Locality Teams.

In addition, because the work of PAT is not limited only to the reassessment work, it would also be beneficial to outline the wider financial benefit of using the transformation fund to invest in PAT.

There are three particular programmes of work that are delivering savings and efficiencies on behalf of the Learning Disabilities Partnership (LDP), these are:

1. Leading project to de-register residential homes for people living with disabilities and changing the service model to supported living delivering savings (£85k achieved to date in 18/19) and promoting greater independence for service users

2. Work to enable people living with learning disabilities who have been placed 'out of county' to move closer to their family by identifying a placement which is closer to home. There is a business plan savings target of £315k for this work, it is forecast to be delivered in full and to date £169k of savings have been banked (£169k of which is accrued to 2018/19 and £10k to 2019/20)

3. Leading negotiations with all providers on behalf of LD regarding annual fee uplifts within limited resources, applying expert brokerage support and best practice commercial logic to these negotiations on behalf of the council

The dedicated social work team and brokerage commissioning capacity has bought real time savings currently standing at 2.5m (recurrent) from a target 3.1m which I am confident can be reached by the end of this financial year. This has been achieved through standing firm in the implementation of the policy lines, negotiating hard with providers and ensuring VFM but never compromising on meeting the client's needs under the Care Act requirements.

Scheme: Looked After Children (LAC) Placement Budget Savings			RED
Investment to date	**Total scheme Investment Committed**	**Savings to date**	**Total scheme savings anticipated**
£0,000	£705,000	-£183,000	-£1,500,000

Service Comments:

The campaign to recruit in house foster carers launches on 12th September at the Abbey Stadium in Cambridge. The campaign partners include Cambridge United and Peterborough United Football Clubs. We will have advertisements on Cambridgeshire Buses as well as radio and social media presence.

Staff are in place to ensure that all enquiries as a result of the campaign are processed efficiently and there will also be adequate staff to support these new foster carers following approval.

3. OUTCOMES

3.1 The table below shows the current financial year schemes with Transformation Fund investment, their RAG status for this period, Q1 2018/19, and where they contribute towards the Councils' Outcomes.

RAG	Investment scheme description	Older people live well independently	People with disabilities live well independently	People at risk of harm are kept safe	People lead a healthy lifestyle	Children & young people reach their potential in settings & schools	Cambridgeshire economy prospers to the benefit of all	People live in a safe environment
GREEN	Total Transport							X
GREEN	Move to full cost recovery for non-statutory highway works						X	
GREEN	Street Lighting Synergies							X
GREEN	Supporting people with physical disabilities & people with autism to live more independently		X	X				X
GREEN	Pilot of Additional safeguarding posts in the MASH A/R.6.172			X				X
GREEN	External Funding						X	
GREEN	Support Investment in modernising Social Care Payments	X						
RED	Dedicated social work and commissioning capacity - LD		X					
GREEN	Additional capacity in team to conduct financial assessments in Adults	X						
GREEN	Investment in additional upstream MH social work			X				
AMBER	Housing Review			X				X
RED	LAC Placement Budget Savings			X				
GREEN	Learning services review					X		
GREEN	Dedicated capacity to undertake case reviews of specialist transport provision A/R.6.244,214,210,251			X				
BLUE	Social work capacity to review out of area placements			X				
GREEN	Library Service Transformation Bid	X	X					

4.0 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.

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.

5.0 SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The resource implications are captured on the savings tracker showing expenditure from the transformation fund and the 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 category.

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 category.

5.6 Localism and Local Member Involvement

There are no significant impacts for this category.

5.7 Public Health Implications

There are no significant impacts for this category.

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?	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**
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

Agenda Item No:9

ADULTS POSITIVE CHALLENGE PROGRAMME

To:	**General Purposes Committee**
Meeting Date:	**20th September 2018**
From:	**Charlotte Black Service Director: Adults and Safeguarding**
Electoral division(s):	**All**
Forward Plan ref:	**2018/008** *Key decision:* **Yes**
Purpose:	**This report sets out the Outline Business Case for investment to enable Cambridgeshire County Council to deliver the Adults Positive Challenge Programme.**
Recommendation:	**The Committee is asked to:**

a. Comment on and endorse the new mission for adult social care as described in 1.2.

b. Comment on and endorse the work to date on the Adults Positive Challenge Programme and the opportunities identified.

c. Approve the investment of £3m revenue from the Transformation Fund for the period up to April 2021 to enable the approach set out in the Outline Business Case (OBC).

d. Agree that tranches of finance to support each element of the Outline Business Case will only be drawn down following agreement with the Section 151 Officer in consultation with the Chairs of the Adults and General Purposes Committees.

	Officer contact:		***Member contacts:***
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1. BACKGROUND

1.1 Nationally, Adult Social Care is facing unprecedented financial pressures resulting from reducing budgets, increasing costs of care, and greater complexity of needs due to an expanding ageing population. The Adults Positive Challenge (APC) Programme is about designing a new approach and service model for Adult Social Care in Cambridgeshire and Peterborough which will continue to improve outcomes for individuals and communities whilst also being economically sustainable in the face of the huge pressure on the sector.

1.2 The fundamental principle of the strategic change is a model which is based on *putting choice and independence directly into the hands of individuals and communities*. The new model will be driven by a neighbourhood, 'place based' approach, and success will mean that citizens have greater independence and better outcomes with reduced state intervention by:

- addressing citizens' needs early to prevent them from escalating - working in partnership with communities and health partners, to share information, act as one care workforce & be proactive;
- empowering individuals to do more for themselves - providing them with the resources, tools and local support network to make it a reality; and
- building self-sufficient and resilient communities - devolving more preventative care & support resources at a neighbourhood level and enabling individuals to spend their long term care budget within their community.

1.3 Through investment of £500K from the Transformation Fund, a consortium of Capgemini and iMPOWER was appointed to support an initial discovery phase of the programme which has provided a baseline analysis, development of a new vision and identification of core opportunities for the new model. iMPOWER have also carried out a similar discovery phase in Peterborough City Council. At the end of phase one, this work produced:

- a rigorous review of the current operating model with an analysis of impact against cost to serve;
- a baseline assessment of all Adult Social Care services;
- identification of a new vision, approach and outline model for Adult Social Care;
- an outline business case (OBC) which identifies areas of opportunity with the potential to deliver significant cost avoidance over five years whilst positively impacting outcomes for citizens of Cambridgeshire and Peterborough (Summary OBC - Appendix One); and
- proposals for a 'fast forward' phase across Cambridgeshire and Peterborough.

1.4 The initial discovery phase has evidenced that the Cambridgeshire system is already broadly efficient and effective. The quality of outcomes for service users in Cambridgeshire was found to be in line with national averages despite a lower than average level of expenditure; in comparison to statistical neighbours Cambridgeshire has the lowest adult social care budget per person (see Table 1). Effective commissioning and robust contract monitoring arrangements have helped to ensure that the cost of care to Cambridgeshire County Council (CCC) has continued to be competitive. Through delivery of the APC Programme, it is anticipated that there will be further scope to improve the cost effectiveness of care E.g. by increasing the accessibility and use of TEC to improve outcomes and prevent, reduce and delay the use of formal care provision where this is not needed.

1.5 Analysis has also found that the Transforming Lives programme and other transformation work to increase the use of Assistive Technology and develop Adult Early Help has made progress in encouraging a proactive, preventative and personalised approach to care, and highlighted in particular that a larger proportion of service users in Cambridgeshire are supported to live independently at home rather than in residential or 24 hour care settings. The evaluation of the Neighbourhood Cares pilots in April will provide further insight into how this can be delivered at a neighbourhood level.

Table 1: Total budget per person (including corporate overheads) vs statistical neighbours.

Local Authority	Adult Social Care
Surrey	439.69
South Gloucestershire	435.89
Bath and North East Somerset	401.12
Essex	400.45
Suffolk	394.11
Dorset	389.55
Hertfordshire	388.67
Wiltshire	381.14
Oxfordshire	380.2
West Berkshire	374.38
Hampshire	366.16
Central Bedfordshire	363.58
North Yorkshire	355.73
Peterborough	347.91
Buckinghamshire	341.25
West Sussex	338.06
Somerset	335.67
Warwickshire	325.6
Gloucestershire	312.36
Cambridgeshire 2017/18	302.47
Worcestershire	299.66
Leicestershire	295.9
Cambridgeshire 2018/19	286.43

1.6 The baseline assessment also highlighted that more work is needed to embed the focus on independence and that several key challenges are driving the need for a new approach – specifically:

- a substantial supply capacity challenge in the current care workforce;
- continuing increases in demand from a growing and aging population;
- a combination of demand growth and inflationary pressure leading to a substantial budget deficit in the coming years; and
- limited digital tools and use of data by the Council, causing productivity losses in staff time and impacting on the frequency and quality of case reviews.

1.7 Phase One of the APC programme also explored the nationally recognised view that any future model for Adult Social Care will have to be closely integrated with the Health system and that a cohesive strategy based on functional integration, if not fully integrated service delivery, will be fundamental to managing future demands. This work is being taken forward through the Public Service Reform Commission of the Combined Authority (CA). However, the need to strike a balance between the strategic system wide issues and the financial imperative to deliver transformation at pace in CCC, means that it is necessary to develop a programme of operational work streams that will be delivered over the next few years. The APC programme will continue to closely align with the work of the CA commission, with involvement from key officers and Members in both programmes.

1.8 Whilst CCC and Peterborough City Council carried out the discovery phase of work as two distinct programmes, future phases will be planned and implemented as one programme across both councils. As agreed through the Joint Working Agreement and Section 113 of the Shared and Integrated Services Programme, investment and benefits will be appropriately shared using the agreed Financial Protocol.

1.9 The Executive Summary of the OBC (Appendix 1) identified that a one-off investment of up to £4.8m would likely be required to deliver the full programme of change which would yield, in their terminology, a cumulative cash-flow reduction of £40.5m by the end of the fifth year. This is a methodology for measuring the impact of work used by some organisations and assumes that, for a five year period, a saving in the first year applies to all five years, a saving in the second year applies to the remaining four years and so on, offset by the one-off investment.

1.10 This is different to how savings are typically presented in CCC. Putting this into familiar terminology for CCC, it equates to a total permanent saving of £16.9m over a five year period, profiled in this way:

Table 2

£000	Year 1	Year 2	Year 3	Year 4	Year 5	**Total for five years**
Net Permanent Saving	-883	-3,819	-4,453	-4,477	-3,334	-16,965

1.11 By way of reconciliation to the OBC cumulative cash-flow figure of £40.5m over the five years, the cumulative impact of table 2 above would be:

Table 3

£000	Year 1 (x5)	Year 2 (x4)	Year 3 (x3)	Year 4 (x2)	Year 5 (x1)	**Total for five years**
Net Permanent Saving (from Table 2)	-883	-3,819	-4,453	-4,477	-3,334	
Cumulative Cash-Flow of permanent saving for the five years	-4,414	-15,274	-13,359	-8,954	-3,334	**-45,334**
Investment Required						**4,800**
Net Cumulative Cash-Flow						**-40,534**

1.12 A significant amount of work has taken place since receipt of the OBC to scope the feasibility of the full range of opportunities available in more detail and assess which are most likely to yield the economic benefits available as quickly as possible. Some of the opportunities identified within the OBC are already significant programmes of activity planned in the County Council, including development of digital engagement and digital marketplace initiatives. The focus of this transformation bid (Appendix Two) is on the investment required to deliver the next phase of activity over the next 2 years, and any further request for investment will be submitted to GPC at an appropriate point in the future.

The OBC will continue to be used as a reference and advisory document as the programme evolves to ensure all opportunities are explored to their fullest potential.

2. APC PHASE TWO

2.1 The principle underpinning the Adults Positive Challenge programme and the Council's Transformation programme is that we will put citizens at the heart of everything that we do. Building on this principle, the emerging learning from the Neighbourhood Cares pilot and in response to the immediate opportunities from the discovery phase, the Council's service and corporate teams have worked with iMPOWER to deliver a 'Fast Forward' phase. This phase focused on immediate demand management actions and development of Phase Two of the APC Programme - a two year programme focused on managing demand and avoiding cost resulting from increasing demographic challenges for our adult social care services by intervening earlier, drawing on assets at a neighbourhood level and supporting people to maximise their independence.

2.2 Eight delivery work streams have been identified, targeting interventions throughout the customer journey:

1. 'Changing the conversation' we have with people in order to maximise independence at every interaction.
2. Improving support to informal carers so they receive the right support at the right time and preventing informal carer breakdown.
3. Expanding and embedding Technology Enabled Care (TEC) so people are more able to look after themselves.
4. Targeting reablement towards people who would benefit from relearning daily living skills.
5. Outcome based commissioning and new models of care (care suites & stimulating micro-enterprises).
6. Developing an enablement approach in Learning Disability by working with people in a strength based way as young adults.
7. Redesigning and developing the way in which a reablement approach is used with people with mental health needs as an alternative to high cost support packages being put in place
8. Development of a neighbourhood based approach.

2.3 The analysis that has been completed to support the OBC and development of the eight work streams in Phase Two is based on methodologies that have been tested and implemented in other local authorities. This methodology has then been applied to Cambridgeshire County Council data.

2.4 The work on the OBC indicates that taking our proposed approach could result in savings to the Council through demand management and cost avoidance strategies of approximately £17m over the next 5 years. The APC Programme is focused on taking forward the service demand management opportunities identified through the OBC and subsequent work, and aims to deliver at least £3.8m of benefit in 2019/20 and an additional benefit of £2m in 2020/21.

2.5 Work is ongoing to carry out rigorous appraisal of these indicative savings with teams across the Council to determine which areas of service and which budgets will be impacted by the APC programme. This work will feed into the development of detailed Business Cases and implementation plans for each work stream, clearly defining where, when and how benefits will be realised.

2.6 A trajectory management approach is being deployed to govern the next phase of the programme. This approach is based on tracking cost and demand flows throughout the adult social care customer journey, and the subsequent impact on paid for services. This will enable the programme to define the required cost/demand position to deliver its financial targets, monitor programme impact on a monthly basis and enable a better understanding of the impact of changes beyond the control of the Local Authority that could impact on delivery of the programme outcomes or financial savings (e.g. legislative changes, changes to funding, unanticipated demographic change etc). This is an approach that has been successfully deployed by a number of local authorities supporting successful, and insight led, delivery of complex change programmes.

3. ENABLERS AND INVESTMENT

3.1 Delivery of the ambitions and opportunities outlined in the APC programme will be reliant on a range of enablers, and the programme will require significant investment in order to draw on additional capacity, resources and expertise to support the successful implementation and embed the new approaches and models. The transition to a new approach and model in the context of continuing to deliver business as usual will be complex, and it is anticipated that external consultancy expertise along with increased internal capacity and additional technological solutions will be fundamental enablers of success. Work is already well underway on scoping the next phase of developments to our web and digital services. This will significantly improve access to services for our customers, partners and providers.

3.2 Fundamental to this is our new case management and finance system, Mosaic, which will Go-Live on 1 October. Plans are underway to align the use of Mosaic across Cambridgeshire and Peterborough and to ensure we take full advantage of this improved business system in the coming years by linking our online offer directly to this core business system.

3.3 The Outline Business Case demonstrates clearly that this transformation will be a key priority and focus for teams across the whole Council. In March 2018, the Adults Committee endorsed the proposals for the scope of the programme specifically that it is a whole-Council initiative, led by the Adults Committee but supported by all directorates and committees. Senior Responsible Officers from across different directorates have been appointed to lead different parts of the programme to ensure distributed leadership, and resource to deliver change will come from all parts of the organisation as well as external sources. This is not a change that can be delivered by the Adult Social Care alone.

3.4 This is a complex programme of work, however there is sufficient confidence in the analysis that has been done to support the Outline Business Case to ask General Purposes Committee to commit to an investment of £3m over the next two years. It is expected the impact of investment over the next 2 years will ensure benefit over subsequent years. Given the complexity, it is recommended that the investment is drawn down in tranches that will be triggered by more detailed work and full business cases to be signed off by the Section 151 Officer in consultation with the Chairs of Adults and GPC committees.

3.5 The Adults and General Purposes Committees will receive reports on a regular basis keeping Members informed of progress both in implementing the APC programme and delivering the associated savings as well as highlighting any issues that the programme delivery team may be facing.

3.6 Each programme workstream is being delivered through a cross council group of staff from Cambridgeshire County Council and Peterborough City Council.

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

The entirety of the Adults Positive Challenge Programme supports the need to shift social care practice away from long-term support towards more preventative support and advice, which will support people to live healthier and more independent lives.

4.3 Supporting and protecting vulnerable people

Safeguarding vulnerable adults is central to the purpose of Adult Services. As the service's focus encompasses more preventative activities and less long-term care support, ensuring that risk is managed effectively and arrangements are in place to support appropriate safeguarding of vulnerable adults will continue to be essential.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications
Resource implications will be described in individual business cases for the programme.

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

5.3 Statutory, Legal and Risk Implications
As outlined in section 2, we do not anticipate any change to statutory or legal duties as a result of this programme nor do we anticipate any greater level of risk. The new model is expected to be both safer and higher quality, in particular because local teams

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

5.5 Engagement and Communications Implications
The APC programme will entail a significant programme of engagement and communication as it develops.

5.6 Localism and Local Member Involvement

The proposed new model focuses on a placed based or neighbourhood model and localism, community engagement and Local Member involvement will be fundamental to the transformation.

5.7 Public Health Implications

There are no significant implications in this category.

Implications	**Officer Clearance**
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Stephen Howarth
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	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?	Yes Name of Officer: Matthew Hall
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Name of Officer: Charlotte Black
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	**Location**
Committee Report January 2018	***Adults Committee Report Jan 2018***
Committee Report May 2018	***Adults Committee Report May 2018***
Adult Services Budget Pressures 2018	***Adult Services Budget Pressures***
	Shire Hall Room 106
Outline Business Case – Executive Summary	***Appendix One***
Executive Summary Outline Business Case Investment Bid	***Appendix Two***

Creating a sustainable future for Adult Services

The Positive Challenge Programme

Cambridgeshire County Council

Outline Business Case – EXECUTIVE SUMMARY

DRAFT FOR DISCUSSION

22 March 2018

1. Executive summary

1.1 Context and purpose

Adult Services at Cambridgeshire County Council (the Council) has had a strong track record in both delivering good outcomes and financial control. It has achieved this, in part, by evolving and improving its approach:

- The Transforming Lives Programme, launched 2014, was designed to move the Council's approach from one that reacts when people need acute help, to one that supports more people to remain healthy and independent;
- More recently, the Council has been piloting a neighbourhood-based approach to coordinating care ("Neighbourhood Cares") inspired by the Buurtzorg approach to community healthcare in Holland;
- Adult Services has also been investing in its tech-enabled care offer, particularly regarding short term care and assessing independence;
- In addition, the Learning Disabilities Service has also been recently supported by a development programme.

However, despite these developments, the demand and cost pressures facing Adult Services require a more radical and strategic approach. Cambridgeshire, like most other local authorities in England, is currently anticipating future budget deficits over the coming 5 years. Our analysis suggests that Adult Services will be facing a potential deficit of £27m by 2023, if current demand and cost pressures continue unchecked. In addition to cost pressures, the Cambridgeshire care economy is struggling to meet demand, with current shortfalls in home care and an anticipated shortage of residential care beds. These capacity challenges are partly impacting on delayed transfers of care (DTOCS) within the NHS.

The purpose of this Outline Business Case is to articulate the case for investing in the Adult Services Positive Challenge Programme, in order to create a more sustainable future, and to maximise the independence and wellbeing of adults in Cambridgeshire. Our analysis includes an assessment of the current pressures, a vision for Adult Services in 2023, the economic case (cost and benefits) for delivering this new vision, and the key priorities for the programme (both strategically and in the short term). A high-level management plan is also included, with a focus on the short term priorities and mobilisation of the strategic initiatives.

1.2 Vision for 2023

The Positive Challenge Programme is focused on a different approach to improving the productivity of public services, namely: by addressing citizens' needs early on to prevent them from escalating; by empowering individuals to do more for themselves; and by building self-sufficient and resilient communities. Importantly, 'improved public service productivity' in the context of this programme is measured by citizens having greater independence and better outcomes with less state intervention. Digital solutions enable adults, and their support network, to find, book and buy care and support in their community, reducing the dependency on traditional care providers, and reducing costs. Analytics and collaboration tools will enable carers and professionals from across the health and care economy, to work as one workforce within neighbourhoods. Behavioural changes across the health and care system will be essential, as is the need for a change in expectations of what the Council can do, versus the capabilities of individuals and the communities around them.

Mission

In 2023, Cambridgeshire & Peterborough's Adult Services (CPAS) will drive health, wellbeing and independence from within communities, using technology to reduce operating costs and enable the efficient coordination of care.

What are the step change differences?

CPAS will provide local, democratic accountability for the quality of support and health care services provided to local citizens. CPAS will take a leadership role in developing care and support capacity at a neighbourhood level, and will commission integrated care services across care and health providers, overcoming historic organisational and commercial silos. Universal care budgets and how they are spent will be devolved to the most local level, to shape support that best fits local need.

CPAS will work with the STP to develop place based approaches to delivering primary care and stretching the reach of primary care providers to take on more services that have traditionally been provided by the acute and specialist health services; which would keep people close to their home and community through their life span and be cheaper.

At a neighbourhood level, the care workforce will work as one, whether employed or a volunteer, to enable citizens to live independently, ensuring they get the support they need. Budgets will be devolved to a local level and care staff will be empowered to tailor support to each individual's lived experience.

Technology will break down the barriers of organisational silos, enabling care information to be shared, risks to be urgently actioned, and ideas to be discussed using collaborative tools. Digital services will reduce the administrative burden on staff, saving time, and enabling them to maximise their value in communities.

We will embed a culture of maximising independence, helping adults to build on their own strengths and the support around them, mitigating escalating needs by proactively managing risks that lead to deterioration. We will work with partners to embed this culture across the health (NHS) and social care economy.

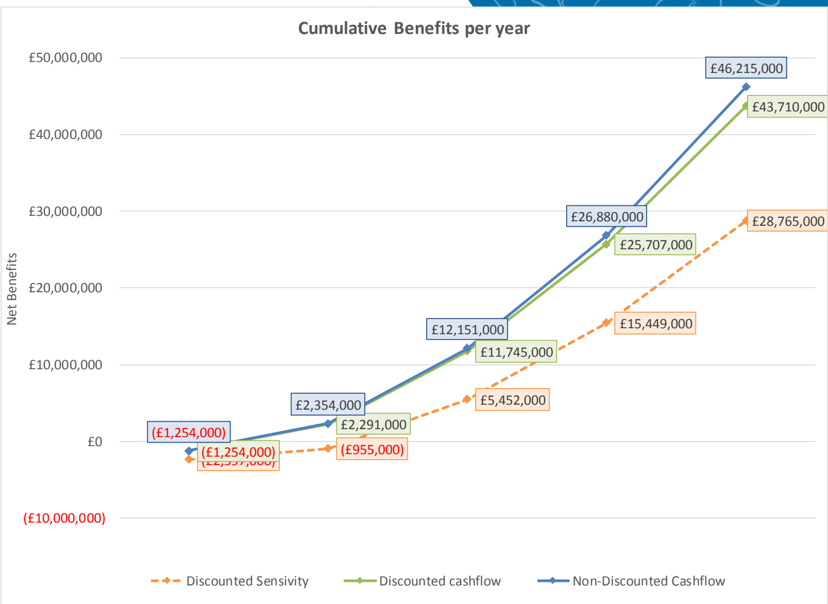
Community networks will be stronger, flexible and responsive, with neighbourhood teams being able to identify gaps in the support available in their place, and using their relationships and budget to increase community capacity.

1.3 The opportunity to transform

To deliver this vision, a change programme has been developed, that incorporates both:

- Short term improvement projects – which can be mobilised quickly, can deliver urgent results to reduce 2018/19 budget pressures and support the longer term strategic direction. These projects include: improving the current service website; enhancing the use of data and insight to improve reablement success; formalising robust hospital discharge pathways; simplifying the financial assessment process; improving the carers offer; and expanded the use of technology-enabled care in longer term support packages; and
- Strategic initiatives that transform the service model – these build on existing programmes, but with greater scale and ambition. These programmes focus on: creating a person-centred approach to controlling care choices and long term care budgets enabled by a digital platform; coordinating and building care capacity at a neighbourhood level (building on Neighbourhood Cares); and realigning the Council's

approach to commissioning, to support personalised commissioning decisions, grow neighbourhood capacity and encourage provider innovation. These will all be underpinned by new technology to ensure that as much as possible is automated, support is precisely targeted and joined-up, and therefore delivery is affordable.



Our analysis, by modelling the impact of the proposed approach on future demand, activity and cost, demonstrates a **Net Present Value of £40.5m over the next 5 years**. Importantly, we believe that **discounted recurrent savings of £17m** could be achieved by 2023. To deliver this proposed programme of change, we anticipate an investment of £4.8m, which is largely incurred over the first couple of years. In a number of areas, for example, the stimulation of new care models accessed/facilitated via a digital platform, we have anticipated modest savings recognising that these changes are relatively new to the UK social care market. The chart illustrates the assessment of cumulative net benefits: showing cashflow; discounted cashflow; and a sensitivity analysis (reduced savings by 20% and increased costs by 20%).

1.4 The plan

To deliver the programme, it is anticipated that many of the short term priorities can be achieved over the coming 6-18 months. Alongside these initiatives, the strategic opportunities will require between 24 and 30 months to implement and embed. Net benefits, both financial and outcomes, accrue once implementation effort has been successful on a project by project basis.

1.5 Conclusion

Adult Services have been innovating and testing new models. However, short to medium term financial projections demonstrate that current approaches alone will not bridge the necessary gap. The Positive Challenge Programme builds on existing foundations, but importantly, includes the adoption of digital platforms, intelligent analytics and alternative commissioning models, that enable a lower cost of care and make a neighbourhood-based approach to care co-ordination and customised care viable at scale.

While the Council can mobilise this programme and achieve positive results, the Vision for 2023 highlights the critical importance of a systemwide approach across Cambridgeshire and Peterborough. The management case demonstrates the alignment of Peterborough and Cambridgeshire initiatives, and illustrates an indicative programme roadmap. More importantly, however, the Council requires a consistent intent and set of behaviours across NHS providers and social care, in order to maximise the independence of adults to live at home, and reverse the trend of escalating care needs and costs. Just as Transforming Lives aimed to shift the mindset of social workers to build on the inherent strengths of individuals and their support network, the same is needed across the health economy to reduce unscheduled care pressures and improve wellbeing.

There are number of specific areas that require greater engagement with external partners, in order to forge a system-wide approach. These discussion points include: the alignment of the Council, local NHS providers, the CCG and the Combined Authority; evaluating how devolved decision-making regarding universal and preventative care budgets at a neighbourhood level will be implemented in a controlled manner; clarifying how direct payments and personal choice regarding long term care can be accelerated and aligned to community budgets and commissioning; and, how the hyper-local model of delivery can be made affordable (e.g., assessing the size of sustainable neighbourhoods and shaping the resource structure).

Appendix Two

Transformation Fund Bid: Executive Summary of the Outline Business Case for the Adults Positive Challenge Programme

Summary of funding required and anticipated savings

Request to Transformation Fund	£1,500,000 to April 2020 and £1,500,000 for the 2020/21 financial year
Reduction to base Revenue costs for the County Council	A minimum of £3,800,000 in 2019/20 and £2,000,000 in 2020/21

Summary of Return on Investment

Taking capital and revenue costs together the Outline Business Case represents ***a minimum two-year Return of Investment of £3.20*** for every £1.00 that we invest, with the total investment predicted to break even by the end of the 2019/20 financial year.

Making this investment, supported by ongoing revenue costs, will enable us to reduce the base revenue costs of the organisation over the coming period the approach and impact of the Adults Positive Challenge work is embedded throughout the service – work is ongoing to specify the likely multi-year financial impact.

Summary of Project

The Adults Positive Challenge Programme (APCP) is focused on delivering demand management opportunities throughout the service, seeking to maximise independence and support outcomes through each client conversation. The programme builds on the demand diagnostic work that formed part of the Outline Business Case, and the Fast Forward delivery work which commenced in May 2018.

There are currently eight delivery workstreams in the programme (as set out in the main paper), supported by a series of enablers.

The financial benefits that will accrue from this investment will come through a reduction in spend on care packages across all adult social care client cohorts. Some of the benefit will come from a direct spend reduction (e.g. lower package costs for clients at review), with other benefits deriving from spend avoidance (e.g. fewer new packages for clients due to different conversations at assessment). The financial impact of the APCP work will be measurable through the impact on the revenue budget.

A trajectory management approach will be taken to govern the programme, providing monthly insight and analysis of shifts in adult social care cost and demand. This summary level picture, underpinned by a series of project specific primed metrics will enable the programme to effectively understand the impact of each of the workstreams.

Programme Investment

Detailed work is currently being undertaken by each of the workstream leads with finance to produce robust business cases by end of September to determine the immediate identified investment requirements. Based on the work undertaken to date, it anticipated that Transformation Funding will be used for the following:

- Subject matter expertise
- Training, development & skills transfer to support frontline staff to develop the skills and knowledge to support them to work in new ways
- Insight generation and development of the next wave of opportunities within the programme
- Securing delivery resources and capacity e.g. enhanced capacity and equipment offer for the Tech Enabled Care (TEC Team)
- Expanding support services where required on the basis of evidenced based best practice e.g. Carers Support

Agenda Item No:10

CAMBRIDGESHIRE COUNTY COUNCIL (CCC) AND PETERBOROUGH CITY COUNCIL (PCC) SHARED SERVICES - JOINT WORKING AGREEMENT AND PROTOCOLS

To:	**General Purposes Committee**
Meeting Date:	**20th September 2018**
From:	**Amanda Askham – Director of Business Improvement and Development**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**To provide an update on the progress of the Shared and Integrated Services Programme.** **To seek endorsement for a CCC and PCC Joint Working Agreement, associated protocols and Section (s.133) arrangements.**
Recommendation:	**General Purposes Committee is recommended to comment on, endorse and recommend to Full Council to agree the principles set out in the Joint Working Agreement and Protocols.**

	Officer contact:		***Member contacts:***
Name:	Amanda Askham	Names:	Councillors Count & Hickford
Post:	Director of Business Improvement and Development	Post:	Chair/Vice-Chair
Email:	Amanda.askham@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703565	Tel:	01223 706398

1. BACKGROUND

1.1 In 2016, Cambridgeshire County Council started on an ambitious programme of transformation, with a determination to improve lives for local people despite an increasingly challenging financial context. Building a whole system approach which puts community outcomes firmly at the centre of all that we do and which is built around shared priorities, outcomes and cost efficiencies is a crucial part of the programme. This work requires a greater degree of collaboration between local public services, their partners and providers and with the public than has been ever previously been experienced in Local Government.

1.2 As part of this new model of Local Government, Cambridgeshire County Council (CCC) and Peterborough City Council (PCC) have come together with the support of their Members to explore the merits of shared and integrated services, looking at how we might further develop our close working relationship to reduce cost to serve, avoid duplication and ensure that we put outcomes for people at the heart of service delivery.

1.3 This approach is not new, over the last few years both Councils have taken advantage of opportunities for shared services as they arose. In 2015, Dr Liz Robin, was appointed as joint Director of Public Health in CCC and PCC under a shared services arrangement. In June 2016, Gillian Beasley was appointed as Chief Executive of both Councils after a trial period which demonstrated the benefits of the shared role. Later that year, following the resignation of the CCC Executive Director for Children, Families and Adults (now the People and Communities (P&C) Directorate), Members in both Councils agreed a programme of integration for senior roles and all Directors in P&C are now in shared roles.

1.4 Following the success of these opportunistic arrangements and the benefits they delivered to both Councils, in November 2017 General Purposes Committee noted Peterborough City Council's request to the Chief Executive to explore delivery of further shared services and asked that this became a joint programme of work. Members acknowledged that opportunities could take a number of forms but principally the aim is to save money, make efficiencies and manage demand on Council services.

1.5 In January 2018, following a high level review of opportunity areas, members in Cambridgeshire County Council and in Peterborough City Council approved a programme of work to identify and maximise opportunities in the following areas:

- Sharing back office functions
- Reducing leadership costs
- Maximising purchasing power
- Reducing duplication of systems and processes
- Reducing estate costs
- Building resilience through shared teams, shared systems and processes

1.6 As the programme has progressed, some clear areas of opportunity and significant benefits for both organisations have been identified. However, to develop robust business cases both for the overarching work and for individual pieces of integration within the programme, a Joint Working Agreement (JWA) must be established. The JWA will allow both Councils to share the information, expert knowledge and the resource that are needed to develop a strategic and evidence based approach to further shared or integrated services.

1.7 The JWA and Protocols that are appended for comment and endorsement, set out the principles which will govern the way in which CCC and PCC will identify and integrate their services. These documents will provide officers with the support and guidance they need to develop business cases and then to implement change.

1.8 It should be noted that the JWA is not a commitment to deliver future services in any particular way and that it includes a Sovereignty Guarantee designed to protect the separate legal and political identities of each Council. The method of service delivery will be outlined in individual project business cases and approved through the governance as outlined in schedule 8 of the JWA.

2. KEY HEADLINES OF THE JOINT WORKING AGREEMENT

2.1 The Joint Working Agreement ("JWA") encapsulates the shared aims and intended outcomes of a collaborative approach to service delivery (see in particular Schedule 2) and sets out the core principles and requirements underpinning formal joint working arrangements between PCC and CCC.

2.2 Whilst the JWA does not in itself give rise to joint working arrangements in general or in relation to any particular service area it does provide a platform through which opportunities can be explored and approved on a case by case basis. This includes the requirement to produce a detailed business case assessing the overall viability of each proposal having regard in particular to the financial and human resource implications.

2.3 Where joint working arrangements are approved, they will be implemented and reviewed in accordance with the JWA. In particular, Schedules 4 to 7 of the Agreement contain the HR, Financial, Information and Technology Sharing Protocols which govern the way in which the services are delivered. These Protocols provide the foundations for compliant and efficient ways or working together ensuring the overall viability of the arrangements in terms of resource and information governance.

2.4 Where the joint working arrangements provide opportunities for staff from each organisation to work together, this will be formalised via a s.113 Agreement (see Schedule 3).

2.5 Schedule 8 of the JWA sets out the general governance arrangements spanning both PCC and CCC and Schedule 9 contains a Sovereignty Guarantee which sets out each organisation's commitment to protecting and honouring the political independence of each organisation.

2.6 In terms of risk and liability, each organisation will retain overall responsibility for its staff and budgets and will continue to maintain appropriate levels of insurance in that respect. Where however the staff of one organisation are acting on behalf of the other, that other organisation will be liable for their acts and/or omissions. Equally each authority will bear the cost of any liability or obligations arising from the delivery of the service within that setting. Where there is a clear distinction, complaints and other proceedings will be managed by the organisation to which they relate however it is foreseen that there will be occasions when it is necessary to agree a joint process and that so far as is permissible there should be a collaborative response to any issues identified.

2.7 The JWA will continue in force until either Council gives notice after which there will be a period of 12 months for the arrangements to be brought to an end giving each organisation sufficient time to look at alternative models of delivery. However, there is in defined circumstances (see clause 23.5) the option for more expedient action to be taken in which case the agreement can be terminated on 3 months' notice. Ultimately however it is intended that there arrangements will continue indefinitely having regard to the significant benefits it is envisaged will be achieved and there are standard dispute resolution provisions to assist in the resolution of any issues that may arise.

2.8 The overall success of the joint working arrangements will be continually kept under review by the service leads for the relevant service areas. A more formal review will also be completed annually by the Senior Responsible Officer for the purpose of formulating an annual strategic business case (see clause 4) and the arrangements will be subject to the usual audit requirements of each authority (see clause 20).

3. ALIGNMENT WITH CORPORATE PRIORITIES

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

3.2 **Helping people live healthy and independent lives**

3.3 **Supporting and protecting vulnerable people**

The Programme will be outcomes focused, ensuring that all corporate priorities across both organisations are taken into account when developing proposals for every service and function.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications directly involved with the approval of the JWA. The Human Resources and Financial protocols (schedules four and five) outline how the finances and impacts on the workforce will be managed. All proposals for change will be subject to individual project business cases.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications directly involved with the approval of the JWA. An allocation of any joint procurement activity will be required at individual project business case level between CCC and PCC.

4.3 Statutory, Legal and Risk Implications

The JWA and the Section 113 sets out the principles which will govern the way in which CCC and PCC will identify and integrate their services to include a Sovereignty Guarantee designed to protect the separate legal and political identities of each Council.

4.4 Equality and Diversity Implications

There are no significant implications directly involved with the approval of the JWA and appended schedules. Impact Assessments relevant to both parties will be undertaken when changes are being proposed to existing service, policy, strategy or function through the Shared and Integrated Services Programme.

4.5 Engagement and Communications Implications

There are no significant implications directly involved with the approval of the JWA.

4.6 Localism and Local Member Involvement

Both Councils are committed to continuing to represent the needs, priorities and ambitions of local people in their neighbourhoods. Commissioning or delivering services together is not designed to change how residents experience services, it is about how to get things done more efficiently. Members of both parties will be engaged with Shared Services Programme as outlined in Schedule 8 (Governance arrangements) of the JWA.

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 Name of Financial Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Paul White
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Fiona McMillan / Amy Brown
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Amanda Askham
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Christine Birchall
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Name of Officer: Amanda Askham
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

Source Documents	Location
Appointment to Shared Senior Management Posts across Children, Family, Adults and Education and determination of salary – PCC Employment Committee report – 23 June 2017	http://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=141&MId=4001&Ver=4
Review of Senior Leadership Team – CCC Staffing and Appeals Committee report – 16 June 2017	https://tinyurl.com/y8s7t9qx
Shared and Integrated Services Update for Communities and Partnerships Committee at CCC (May 2018)	https://tinyurl.com/y86ddnln

DATED 2018

(1) PETERBOROUGH CITY COUNCIL

(2) CAMBRIDGESHIRE COUNTY COUNCIL

JOINT WORKING AGREEMENT

Legal Services
Peterborough City Council

CONTENTS

THIS AGREEMENT is made on the of 2018

PARTIES

(1) Peterborough City Council of Sand Martin House, Bittern Way, Fletton Quays, Peterborough, PE2 8TY ("**PCC"**); and

(2) Cambridgeshire County Council of Shire Hall, Castle Street, Cambridge, CB3 0AP (**"CCC**").

together referred to as the "Parties"

BACKGROUND

(A) CCC and PCC are committed to identifying ways of working together through the combination, sharing and closer integration of services in order to develop and enhance service delivery, build resilience and achieve future efficiencies.

(B) This Agreement sets out the principles and protocols which will govern the way in which CCC and PCC will identify and integrate their services to include a Sovereignty Guarantee designed to protect the separate legal and political identities of each Council.

(C) This Agreement is entered into in reliance on the exclusive rights given to local authorities in sections 101, 102, 112 and 113 of the Local Government Act 1972 and s.9EA of the Local Government Act 2000 and the Regulations made under these Acts (to include but not limited to the Local Authority (Arrangement for the Discharge of Functions) (England) Regulations 2012), together with the general power within section 2 of the Local Government Act 2000 and the supporting provisions within section 111 of the Local Government Act 1972.

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1. This Agreement shall be interpreted in accordance with Schedule 1.

2. DURATION OF THE AGREEMENT

2.1. This Agreement shall commence on the Commencement Date and will continue in force until it is terminated in accordance with clause 23.

3. JOINT WORKING ARRANGEMENTS

3.1. The aims, benefits, principles and intended outcomes of entering into the Agreement are set out in Schedule 2 ("the Objectives").

3.2. The Arrangements set out in clauses 4, 5, 6, 7, 8 and 9 of this Agreement will be implemented in support of the Objectives by each of CCC and PCC's services identified as being suitable for joint working.

4. GOVERNANCE AND REVIEW

4.1. The Arrangements and delivery of the Objectives shall be in accordance with roles and responsibilities set out in Schedule 7.

4.2. The Senior Responsible Officer ("SRO") shall carry out an annual review of the Arrangements for the purpose of evaluating:

4.2.1. performance of the Arrangements against the targets, priorities and outcomes specified in this Agreement (or such other targets, priorities and outcomes as may be agreed between the Parties in writing from time to time);

4.2.2. targets and priorities for the next Financial Year;

4.2.3. the operation and effectiveness of the Arrangements;

4.2.4. delivery of agreed outcomes and benefits and the role of the arrangements in relation to such delivery;

4.3. Following a review held in accordance with clause 4.2 the SRO will make recommendations to the Parties in respect of the Arrangements.

4.4. The Parties will consider the recommendations made by the SRO pursuant to clause 4.2 with a view to agreeing a Strategic Business Case summarising the priorities, targets and budgets for the next Financial Year, which will be monitored through the business planning process in both Parties together with any variations to the Arrangements.

5. CREATION OF COMBINED TEAMS

5.1. Where PCC and CCC services are identified as potentially suitable for joint working, the relevant Service Director shall put in place the necessary arrangements to further develop the proposal with input from and in accordance with the requirements of the Shared Services Programme Team.

5.2. It will be the responsibility of the relevant Service Director to ensure that the development, approval and implementation of the business case for joint working arrangements is in compliance with this Agreement and schedules 4, 5, 6 and 7.

5.3. Where there is a business case for joint working, the Service Director will present that to the Programme Board for approval unless it meets the criteria of a Key Decision, in which case the Programme Board will be asked to recommend it for approval in accordance with the Parties' Internal Governance Document.

5.4. Where Services are approved for joint working in accordance with clause 5.3, the Parties will enter into an s.113 Agreement to share defined posts ("the Shared Posts") in the form set out in Schedule 3 of this Agreement (as amended to reflect the specific requirements of the Arrangements).

5.5. Where through historic arrangements Services are operating under existing s.113 Agreements, the Service Director will be required to present an updated business case to the Shared Services Programme Board setting out the proposals for continued delivery. Where approved the Service Director will be required to enter into a s.113 Agreement in the form set out at Schedule 3 as well as ensuring compliance with Schedules 4, 5, 6 and 7.

6. PERSONNEL ARRANGEMENTS

6.1. The Parties have jointly developed the HR Protocol which is designed to support the Arrangements but is not intended to be (and unless the Parties expressly agree otherwise in writing, will not have the effect of being), a substitute for either Parties existing HR Policies and Procedures.

6.2. The Parties agree to be bound by the terms of the HR Protocol and to fulfil their respective obligations in that respect. The HR Protocol may be varied in accordance with clause 24.

6.3. During the term of the s.113 Agreement the recruitment, assignment to and management of the Shared Posts will be in accordance with this Agreement and the HR Protocol.

7. FINANCIAL ARRANGEMENTS

7.1. The Parties have jointly developed the Financial Protocol which is designed to set out the financial principles governing the Combined Team.

7.2. The Parties agree to be bound by the terms of the Financial Protocol and to fulfil their respective obligations in that respect. The Financial Protocol may be varied in accordance with clause 24.

7.3. During the term of the s.113 Agreement the financial arrangements for the Combined Team will be in accordance with this Agreement and the Financial Protocol.

8. SHARING INFORMATION

8.1. The Parties have jointly developed the Information Sharing Protocol set out in Schedule 6 which is designed specify the Combined Team's obligations when sharing information in pursuance of the Arrangements.

8.2. The Parties agree to be bound by the terms of the Information Sharing Protocol and to fulfil their respective obligations in that respect. The Information Sharing Protocol may be varied in accordance with clause 24.

8.3. During the term of the s.113 Agreement the arrangements for sharing information will be in accordance with this Agreement and the Information Sharing Protocol.

9. SHARING TECHNOLOGY

9.1. The Parties have jointly developed the Technology Protocol which is designed to specify the Combined Team's obligations when sharing technology in pursuance of the Arrangements.

9.2. The Parties agree to be bound by the terms of the Technology Protocol and to fulfil their respective obligations in that respect. The Technology Sharing Protocol may be varied in accordance with clause 24.

9.3. During the term of the s.113 Agreement the arrangements for sharing technology will be in accordance with this Agreement and the Technology Protocol.

10. INDEMNITIES AND LIABILITIES

10.1. Each Council shall indemnify the other against any Loss (excluding Indirect Loss) suffered or incurred by the indemnified Council arising out of or in connection with:

10.1.1. the indemnifying Council's negligence or breach of the obligations set out in this Agreement; and

10.1.2. any claim made by a third party arising out of or in connection with the indemnifying Council's negligence or breach of contract, in each case in connection with the performance or failure of performance of the indemnifying Council's obligations under this Agreement, except to the extent that such Loss has been caused by any negligence, act or omission by, or on the part of, or in accordance with the instructions of the other Council.

10.2. Subject to clause 10.3 the Parties agree that they will be responsible for the activities of a Post Holder as follows:

10.2.1. The Non-Employing Council will be responsible for the acts or omissions of any Post Holder when performing their s.113 Duties or otherwise acting in their capacity as an officer of the Non-Employing Council; and

10.2.2. The Employing Council will be responsible for the acts or omissions of any Post Holder when performing their Employee Duties or otherwise acting in their capacity as an officer of the Employing Council;

10.3. Subject to clauses 10.4, 10.5, 10.6 and 10.7 any Loss incurred in relation to or arising from a Post Holder's employment, whether or not following termination of employment of a Post Holder or termination of this Agreement including any award by a court or tribunal shall be the responsibility of the Employing Council. As between the Parties to this Agreement, the Non-Employing Council shall have no liability in respect of such Loss and the Employing agrees to indemnify the Non-Employing Council against any such Loss.

10.4. The Parties hold the view that TUPE will not apply on the commencement of this Agreement, during the term of the Agreement or on the expiry of the Agreement (in whole or in part). However if TUPE operates so as to transfer the contract of employment of any Post Holder due to a Relevant Transfer from one Council ("the Transferor Council") to the other Party ("the Transferee Council"), the Parties shall comply with their legal obligations under TUPE.

10.5. Subject to clause 10.7 the Transferor Council shall be liable for and shall indemnify the Transferee Council against any Employment Liabilities incurred by the Transferee Council which arise before, on or after the Relevant Transfer and out of an act or omission of the Transferor Council in connection with:

10.5.1. The Post Holder's employment with the Transferor Council;

10.5.2. Any failure to comply with the obligations under Regulation 13 and 14 of TUPE (including any action brought by an employee representative for breach of Regulations 13 and/or 14 of TUPE) except where such failure arises from the Transferee Council's failure to comply with its obligations under Regulations 13 and/or 14 of TUPE.

10.6. Subject to clause 10.7 the Transferee Council shall be liable for and shall indemnify the Transferor Council against any Employee Liabilities incurred by the Transferor Council which arise before on or after the Relevant Transfer caused by an act or omission of the Transferee Council in connection with:

10.6.1. The Post Holder's employment with the Transferee Council;
10.6.2. Any failure to comply with the obligations under Regulations 13 and 14 of TUPE (including any claim brought by an employee representative for breach of Regulations 13 and 14 of TUPE.

10.7. Where any Employee Liabilities arise partly as a result of any act or omission of the Transferee Council and partly as a result of any act or omission of the Transferor Council whether before, on or after the date of the Relevant Transfer, the Parties shall indemnify each other against only such part of the Employee Liabilities sustained by the other Council as is reasonably attributable to the act or omission of that Council.

10.8. In relation to the indemnities of this clause 10 the Parties agree to cooperate with each other and take all reasonable steps to mitigate any costs and expenses and any adverse effect on industrial or employee relations.

11. INSURANCE

11.1. Each Council shall maintain policies of insurance in respect of all potential liabilities arising from these Arrangements. A decision not to insure does not relieve a Party of its responsibilities under this Agreement.

11.2. Each Council agrees to ensure that:

11.2.1. Where they are the Non-Employing Council, the insurance policies maintained pursuant to clause 11.1 cover liabilities that may be incurred through the performance by a Post Holder of their S113 Duties;

11.2.2. Where they are the Employing Council, the insurance policies maintained pursuant to clause 11.1 cover liabilities that may be incurred through the performance, by a Post Holder, of their Employee Duties.

12. STANDARDS OF CONDUCT

12.1. The Parties will ensure the Arrangements comply with all statutory requirements national and local and other guidance on conduct and probity and good corporate governance (including the Council's respective Internal Governance Document.

12.2. The Council will review and where permitted and appropriate, amend their Internal Governance Document to ensure compliance with their obligations under this Agreement and to enable the Agreement to operate as smoothly and effectively as practicable. Nothing in this clause shall require a Council to make amendments which in its reasonable belief would be inconsistent with the Sovereignty Guarantee.

13. CONFLICT OF INTEREST

13.1. The Parties acknowledge that conflicts of interest may arise during the course of this Agreement. The Parties agree that circumstances in which a conflict of interest may arise include, but are not limited to, the following:

13.1.1. When the private interests of a Post Holder conflict with the interests of the Non-Employing Council in the context of the Arrangements ("a Private Interest Conflict");

13.1.2. When the duties of a Post Holder arising under or in connection with the furtherance of integrated working conflict with the duties owed by that Post Holder to the Employing Council ("a Combined Working Conflict").

13.2. Private Interest Conflict

13.2.1. In the event that a Private Interest Conflict arises, or a Post Holder suspects that it will arise, the Employing Council shall manage that risk in accordance with its Policies and Procedures for handling conflicts of interest.

13.2.2. **Combined Working Conflict**

13.2.3. In the event that a Combined Working Conflict arises and which affects the ability of any persons operating under this Agreement to act in the best interests of both Parties, they shall as soon as possible inform the SRO who will liaise with the relevant Service

Director to determine and implement whatever action is necessary to manage the risk.

14. COMPLAINTS

14.1.1. Complaints by third parties arising out of or in connection with these Arrangements will be dealt with in accordance with the complaints policy of the appropriate Council in force from time to time.

14.1.2. Subject to all relevant law and guidance, the Parties reserve the right to agree a combined complaints procedure. Any such procedure shall be documented in writing and approved by the SRO.

14.1.3. The Parties will cooperate with investigations undertaken by their respective Ombudsman and shall give each other notice of such a complaint having been received as soon as reasonably practicable. The Council subject to a complaint concerning the Combined Team shall, to the extent that it is reasonably practicable and permissible by law, give the other Council an opportunity to comment upon/review its response before it is submitted. Each Council permits the other to share all relevant information with the Ombudsman in responding to a complaint.

15. INTELLECTUAL PROPERTY

15.1. The Parties shall to the extent permissible by law grant to each other a licence to use the other Council's relevant IPR solely and exclusively for the purposes of and in connection with this Agreement and the Arrangements.

15.2. Subject to clauses 15.1 and 15.3 neither Council shall acquire from the other Council any rights to that other Council's IPR.

15.3. If any IPR is created, brought into existence or acquired in relation to anything jointly developed by the Parties in relation to the Agreement or the Arrangements, the Parties shall negotiate in good faith and use all reasonable endeavours to agree the rights that each Council shall have in relation to such IPR. Following any such agreement the Parties shall to the extent permissible by law do all things and execute all documents necessary to give full effect to the agreement. If the Parties are unable to reach agreement the matter shall be referred to the Dispute Resolution Procedure.

16. DATA PROCESSING AND DATA PROTECTION

16.1. The Parties acknowledge that these Arrangements are subject to the requirements of Data Protection Legislation. This clause 16 is in addition to, and does not relieve, remove or replace, a Council's obligations under the Data Protection Legislation.

16.2. The Parties acknowledge that for the purposes of Data Protection Legislation, they are Data Controllers and Data Processors. The Information Sharing Protocol at Schedule 6 sets out the scope, nature and purpose of processing by the Parties, the duration of the processing and the types of Personal Data and categories of Data Subject.

16.3. Without prejudice to the generality of clause 15.1 the Parties' will ensure that they have identified the basis for processing including consent where appropriate and appropriate notices in place to enable the lawful processing of Personal Data in the performance of the Services and for the duration and purposes of this Agreement.

16.4. The Parties shall, in relation to any Personal Data or Sensitive Personal Data processed in connection with the performance of these Arrangements:

16.4.1. ensure that it has in place appropriate technical and organisational measures, to protect against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, Personal Data, appropriate to the harm that might result from the unauthorised or unlawful processing or accidental loss, destruction or damage and the nature of the data to be protected, having regard to the state of technological development and the cost of implementing any measures (those measures may include, where appropriate, pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of its systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly assessing and evaluating the effectiveness of the technical and organisational measures adopted by it);

16.4.2. not transfer any Personal Data outside of the European Economic Area unless both Parties consent and the following conditions are fulfilled:

16.4.2.1. One or both Parties have provided appropriate safeguards in relation to the transfer;

16.4.2.2. the Data Subject has enforceable rights and effective remedies;

16.4.2.3. the Parties comply with their obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred.

16.5. Subject to the disclosure requirements of any Applicable Laws, nothing in this Agreement shall oblige a Council or a Post Holder to disclose information where such disclosure would be in breach of:

16.5.1. Any contract; and/or

16.5.2. Any other relevant and applicable internal or external policies or codes of conduct in relation to confidentiality and disclosure of information.

16.6. The Parties will, upon receipt of any of the following and to the extent that it is personal data under the control of both Parties and is permissible and reasonably practicable to do so, notify and consult the other Council prior to the disclosure of any Information relating to these Arrangements:

16.6.1. a request from a Data Subject to have access to that person's Personal Data;

16.6.2. a request to rectify, block or erase any Personal Data;

16.6.3. any other request, complaint or communication relating to either Council's obligations under the Data Protection Legislation (including any communication from the Information Commissioner).

16.7. Where appropriate, The Parties will assist each other in responding to any request from a Data Subject and in ensuring compliance with their obligations under the Data Protection Legislation with respect to security, breach notifications, impact assessments and consultations with supervisory authorities or regulators. The Parties acknowledge however that they may be required to respond to a request without obtaining consent from the other.

16.8. Where data is held in joint control, the Parties will notify each other immediately [and in any event within 24 hours] on becoming aware of a Personal Data breach relating to these Arrangements including without limitation any event that results, or may result, in unauthorised access, loss, destruction, or alteration of Personal Data in breach of this Agreement.

16.9. The Parties will maintain complete and accurate records and information to demonstrate its compliance with this clause and allow for inspections by their respective auditors.

16.10. The Parties shall take reasonable steps to procure that staff and Post Holders who process any Personal Data or Sensitive Personal Data in accordance with or in the course of this Agreement and/or the performance of the S113 Duties shall do so in accordance with the Applicable Laws and any other relevant guidance.

16.11. Each Council agrees at all times during the continuance of this Agreement and after its termination to keep confidential all information or data that it receives or otherwise acquires in connection with the Arrangements and which by its nature is confidential or which has reasonably been marked with such words signifying that it should not be disclosed except where:

16.11.1. The disclosure is made pursuant to clause 21 or any litigation between the Parties;
16.11.2. The disclosure is required to comply with Law (including the FOIA);
16.11.3. The disclosure is made to a Council's professional advisors who owe a similar obligation of confidentiality; or
16.11.4. The information was in the possession of the Council without obligation of confidentiality or was in the public domain (otherwise than by breach of this Agreement) before receiving it from the other Council.

16.12. The provisions of this clause shall apply during the continuance of the Agreement and indefinitely after its expiry or termination.

17. FREEDOM OF INFORMATION

17.1. The Parties acknowledge that the Services are subject to the requirements of the FOIA and the EIRs and will each comply with their respective obligations in that respect.

17.2. Without prejudice to the general obligation in clause 17.1 any Council in receipt of a Request for Information will, to the extent that it is permissible and reasonably practicable to do so, notify and consult the other Council prior to the disclosure of any Information relating to these Arrangements. The Parties acknowledge however that they may be required to disclose Information without obtaining consent from the other.

17.3. The Council in receipt of the Request for Information shall be responsible for determining in its absolute discretion whether the information requested is exempt from disclosure in accordance with the FOIA and/or the EIRs.

17.4. Each Council will cooperate fully with the other Council for the purposes of enabling that other Council to properly fulfil its obligations in response to a Request for Information and as required will:

17.4.1. provide all necessary assistance and cooperation as reasonably requested to enable compliance with its obligations under the FOIA and EIRs;

17.4.2. provide a copy of all Information requested in the Request For Information which is in its possession or control in the form required and within 5 Working Days (or such other period as may reasonably be specified) of the request for such Information.

18. CONFIDENTIALITY

18.1. Subject to clause 18.2 each Council shall keep the other Council's Confidential Information confidential and shall not:

18.1.1. use such Confidential Information except for the purpose of performing its rights and obligations under or in connection with this Agreement; or

18.1.2. disclose such Confidential Information in whole or in part to any third party, except as expressly permitted by this clause.

18.2. The obligation to maintain confidentiality of Confidential Information does not apply to any Confidential information:

18.2.1. which the other Council confirms in writing is not required to be treated as Confidential Information;

18.2.2. which is obtained from a third party who is lawfully authorised to disclose such information without any obligation of confidentiality;

18.2.3. which a Council is required to disclose by judicial, administrative, governmental or regulatory process in connection with any action, suit, proceedings or claim or otherwise by applicable Law, including the FOIA or the EIRs;

18.2.4. which is in or enters the public domain other than through any disclosure prohibited by this agreement;

18.2.5. which a Council can demonstrate was lawfully in its possession prior to receipt from the other Council; or

18.2.6. which is disclosed by either Council on a confidential basis to any central government or regulatory body.

18.3. A party may disclose the other Council's Confidential information to those of its Representatives who need to know such Confidential Information for the purposes of performing or advising on the Council's obligations under this agreement, provided that:

18.3.1. it informs such Representatives of the confidential nature of the Confidential Information before disclosure; and

18.3.2. it procures that its Representatives shall, in relation to any Confidential Information disclosed to them, comply with the obligations set out in this clause as if they were a party to this agreement,

18.3.3. and at all times, it is liable for the failure of any Representatives to comply with the obligations set out in this clause.

19. SAFEGUARDING CHILDREN AND VULNERABLE ADULTS

19.1. The Parties acknowledge that they are Regulated Activity Providers with ultimate responsibility for the management and control of the Regulated Activities provided under these Arrangements and for the purposes of the Safeguarding Vulnerable Groups Act 2006 as amended by the Protection of Freedoms Act 2012.

19.2. The Parties shall:

19.2.1. ensure that all individuals (whether or not Post Holders) engaged in Regulated Activity are subject to a valid enhanced disclosure and barring service (DBS) with a Children's Barred List check undertaken through the Disclosure and Barring Service (DBS); and

19.2.2. monitor the level and validity of the checks of those checks;

19.2.3. not employ or use the services of any person who is barred from, or whose previous conduct or records indicate that he or she would not be suitable to carry out Regulated Activity or who may otherwise present a risk to service users.

19.3. The Parties warrant that at all times for the purposes of this Agreement they have no reason to believe that any person who is or will be employed or engaged by them in the provision of the Services is barred from the activity in accordance with the provisions of the Safeguarding Vulnerable Groups Act 2006 and any regulations made thereunder, as amended from time to time.

19.4. The Parties shall immediately provide to each other any information reasonably requested to enable them to be satisfied that the obligations of this clause have been met, subject to the Data Protection Legislation. Details relating to convictions will only be shared between the Parties with the explicit consent of the person concerned and/or if the law expressly permits it.

19.5. The Parties shall refer information about any person carrying out the Services to the DBS where it removes permission for such person to carry out the Services (or would have, if such person had not otherwise ceased to carry out the Services) because, in its opinion, such person has harmed or poses a risk of harm to the children and vulnerable adults.

20. AUDIT

20.1. This programme of work is subject to the usual audit procedures of both Parties and may form part of the annual audit plan and be reported to their respective Audit Committees as appropriate.

20.2. Subject to the Council's obligations of confidentiality, the relevant Service Director shall on demand provide all reasonable co-operation and assistance in relation to each audit, including but not limited to:

20.2.1. all information requested by the above persons within the permitted scope of the audit;
20.2.2. reasonable access to any sites and to any equipment used (whether exclusively or non-exclusively) in the performance of the Services; and
20.2.3. access to Personnel.

20.3. A Council shall endeavour to (but is not obliged to) provide at least 15 Working Days' notice to the other, of its intention or, where possible, a regulatory body's intention, to conduct an audit.

20.4. The Parties agree that they shall bear their own respective costs and expenses incurred in respect of compliance with their obligations under this clause.

20.5. If an audit identifies that a Council has failed to perform its obligations under this Agreement in any material manner, the procedure set out in clause 22 (and the clauses referred to therein) shall apply.

21. DEFAULT

21.1. In the event of a Council ("the **Defaulting Party**") being, in the reasonable opinion of the other Council (the "**Other Party**"), in breach of its obligations under this Agreement and such breach being capable of remedy, the following procedure will apply:

21.1.1. The Other Party may request a meeting with the Defaulting Party by giving five (5) Working Day's written notice to that effect. The meeting will include the Representatives of each Council.

21.1.2. Following such a meeting, the Parties will discuss and agree an action plan under which the Defaulting Party will be given a reasonable period of time to remedy the default to the satisfaction of the other Party (the "**Remedial Action Plan**").

21.1.3. Where an Other Party is not reasonably satisfied that the Defaulting Party has complied with the Remedial Action Plan, the Other Party will have the right, at its discretion, either to initiate the Dispute Resolution Procedure or to exercise its right to terminate this Agreement in accordance with clause 24.

22. DISPUTES

22.1. In the event of a dispute between the Parties in connection with this Agreement the Parties shall refer the matter to the Programme Board who shall endeavour to settle the dispute between themselves.

22.2. In the event that the Programme Board cannot resolve the dispute between themselves within a reasonable period of time having regard to the nature of the dispute, the matter will be transferred to the Leaders of the Parties for resolution.

22.3. In the event that the dispute cannot be resolved in accordance with clause 22.2 within a reasonable period of time (having regard to the nature of the dispute) the Parties will attempt to settle it by mediation in accordance with the CEDR Model Mediation Procedure or any other model mediation procedure as agreed by the Parties ("Mediation").

22.4. To initiate the Mediation, a Council may give notice in writing (a **"**Mediation Notice") to the other Council requesting mediation of the dispute and shall send a copy thereof to CEDR or an equivalent mediation organisation as agreed by the Council asking them to nominate a mediator. The Mediation shall commence within twenty (20) Working Days of the Mediation Notice being served.

22.5. The Parties will cooperate with any person appointed as mediator, providing him or her with such information and other assistance as he or she shall require and will pay his or her costs as he or she shall determine or in the absence of such documentation such costs will be shared equally between the participating Parties.

22.6. No Council may commence any court proceedings/arbitration in relation to any dispute arising out of this Agreement until it has attempted to settle the dispute by mediation and either the mediation has terminated or the other Party has failed to participate in the mediation, provided that the right to issue proceedings is not prejudiced by the delay.

23. TERMINATION

23.1. This Agreement may be terminated (in whole or in part) at any time by written agreement between the Parties.

23.2. Either Council shall have the right to terminate this Agreement at any time by service of 12 months written notice to the other Council.

23.3. This Agreement in respect of any individual Post Holder will terminate forthwith in respect of that particular Post Holder upon the dismissal or resignation of the Post Holder from their Employing Council or upon the Post Holder withdrawing their consent to being made available pursuant to these Arrangements where applicable.

23.4. This Agreement will terminate in respect of any individual Post Holder upon any reorganisation or reconstruction affecting any Party whereby the Post Holder no longer holds office with their Employing Parties.

23.5. A Council may at any time by notice in writing to the other Council terminate this Agreement upon service of 3 months written notice if:

23.5.1. The other Council commits a material breach of any of its obligations hereunder which is not capable of remedy; or

23.5.2. The other Council commits a material breach of any of its obligations hereunder which is capable of remedy but has not been remedied in accordance with clause 22.

23.6. A Council may by written notice to the other Council in accordance with clause 23.7 terminate this Agreement if:

23.6.1. As a result of any change in law or legislation it is unable to fulfil its obligations under this Agreement;

23.6.2. The fulfilment of its obligation hereunder would be in contravention of any guidance from any Secretary of State issued after the Commencement Date;

23.6.3. Its fulfilment of its obligations would be ultra vires or otherwise unlawful and the Parties shall be unable to agree a modification or variation to this Agreement (which may include termination in part only) so as to enable the Parties to fulfil their obligations in accordance with law and guidance;

23.6.4. The fulfilment of its obligations are no longer financially viable pursuant to schedule 5

23.7. In the case of notice pursuant to clause 23.6.1 or 23.6.2 the Agreement shall terminate after such reasonable period as shall be specified in the notice having regard to the nature of the change as the case may be. In the case of notice pursuant to clause 23.6.3 the Agreement shall terminate with immediate effect.

23.8. Notices served pursuant to clause 23.5 or 23.6 will result in termination of the whole of the Agreement unless the Parties agree otherwise in writing.

23.9. Termination of this Agreement in whole or in part (whether by effluxion of time or otherwise) shall be without prejudice to the Parties' rights in respect of any antecedent breach and the provisions of this clause shall continue in full force and effect.

23.10. In the event of termination of this Agreement, the Parties will use all reasonable endeavours to agree arrangements which will minimise disruption to:

23.10.1. The continued delivery of the Service to service users;

23.10.2. Staff working within the Arrangements.

23.11. In the event that this Agreement is terminated in part only, the Parties will agree appropriate variations to the Agreement. Such variations will be documented in writing and signed by both Parties.

23.12. Where the Agreement is terminated in part, then except for that part of the Agreement that has been terminated, the Agreement shall continue in full force and effect.

24. VARIATIONS

24.1. The Parties may agree to vary the Agreement including for the avoidance of doubt the Protocols from time to time in accordance with this clause.

24.2. Any Council may propose a variation to the Agreement and the Parties shall use reasonable endeavours to agree the variation. In the event of any disagreement in relation to the variation any Council may refer the matter to the Programme Board for resolution.

24.3. Any variation of the Agreement and/or the Protocols must be in writing and signed by or on behalf of each of the Parties.

25. NOTICES

25.1. Any notice or communication shall be in writing.

25.2. Any notice or communication to the relevant Council shall be deemed effectively served if sent by registered post or delivered by hand at an address set out in clause 25.4 and marked for the Leader or to such other addressee notified from time to time to the other Council.

25.3. Any notice serviced by hand delivery shall be deemed to have been served on the date it is delivered to the addressee if delivered before 15:00 hrs on a Working Day. Hand delivery after 15:00 hrs and or on a weekend or English public holiday shall be deemed served on the next Working Day. Where notice is posted it shall be sufficient to prove that the notice was properly addressed and posted and the addressee shall be deemed to have been served with the notice 48 hours after the time it was posted.

25.4. For the purposes of this clause, the addresses at which notice must be served are, unless either Council is notified otherwise in writing as follows:

25.4.1. PCC - Peterborough City Council, Town Hall, Bridge Street, Peterborough, PE1 1HG.

25.4.2. CCC - Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

26. WAIVERS

26.1. The failure of any Council to enforce at any time or for any period of time any of the provisions of this Agreement shall not be construed to be a waiver of any such provision and shall not in any way affect the right of that Council thereafter to enforce such provision.

26.2. No waiver in any one or more instances of a breach of any provision hereof shall be deemed to be a further or continuing waiver of such provision in other instances.

27. SEVERANCE

27.1. If any provisions of this Agreement becomes or is declared by any court of competent jurisdiction to be invalid or unenforceable in any way, such unenforceability shall in no way impair or affect any other provision of this Agreement all of which will remain in full force and effect.

28. TRANSFERS

28.1. A Council may not assign, mortgage, transfer, sub-contract or dispose of this Agreement or any benefits and obligations hereunder without the prior written consent of the other Council except to any statutory successor in title to the appropriate statutory functions.

29. NO PARTNERSHIP

29.1. Nothing in this Agreement shall create or be deemed to create a legal Partnership or the relationship of employer and employee between the Parties or render any Council directly liable to any third party for the debts, liabilities or obligations of another Council.

30. ENTIRE AGREEMENT

30.1. The terms contained in this Agreement together with the contents of the Schedules and Appendices constitute the complete agreement between the Parties with respect to the Arrangements and supersede all previous communications, representations, understandings and agreement and any representation, promise or condition not incorporated herein shall not be binding on any Council which is party to this Agreement.

30.2. No agreement or understanding varying or extending any of the terms or provisions hereof shall be binding upon a Party unless in writing and signed by a duly authorised officer or representative of each Council.

31. THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

31.1. Unless the right of enforcement is expressly provided, no third party shall have the right to pursue any right under this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

32. GOVERNING LAW

32.1. This Agreement shall be governed by and construed in accordance with English law and without prejudice to clause 22 shall be subject to the exclusive jurisdiction of the English Courts.

IN WITNESS whereof this Agreement has been executed by the Parties on the date of this Agreement:

Signed on behalf of Peterborough
City Council by the Director of ……

Signed on behalf of Cambridgeshire
County Council by the Director of ……

SCHEDULE 1: DEFINITIONS AND INTERPRETATION

1 Definitions

1.1 In this Agreement the following expressions shall have the following meanings:

“Agreement”	This agreement and the Schedules annexed as may be varied from time to time.
“Arrangements”	The arrangements made by the Parties for the combination and integration pursuant to this Agreement, as summarised at clause 3.
“**Audit Committees**”	The Audit Committees of PCC and CCC.
“Cabinet Member”	A member appointed by the Leader of a Party to its executive pursuant to Part II of the Local Government Act 2000.
“**CEDR**”	Centre for Effective Dispute Resolution.
“**Combined Working Conflict**”	Has the meaning given to it in clause 13
“Combined Team”	A team created by the Parties in accordance with Section 113 of the Local Government Act 1972 Act and established pursuant to clause 5.
“Commencement Date”	Means the date of this Agreement.
“Confidential Information”	Means all confidential information (however recorded or preserved) disclosed by a Party or its Representatives to the other Party and that Party's Representatives in connection with this Agreement, including but not limited to: ● any information that would be regarded as confidential by a reasonable business person relating to: (i) the business, affairs, customers, suppliers or plans of the disclosing party; and (ii) the operations, processes, product information, know-how, designs, trade secrets or software of the disclosing party; ● any information developed by the Parties in the course of carrying out this agreement; ● Personal Data;
“**Parties**”	Means Cambridgeshire County Council and Peterborough City Council being the Parties to this Agreement.
“ Controller”	Shall have the same meaning as set out in the Data Protection Legislation.

" Processor"	Shall have the same meaning as set out in the Data Protection Legislation.
"**Data Protection Legislation**"	Shall mean all applicable data protection and privacy Law (including the GDPR, the LED and the Data Protection Act 2018 and all applicable Laws about the processing of personal data and privacy) and any relevant national implementing Laws and regulatory requirements, as amended from time to time, to which the Parties are subject, and any related guidance or codes of practice issued by the relevant supervisory authorities.
"Data Subject"	Shall have the same meaning as set out in the Data Protection Legislation.
"EIRs"	the Environmental Information Regulations 2004 (SI 2004/3391) together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such regulations.
"Employee Duties"	The duties which a Post Holder performs on behalf of the Employing Party as determined in accordance with their Employment Contract.
"Employee Liabilities"	All damages, losses, liabilities, claims, actions, costs, expenses (including the cost of legal or professional services, legal costs being on an indemnity basis), proceedings, demands and charges whether arising under statute or at common law.
"Employing Council"	In respect of each Post Holder, the Party that employs that Post Holder. Subject to the subsequent operation of TUPE, the Parties shall agree which Party shall be the Employing Party.
"Employment Contract"	The contract of employment between the Post Holder and the Employing Party.
"Financial Protocol"	As set out in schedule 5.
"Financial Year"	Means 1 April to 31 March.
"**FOIA**"	The Freedom of Information Act 2000 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation.
"**GDPR**"	The General Data Protection Regulation (*(EU) 2016/679*).
"HR"	Human Resources.

“**HR Policies and Procedures**”	Means the HR policies of CCC and PCC.
“**HR Protocol**”	The document entitled ‘HR and Management Protocol for Establishing and Working in Combined Teams’ included at Schedule 4 as amended or replaced by the Parties from time to time.
“**Indirect Loss**”	Loss of profits, loss of use, loss of production, increased operating costs, loss of business, loss of opportunity, loss of reputation or goodwill or any other consequential or indirect loss of any nature, whether arising in tort or any other basis.
“**Information**”	Has the meaning given under section 84 of FOIA.
“**Information Sharing Protocol**”	As set out in schedule 6.
“**Intellectual Property Rights**”**or “IPR”**	All patents, rights, inventions, utility models, copyright and related rights, trademarks, service marks, trade, business and domain names, rights in trade dress or get-up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database right, topography rights, moral rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications for and renewals and extensions of such rights and all similar or equivalent rights or forms of protection in any part of the world.
“**Internal Governance Document”**	Each Party’s internal governance documents which includes its constitution, maintained pursuant to s.37 of the Local Government Act 2000, standing orders and procedure rules.
“**Law**”	Means any law, subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978, bye-law, enforceable right within the meaning of Section 2 of the European Communities Act 1972, regulation, order, regulatory policy, mandatory guidance or code of practice, judgment of a relevant court of law, or directives or requirements.
“**Loss**”	All damage, loss, liabilities, claims, actions, costs, expenses (including cost of legal or professional services), proceedings, demands, and charges whether arising under statute, contract or at common law.
“Non-Employing Council”	In respect of each individual Post Holder the Party that is not the Employing Party.

"Objectives"	The desired aims, benefits, principles and intended outcomes of the joint working arrangements as set out in Schedule 2.
"'Ombudsman"	The Local Government Commissioner for England (or any successor to their functions).
"Party"	Each of the parties to this Agreement (referred to as Council or Parties)
"**Personal Data**"	Shall have the same meaning as set out in the Data Protection Legislation.
"**Policies and Procedures**"	means the policies of CCC and PCC
"**Personnel**"	means the employed staff of CCC and PCC
"**Post Holders"**	Individuals made available by the Parties for a Combined Team in accordance with the HR Protocol.
"**Regulated Activity"**	In relation to children shall have the same meaning as set out in Part 1 of Schedule 4 to the Safeguarding Vulnerable Groups Act 2006 and in relation to vulnerable adults shall have the same meaning as set out in Part 2 of Schedule 4 to the Safeguarding Vulnerable Groups Act 2006 as amended.
"**Regulated Activity Provider"**	Shall have the same meaning as set out in section 6 of the Safeguarding Vulnerable Groups Act 2006 as amended.
"**Relevant Transfer"**	A relevant transfer for the purposes of TUPE.
"**Representatives"**	Means, in relation to a party, its employees, officers, representatives and advisors.
"**Request for Information"**	A request for information or an apparent request under the Code of Practice on Access to Government Information, FOIA or the EIRs.
"**Services**"	Means the services identified as being suitable for or having entered into joint working arrangements in accordance with this Agreement and the Protocols.
"**Service Director**"	Means the CCC and/or PCC Director with responsibility for the service concerned.

“S.113 Duties”	Those duties which a Post Holder will perform for and on behalf of the Non-Employing Council being the duties identified in the s.113 Agreement (subject to such variations as may be agreed between the Parties and where appropriate the Post Holder from time to time).
“s.113 Agreement”	As set out in Schedule 3
“Shared Posts”	Means the posts comprising the Combined Team in accordance with the arrangements comprised in clause 5.
“Sovereignty Guarantee”	The principles agreed by the Parties confirming their independence as set out in Schedule 9.
“**SRO**”	Senior Responsible Owner whose role and responsibilities are further defined in Schedule 6.
“**Shared Services Programme Team**”	As set out in Schedule 6.
“Term”	The duration of the Agreement in accordance with clause 2.
“Transferee Party”	The Party to whom, subject to Regulations 4(7) and 4(9) of TUPE, a Post Holder’s employment contract transfers, or a Post Holder contends that his or her employment contract transfers, due to a Relevant Transfer.
“Transferor Party”	The Party who immediately before the Relevant Transfer was the employer of a Post Holder whose contract of employment subject to Regulations 4(7) and 4(9) of TUPE, is subject to a Relevant Transfer or a of a Post Holder who contends that, subject to Regulations 4(7) and 4(9) of TUPE, his or her contract of employment is subject to a Relevant Transfer.
“**Technology Sharing Protocol**”	As set out in schedule 7.
“TUPE”	The Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006 No 246) as amended.
“Working Days”	08:00 to 18:00 on any day except Saturday, Sunday, Christmas Day, Good Friday or a day which is a bank holiday (in England) under the Banking and Financial Dealings Act 1971.

2 Interpretation

2.1 Reference to any statute or statutory provision (including any EU instrument) shall, unless the context otherwise requires, be construed as including references to any earlier statute or the corresponding provisions of any earlier statue, whether repealed or not, directly or indirectly amended, consolidated, extended or replaced by such statute or provision, or re-enacted in any such statute or provision, and to any subsequent statute or the corresponding provisions of any such statute directly or indirectly amending, consolidating, extending, replacing or re-enacting the same, and will include any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.

2.2 The headings are inserted for convenience only and shall not affect the construction of this Agreement.

2.3 Words importing one gender include all other genders and words importing the singular include the pleural and vice versa.

2.4 A reference in this Agreement to any clause, paragraph or Schedule is, except where it is expressly stated to the contrary, a reference to a clause or paragraph or Schedule to this Agreement.

2.5 Any reference to this Agreement or to any other document unless otherwise specified shall include any variation, amendment or supplements to such document expressly permitted by this Agreement or otherwise agreed in writing between the relevant Parties.

SCHEDULE 2: AIMS, INTENDED OUTCOMES AND PRINCIPLES

OBJECTIVE

Lead Members and officers in Peterborough City Council and Cambridgeshire County Council have committed to exploring the merits of shared and integrated services. Opportunities could take a number of forms but principally the aim is to **save money, increase resilience and manage the increasing demand on Council services**.

The current proposed scope of the programme is to identify and maximise opportunities in the following areas:

- sharing corporate and transactional functions
- reducing leadership costs through further opportunities for shared roles
- combining the expertise of both councils and other partners to bring wider solutions to the same demand and resource challenges
- maximising purchasing power – joint commissioning of services to increase purchasing leverage and achieve best value
- maximising return from assets and commercial activity; and
- building resilience, increasing efficiency and reducing duplication through shared teams, shared systems and processes

KEY ELEMENTS

Context

Over the last 2 years, Peterborough and Cambridgeshire Councils have been working closely and already have several shared senior roles – including the Chief Executive – and an increasing number of shared or fully integrated functions and services. The relationship has been fruitful and positive, delivering savings for both councils and improving outcomes for citizens in both places.

Each council has been successful to date in meeting budget challenges without significant service reductions however, the predicted increase in complexity and demand over the next three years means that the situation is becoming financially unsustainable for both councils. We have already achieved savings through joining senior roles across PCC and CCC and believe there are further prospects for savings across both Councils.

Design principles

As part of the scoping and feasibility work, a cross council workshop of Directors and key officers agreed the design principles for the initial stages of the programme. The group agreed that all areas of both Councils should be considered in scope and that the following principles should be applied when considering all options:

- be outcomes focused – not organisation focused;
- put people at the heart of a system that makes sense to them;
- maximise opportunities for generating income and reducing cost to serve;
- be ambitious, bold and innovative;
- manage demand to meet future needs;
- preserve and maintain local representation, championing equality and diversity in our communities;
- use evidence and best practice to inform our decisions; and
- do what has the best chance of success.

Seeking out best practice, external perspectives and cross sector learning will be essential to developing new service models. A number of public, private and voluntary sector organisations are joining roles, sharing services and maximising the financial benefits of joint commissioning; providing an increasing knowledge base on the advantages and opportunities from shared and integrated services which the programme will draw on to inform options appraisal.

Business Model

Both councils are committed to a business model which is focused on the best outcomes for citizens across Cambridgeshire and Peterborough, securing investment where it is needed and exploring a wide range of options.

Business cases for any proposed change will be developed, taking into consideration:
- strategic fit
- impact on outcomes
- financial and non-financial benefits
- operational and financial baseline and efficiency
- needs and demand
- local identity, diversity and demography
- economies of scale
- potential for quality improvement
- workforce requirements
- deliverability and transition plans including governance and cost

Benefits

Through transforming the way the Councils works in partnership and by making improvements to how we manage our business, our people and our money we can release benefits which reduce the need to make savings which negatively impact against outcomes:

- financial efficiencies, freeing up resource and increasing productivity to reinvest in delivery of services;

- commercial returns on our assets and investment to fund our core services and support for communities;
- career development and learning experiences for our officers, supporting talent management, recruitment and retention
- better use of existing expertise, providing access to a wider resource and increased resilience.
- reduction in cost to serve across multiple functions and services;
- increased partnership work, making it easier, faster and more cost effective to work with us leading to better outcomes for our residents;
- reduced hand offs between teams and across geographical areas, increasing efficiency and productivity and ; and
- getting more from our systems leadership role by aligning our footprint with other governance structures in the public sector system (i.e. CCG, Combined Authority)

Delivery of these strategic benefits will be reliant on political leadership, good governance and effective management arrangements as well as the compatibility of Peterborough and Cambridgeshire Councils in relation to their scope of services and strategic direction.

The financial benefits from the Shared and Integrated Programme will be detailed and monitored through the business plans of both Councils. Non-financial benefits will be reported on twice a year through the appropriate member governance in both Councils.

<u>Workforce</u>

In order to achieve these benefits, the following workforce characteristics will be needed:
- strong systems leadership skills and behaviours;
- a multi-skilled, flexible and motivated workforce;
- collaboration in everything we do;
- positive political influence;
- strong technical knowledge and expertise in corporate and service functions;
- in-depth understanding of working in partnership with the community;
- personal empowerment and accountability coupled with strong leadership and governance.

A significant benefit of the Shared and Integrated Services Programme is the opportunity to enhance strategic capacity, which includes:

Benefit	Benefit Description
Scope to undertake new functions and major projects to enhance collaboration across public services in Cambridgeshire and Peterborough	The two councils have already taken steps to enhance regional collaboration, through the Combined Authority, the NHS Sustainability and Transformation Partnership and community led projects.

	Further integration of the two councils will have the ability to directly increase this regional collaboration.
Amore robust revenue base for both Councils	Savings for both councils would mean an increased revenue base across the region – to support growth, employment and living standards – and by having a more sustainable revenue base, the impact of any adverse growth effects is minimised.
Ability to employ and retain a wider range of skilled staff	As the two Councils join services, there will be increased opportunity for development and progression for the workforce in both PCC and CCC. This will lead to better recruitment and retention and encourages a diverse range of professional skills and qualities.
Fostering learning, creativity and innovation	Research shows that ‘cross pollination’ of staff between organisations and sharing of skills, knowledge and behaviours fosters a culture of creativity and increased innovation. In the current technology-led era, contemporary service delivery models and innovative practice can radically improve services to communities, especially in remote rural areas.
Advancing skills in strategic planning and policy development	These higher conceptual skills increasingly demand well developed research, analysis and community engagement. With centralised services and targeted resource, both Councils will have more scope to invest in staff and external specialists and to build the engagement of Councillors and communities in these processes.
Enhancing credibility for more effective advocacy	Closer working between the two authorities will give both Councils a louder voice when it comes to working with local and national government, public and third sector partners and business leaders. This can help influence outcomes and bring about change that may otherwise be lost against competing demands from other regions.
Stronger partners for other public sector organisations	As we align Council services across the Peterborough and Cambridgeshire footprint, it will be easier for partner organisations – Health, Police, Fire, and District authorities = to engage with us to meet common goals for communities.

Better equipped to cope with complex and unexpected changes	Sharing or fully integrating services will give both Councils greater resilience against challenging circumstances, allowing us to deploy resource effectively to cope with sudden or complex change
Potential for higher quality political and managerial leadership	Larger, stronger councils have a greater ability to attract, remunerate and retain more highly skilled and experienced leaders, both at the political and executive management levels.

Governance

Programme governance structure has been established to provide transparency about accountability, roles and responsibilities and decision making. There are controls in place to effectively monitor the delivery of the programme and its intended financial and non-financial benefits and to identify and mitigate against significant risk. This governance will assess effectiveness of strategies and actions and will modify and respond as needed.

SCHEDULE 3: s. 113 Agreement

This Agreement is made the   day of

BETWEEN

(1) The [*insert detail*] Service by and on behalf of Peterborough City Council of Sand Martin House, Bittern Way, Fletton Quays, Peterborough, PE2 8TY ("**PCC"**); and

(2) The [*insert detail*] Service by and on behalf of Cambridgeshire County Council of Shire Hall, Castle Street, Cambridge, CB3 0AP (**"CCC**").

BACKGROUND

(A) On [*date*] CCC and PCC entered into a Joint Working Agreement ("JWA") through which they made a commitment to identifying ways of working together through the combination, sharing and closer integration of services in order to develop and enhance service delivery, build resilience and achieve future efficiencies.

(B) This Agreement is made in pursuance of those Objectives and Arrangements set out in the JWA and so as to enable the Parties to share defined posts in accordance with s.113 of the Local Government Act 1972.

1. DEFINITION AND INTERPRETATION

1.1. This Agreement should be interpreted in accordance with and have the same meanings as set out in schedule 2 of the JWA.

2. TERM

2.1. This Agreement shall commence on [**date**] and shall continue in force until such time as it is terminated in accordance with clause 11.

3. TERMS OF AVAILABILITY

3.1. At the commencement of this Agreement the employees to be placed at the disposal of each Council by the other Council are set out in Appendix 1 of this Agreement ("the Shared Posts").

3.2. Each Post Holder employed in or assigned to one of the Shared Posts will sign an individual agreement with the Parties acknowledging their duties and obligations and agreeing to be bound by the terms of this Agreement, the JWA (including the Protocols comprised within the

Schedules to that Agreement) and any relevant Codes, Policies and Procedures of the particular Services concerned.

3.3. Each Council may by agreement in writing place additional employees at the disposal of the other or vary the original Post Holders pursuant to this Agreement. Where any additional or new Post Holders join the joint working arrangements provided for in this Agreement, they must also sign an individual agreement with the Parties in the form set out in appendix 2.

3.4. Each Council agrees to ensure that each Post Holder has been consulted and has agreed to being made available in accordance with s.113 of the 1972 Act and the terms of this Agreement and the JWA.

3.5. Each Council shall maintain an up-to-date list of all posts subject to the Arrangements.

4. GOVERNANCE

4.1. CCC and PCC shall draw up the necessary schemes of delegation to enable compliance with this Agreement and any associated Constitutional amendments covering decision making and financial authority will be submitted for approved via the appropriate governance arrangements for each Council.

4.2. Nothing in this Agreement has (or is intended to have) the effect of transferring statutory functions from CCC to PCC or vice versa. This means that the performance by Post Holders of their s.113 Duties is done in their capacity as an officer of the Non-Employing Party. The Post Holder is not exercising functions delegated by the Non-Employing Party to the Employing Party.

4.3. Parties may only delegate their statutory functions to each other in exercise of the powers contained in s.101 of the Local Government Act and The Local Authority (Arrangement for the Discharge of Functions) (England) Regulations 2012 made under s.9EA of the Local Government Act 2000 as amended. In the event that any of the Parties agree to enter into such an arrangement it will be recorded in a separate agreement that has been signed by participating Parties.

5. THE COMBINED TEAM

5.1. During the term of this Agreement the recruitment, assignment to and management of the Shared Posts will be in accordance with the JWA.

6. FINANCIAL

6.1. During the term of this Agreement the financial arrangements will be in accordance with the JWA.

7. SHARING INFORMATION AND TECHNOLOGY

7.1. During the term of this Agreement the arrangements for sharing information and technology will be in accordance with the JWA.

8. INDEMNITY AND LIABILITY

8.1. The provisions set out in clause 9 of the JWA shall also apply to this Agreement.

9. CONFLICTS OF INTEREST

9.1. The provisions set out in clause 12 of the JWA shall also apply to this Agreement.

10. DISPUTE RESOLUTION

10.1. The provisions set out in clause 21 of the JWA shall also apply to this Agreement.

11. TERMINATION

11.1. This Agreement will continue to remain in force until termination in accordance with clauses 11.2 to 11.8 below.

11.2. This Agreement may be terminated at any time by written agreement between CCC and PCC. Where there is more than one post, termination by agreement may also be in respect of individual posts.

11.3. This Agreement will automatically terminate on the termination of the JWA.

11.4. This Agreement may be terminated by CCC or PCC on 6 months' notice in writing

11.5. This Agreement in respect of any individual Post Holder will terminate immediately in respect of that particular Post Holder upon the termination of their employment/assignment (for whatever reason).

11.6. This Agreement will terminate in respect of any individual Post Holder upon any reorganisation or reconstruction affecting either PCC or CCC whereby the Post Holder no longer holds office with the Employing Council.

11.7. This Agreement will terminate in respect of any individual Post Holder in the event that TUPE operates so as to transfer the employment of that Post Holder from the Council originally employing them to the other Council or a third party.

11.8. Termination of this Agreement is without prejudice to the liabilities of the Parties under clauses 6 and 8.

12. REVIEW

12.1. To ensure that it is operating effectively, the relevant service manager or Director will review this Agreement annually or at any time upon the reasonable request of either Council.

12.2. Following the review the service manager/director will prepare a briefing note for the SRO ahead of his/her obligation to provide an annual update to the Parties on the overall progress of the joint working arrangements.

12.3. The Agreement may be varied at any time by agreement in writing between the Parties.

13. RIGHTS OF THIRD PARTIES

13.1. The Contracts (Rights of Third Parties) Act 1999 shall apply to this Agreement. No person who is not a party to this Agreement shall have the right to enforce any term of this Agreement which expressly or by implication confers a benefit on that person without the express or prior agreement in writing of the Parties which agreement must refer to this clause.

14. NOTICES

14.1. Any notice required by this Agreement to be served in writing shall be sent by first class post, to the principal place of business of the Council on whom it is served.

15. GOVERNING LAW

15.1. This Agreement shall be governed and constructed in accordance with English law and shall be subject to the exclusive jurisdiction of the English Courts.

APPENDIX 1 - THE SHARED POSTS

1. The shared posts subject to the Arrangements are as follows:

Post	Original Post Holder	Employer	CCC%	PCC%	Pay Scale/Rate

2. Revisions to the Original Post Holder as follows:

Post	New Post Holder	Date of Change

APPENDIX 2 - INDIVIDUAL AGREEMENTS

Agreement for ……….. (insert post tile)

I ……………………….. (insert name of employee) shall for the duration of my employment as a ………………………..(insert post title) hereby agree to fully comply and undertake my duties and responsibilities in accordance with;

1. The job description for …………………………..(insert post title) as attached to this Agreement;

2. The JWA including the schedules set out therein;

3. The s. 113 Agreement relating to the ………………..(insert title of post)

Signed:

Name:

Date:

SCHEDULE 4 - HR PROTOCOL

1. Introduction
2. Purpose
3. Guiding Principles
4. Clarity in the contractual relationship
5. Definition of Combined Teams
6. Benefits of Combined Teams
7. Financial Arrangements
8. Recruitment to an combined team
9. Line Management arrangements
10. Learning & Development
11. Induction training
12. Performance Appraisal Process
13. Capability issues
14. Grievance
15. Disciplinary
16. Job Evaluation
17. Sickness absence management
18. Smoking, and the use of Alcohol or Drugs
19. Leave
20. Shared policies and procedures
21. Whistleblowing
22. Code of Conduct
23. Equality & Diversity
24. Staff Consultation
25. DBS processes
26. Practical assistance
27. Sharing of Information/Confidentiality
28. Other considerations
29. Compliance

HR Protocol for establishing and working in combined teams

1. Introduction

1.1 Opportunities for joint working arrangements are being identified and developed to give
Peterborough City Council and Cambridgeshire County Council respectively the flexibility to be able to respond effectively to our aim of improving outcomes for residents. By working together we intend to improve the quality, value, access and effectiveness of services both organisations are accountable for. In many instances this may also involve working with other organisations, in wider partnership arrangements to fulfil these aims. Employee wellbeing is a critical factor and all joint working opportunities will take into consideration the impact that the change will have on employee's health and wellbeing.

2. Purpose

2.1 The driver for the establishment of combined team arrangements must be improved provision of services to the customer, so changes will be only undertaken where they can be proven to be of benefit and result in better value for money. The design of combined teams must reflect the shape and structure of the service to be delivered and, where it is the best option operationally, the arrangements may include developing 'virtual' teams.

2.2 This protocol is designed to provide clarity about what working in a combined team means, and how a combined team will be created from a human resources perspective. The existence of such a protocol does not imply that any decisions have been taken on what, if any, teams would be combined. Decisions will be taken on a service by service basis having regard to the business plan that is submitted once the process is developed.

2.3 Each council will make the necessary arrangements with their own staff to facilitate the development of combined teams. Such arrangements will be made by way of an amended job description where necessary and/or management instruction/guidance to affected staff.

2.4 The purpose of the protocol is to set out how employment issues will be dealt with in services where staff from each of the two councils are working together in combined teams and in particular, where the staff are managed by an employee of one of the two councils or other partners.

2.5 This protocol:

- will complement, but not replace, the HR Policies and Procedures of the partner organisations. However, where any conflict or disagreement occurs between the protocol and any HR Policies/Procedures, then the HR Policy/Procedure will take precedence;

- In no way affects the statutory obligations of the organisations involved which remain separate;
- In no way affects the contracts of employment or terms and conditions of the staff of the organisations involved; and
- Is designed to support those working in combined teams.

3. Guiding Principles

The following important statements will apply:-

- No services will be shared unless the approved joint Change Process has been followed.
- Employee's terms and conditions will be protected under their contract of employment insofar as changes will only be made in line with the formal agreed processes in place.
- Each organisation will endeavour to ensure that staff within combined teams are treated fairly and equitably.
- Where applicable:
    - a shared set of working standards will be developed.
    - Managers will receive clear guidance and advice from the respective Human Resource Departments on how to apply HR policies and procedures appropriately.

The key elements of the change process are detailed at Appendix A.

4. Clarity in the contractual relationship

4.1 The HR policies, procedures and terms and conditions of staff and the statutory obligations of the partner organisations are unchanged by this protocol. Staff employed in Combined Teams will continue to be contracted to their current employer on the same terms and conditions provided under the respective individual contract of employment. Plus:

- The employing organisation remains responsible for exercising the rights and duties of the employer.
- The HR Protocol requires parties to liaise with each other regarding the contracts of employment of those they manage. Line managers will need to take advice from the HR service of the employing organisation where interpretation or formal action under the contract of employment is required.
- Existing and established posts that have become part of a combined team arrangement should normally be filled on the same and continuing basis unless otherwise agreed between the partners.

- Employees will not have a choice regarding which organisation employs them. It must be clear from the outset which employer the vacancy falls under.

5. Definition of Combined Teams

5.1 A Combined Team will usually be based on staff from both councils who:

- Will retain their employment role and status with no material changes to their terms and conditions. This means that employees (and other workers where applicable) of both councils will work alongside each other on different terms and conditions of employment;
- Will be managed by an employee or employees of either of the councils;
- May or may not be co-located with the rest of the team;
- May include colleagues from other partner or external organisations;
- Will be part of an identified Team who report through to a designated Director, Executive Director or Chief Executive;
- Will share team goals and objectives but will continue to be subject to the performance review process relating to the organisation that employs them;
- Work within a team that has been formally combined usually as part of a change exercise using the standard change process
- Can be part of organisation under a joint budgeting agreement.
- Will work under a S113 arrangement agreed between both councils.

5.2 A combined team at this point in time will not usually be:

- A team where all members are employed by the same organisation;
- A team that has been transferred as the sole result of TUPE processes
- A team made up solely of secondees.
- A team made up of employees from external partner organisations.

6. Benefits of Combined Teams

6.1 The benefits of creating a combined team must be measured in terms of service quality
and improvements (as experienced by the customer), **and** improved value for money. This may be in relation to:

- front line services provided by either of the two organisations
- Services commissioned by either of the two organisations
- Services which are provided to colleagues within the two organisations.

6.2 A combined team should improve quality, effectiveness and access to public services.
There must be increased efficiency, which along with improvements for the customer will be the primary point of focus.

6.3 There are a range of additional benefits, these include:

- Supporting both the councils' progress and development as commissioning organisations;
- Extending the range of capability, skills and opportunity within the team;
- Improved recruitment and retention for key workers in both organisations through enhanced career development opportunities, including learning and development, and secondments;
- Significant multi-organisational learning, development and performance improvement;
- Closer inter-professional awareness and trust, developed through a clearer understanding of the roles and perspectives of others in multi professional teams;
- The potential for the development of flexible role boundaries when combined with agile working, and
- Achieving more economic and efficient delivery of service, through the joint management of resources and workload.

7. Financial Arrangements

7.1. Lead Managers will need to discuss and agree the financial arrangements underpinning the
Combined team arrangement. In all cases, salaries will continue to be paid from the employer's payroll, and no employee will be paid from more than one payroll (unless they hold two separate contracts).

7.2. There may be cases where a financial contribution from the non-employing council is
Agreed as being appropriate. There are a variety of models which may be suitable depending on the circumstances of the specific team in question. Options include but are not limited to:-

- An appropriate charging split agreed between the council's annually for the cost of the full team;
- The combined team that works across boundaries ensures that each employee works a specific number of hours for its employer and any excess is charged to the other council;
- Individual members of staff, within a combined team, only do work for the organisation employing them, which in turn pays their salary, national insurance and pension contributions from the appropriate budget and
- Where an employee works in both councils their salary will be paid by their employer and an invoice raised to cover the hours worked for the other council.

7.3. Depending on the make-up and working practices of the combined team, it may be
Appropriate to use a number of these options at the same time, or to pursue a different financial model. Managers of combined teams should discuss and agree with the lead Directors or other appropriate officers the most appropriate financial arrangement with the Finance teams from both organisations.

8. Recruitment to an combined team

8.1 In all cases, whether for new posts, reorganisations or appointments to vacancies, both councils agree that the terms of the employing organisation will prevail and the integrity of the terms and conditions and job evaluation processes to determine those terms will be upheld. No individual shall be subject to a hybrid set of terms and conditions. No individual must ever be given the opportunity to 'choose' which set of terms and conditions should apply.

8.2 Regardless of the sources of funding for posts within the team, all staff will be treated fairly and equitably and in accordance with the policies of the employing council.

8.3 In relation to the appointment of a new member of staff, managers should refer to local policies on recruitment and should work with the appropriate HR team who will advise on how the vacancy is to be managed, the sign off process required, and the advertising process. The evaluated salary range, and the employer should be clear in the advertisement.

8.4 Job descriptions for vacant posts should reflect that the post will be part of a combined team, and will detail the role and responsibilities expected of the post-holder.

8.5 Where the post is a joint appointment, the contract of employment will be clear that the employment relationship is with one council only and should detail the employer, and the role and accountabilities reflecting the combined nature of the joint appointment.

8.6 The recruitment process will be in accordance with the employing council's policies and procedures and will conform to the principles of safer recruitment.

9. Line Management arrangements

9.1 The manager of a combined team:

- Shall have the right to give any reasonable instructions to staff of both councils, who are members of the team.
- Will manage staff in accordance with the policies and procedures of the two councils including but not exclusively relating to :

  - Agile Working
  - Health and safety;
  - Training and Development;
  - Code(s) of Conduct;
  - Conflict of Interests/Confidentiality;
  - Communications;
  - Performance Management & Appraisal;
  - Recruitment and selection;
  - Sickness Management;

- Time Off
- Annual & Bank holiday leave;
- Grievance and discipline;
- Whistle-blowing;
- Bullying and harassment;
- Working Hours and arrangements (Ways of Working)
- Safeguarding including Self Disclosure
- Equality issues including Respect at Work, Bullying & Harassment and
- Staff and Trade Union Consultation.

9.2 It is acknowledged that the management of combined teams, places additional demands on the team manager. Knowledge of HR policies and procedures of both councils will be necessary to effectively manage HR processes across the team. This will require training and support, with guidance from HR and line management, to encourage the development of managerial confidence and skill.

9.3 The HR teams are working to develop a Change Management Policy and Process that will apply to all change exercises across the shared teams. The same policy will apply to change exercises that do not result in a shared service arrangement.

9.4 The team manager must clarify roles and set clear outcomes for the team as a whole and ensure that there are regular team meetings balanced with one to ones in order to develop team skills and coherence.

9.5 Managers must ensure that there are clear lines of accountability so that team members understand their responsibilities and reporting requirements.

10. Learning & Development

10.1 The manager of the combined team should be able to access development opportunities for staff they manage across the two councils. Funding will normally sit with the employing council unless exceptional circumstances prevail where funding is identified or ring fenced for specific service areas and/or staff groups.

10.2 The council's plan is to offer shared senior management training, and corporate training opportunities to all staff going forward from one shared Learning and Development platform. This will ensure consistency and quality of training across both organisations in the future and deliver best value for money.

11. Induction training

11.1 Fundamental to the success of combined teams is consistent and effective induction. Newly appointed team members should always participate in the normal induction arrangements of their employing organisation.

11.2 Managers of combined teams must then ensure that comprehensive departmental induction provides the relevant information and knowledge needed to function effectively in the combined team.

11.3 Managers will receive appropriate induction and management development in accordance with their individual need. All existing, as well as new managers, who are managers of staff from both councils should familiarise themselves with the key policies and procedures of both councils as part of their induction.

12. Performance Appraisal Process

12.1 All employees will have their performance managed under the Performance Appraisal Process in place in their employing council's contractual policies and procedures. Managers must ensure that the process is followed in accordance with the relevant council's agreed process and timescales.

12.2 Key objectives will be set which support the aims of the team, the service and the organisational priorities. Individual training and development needs will be identified through the process. The non-employing organisation may need to provide information as necessary to ensure that the combined objectives are set appropriately.

12.3 To ensure all staff are appraised according to their employing organisations' procedures, all managers of combined teams, regardless of their own employment status, must ensure that they have good working knowledge of the appraisal procedures applicable for staff at all levels in both councils. Appropriate training will be available to those undertaking appraisals to enable them to effectively undertake the relevant appraisal processes for their team members.

12.4 Support should be accessed from the HR team in the organisation in which the individual is employed.

13. Capability issues

13.1 Any capability issues will be dealt with under the Capability Policy and Process in place in the employing council. Managers must ensure that the process is followed in accordance with the relevant council's agreed process and timescales.

13.2 To ensure all staff are managed according to their employing organisations' capability policy and procedures, all managers of combined teams, regardless of their own employment status, must ensure that they have good working knowledge of the capability procedures applicable for staff at all levels in both councils. Appropriate training will be available to managers to enable them to effectively undertake the relevant processes for their team members.

13.3 Support should be accessed from the HR team in the organisation in which the individual is employed.

13.4 Any decision to dismiss can only be taken by a senior manager, as identified within the employing organisation's capability policy, based on the recommendation and case presented by the manager of the combined team. The employee must be allowed the opportunity for full representation as detailed in the policy.

14. Grievance

14.1 Any grievance issues will be dealt with under the Grievance Policy and Procedure in place in the employing council. Managers must ensure that the process is followed in accordance with the relevant council's agreed process and timescales.

14.2 To ensure all grievances are managed according to the employing organisations' grievance policy and procedures, all managers of combined teams, regardless of their own employment status, must ensure that they have good working knowledge of the grievance procedures applicable for staff at all levels in both councils. Appropriate training will be available to managers to enable them to effectively undertake the relevant processes for their team members.

14.3 Support should be accessed from the HR team in the organisation in which the individual is employed.

14.4 Where an employee in a combined team submits a grievance about an employee in another council within the same team HR advice should be sought to determine how the investigation and resolution procedure should be managed practically within the relevant procedures.

14.5 Collective grievances or disputes can only be raised by trade unions or management and not individuals.

14.6 There will be no facility to raise collective disputes across both councils. Any collective grievance should be raised with the employing organisation.

15. Disciplinary

15.1 Any disciplinary issues will be dealt with under the Disciplinary Policy and Procedure in place in the employing council. Managers must ensure that the process is followed in accordance with the relevant council's agreed process and timescales. Where these procedures state the immediate line manager, this will mean the employee's line manager, regardless of the line manager's employing organisation.

15.2 To ensure all conduct issues are managed according to the employing organisations' disciplinary policy and procedures, all managers of combined teams, regardless of their own employment status, must ensure that they have good working knowledge of the disciplinary procedures applicable for staff at all levels in both councils. Appropriate training will be available to managers to enable them to effectively undertake the relevant processes for their team members.

15.3 Support should be accessed from the HR team in the organisation in which the individual is employed.

16. Job Evaluation

16.1 There are separate job evaluation schemes in place in the two councils. The employing council will retain responsibility for the evaluation or re-evaluation of posts where appropriate.

16.2 The councils use the NJC and Hay job evaluation schemes at various levels in the separate organisations and this will continue.

16.3 Market supplements may be paid in line with the employing council's policy

16.4 These arrangements will continue, as at present, and will therefore apply to each team member of a combined team, as appropriate and in line with the policy of their employing organisation.

17. Sickness absence management

17.1 An employee's sickness absence will be dealt with under the Sickness Absence Policy and Procedure in place in the employing council. Managers must ensure that the process is followed in accordance with the relevant council's agreed process and timescales.

17.2 To ensure all sickness absences are managed according to the employing organisations' Sickness Absence policy and procedures, all managers of combined teams, regardless of their own employment status, must ensure that they have good working knowledge of the Sickness Absence procedures applicable for staff at all levels in both councils. This will particularly apply to 'trigger points', Occupational Health referral timings, absence reporting etc.

17.3 Appropriate training will be available to managers to enable them to effectively undertake the relevant processes for their team members.

17.4 Support should be accessed from the HR team in the organisation in which the individual is employed.

18. Smoking, and the use of Alcohol or Drugs

18.1 Smoking, alcohol and drug use will be dealt with under the relevant Policies and Procedures in place in the employing council. The rules of the employing organisation must be followed with regard to the consumption of alcohol during working hours.

18.2 Smoking whilst on duty is allowed only in accordance with the employing organisation's policies and procedures, and also in accordance with the policies and procedures of the organisation in whose premises staff are working. Breaks for smoking must be appropriately recorded and will be unpaid.

19. Leave

19.1 An employees' annual leave (and all other leave) will be dealt with under the relevant policies and procedures in place in the employing council. Managers must ensure that the process is followed in accordance with the relevant council's agreed process.

19.2 The line manager, regardless of employing organisation, can authorise flexi/annual leave for all staff in their team. It is the line manager's responsibility to ensure that this is done in a planned manner according to the requirements of the service. The line manager must keep a record of staff leave according to the recording system of the employing council.

19.3 The line manager, regardless of employing organisation, should refer to the appropriate policy and ultimately seek guidance, from the HR team of the employing organisation, regarding all forms of statutory and contractual paid and unpaid leave if they are unsure of the process to follow.

19.4 Appropriate guidance will be provided for managers to enable them to effectively undertake the relevant processes for their team members. The employees' ordinary leave entitlements will continue but when booking leave the employing organisation will ensure that the leave is approved in consultation with relevant representatives of the non-employing organisation to ensure there is sufficient resilience to maintain service continuity as required.

19.5 Support should be accessed from the HR team in the organisation in which the individual is employed.

20. Shared policies and procedures

20.1 In adopting the principle of best practice in a combined service, it is determined that some policies, procedures and protocols may be adopted jointly, regardless of the employing organisation. Individual policies and procedures will make it clear if this applies. Where it is possible, opportunities to combine and harmonise policies and procedures will be maximised, as will partner organisations commitment to respond with a similar approach to new legislation and initiatives.

21. Whistleblowing

21.1 The policy of the employing organisation of the whistleblower will apply. However, if the employee reveals concerns that are related to one or both of the councils, these will be shared on a confidential 'need to know'/'need to act' basis and managed in accordance with best practice.

22. Code of Conduct

22.1 The Code of Conduct of the employing organisation will apply to the expected behaviours and practices of the employee regardless of the location in which they work. However, local protocols may be developed that will be incorporated into the Code of Conduct of each organisation as applicable.

23. Equality & Diversity

23.1 Employees will be expected to follow the equality policies of the employing organisation. Alongside contractual policies this will also include complying with organisational requirements regarding Equality Impact Assessments.

24. Staff Consultation

24.1 Staff consultation processes within each organisation will continue with local representatives. This includes informal and formal meetings. Joint meetings with representatives from both councils may also be arranged as necessary going forward in consultation with the trade unions.

25. DBS processes

25.1 DBS processes within each organisation will continue with each organisation determining which posts should be DBS checked and at what level and frequency. Ultimately we will aim to operate identical DBS checking processes.

26. Practical assistance

26.1 Where the employing organisation is required to take action under one of its HR Policies or Procedures, the non-employing organisation will provide such information and assistance as may be required. Requests for information should be complied with in a timely manner and the non-employing party will permit its employees to comply with any requests for information and/or attendance at any relevant meetings etc.

27. Sharing of Information/Confidentiality

27.1 Information will be shared across both councils, in accordance with the information sharing protocols in relation to the effective operation of the combined team. As part of the business case Heads of Service must identify any service specific requirements to ensure that the arrangements are compliant with the protocols. There must also be due adherence to any legal requirements including ensuring compliance with data protection legislation. The councils will work to reduce or remove any logistical, technological, or other restraints that may impact on the work of the team.

28. Other considerations

28.1 Action initiated under one procedure may be changed to an alternative procedure if investigation of the circumstances indicates this would be more appropriate.

28.2 Equality impact assessments will be carried out where appropriate.

28.3 The key elements to consider when compiling a business case are detailed at Appendix A.

29. Compliance

29.1 Failure to follow the details set out in this protocol may impact on good employee relations and the reputation of either/both council as a good employer. In addition, it may result in the council breaching employment legislation and incurring financial penalties.

29.2 HR will provide signposting and guidance to support managers in carrying out their employment responsibilities.

29.3 Senior managers should report to senior members of the HR teams any instances where this protocol has not been followed and whether there are any changes or improvements required to the policies, procedure, training, support or any other aspect of the council's approach to shared service working.

29.4 HR will monitor the effectiveness of the protocol through information received via feedback from managers and employees.

29.5 This protocol will be reviewed every twelve months.

Key elements to consider when compiling a business case

APPENDIX A

1. Rationale

Detail the rationale for the change proposals including what is currently being delivered and why it is no longer appropriate or fit for purpose, and why a combined arrangement is required.

2. Proposed changes

Detail what the actual proposals are.
Ensure the proposals have been appropriately costed and are within the resource envelope

3. Proposed Methods

Draft job descriptions.
Evaluate job descriptions.
Determine position on posts including which posts are 'at risk', where 'slotting' and 'ring fencing' may apply.
Determine how the change process will be managed and whether it will result in redundancies. Decide whether voluntary redundancy will be an option.
Undertake an Equality Impact Assessment on the proposals where applicable.

4. Consultation procedure

Draft consultation procedure.
Undertake appropriate consultation with trade unions, staff and any other stakeholders.
Prepare HR1 letter where appropriate.
Carry out stage one meetings with affected staff.
Carry our stage two meetings with affected staff.
Confirm final agreed structure at end of consultation.
Provide time for staff to apply.
Undertake interviews.
Carry out stage three meetings with affected staff.
Revised service can only commence when the full process has been undertaken.
This is likely to take at least three months.

(This list is not exhaustive).

SCHEDULE 5 - FINANCIAL PROTOCOL

As part of the Councils' wider commitment to combination, integration and joint working, there is the requirement for a Financial Protocol that establishes the principles of how the financial relationship between the Councils will work.
The Councils agree to be bound by the terms of the Financial Protocol and to fulfil their respective obligations there under.

The principles within the financial protocol will need to be included in the respective Target Operating Model and business case for each work package.

High Level Principles

1) Both Councils must benefit in each business case.

2) There must be a commencement (starting date) for each Service from which these principles will apply.

3) Savings and associated costs made by Councils prior to a commencement date of joint working arrangements shall remain with the respective Councils.
    a. Must be a single version of the truth for pre-commencement work (i.e. appropriate baselining) for the existing services - however they are presently delivered.
    b. This must be agreed as part of 18/19 base budget and documented as part of that process and relates to the ongoing revenue and capital costs of the service

4) Savings applied for each Council following the commencement date will comply with the following:
    a. "Transactional savings" will be depend on the agreed detailed transactional profile for the relevant service area. Transactional measures could include proportions, gross or net budget allocations, service outputs, service inputs for a service area. Ongoing budgets need to map to the relative workload delivered for each partner.
    b. "Managerial savings" will be dependent on the agreed detailed managerial profile for the relevant service area. In some service areas there might be strategic management that have accountabilities and responsibilities that do not correspond to Transactional allocations. In this case these posts will need to be allocated on a different allocation method. This will led by Director "Judgement" of Strategic input and design principles for the management posts and where they are being removed.

5) Costs applied to each Council following the commencement date will comply with the following:
    a. Transitional costs will be shared depending on the agreed transactional profile for the relevant service area.

a. Any sunk fixed costs for each service area requiring to be written off may be shared across both Councils as per the transactional profile. These are costs (capital generally in nature) that have been invested in the services prior to the commencement date that are now not required and need to be written off. An example here is the costs that the County Council Children's Services invested in Mosaic development that was stopped as the solution changed to Liquid Logic.
b. Staffing costs will be apportioned in the following ways – depending on where the staffing member is employed:
    i. Managerial costs will be apportioned based on the agreed detailed managerial profile for the relevant service area
    ii. Other Staffing costs will be based on the agreed detailed transactional profile for the relative service area
c. Fixed costs
    i. For Joint services, fixed costs will be apportioned based on the agreed detailed transactional profile for the relative service area.
    ii. In transition, until full integration, individual Council will be responsible for their own costs.
d. Property Costs
    i. Property costs will be allocated based on building usage and recharged where there is cross occupation.
    ii. If a Building is sold, the "owning council" will receive that benefit.

6) Other Financial Principles that need to be covered in the Finance Protocol
    a. Insurance
        i. Insurance is Council specific. Each Council must as part of the process ensure their insurance cover is appropriate for the shared services being delivered.
        ii. Any efficiencies from Joint Procurements will be based on tender documentation
    b. Onboarding / Migration - the business case must include an appropriate Onboarding / Migration plan for the Service.
    c. The Councils will ensure that the Information Sharing Protocol is referenced in the business case and is appropriate.
    d. Severance (Redundancy Payments)
        i. Will be Council specific – Employing Council is responsible for any redundancy but cost allocation will be part of the Business Case.
        ii. Cost due to Shared service restructures are applied at the agreed Transactional/managerial model for that service.
        iii. Pension Costs need to be regularised
    e. Termination
        i. Costs of termination would be Council specific dependent on the Council terminating the agreement
    f. Annual Review/Variations
        i. A full set of SLA's/KPI's will be set out
        ii. These will be reviewed on an annual basis

iii. Variations to Services will be delivered by agreed Change Request Mechanism with associated business case setting out additional/reduced costs/savings/liabilities
iv. Reporting will be on a quarterly basis for the overall Service (not day to day items)
v. Customer Satisfaction
    1. Strategic and Operational done on a yearly basis

7) Other Principles will form part of the overall Joint Working Agreements including S113 and Sharing Agreements

The above principles assume:

1) Full Business case for each service area based on detailed budget and inputs from both Councils (including any impacts on the LGSS Partnership and Delegation Agreement.

2) Approval will be
    a. Shared Services Executive Steering Group
    b. Programme Board (part of joint Strategic Management Team/Corporate Management Team
    c. Appropriate Cabinet Member and Member Committee at each Council and LGSS

3) Approved Documents will be stored in a central repository with access from all parties.

SCHEDULE 6: INFORMATION SHARING PROTOCOL

Introduction

This Information Sharing Framework has been developed to ensure that information is being shared appropriately and lawfully between Peterborough City Council and Cambridgeshire County Council as well as any contracted parties.

The document establishes consistent principles and practices to govern any sharing of personal and non-personal information.. The ethos is for an approach which enables the sharing of information in all situations to plan joint service delivery as well as improve that service delivery and resident outcomes as well as to support tasks such as safeguarding in Cambridgeshire, except where it would be illegal to do so.

Remember, not sharing any data can be a risk just as much as the opposite action of sharing too much data.

This Information Sharing Framework is considered to be the overarching framework to provide the basis for partners to share information. Any existing data sharing agreements should ensure that they comply with these principles as and when they are reviewed

This Framework applies to information shared by partner organisations excluding any information which is already in the public domain. Sharing is not restricted solely to information classified as personal data by the Data Protection Legislation and will include business sensitive or financial information. .

It is worth bearing in mind that the legislation in place to protect data is **not** there to create a **barrier** to sharing information. It exists to provide a framework to ensure that any personal and/or sensitive information is shared appropriately.

Aims and Objectives

Partners and their officers need to feel confident and knowledgeable of their obligations when requested, or requesting, to share information. The Framework aims to ensure compliance and consistency across the county by achieving the following objectives:

- Creating a binding Framework to govern working practices and create greater transparency and data security allowing organisations to improve services in the delivery of care for those that need them.
- Offering guidance on how to share information lawfully
- Setting in place a process for the planning of joint service delivery
- Increasing understanding of data sharing principles and legislation

- Having a consistent template for Information Sharing Agreements (ISA) and Data Protection Impact Assessments (DPIA) to make it easier and quicker to formalise information sharing activities, ensuring risks are managed and providing assurance for staff and service users
- Establish an efficient and reliable process to share information quickly
- To protect partner organisations from allegations of wrongful use of data
- To monitor and review information flows
- Allow councils to improve services for users and cooperate so they can deliver the care and services that those people with complex needs rely on

Data Protection Impact Assessments

A DPIA is key part of ensuring that we have thought about the people whose data we are using and the impact on them. It is mandatory to undertake a DPIA in certain situations, but it is good practice to assess the risks of any data sharing to ensure you have thought about how you will mitigate those risks to all parties.

We have a set of forms which will help you; a screening checklist as it may be that you do not need to complete a DPIA and then a “lite” version for lower risks and a full version for higher risks.

Types of sharing

Systematic Information Sharing

Systematic information sharing involves routine sharing of data sets between services for an agreed purpose. Partner services who intend to share information systematically and as an ongoing purpose as a result of this Framework should complete an Information Sharing Agreement.

If they are drawing up an agreement, they should use the Framework’s approved Information Sharing Agreement Template to detail the specific purposes of the data sharing activity and have this signed off by their Data Protection Officer (DPO) and the board.

Partners should ensure that a DPIA is also completed and agreed by the DPO. This DPIA should be reviewed on a regular basis.

Minimised information sharing

In the case where information, either personal or financial, is required for the planning stage of a business case for joint service delivery, consideration of the level and type of information must be made.

Paragraph 22 of Part 4 of Schedule 2 of the Data Protection Act 2018 provides for the processing of personal information without informing data subjects if disclosure would prejudice management planning. This would include developing a business case or for forecasting. If this is the case, then the personal information should be specific and the minimal amount required to develop the business case. Partners should ensure that a DPIA is also completed and agreed by the DPO. This DPIA should address the level of data being used and justify this level of data. It must also be considered how disclosing the use of data for this reason would prejudice the ability of partners to undertake this work. For example, would informing staff that a joint service is being planned prejudice the effectiveness of that business case. The DPIA and reasoning must be reviewed on a regular basis.

Partner services who intend to share information on this basis should complete an Information Sharing Agreement. The agreement does not extend to the use of the information beyond what is specified in the business case, ISA and DPIA.

Ad-hoc or one off Information Sharing

This is specific information sharing involves which are exceptional sharing activities for a range of purposes which are not covered by routine data sharing arrangements. For ad hoc activities, an ISA is not needed but it should recorded what was shared and why. This could be a specific reason such as for the prevention and detection of crime or legal proceedings.

It is expected a record is kept of any ad hoc, one off data sharing activities detailing the circumstances, what information was shared and explaining why the disclosure took place. Remember, only share the minimum amount of data necessary and remove any fields or datasets which are not directly relevant before you share.

Other agreements

This framework should be used in conjunction with local service level agreements and any other formal agreements between partner organisations, as well as existing ISAs.

All parties signed up to this framework agree to be responsible for ensuring measures are in place to guarantee the security and integrity of data and that staff are sufficiently trained to understand their responsibilities and comply with the law. This document encourages sharing of data, but does not alter the statutory duties of those organisations signed up to it.

Data Sharing and The Law

Legislation gives information sharing its basis in law. The legislation listed below gives partners a mandate to share information as well as responsibilities for protecting information and preventing improper use. Any sharing must be in line with data protection legislation i.e. the Data Protection Act 2018 and General Data Protection Regulation 2016. .

Examples of legislation which may enable are:

- Children Act (1989)
- Children Act (2004)
- Civil Contingencies Act (2004)
- Common Law Duty of Confidence
- Police Act (1996)
- Crime and Disorder Act (1998)
- Local Government Act (2000)
- Gender Recognition Act (2004)
- Care Act (2014)
- Mental Health Act (1983)
- Mental Capacity Act (2005)
- Health and Social Care Act (2012)
- Children & Families Act (2014)
- Children and Young Persons Act (2008)
- Criminal Justice Act (2003)

Partner services must also be aware of any other legislation relevant to them when sharing specific information as this is not an exhaustive list of legislation.

The Freedom of Information Act 2000 (FOIA)

In addition to the legislation listed above, the FOIA gives everyone the right to request information held by public authorities and, unless exempt, to be told whether the information is held and be provided with the information. Most, if not all, public sector bodies involved in data sharing are subject to the FOIA. This requires every public authority to adopt and maintain a publication scheme, committing them to publish information on a proactive and routine basis. In most cases this will include the policies and procedures relating to data sharing, including the details of the organisations with which data is shared and any relevant code of practice. Any information shared between different partner organisations may be subject to an FOI request. Upon receipt of an FOI request the opinion of the originating party should be sought before decisions are made on whether to provide the information.

Information Covered By This Framework

This Framework covers the closed sharing of a range of types of information, including personal, sensitive personal and business sensitive data. **Wherever possible, it is recommended that anonymised, aggregate or pseudonymised data is used to minimise the risk of any data protection breaches.** If you are in any doubt over whether you can share data and how to go about doing this, you should consult your organisation's Data Protection Officer.

Personal Information

Personal data refers to any data (all forms, for example manual, electronic, audio and visual) which relates to a living individual (the data subject) who can be identified either from that data, or from any other information which is in the possession of, or is likely to come into the possession of, the data controller.

Special Category Personal Information

Special personal data covers information which is defined as:

- race;
- ethnic origin;
- politics;
- religion;
- trade union membership;
- genetics;
- biometrics (where used for ID purposes);
- health;
- sex life; or
- sexual orientation.

We also consider criminal proceedings as special category personal information and will be handled in the same way.

Official Sensitive Information

Some information may be strategically or business sensitive, for example preparatory work around service redesign. It would also include financial information Likewise, direct access to some datasets may need to be controlled because of licensing considerations preventing wider release. The loss, compromise or misuse of this type of information could cause serious damage to the organisation's reputation, or that of partners or lead to litigation.

Anonymised Information

Any data which is anonymised can usually be shared without consent (subject to certain restrictions regarding health/social care records) provided the identity of the individual cannot be recognised.

However, organisations should ensure that anonymised data, when combined with other information from the same, or different sources, does not produce any information which can identify individuals, either directly or by summation.

There are several approaches to anonymisation and the appropriate approach will depend on the use to be made of the data:

Aggregation: Aggregation of datasets about individuals into summary tables, so there are no longer rows relating to individuals.
Anonymisation: Removal of identifiers in datasets at the level of individuals, so that there is no means to re-establish the link between the data and the individuals concerned.

Psuedonymised Information

Replacement of identifiers with alternative meaningless alphanumeric fields and reduction of potential identifiers to a partial form (e.g. year of birth instead of date of birth, partial postcodes). If a set of keys is used to generate the alternative identifiers, then records relating to the same individual can be linked across datasets treated in the same way where research objectives require this.

Restrictions on Use of Information Shared

All shared information, personal or otherwise, must only be used for the purpose(s) specified at the time of disclosure(s) as defined in relevant ISAs unless obliged under statute or regulation, or under the instructions of a court or as agreed elsewhere. Any further uses made of this data will not be lawful or covered by the ISA.

Secondary use of non-personal information may be subject to restrictions, i.e. commercial sensitivity or prejudice to others caused by the release of such information. If you wish to share information with a third party you should consult the information's original owner.

Certain information is subject to additional statutory restrictions, for example Criminal Records, HIV and AIDS, Assisted Conception and Abortion, Child Protection. Information about these will be included in relevant Information Sharing Agreements.

For advice on permission to share information you should approach the Data Protection Officer.

What Are The Lawful Bases For Processing?

Any sharing of information should have a lawful basis for processing. One is required for processing personal data and one for special category information. The ISA and DPIA must identify which are applicable.

The lawful basis for processing **personal data** are set out in Article 6 of the GDPR. At least one of these must apply whenever you process personal data and must be identified before any sharing

(a) The individual has given clear **consent** for you to process their personal data for a specific purpose.

(b) The processing is **necessary for a contract you have with the individual**, or because they have asked you to take specific steps before entering into a contract.

(c) The processing is **necessary for you to comply with a legal obligation** but not including contractual obligations.

(d) The processing is necessary to **protect someone's life**.

(e) The processing is necessary for you to **perform a task in the public interest or for your official functions**, and the task or function has a clear basis in law.

(f) The processing is necessary for your **legitimate interests** or the legitimate interests of a third party unless there is a good reason to protect the individual's personal data which overrides those legitimate interests. (This cannot apply if you are a public authority processing data to perform your official tasks.)

The basis for processing special category information are set out in Article 9 of the GDPR. In relation to our services, these are the most relevant:

(a) The data subject has given **explicit consent** to the processing of those personal data for one or more specified purposes

(b) The processing is necessary for the purposes of carrying out the obligations and specific rights in relation to **employment and social security and social protection law**

(c) processing is necessary to protect someone's life (**the vital interests**)

(e) it has already been **made public** by the data subject;

(f) processing is necessary for the establishment, exercise or defence of legal claims

(g) processing is necessary for reasons of **substantial public interest**

(h) processing is necessary for the purposes of **preventive or occupational medicine, for the assessment of the working capacity of the employee, medical diagnosis, the provision of health or social care or treatment or the management of health or social care systems and services**

(i) processing is necessary for reasons of public interest in the area of **public health**

(j) processing is necessary for **archiving purposes in the public interest, scientific or historical research purposes or statistical purposes**

Indemnity

Each partner organisation shall fully indemnify the other council and keep each of the other partners fully indemnified against all claims, proceedings, actions, damages, costs, expenses and any other liabilities which may arise out of, or in consequence of, any breach of this agreement and in particular, but without limitation, the unauthorised or unlawful access, loss, theft, use, destruction or disclosure by the offending partner or its subcontractors, employees, agents or any other person within the control of the breaching partner organisation of any personal or sensitive data obtained in connection with this agreement

All agencies who are party to this Framework will have in place appropriate measures to investigate and deal with the inappropriate or unauthorised access to, or use of, personal data whether intentional or unintentional.

In the event that personal data shared under this Framework is or may have been compromised, whether accidental or intentional, the organisation making the discovery will, without delay:

- take appropriate steps, where possible, to mitigate any impacts;
- inform the organisation who provided the data of the details;
- take steps to investigate the cause;
- take disciplinary action against the person(s) responsible, if appropriate;
- take appropriate steps to avoid a repetition.
- inform the DPO

On being notified of a breach, the original data provider along with the organisation responsible for the breach, and others as appropriate, will assess the potential implications for the individual whose data has been compromised, and if necessary will:

- notify the individual(s) concerned;
- advise the individual(s) of their rights; and
- provide the individual(s) with appropriate support.

Where a breach is identified as serious, it may have to be reported to the Information Commissioner's Office. The original data provider, along with the breaching organisation and others as appropriate, will assess the potential implications, identify and agree appropriate action.

Security

It is assumed that each organisation has achieved or will aim to work towards information security standards such as ISO 27001; compliance with NHS Digital's Data Security and Protection Toolkit or (formerly known as Information Governance Toolkit) and will adhere to a similar level of compatible security.

Organisations have an Information Security Policy and Cyber Security Policy in place to set out the minimum standards of security they require:

- Ensure that they have a secure and agreed means of sharing with a lead organisation accepting responsibility for the administration of any secure sharing system e.g. responsibility and liability for ensuring need to know only access to Google Drive would have to be maintained by PCC as system owner/admin.
- Ensure that unauthorised staff and other individuals are prevented from gaining access to personal data.
- Ensure visitors are received and supervised at all times in areas where personal data is stored.
- Ensure computer systems containing personal data are password protected.
- Passwords must be treated as private to the individual and must not be disclosed to others.
- The level of security should depend on the type of data held, but ensure that only those who need to use the data have access.
- Do not leave your workstation/PC signed on when you are not using it.
- Lock away disks, tapes or printouts when not in use.
- Ensure all new software has been authorised and disks are virus-checked prior to loading onto your PC.
- Exercise caution in what is sent via email and to whom it is sent; and only transmit personal data by email where agreed compatible security arrangements are in place with partners
- If information is taken from system/s or network, ensure that appropriate security measures have been taken (eg. encryption).
- Ensure the secure disposal of information (electronic and on paper).
- Check that the intended recipients of faxes, emails and letters containing personal data are aware the information is being sent and can ensure security on delivery.
- Ensure your paper files are stored in secure locations and only accessed by those who need to use them.

- Do not disclose personal data to anyone other than the data subject unless you have the data subject's consent, or it is a registered disclosure, required by law, or permitted by a Data Protection Act exemption
- Do not leave confidential information on public display in any form. Clear your desk at the end of each day and lock sensitive material away safely.

Each partner agrees to adhere to these standards of security. Should additional security arrangements be required, these should be set out in individual Information Sharing Agreements as required.

It is the responsibility of the organisation which discloses personal data to make sure that it will continue to be protected by adequate security by any other organisations that access it by including clearly stated requirements in Information Sharing Agreements. Once the information has been received by the partner organisation they will have their own legal duties with respect to this information.

In the event of a security breach in which information received from another party is compromised, the originator will be notified at the earliest opportunity.

It is accepted that not all partners will have security classification in place, however, it is recommended that signatories to information sharing agreements: (i) protectively mark the materials they share to indicate the level of sensitivity, and (ii) align the protective marking classification they use with that used by Central Government. Further information is available from the DPO.

Information Quality

Information shared should be complete (but not excessive), accurate and up-to-date to ensure all partners are assured that the information can be used for the purposes for which they require it. Organisations should also make any partners they share information with aware of their rules on data retention and whether these apply to the data being shared. Organisations should have a process for seeking assurance, where necessary, that personal information has been securely deleted/disposed of at the end of the retention period.

All service areas/organisations who are part of an information sharing agreement must update their partners within the information sharing agreement if they identify inaccurate information and vice versa. This requirement should also be included in the information sharing agreements.

All organisations must put in place plans in place to carry out regular quality assurance across all teams that share data as part of an information sharing agreement.

Organisations are expected to ensure that the personal and sensitive personal data they hold is processed in accordance with the Data Protection Act principles

Training

Training must be provided for staff in all organisations who will have any duties handling or sharing information so that they can undertake their duties confidently, efficiently and lawfully. IG Training is mandated to be completed every year. PCC and CCC will ensure that officers are provided with access to the same training.

Review

Information Sharing Agreements should be periodically reviewed to ensure that security arrangements are appropriate and effective. This should be undertaken and any amendments shared with the DPO.

Acceptance of terms

It is key that all officers abide by the principles stated above and that these are adhered to.

This means that:

- only data which is necessary for the project is shared
- only data which has been agreed in the ISA and DPIA is shared
- it is only used for the purposes specified and re-use is not permitted without agreement from the board and DPO
- all officers engaged have undertaken data protection training
- all officers engaged abide by the principles of this framework
- all officers engaged will adhere to security principles
- all officers will adhere to confidentiality

The relevant director/head of service when signing the business case, ISA and DPIA will accept responsibility for ensuring compliance as will the project lead.

Information Sharing Checklist

Before you share any information then complete the below and sign….

Have you:	How have you done this?	*Aide*
got an agreed set of objectives?		*a business case/proposal?*
Identified which services are in scope?		*this should be part of the business case?*
Had a business case entered on Verto which has been agreed		*Evidenced by Verto*
Spoken to the DPO?		*seek advice at the outset and gain support from the outset*
Identified what information is to be shared? and what level is required		*This should be clear and specific as part of the business case and subsequent agreement*
Identified the lawful basis for sharing?		*This should be clear and specific as part of the business case and subsequent agreement*
Identified any licensing issues if access to a system is required?		*This will be part of your business case*
Identified the secure means for sharing and who takes responsibility?		*This should be included in the sharing agreement*
Identified any legislation or exemptions which support the sharing or use?		*This should be included in the agreement and referenced clearly.*
Ensured contracts are in place if needed?		*If contracts are needed then have these reviewed by Legal?*
Completed a DPIA?		*has this been agreed?*
Completed the ISA?		*has this been agreed?*

Ensured that all officers concerned understand the process and restrictions?		*Has the director/head of service ensured this?*

By signing this agreement, all signatories accept responsibility for its execution and agree to ensure that staff are trained so that requests for information and the process of sharing itself are sufficient to meet the purpose of this agreement.

Signatories accept responsibility for ensuring that staff are aware of their responsibilities under data protection.

Signatories must also ensure that they comply with all relevant legislation and with the provisions set out in the **Cambridgeshire Information Sharing Framework**.

Signed on behalf of **Peterborough City Council**:

Title:	
Position:	
Date	
Signature	

Signed on behalf of **Cambridgeshire County Council**:

Title:	
Position:	
Date	
Signature	

APPENDIX 1 PCC-CCC DPIA SCREENING CHECKLIST

DPIA SCREENING CHECKLIST
(Prior to completion of a Data Protection Impact Assessment)

This form will allow you to establish, during the initial scoping phase, whether your project is likely to need a DPIA. It is suggested that you revisit this checklist at various points in your project lifecycle to ensure that there have been no changes made to the proposed use of information which may impact on whether a DPIA is needed.

KEY PROJECT INFORMATION:		
Project Name:		
Description of Project:	Explain what the project aims to achieve, what the benefits will be to the organisation, to individuals and to other parties. You may find it helpful to link to other relevant documents related to the project, for example a project proposal	
Project Manager:		
Project Sponsor:		
Expected 'Go Live' date:		
Will the project involve the use or collection of any information which based on an individual's?	NO - If the answer is no, you do not need to complete this form – a DPIA is not required. YES - If the answer is yes, please continue	
	Requires full personal information	

Level of personal information you believe is required	Anonymised data	
	Minimised data	
	Pseudonymised data	
Reason for this level of data Please include necessity if you believe full personal data is required. If you have indicated anonymised, pseudonymised or minimised data please indicate how you will achieve this.		
KEY CONTACTS:		
Project Manager Name & Job title:		
Project Manager Email		
Project Manager Phone		
Key Stakeholder Names & Roles.	Names	Roles

SCREENING QUESTIONS	Yes or No
Will you use systematic and extensive profiling with significant legal effects on an individual such and the service they may receive?	
Will you be processing special category or criminal data on a large scale?	

Will you be systematically monitor publicly accessible places on a large scale	
The above require a full DPIA	
Will you be using new technologies or a current system in a different way?	
Will you be using profiling or special category data to decide on access to services especially denial of service	
Will you be profiling individuals on a large scale?	
Will you be processing biometric or genetic data?	
Will you be matching or combining personal data from different sources?	
Will you be collecting personal data without a privacy notice directly issued to individuals explaining this?	
Will you be tracking individual's location or behaviour?	
Will you be profiling children or target marketing or online services at them?	
Will you be processing data that may endanger the individual's physical health or safety in the event of a data breach?	

If any of the screening questions have been answered "YES", then please advise the Information Governance Team who will note these responses and will support you in completing the full Privacy Impact Assessment at the appropriate time.
If all questions are "NO", please return the document to the Information Governance Team and do not complete a Privacy Impact Assessment. Please email the completed checklist to:foi@peterborough.gov.uk.

APPENDIX 2 PCC – CCC FULL DPIA

DATA PROTECTION IMPACT ASSESSMENT

Name of project:	Expected project implementation date:
Department contact:	Submission date:
Project Manager:	Project Sponsor:
Information Asset Owner:	Business Case Reference No (if applicable)

The screening checklist should be completed and attached to this full assessment.

This assessment **should be completed at the project planning stage** to ensure that information risks are identified early and managed effectively **before** the project is implemented. Identified risks should be included in the project risk register and any changes to the project plan should be reflected in the Data Protection Impact Assessment (DPIA).

The DPIA is a checklist against Information Governance compliance and is a risk management process that enables us to anticipate and address likely impacts of new initiatives, to provide assurance of confidentiality, data protection, IT security and data quality issues related to this project. This completed assessment should be referenced and embedded in any business case.

A DPIA is mandatory for any new system (IT or otherwise), process or technology which involves person identifiable or business sensitive data.

Completed assessments must be sent to the IG Team via email to: foi@peterborough.gov.uk

Any changes to original assessment must be notified to the IG Team as above. Once all actions are completed, the final completed assessment must also be emailed to the IG Team as above.

Notes on completion:

All sections should be fully completed - Sections that are not relevant should be marked with N/A - Any queries during completion should be directed to the IG Team as above

1. Project Outline Explain what the aims are, the benefits to all parties and why a PIA has been completed.

2. Organisational Questions	Completion Notes	Response
Confirm which internal partners have been informed of the project. This may include some or all of Information Governance, ICT, Finance, HR and Performance	*List all internal partners and boards that have been informed of the project, who approved the outline specification/Business Case*	
Provide a complete list of all of the stakeholders including those departments or organisations that have an interest in, a role to play in the delivery, or may be affected by the project	*List all providers and other organisations such as county council, police, charities, service users etc. and their role in the project.*	
What processes are in place to respond to Freedom of Information (FOI) requests?	*Give details. Does the resulting contract/SLA specify that FOI requests should be reported to the Commissioners FOI Lead?*	

3. Data Protection Overview	Completion Notes	Response
Name the data controller and list all organisations that will be processing data on behalf of the data controller. Provide details of the individual who will be considered to be the Information Asset Owner. (The person responsible for the system)	***Data controller****: a person who (either alone or jointly or in common with other persons) determines the purposes for which and the manner in which any personal data are, or are to be, processed.* ***Data processor****, in relation to personal data, means any person (other than an employee of the data controller) who processes the data on behalf of the data controller.*	
Is the purpose of processing the personal data listed in the council's Notification to the Information Commissioner?	*It should cover all reasons within the project*	
Does the privacy notice for the council or service sufficiently explain this use or need to be amended?		
Is there a process for managing incidents relating to information breaches/losses and reporting those to the data controller?		
Is any data processed outside of the UK? Either by the supplier/provider or by a contracted third party.	If, yes please confirm in which country the data will be processed. Does the contract include a clause to require any data processor to inform the data controller if data there will be changes to where the data will be processed?	

Is there a process in place to ensure all involved officers have undertaken mandatory data protection training?	List the IG training requirements for staff (this may be role specific). Is IG training mandatory? Has/will the requirement to complete annual IG training been included in the contract?	

4. Systems & Security	Completion Notes	Response
Provide details of the individual who will be considered to be the Information Asset Owner.		
System(s) name What is the system commonly known as?		
Who is the Supplier or Provider? Give full contact details including address, telephone number and name of person responsible for support.		
What (if any) testing of the system will be required?		
Does the system have a reporting facility?		
Can changes to records be tracked to identify who has made the change?	Is there an active audit trail built into the electronic system used?	
Is the system able to produce a printout of all personal data to satisfy the subject access provision?		
Does the system have the capability to delete or erase records should it be necessary?		

Who will have access to the system and how will that access be controlled?		
Will training on use of the system be provided and a list of trained personnel maintained?		
What information security controls have been put in place? ● Give details of the access controls to be in place for staff accessing personal data. ● IT security controls ● Training and awareness	Give details of access restrictions to building/areas/systems e.g. passwords/smartcards/ID cards etc. How will IT support be provided? Will this be provided from outside of the UK? Will any data be stored outside of the UK and/or EEA If so, provide details of the security arrangements	
Give details of the access controls to be in place for staff accessing PID. Include details of i.e. password controls, Smartcards etc.	Give details of access restrictions to building/areas/systems e.g. passwords/smartcards/ID cards etc. How will IT support be provided? Will this be provided from outside of the UK? If so, provide details of the security arrangements	
Give details of measures in place to protect data from accidental loss, destruction or damage?	Include business continuity plans, back-ups etc	
Will mobile devices be used? If so will they be encrypted? *Give details of devices and security*	Give details of devices and security	

Is person identifiable data encrypted within the system and on transfer? ***(e.g. gcsx to gcsx on transfer)***	Give details of how data is transferred, whether it is encrypted and to what standard. Is government secure e-mail used to transmit electronically? (This information can be included on the data flow chart)	

5. **Data**	**Completion Notes**	**Response**
Will Anonymised/Pseudonymised/non personal data be used?	Have you considered the same results being achieved without identifiable data?	
Provide details of how the data will be collected, shared, used and deleted	A flow chart may assist in demonstrating data flows	
Provide a list of the datasets/types of Person Identifiable Data (PID) that the new system (IT or otherwise) will process.	e.g. Name Address DoB NHS Number health data (give specific details) Other (give details) Format: electronic/paper/both	
Provide a list of all types of special category or sensitive personal data that will be collected. (i.e. ethnicity, religious beliefs etc)	Give details of any data that will be collected under the following headings: sexual life ethnic origin medical information religious beliefs	

	political views criminal convictions	
How many data subjects will this affect?		
List the purpose(s) for handling/collecting person identifiable data?	Give specific purpose(s) that data will be used for. This information is required in order to ensure that we comply with DPA	
Where and how will the data be stored? Include details for electronic and paper	E.g. Electronic data will be stored on server/pc/laptop etc Paper files will be stored in … at ….	
How will this project impact on existing information assets?		
How will data quality be assured?		
What processes will be in place for data validation?	How and when will the data be verified? E.g. at each visit?	
Are national or locally defined data standards being used?	What local policies or national guidelines will be followed?	
Where different systems are recording the same data, are processes in place to ensure there are no inconsistencies between them?	If not applicable (N/A) please mark as such	

6. Information Use and Sharing	Completion Notes	Response
Provide details of data that will be shared and received from any internal and external organisation(s)	*List all parties, amount of data to be shared and frequency (flow chart to map data flows is useful)*	
Please explain the overall objective of the information sharing		
Will an information sharing agreement be required?	*The data sharing may be covered by an existing data sharing agreement. Contact the Governance team for advice/templates.*	
On what basis are you undertaking the project?	*Is there a statutory duty for the work?* *Is it in the public interest?* *Is it to deliver a contract between the council and the individual (s)* *Is it for health or social care?*	
Does the sharing need consent to take place? Consent means that we can only deliver the service if a person agrees.	*Give exact details of whether consent will be required and how it will be gained and recorded.* *Give details of what information will be available, the format and where. Attach examples with this assessment* *What happens if consent is withdrawn?*	
Are individuals offered the opportunity to restrict the sharing or processing of all or some of their personal data?		

Will there be any consultation of affected individuals and if so how will you conduct this consultation? If not then why not		
Are there any current public concerns that should be factored in?		

7. Risks and Benefits			
What are the risks to the individual(s) and how will you mitigate these? Provide a list of risks and how you will manage these.			
Issue/Risk (including source and possible impact of risk)	**Solution/Mitigation**	**Expected Outcome**	**How will this be monitored/evaluated**
insert more rows if required			

	Completion Notes	Response
How will you limit the exposure of a data subject and limit the invasion into privacy?	Is the level of data being used and its sensitivity proportionate and necessary for the project? Explain why you need to use the level of personal information for this project – detail why anonymised or pseudonymised data would not suffice	
What are the benefits to the individuals?		
Are there risks to the council associated which needs to be highlighted?		
What are the benefits to the council?		

8. Records Management	Completion Notes	Response
What processes are in place for managing retention and disposal of records?		

What processes are in place for managing retention and disposal of records?	Does the contract include requirements relating to records retention and disposal? What will happen to records at the end of the project/service? Has reference to handover of service user records to new provider been included in the contract?	
What will happen to the personal data when it is no longer required?		
Who will take responsibility for ensure disposal of data in accordance with national and local retention and disposal policy timescales?		

FOR INFORMATION GOVERNANCE USE ONLY

Processing personal data *Can we legitimise processing of personal data in accordance with the terms of data protection legislation? If yes - legitimate process (Please tick – at least one of the terms opposite MUST apply)*

Recorded consent	
Contract	
Compliance with a legal obligation	
Vital interests	
Statutory duty/Justice/enactment	
Legitimate interests (cannot be linked to our statutory duties)	

Sensitive personal data

Can we legitimise processing of sensitive personal data in accordance with the terms of DP legislation? If yes – terms need to be satisfied (Please tick all that apply)

Explicit consent of the data subject	

Processing is necessary for carrying out obligations under employment, social security or social protection law, or a collective agreement		
To protect the vital interests of a data subject or another individual where the data subject is physically or legally incapable of giving consent		
The person has already made the		

data public themselves	
We need it for the establishment, exercise or defence of legal claims	
It is in the substantial public interest as defined in the new Bill and includes a function required of the authority	
The purposes of preventative or occupational medicine, for assessing the working capacity	

of the employee, medical diagnosis, the provision of health or social care or treatment or management of health or social care systems and services		
Public interest in the area of public health, such as protecting against serious cross-border threats to health or ensuring high standards of healthcare and of medicinal products or medical devices		

Processing is necessary for archiving purposes in the public interest, or scientific and historical research purposes or statistical purposes		

	Sections	Comments
1	**Project Outline -** are the aims and outcomes clear	
2	**Organisational Level –** all relevant services/teams have been identified and informed	
3	**Data Protection** Identify any concerns as regards purpose, training, policies, privacy notices, location of data, training	
4	**Systems** Does the system have sufficient capability, controls, and security? Does it enable rights to be met e.g. access	

	Is it a new asset? Has a secure means of sharing been found?	
5	**Data** Is level of data appropriate? are the types set out? Are data flows and processes described Is purpose clear? Is data quality addressed? Are standards being used?	
6	**Information Processing** Is an ISA needed? Has the basis for processing been identified? Is consent required? Are subjects aware? Has a consultation been done	
7	**Risks and Benefits** Have all risks been identified? Are risks sufficiently mitigated? What controls need to be introduced? Has a balance between the two been found? Is there a plan for monitoring? Does the ICO need to be consulted? Has the DPO agreed - if their advice has been overruled then detail by whom and why?	
8	**Records Management** Are sufficient processes in place?	
IG	**Overall assessment** What needs to change? if anything	

[redacted]

SIGN OFF			
Sign off	Title	Signature	Date
	Project Owner		
	Head of Service/Senior Manager		
	Compliance Manager (Governance) or Information Manager		
	Corporate Data Panel		
	SIRO/Data Protection Officer		
Comments from DPO			
Date of review			
Reviewing Officer:			

APPENDIX 3 DRAFT ISA TEMPLATE

Cambridgeshire and Peterborough Information Sharing Framework

INFORMATION SHARING AGREEMENT

[INSERT PURPOSE]

CONTENTS PAGE

SUMMARY SHEET

Title of agreement	
Agreement reference	
Date of agreement	
Review date of agreement	
Agreement owner	
Agreement drawn up by	
Version	

COMPLETION NOTES

You should refer to the Cambridgeshire Information Framework guide and template completion guidance for assistance.

You should ensure that you complete each section, where relevant, paying particular attention to the sections highlighted yellow for completion.

1. INTRODUCTION

1.1 Sharing information and data are key elements of effective service delivery, improving services offered and ensuring our public tasks are delivered. Too often information is not shared effectively and efficiently due to a variety of reasons such as misunderstanding of legislation, concerns about privacy and data protection. This information sharing agreement enables regular information sharing to take place and ensure that the correct processes are in place.

1.2 This information sharing agreement has been drawn up under the umbrella of the Cambridgeshire Information Sharing Framework, which sets out the core information sharing principles which have been agreed by its signatory organisations.

1.3 Please provide a summary description of the project or link to a business case as an appendix.

In order to deliver this it is necessary for partners to share appropriate and specific information.

2. PURPOSE & LAWFUL BASIS FOR SHARING

2.1 The purpose of this agreement is to enable information to be exchanged between the named organisations in support of the following objectives:

- Objective
- Objective

2.2 What are the benefits of this project to all stakeholders?

2.3 What are the limits? What is not covered? Are there any agreements in related areas that will operate in parallel?

2.4 Please provide the lawful basis for processing/sharing information. Y

You should identify one basis for the processing of personal data from the six available and if you are processing special categories of data then you should identify one basis for the processing from the ten available.

You should also explain how those identified relate to the objectives.

2.5 Please reference any specific exemption such you are relying on such as management planning, prevention and detection of crime.

If you are basing the information sharing on consent please detail on this in 5.3.

3. PARTNERS

3.1 This agreement is between the partners listed below. One organisation must take on the role of lead organisation.

Organisation	Named Director/Head of Service	Project lead	Data Protection Officer
Peterborough City Council			Ben Stevenson ben.stevenson@peterborough.gov.uk 01733 452387
Cambridgeshire County Council			Dan Horrex dan.horrex@cambridgeshire.gov.uk 01223 728416

3.2 If a **new partner joins the agreement** or **partner leaves the agreement** then they must inform the lead organisation. The lead organisation will keep the definitive list of organisations who are signed up to the agreement. The lead organisation must inform existing partners of changes to the agreement.

4. LEGISLATION WHICH SUPPORTS SHARING

4.1 This information sharing is enabled by provision within the following legislation, please add relevant section of the Act which provides a power or duty to share:

These are only examples please delete or add as appropriate

- The EU General Data Protection Regulation 2016
- Data Protection Act 2018 e.g. Schedule 1, Part 2 (1)
- The Data Protection (Processing of Sensitive Personal Data) Order 2000/417
- The Crime and Disorder Act 1998 (section 115);
- Civil Contingencies Act 2000
- Local Government Act
- The Children Act 1989
- The Children Act 2004
- The Care Act 2014

Any information shared and the processes used to share such information will be
compliant with the relevant Human Rights legislation.

4.2 The information sharing is being conducted with due regard to the following legislation and guidance:

- The General Data Protection Regulation
- Data Protection Act 2018
- The Human Rights Act 1998 (article 8);
- The Freedom of Information Act 2000
- Common Law Duty of Confidentiality
- Caldicott Principles
- Care Act 2014

5. PROCESS

5.1 This agreement has been formulated to facilitate the exchange of information between the signatories. It is, however, incumbent on all partners to recognise that any information shared must be justified on the merits of the agreement. The balance, between an individual's rights and the need to disclose information, must be assessed to ensure the information shared between agencies is proportionate to the purpose. Anyone in doubt should consult their Information Sharing Lead before proceeding.

5.2 **INFORMATION TO BE SHARED**

5.2.1 Please identify in detail what data will be shared, you may wish to attach a schedule. This should identify:

Types of data (personal only or personal data/special category data)
What data this is
What level of data is being used
Is this the least possible level of data
Whether it is pseudonymised data and who will have ability to re identify
Who the data relates to
Controller of data
System shared from
Where the data will be stored

5.2.2 If there is a need to share additional information on a one-off-basis, the parties concerned should consider whether the sharing is necessary to the agreement and document their considerations/findings, including any additional consents sought (and if not sought, an explanation as to why) and append this agreement.

5.2.3 If additional information is required on a repeated basis over and above what is defined in this agreement, to enable the agreement to achieve its aims, the lead officers should agree an addition to the sharing agreement, ensuring that the new information meets the same legislative or consent basis as the original. This addition should be added to the agreement and all parties should sign up to it.

5.3 **CONSENT [only include if appropriate]**

5.3.1 How and when has consent been obtained/how will it be obtained?

5.3.2 How has the consent been recorded? Who holds the record of consent?

5.3.3 Arrangements for each partner and arrangements if consent for sharing is denied or withdrawn by an individual.

5.4 **RIGHT TO SHARE NON-PERSONAL INFORMATION [delete if not relevant]**

5.4.1 If appropriate detail when non-personal information e.g. financial or commercial data may be shared and why.

5.4.2 Please note here any restrictions on the sharing e.g. where it may be commercially sensitive or subject to legal privilege.

5.4.3 Please note here what will happen to this information at the end of the project

5.5 **RIGHT TO SHARE ANONYMISED INFORMATION [delete if not relevant]**

5.5.1 If appropriate set out when anonymised information may be shared and why

5.5.2 Please note here any restrictions on the sharing or usage of anonymised data

5.5.3 Please note here what will happen to this information at the end of the project

5.6 **DATA PROTECTION IMPACT ASSESSMENT (DPIA)**

5.6.1 Was a DPIA undertaken? If not then explain why not and attach a copy of the screening checklist. If a DPIA was undertaken then attach a copy

5.6.2 How will risks be kept under review?

5.6.3 Was any other risk assessment considered relevant? If so, details. What changed as a result?

5.7 **HOW WILL THE INFORMATION BE TRANSFERRED OR SHARED?**

5.7.1 The Cambridgeshire Information Sharing Framework provides details of the overall security standards required of participating organisations to manage the information they receive from other parties under this agreement. These must be respected by all signatories.

5.7.2 *Please provide details of how electronic information will be securely transferred between organisations e.g. system access, secure email, SFTP, secure file sharing e.g. Google Drive and who will be responsible for ensuring access is appropriately granted and removed..*

5.7.3 *Will any hard copy information be shared/transferred and how will this be done securely*

5.7.4 *There is a record made of each organisations decision on how to share information if it is different to the above point. This is to be recorded as follows:*

- Organisation 1 –approach.
- Organisation 2 –approach.
-

5.7.5 *[Ensuring level of sensitivity is understood – protective marking. If different organisations have different standards, identify them here.] Before being shared, information should be protectively marked as follows:*

- *[Mark 1]*
- *[Mark 2]*

5.7.6 Information that is shared will be labelled with the name of its originator, so that obligations around withdrawal of consent, updating to maintain accurate records and reporting any breaches etc can be fulfilled.

5.8 ENSURING DATA QUALITY

5.8.1 Everyone sharing data under this agreement is responsible for the quality of the data they are sharing.

5.8.2 Before sharing data, officers will check that the information being shared is accurate and up to date to the best of their knowledge. If data is being shared which could harm the data subject if it was inaccurate, then particular care must be taken.

5.8.3 Where a ‘dataset’ is being shared (i.e. structured data), it will be accompanied by a table providing definitions of the data fields.

5.8.4 If personal data has been held for longer than […time period…], an updated version must be obtained before […action…]

5.8.5 Information shared should be complete (but not excessive), accurate and up-to-date to ensure all partners are assured that the information can be used for the purposes for which they require it. Organisations should also make any partners they share information with aware of their rules on data retention and whether these apply to the data being shared. Organisations should have a process for seeking assurance, where necessary, that personal information has been securely deleted/disposed of at the end of the retention period.

5.8.7 All service areas/organisations who are part of an information sharing agreement must update their partners within the information sharing agreement if they identify inaccurate information and vice versa.

5.8.8 All organisations must put in place plans in place to carry out regular quality assurance across all teams that share data as part of an information sharing agreement.

5.8.9 **DATA SUBJECT RIGHTS**

5.9.1 All partners must be aware and take appropriate action to ensure that a data subject rights are met. Any such requests are to be notified to the appropriate lead and Data Protection Officer.

5.9.2 The right to be informed. Partner should ensure that where appropriate a privacy notice detailing the processing of information being undertaken has been provided

5.9.3 The right of access. If any partner receives a request for access from a data subject which concerns data shared as part of this agreement, they will notify relevant partners and ensure that disclosure of any partners' information is agreed or the subject is referred to the appropriate partner.

5.9.4 The right of rectification. If any partner receives a request for rectification from a data subject pertaining to data shared with other partners as part of this agreement, they will notify relevant partners to ensure inaccuracies are rectified.

5.9.5 The right of erasure. If any partner receives a request for erasure from a data subject pertaining to data shared with other partners as part of this agreement, they will notify relevant partners to ensure decisions are made as appropriate to each organisation and the data.

5.9.6 The right to restriction. If any partner receives a request for restriction from a data subject pertaining to data shared with other partners as part of this agreement, they will notify relevant partners to ensure decisions are made as appropriate to each organisation and the data.

5.9.7 The right to objection. If any partner receives a request to object from a data subject pertaining to data shared with other partners as part of this agreement, they will notify relevant partners to ensure decisions are made as appropriate to each organisation and the data.

5.9.8 The right to data portability. If any partner receives a request for data from a data subject which concerns data shared as part of this agreement, they will notify relevant partners and ensure that disclosure of any partners' information is agreed or the subject is referred to the appropriate partner.

5.9.9 The right related to automated decision making or profiling. If any partner receives a request for under this right from a data subject which concerns data shared as part of this agreement, they will notify relevant partners to ensure compliance.

5.10 INFORMATION USE, REVIEW, RETENTION AND DELETION

5.10.1 Partners to this agreement undertake that information shared under the agreement will only be used for the specific purpose for which it was shared, in line with this agreement. It must not be shared for any other purpose outside of this agreement.

5.10.2 Only employees of partners who have a clear business need to access information shared will be provided with access.

5.10.3 In each case, the originating organisation remains the primary information owner and record keeper for the information that is shared. Where information is edited by the receiver, they must make it clear this is an altered copy.

5.10.4 Retention period – different subsets of information may need to be kept for different lengths of time. If this is the case, draw up a table. If you have an Appendix of information to be shared, add the retention periods to this for ease of reference. The retention period for the information shared is **xxxx** from the date of **xxxx**.

5.10.5 [Destruction – cover paper and electronic files if appropriate.] The following destruction process will be used when the information is no longer required:

- [paper]
- [electronic]

5.10.6 The recipient will not release the information to any third party without obtaining the express written authority of the partner who provided the information. If any partners have business support or project management provided under contract, other partners should be notified and reference made in the business case for this.

5.10.7 If a partner leaves the agreement, decisions must be taken and followed through on what happens to :

- The information that has already been shared with the signatories by the departing organisation.
- The information that has already been shared with the departing organisation by the other signatories.

5.11 ROLES AND RESPONSIBILITIES UNDER THIS AGREEMENT

5.11.1 All partners to this agreement have appointed SPOCs and Data Protection Officers for this agreement as named in Section 3.

5.11.2 These will be the first port of call for questions about the agreement. If there is a problem such as a potential information security breach, relevant SPOCs and DPO must be contacted.

5.11.3 It is the responsibility of everyone sharing information and accessing and using the information that has been shared to take appropriate decisions, then hold the information securely, in accordance with the standards set out in the overall Framework and this agreement. Any person who is not sure of the requirements on them should read the Framework and this Agreement, then, if necessary, contact their SPOC.

5.11 **REVIEW OF THE INFORMATION SHARING AGREEMENT**

5.11.1 This Information Sharing Agreement will be reviewed **xxxx** months after its launch and **xxxx** thereafter. The organisation responsible for initiating this process is: **xxxx**.

5.11.2 If a significant change takes place which means that the agreement becomes an unreliable reference point, then the agreement will be updated as needed and a new version circulated to replace the old.

5.11.3 If the lead person departs their role, an alternative lead must be nominated as soon as possible.

5.12 **INDEMNITY**

5.12.1 Partners as receivers of information covered under this Agreement will accept total liability for a breach of this Information Sharing Agreement should legal proceedings be served in relation to the breach.

5.13 **BREACHES**

5.13.1 If a breach of data occurs then all SPOCs and DPOs from each partner need to be made aware and the lead organisation needs to lead the investigation. The lead organisation must decide Information Commissioner needs to be made aware.

6. SIGNATURES

6.1 By signing this agreement, all signatories accept responsibility for its execution and agree to ensure that staff are trained so that requests for information and the process of sharing itself are sufficient to meet the purpose of this agreement.

6.2 Signatories accept responsibility for ensuring that staff are aware of their responsibilities under data protection.

6.3 Signatories must also ensure that they comply with all relevant legislation and with the provisions set out in the **Cambridgeshire Information Sharing Framework**.

Signed on behalf of **Peterborough City Council**:

Title:	
Position:	
Date	
Signature	

Signed on behalf of **Cambridgeshire County Council**:

Title:	
Position:	
Date	
Signature	

Appendix 1: Cambridgeshire Information Sharing Framework - Reference Documents

Cambs Information Sharing…	Purpose
• Framework	The umbrella agreement signed up to by the leaders of participating organisations. Sets out the standards that participating organisations will adhere to when sharing information.
• Guidance	Advice on how to identify when an activity is information sharing, and guidance on how the Framework can help with those activities. Good practice.
• Agreement Template	Template for information sharing agreements under the umbrella of the wider Cambridgeshire Information Sharing Framework. Setting the parameters for specific information sharing activities between particular groups of organisations.
• Contacts	The lead information sharing officers in each participating organisation. Available to advise on the application of the framework and on information sharing more generally.
• Charter	A leaflet informing the public about Cambridgeshire's Information Sharing Framework and the benefits to them.

SCHEDULE 7 - TECHNOLOGY SHARING PROTOCOL

1. Both Councils must benefit in each business case.

2. There must be a commencement (starting date) for each Service from which these principles will apply.

3. There must be as part of the business case an fully costed IT systems plan including:
    a. A single agreed version of the IT systems at pre-commencement work (i.e. appropriate base-lining) for the existing services - however they are presently delivered.
    b. A single agreed version of the IT systems at the "end" point of Conversion - including Business Process Changes required to deliver the "optimum" solution.
    c. A full migration plan and associated actions to get from 3(a) to 3(b).
    d. This will include hardware and software and connectivity requirements.

4. There must be as part of the business case an expected IT support plan for the IT solution including an agreed:
    a. Priority incident resolution plan;
    b. IT support arrangements;
    c. Helpdesk arrangements.

5. The IT protocol will link in, via the business plan to:
    a. On-boarding / MIgration - the business case must include an appropriate On boarding / Migration plan for the Service, including all IT systems;
    b. Intellectual Property Rights Allocation;

6. The Councils will ensure that the Information Sharing Protocol is referenced in the business case and as appropriate:
    a. The Finance Protocol via the business case;
    b. The HR Protocol via the business case;
    c. Annual Review/Variations;

7. Systems support and associated priority resolution will be reviewed on an annual basis.

8. Variations to Services will be delivered by agreed Change Request Mechanism with associated business case setting out additional/reduced costs/savings/liabilities.

9. The Councils shall agree and sign a memorandum of understanding for reference to the sharing of technology in the form set out in appendix A of this schedule.

Appendix A - MOU

SCHEDULE 8 - GOVERNANCE ARRANGEMENTS

1.0 PURPOSE OF THIS TERMS OF REFERENCE

This Terms of Reference (ToR) sets out where decisions about the Shared and Integrated Services (Shared Services) Programme will be made, accountability, the roles and responsibilities and how the work is being managed.

2.0 GOVERNANCE AND ACCOUNTABILITY

See appended Governance chart for membership

2.1 Political Governance

In CCC, the Communities and Partnerships (C&P) Committee is the overarching governing body for the Programme. In PCC the overarching governing body is the Leader and Cabinet. Together they will monitor progress and ensure that the work under this programme supports outcomes for communities and positively contributes to the way the system works across a range of partnerships. The Programme Board will work with Members in two ways:

- Update/monitoring reports through the Committee and Cabinet meetings a minimum of three times a year
- Joint cross party Member / Officer Workshop sessions (up to three per year) to discuss opportunities and look at some of the bigger strategic issues. Five cross party Members from each Council to be officially nominated. The Leaders of both Parties will approve the membership in consultation with Group Leaders in both Parties.

Whilst the Programme Board are responsible for approving services for joint working arrangements, where individual project business cases determine that a political key decision is required, the Programme Board will make a recommendation for approval as appropriate to the relevant Policy and Service Committee for CCC and Cabinet for PCC.

In addition to approving Transformation fund requests, plans for any new savings released from the Programme for CCC will be recommended first to the Programme Board, appropriate Committee and then be recommended to GPC as part of the Business Planning process. In PCC new savings will be agreed at CMT and Group Leaders and included in the rolling budget programme.

Regular updates on the programme's progress will be shared with all CCC and PCC Members via their own existing dedicated news updates.

2.2 Shared Service Programme Board

The existing joint meeting between the Strategic Management Team (for Cambridgeshire) and Corporate Management Team (for Peterborough) will act in the capacity of the Programme Board. The Board will be accountable to the Political governance across the two Parties. The purpose of the Shared Services Programme Board is to provide the strategic leadership, oversight, challenge and timely decision making to enable the successful design and delivery of the programme.
Specifically they will:

- agree the scope of the Programme and approve any changes;
- approve any additional resources required to enable the delivery of the programme as advised by the Executive Steering Group;
- determine the Political governance and identify what needs to be referred and where for political decision making and agree key communication message to Members across the two Parties;
- facilitate political support, leadership and advocacy;
- approve and oversee the delivery (by exception) of implementation plans, key milestones and benefits;
- manage and resolve strategic and policy issues and risks;
- have oversight and ownership of the financial implications (savings and transformation funds to enable delivery) and directly intervene when the savings identified in the Shared Services tracker are at risk; and
- as a result of direct interdependencies, approve any deviations in terms of time, quality or cost.

2.3 Shared Services Core Group

The purpose of this group will have an overarching role to ensure that the overall benefits of the programme can be achieved and that staff, members and the general public across both Cambridgeshire and Peterborough are sufficiently engaged/communicated with. This group will also be responsible for ensuring that this programme supports outcomes for communities and positively contributes to the way the system works across a range of partnerships. Specifically they will:

- oversee and monitor the financial and non-financial benefits of the programme and its associated projects and escalate risks to the Programme Board
- monitor by exception the progress of the programme and its associated projects and associated risks and identify areas of escalation to the Programme Board
- ensure that the governance is adhered to
- develop and agree monthly key communication messages to relevant stakeholders across the two authorities as guided by the Head of Communications and Engagement

2.4 Shared Services Business Case Development Virtual Group

The purpose of this virtual group is to ensure that the HR, Finance, ICT and Legal implications are fully considered and all opportunities are fully exploited in the project business cases. They will approve the business cases on Verto before they are presented to the Programme Board for final approval. Specifically they will:

- ensure that the HR, Finance, ICT, Legal and Political implications across the programme are co-ordinated and managed and act as a key sounding board and challenge group ahead of the Programme Board;
- identify cross cutting issues and opportunities, unblock significant barriers to progress and determine items to be escalated to the Programme Board;
- identify additional pieces of work and financial and non-financial benefits, determine whether they are in scope of the programme and make subsequent recommendations to the Programme Board;

- identify and manage the interdependencies and make recommendations to the Programme Board where this impacts on time, quality or cost;
- ensure that there is sufficient engagement with key stakeholders such as staff, Members, Unions and partners; and
- identify the skills/knowledge that is needed to deliver specific elements of the programme and it's constitute projects to the Programme SRO to commission via the approval of the Programme Board.

3.0 ROLES AND RESPONSIBILITIES

See appended Governance Chart for details.

3.1 Senior Responsible Owner (SRO)

The SRO is the visible **owner** of the overall business change for the programme, accountable for successful delivery and is recognised throughout the organisation as the key leadership figure in driving the change forward. As owner of the business change the SRO is the chair of the Executive Steering Group. Specifically they will:

- own the programme business case / mandate;
- agree the programme governance to include areas of accountability and roles / responsibilities;
- ensure agreement amongst stakeholders as to what the objectives and benefits are and obtain commitment for delivery;
- with the support of the Executive Steering Group, monitor the programme to ensure it meets the objectives and the financial and non-financial benefits are delivered, taking appropriate action where necessary to ensure their successful delivery;
- ensure the programme or project is subject to review at appropriate stages;
- ensure that the aims of the planned change continue to be aligned with the direction of the business and establish a firm basis for the programme during its initiation and definition; and
- secure the necessary investment for the business change.

3.2 Programme Manager

The Programme Manager is accountable to the Programme SRO. They are responsible for the management of the programme through effective coordination of projects. The Programme Manager will ensure overall integrity and coherence of the programme, and its environment.

Specifically they will:

- facilitate the definition of programme, and seeking approval of the key programme decisions;
- undertake programme planning under the direction of the SRO;
- define the functions, responsibilities and processes for setting up, delivering and controlling the delivery of the programme;
- manage risks, monitor progress, resolve issues and initiate corrective action as appropriate;

- ensure that the projects are set up to succeed in achieving its objectives, and that suitable controls are put in place to manage inter-dependency between them so that they remain compatible with each other;
- provide advice and support to project managers, when it is required;
- provide regular progress reporting on the programme, highlighting any issues that will require management intervention using standard programme performance status; and
- Develop and maintain the overall Programme Plan and work with the Finance leads to ensure the Financial Tracker is coherent with this.

3.3 Project Sponsor

The project sponsor has overall accountability for the project. He or she is primarily concerned with ensuring that the project delivers the agreed upon business benefits. They will be responsible for initiating, ensuring, approving, and establishing a series of key aspects in relation to the project, which can be summed up under categories of vision, governance, and value/benefits realisation.

The Project Sponsor has responsibility for providing clear leadership and direction for their project.

Specifically they will:

- have delegated responsibility and accountability from the Senior Responsible Owner to design, lead and drive the project and make decisions on a day to day basis;
- take accountability for securing approval for key decisions from the Executive Steering Group and/or Programme Board as appropriate;
- be accountable for the savings aligned to their project and escalate any risks associated with the savings tracker to the Shared Services Executive Steering Group;
- recommend the appropriate level of governance and secures the investment and resources required to deliver the project via the Senior Responsible Owner and Executive Steering Group;
- report progress by exception for their project to the Shared Service Executive Steering Group;
- maintain the alignment between the project and the overall programme objectives and benefits;
- be solutions focussed and aim to resolve any significant issues that may impact on delivery;
- identify and raise any critical issues or risks and escalate to the Senior Responsible Owner/Executive Steering Group as appropriate;
- take ownership for managing the interdependencies, issue resolution and risk mitigation; and
- keep key stakeholders abreast of progress.

3.4 Project Manager

The Project Manager within the Shared Services Programme is responsible for working with the Senior Responsible Owner and the Project Sponsors to develop the business cases on Verto. They will work with them to define the resource requirements for implementation. The Project Manager within the programme is a resource to help define the programme and will not be responsible for the oversight and control of the implementation post approval of the business case. It is anticipated that some of the resource requirements will be met by CCC's Transformation Team or the Programme Management Office in PCC.

The Project Manager will work closely with the Programme Manager to ensure that the project and its associated projects meet the intended programme benefits and principles and that interdependencies are flagged and assessed in terms of the overall impact on the programme time, quality or cost.

4.0 PROGRAMME ORGANISATION & SCOPE

See Appendix A for details on programme organisation, governance and scope.

5.0 FREQUENCY OF MEETINGS

The Partnerships and Community Committee and the Leader/Cabinet at PCC will receive quarterly update reports. The Committee will receive a programme plan summary report that will be prepared by the Programme Manager on behalf of the SRO for their approval.

The Shared Services Programme Board will meet in its official capacity as part of the joint SMT/CMT meetings which are held on the last SMT meeting of the month. The Board will receive a Programme status report which will be prepared by the Programme Manager on behalf of the SRO for their approval.

The Shared Services Core Group will meet on a monthly basis. The group will maintain oversight of the shared services tracker and the delivery of the programme plan.

6.0 SYSTEMS - PROGRAMME AND PROJECT DEFINITION – CONTROLS

6.1 Systems

6.1.1 Verto

Both PCC and CCC use 'Verto' which is a cloud based work collaboration and programme management system. It has been agreed by the Executive Steering Group that Verto will be used to define and manage the programme and it's constitute projects.

Both PCC and CCC have configured the Verto systems differently to meet their organisational requirements. The Shared Services Programme will be set up on CCC's instance of Verto and PCC colleagues will be granted access through the user admin functionality. This will give immediate access to enable the setup of the programme, transparency about the scope of the programme and enable effective monitoring. There will still be the requirement at PCC for the items to be on the PCC version of Verto to give a single view of all PCC savings item.

6.1.2 Huddle

Huddle is a cloud-based document collaboration system. This system will be used to store and share key documents within the programme. Members of the Programme Board, Executive Steering Group and the Programme Team have been granted access to this. Terms of use will be developed by the Programme Manager.

6.2 Programme and Project Definition

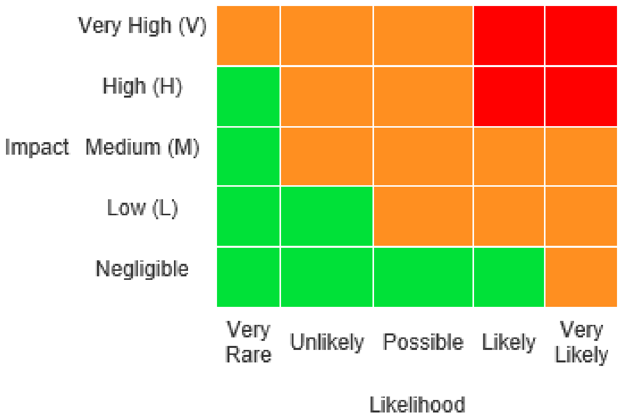
The programme and the projects will be defined using the Verto System. This will result in a business case being produced for each of the project areas. The level of detail recorded will be appropriate to the scale of the project. This will encompass the following key areas:

- Project Overview
- Project Approach
- Project Members
- Resource Requirements
- Communication
- Scope / Interdependencies
- Cost and Savings
- Benefits
- Tasks and Milestones
- Risks
- Issues
- Project Impact (on the protected characteristics – Community Impact Assessment)
- Delivery Options
- Consultants and Procurement

6.3 Controls

The following controls will be in place to effectively manage and monitor the programme / projects:

- **Risk log** – there will be one risk log for the whole programme which can be filtered down to programme or project level. The risks will be recorded in Verto and will use the following criteria. All risks will have an owner who will recommended the likelihood and impact ratings along with determining the appropriate mitigation. Only those risks in the top right quartile will be discussed at the Programme Board. The Executive Steering Group will maintain oversight of the whole risk log.



- **Issues log –** Each project will have its own issues log contained within Verto. Issues that cannot be resolved at this level can be escalated to the Executive Steering Group and then up to the Programme Board if required.

- **Plans**
  - Programme level - the programme will have a high level plan that will encompass the high level milestones of each of the projects and delivery dates. The programme manager will maintain this in Verto.
  - Project level – post approval of business cases, the Verto system can be used as a tool to define the implementation plans.
  - Financial Tracker – a tracker has been produced to identify and track the delivery of the savings. This will be maintained by the Finance project sponsors and will be monitored by both the Executive Steering Group and the Programme Board by exception.

- **Reporting –** The Verto system will be the single version of truth of the status of the programme and its projects (for PCC, savings from the SS programme will need to be on the PCC version of Verto). It is envisaged that this system will be used to draw down information that is pertinent to different stakeholders i.e. Members, Programme Board, Executive Steering Group, Project Teams etc. Until the system is fully developed with the programme and project information, separate status/ highlight reports will continue to be used as a way to communicate key information about the status of the programme / projects.

Appendix A: Programme Organisation and Governance

Political Governance – Peterborough City Council (PCC) & Cambridgeshire County Council (CCC)

Programme Board (part of the current joint SMT/CMT meetings):

Membership: Gillian Beasley (Chief Executive CCC & PCC), Wendi Ogle-Welbourn (Executive Director, People and Communities, CCC & PCC), Liz Robin (Director of Public Health, CCC & PCC), Sue Grace (Director, Corporate and Customer Services CCC), Chris Malyon (Section 151 Officer and Deputy Chief Executive CCC), Graham Hughes (Executive Director for Place and Economy CCC), Christine Birchall (Head of Communications and Information CCC), Amanda Askham (Director, Business Development and Improvement, CCC), Claire Townrow (LGSS Customer Service), Simon Machen (Corporate Director of Growth and Regeneration PCC), Pete Carpenter (Director, Financial Services PCC), Lynsey Barron (Programme Manager, CCC and PCC)

Role: This Board will be the joint Strategic Management Team (for Cambridgeshire) and Corporate Management Team (for Peterborough). The board will be accountable to the Political governance across the two Authorities. The Purpose of the Shared Services Programme Board is to provide the strategic leadership, oversight, challenge and timely decision making to enable the successful design and delivery of the programme.

Senior Responsible Owner: Amanda Askham

Role: The SRO is the visible **owner** of the overall business change, accountable for successful delivery and is recognised throughout the organisation as the key leadership figure in driving the change forward.

Shared Services Core Group

Membership: Amanda Askham, Programme Team, Pete Carpenter and Tom Kelly, Adrian Chapman, Janet Atkin and/or Mandy Pullen and Christine Birchall

Role: this group will have an overarching role to ensure that the overall benefits of the programme can be achieved and that staff, members and the general public across both Cambridgeshire and Peterborough are sufficiently engaged/communicated with. This group will also be responsible for ensuring that this programme supports outcomes for communities and positively contributes to the way the system works across a range of partnerships.

Shared Services Business Case development group (virtual)

Membership: Wendi Ogle-Welbourn, Tom Kelly (Head of Finance CCC) and Pete Carpenter, Janet Atkin (Head of HR CCC) and Mandy Pullen (Assistant Director, HR & Development PCC), Fiona Macmillan (Interim Director of Law & Governance/Monitoring Officer PCC) Christine Birchall, Amanda Askham and Sue Grace.

Role: The purpose of this virtual group is to ensure that the HR, Finance, ICT, Legal and Political implications across the programme are co-ordinated and managed and to identify cross cutting issues and opportunities. This group will review all of the project business cases to ensure that all of these areas have been fully considered. They will approve the business cases on Verto before they are presented to the Programme Board for final approval.

LGSS JCC Governance for changes to the existing LGSS partnership

Programme Manager: Lynsey Barron

Role: The Programme Manager is accountable to the Programme SRO. They are responsible for the management of the programme through effective coordination of projects. The Programme Manager will ensure overall integrity and coherence of the programme, and its environment.

Project Managers: Fleur Barron and Emma Crampton

Project Sponsor(s)

Role of Project Sponsor: The project sponsor has overall accountability for the project. He or she is primarily concerned with ensuring that the project delivers the agreed upon business benefits. They will be responsible for initiating, ensuring, approving, and establishing a series of key aspects in relation to the project, which can be summed up under categories of vision, governance, and value/benefits realisation.

Shared Services Projects

Project: Financial Services Project Sponsor/s: Pete Carpenter/Tom Kelly	**Project: Human Resources** Project Sponsor/s: Janet Atkins/Mandy Pullen	**Project: Legal and Governance** Project Sponsor/s: Fiona McMillan	**Project: Marketing and Communications** Project Sponsor/s: Christine Birchall	**Project: Business Support** Project Sponsor/s: Wendi Ogle-Welbourn	**Project: Transformation/PMO** Project Sponsor/s: Amanda Askham	**Project: Customer Service** Project Sponsor/s: Sue Grace/Pete Carpenter	**Project: Digital Platform** Project Sponsor/s: Sue Grace/Pete Carpenter

Project: Business Transactions Project Sponsor/s: Claire Townrow/Pete Carpenter	**Project: IT and Digital** Project Sponsor/s: Sue Grace/Pete Carpenter	**Project: Business Intelligence** Project Sponsor/s: Sue Grace/Adrian Chapman	**Project: Property and Assets** Project Sponsor/s: Chris Malyon/Simon Machen	**Project: Highways** Project Sponsor/s: Graham Hughes/Simon Machen	**Project: Transport** Project Sponsor/s: Graham Hughes/Simon Machen	**Project: Libraries** Project Sponsor/s: Christine May/Adrian Chapman	**Project: Historic Environment** Project Sponsor/s: Sass Pledger / Annette Joyce

Project: Floods and Water/Drainage Project Sponsor/s: Sass Pledger / Annette Joyce	**Project: Energy Shared Strategy** Project Sponsor/s: Sass Pledger / Annette Joyce

As per the Peterborough and Cambridgeshire Programme Scope Criteria the following projects are out of scope. This work will be managed in operations and savings will be monitored through the business planning processes in each Council but the holistic view of the shared/integrated benefits will be articulated at programme level. These currently include:

- P&C Service Operating Models – Adults, Children, Community & Safety, Education, Commissioning
- P&C Review of Capacity & Capability - Reducing Cost to serve
- P&C Review of Capacity & Capability - Economies of Scale Process Review
- P&C Review of Capacity & Capability Demand Management
- Adult skills

SCHEDULE 9 - SOVEREIGNTY GUARANTEE

Cambridgeshire County and Peterborough City Council are committed to continuing to represent the needs, priorities and ambitions of local people in their neighbourhoods.

They are exploring reducing costs by working together. They are also keen to take new devolved responsibilities from Government and manage these together, where this makes sense.

Commissioning or delivering services together is not designed to change how residents experience services. It is about how to get things done more efficiently.

To safeguard local autonomy the Councils confirm:

1. Local residents will continue to elect the same number of councillors to each Council.
2. Each Council will retain its own constitution, setting out how it makes decisions, organises scrutiny and delegates authority.
3. Each Council will continue to set its own council tax and publish its own budget and accounts.
4. Each Council will continue to be able to set out its own spending priorities.
5. No Council can be ‘out-voted’ by the other Council in a way which requires that Council to adopt a policy, accept a cost or change a priority that its decision makers are not willing to support.
6. There will be no change in the name of either Council.
7. The costs of changes and the benefits achieved from change will be fairly attributed and shared to the satisfaction of both Councils based on the financial protocol agreements in schedule 5, if necessary using mediation.
8. Neither Council will be obliged to break an existing contract.
9. The boundaries of the areas for which each Council is responsible will not change. Each Council will continue to speak up for its own residents, even where there is an apparent conflict of interest.
10. Each Council will be able to set its own policy for how services are delivered, but will commit to joint policy design for any work in the Shared Service Programme.
11. The Councils will commission services from contractors, voluntary bodies and others together, but can also decide to commission, or grant aid, on their own.
12. Nothing in these proposals is intended to stop Councils developing local ideas about how to support their local communities.
13. A commitment to shared learning, innovation and value for money.
14. The Councils will share what works in service delivery and encourage their neighbours to learn from successful innovation.
15. The Councils will adopt common specifications where these are compatible with each Council’s policy objectives and budget preferences and where these are likely to give best value to taxpayers.

16. The Councils commit to a continuing process of exploring how working together might lower costs; be a better platform for developed responsibilities from Government; and/or improve the quality of service delivery.
17. The Councils will commit to exploring how by working together, councillors can enhance the ways in which their Councils deliver their responsibilities.
18. The Councils will expect to keep these arrangements under review, in order to ensure they remain fit for purpose.
19. Any of the arrangements that constitute agreements between the Councils can be ended on notice, though any Council withdrawing will be responsible for its own consequent costs. Any joint external contracts will be covered by the same legal considerations as now.
20. Where shared services arrangements are brought to an end then the notice period will be twelve months, unless a shorter period is expressly agreed by the other parties and the costs arising from termination will be fairly shared between the Councils in a pre-agreed manner.

SIGNATURE CLAUSES?

Agenda Item No:11

LEVEL OF OUTSTANDING DEBT

To:	**General Purpose Committee**
Meeting Date:	**20th September 2018**
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 September 2017 on actions being taken to control and manage debt and to agree an adjustment on the debt management targets.**
Recommendation:	**The Committee is asked:**

a) To note the actions being taken to manage income collection and debt recovery.

b) That the 2018/19 debt reduction targets agreed by the Committee last year are now applied in their entirety to debt aged over 90 days old at 31 March 2018 as follows:

	Adult Social Care	All other Sundry Debt
91+ day debt as at 31/03/18	£3,655k	£2,007
Reduction %	8%	15%
Reduction value	£286k	£298k
91+ day debt Target 31/03/19	£3,369k	£1,709k

c) To note the revised collections strategy

d) Agree that a further update will be provided in March 2019.

	Officer contact:		*Member contacts:*
Name:	Bob Outram	Names:	Councillors Count & Hickford
Post:	Head of Debt & Income	Post:	Chair/Vice-Chair
Email:	routram@northamptonshire.gov.uk	Email:	steve.count@cambridgeshire.gov.uk roger.hickford@cambridgeshire.gov.uk
Tel:	07881 035415	Tel:	07989 032456 / 07985 770082

1 BACKGROUND

1.1 Members noted that Cambridgeshire County Council (CCC) needed to lower the level of operational debt outstanding and agreed reduction targets for the 2018/19 financial year.

1.2 This report will set out the current position following the report presented in September 2017, the actions being taken to reduce debt and make recommendations to the Committee to manage the position further.

2 STRATEGIC IMPROVEMENTS

2.1 Over the last 6 months there have been 3 significant changes to facilitate improvement in the management of CCC's income collection as listed below:

2.1.1 The transition to the new ERP Gold system in April 2017 changed this key platform to a modern fully integrated operating system. For debt management the increased automation and better reporting means that overdue income can be pursued quicker and more effectively.

2.1.2 Previously, the Debt & Income service was just one of several responsibilities of the Head of Finance Operations. To improve the strategic focus of this essential service, a new Head of Debt & Income role was created and an experienced senior manager recruited with a successful track record of reducing Local Authority debts.

2.1.3 In March 2018, a staffing restructure separated debt management into single Local Authority debt teams. Previously, a multi-partner debt team managed both the CCC and Northamptonshire County Council (NCC) income collection. Whilst this is effective for many of the services provided by LGSS, debt management needs dedicated single focus debt teams operating in the respective locality. The restructure also allowed LGSS to increase the staffing resource on the CCC debt team by the inclusion of an additional senior debt officer dealing with complex cases, probates and home visits to adult social care customers.

3 DEBT REDUCTION TARGETS

3.1 The targets agreed at GPC last September were for the following debt reductions for 2018/19 against a 31 March 2018 baseline as tabled below:

Aged Debt	Adult Social Care	All other Sundry Debt
1-90 days	3%	3%
91 – 360 days #	5%	5%
360+ days #	7%	7%

excludes payment plan and secured debts

3.2 This was the first review of debt targets since 2008 and enabled Adult Social Care debts to be separately targeted and reviewed. Many service users do not consider the Council as a priority debt and for Adult Social Care whether the charges should be repaid at all.

3.3 The table below shows the closing debt balances as at 31/03/18 and the level of debt reduction targeted for 2018/19 based on the percentage reductions agreed by the Committee last September.

	Debt as at 31/03/18		Target reduction 2018/19	
Age of Debt	Adult Social Care	Sundry Debt	Adult Social Care	Sundry Debt
	£m	£m	£m	£m
1-90 days	2.375	6.488	(0.071)	(0.195)
91-365 days #	2.041	1.860	(0.102)	(0.093)
365+ days #	1.614	0.147	(0.113)	(0.010)
Total	**6.030**	**8.496**	**(0.286)**	**(0.298)**

excludes payment plan and secured debts

3.4 In the first four months of 2018/19 there was some disruption to billing as the system migration took place and staff settled in to using the new functionality. The timing of when high value invoices are billed has an impact on the debt outstanding at any one particular time. At the end of July 2018, there's a notable rise in the recently billed Adult Social Care debt which at £7.143m appears to be a big increase compared to the end of March 2018. However, this is due to the fluctuations of billing, with £6.3m being less than 30 days old including a single NHS invoice for £4.6m that should be resolved well before it would become an aged debt. The table listed below shows the year on year comparison.

	Debt as at 31/07/17		Debt as at 31/07/18	
Age of Debt	Adult Social Care	Sundry Debt	Adult Social Care	Sundry Debt
	£m	£m	£m	£m
1-90 days	1.835	2.095	7.143	3.131
91-365 days #	3.607	6.165	2.377	3.513
365+ days #	1.470	0.832	1.594	0.288
Total	**6.912**	**9.092**	**11.115**	**6.933**

excludes payment plan and secured debts

3.5 Aged debt varies throughout the year as invoices progress through the debt process to collection or write-off. Debt less than 90 days old is either in the early stages of being pursued or if very recently billed, may not have been issued with the first reminder notice.

3.6 It is therefore proposed that the 2018/19 debt reduction targets are simplified so that the whole £0.584m reduction in debt applies only to debt aged over 90 days old (£0.286m for Adult Social Care and £0.298m for Sundry Debts). This removes the vagaries of billing whilst maintaining the agreed value of debt reduction. The proposed targets and value of debt reduction for 2018/19 (i.e. to be achieved by 31/03/19) are tabled below:

	Adult Social Care	All other Sundry Debt
91+ day debt as at 31/03/18	**£3,655k**	**£2,007**
Reduction %	**8%**	**15%**
Reduction value	**£286k**	**£298k**
91+ day debt Target 31/03/19	**£3,369k**	**£1,709k**

excludes payment plan and secured debts

3.7 The graph attached as Appendix 1 shows the Adult Social Care debt aged over 90 days old for 2018/19 compared to the whole of the previous year. This shows that the level of outstanding debt is £1m lower than at the same time last year.

4 BENCHMARKING

4.1 In the Committee report last September, reference was made to the annual CIPFA debtors benchmarking club draft report showing that the level of CCC's debts compared well across the 27 Local Authorities that took part. The 2018 CIPFA benchmarking report is not yet available but when received it will enable a more up to date comparison to be reviewed.

5 COLLECTION STRATEGY

5.1 The Collections Strategy for CCC income management was revised in April 2018 to incorporate the transition to the new ERP system and includes the following key items:

5.1.1 Achieving the optimum balance between sensitivity when dealing with vulnerable customers whilst being fair and firm in our resolve to collect overdue income from across the whole customer base. There is a new reference as to how we determine which customers are the 'Can't Pays' as opposed to the 'Won't Pays'.

5.1.2 The new ERP system issues automated debt recovery notices that escalate in tone from an initial reminder to a final demand to a formal letter before legal action.

5.1.3 The Debt Recovery Strategy details the 4 main options for consideration following the automated suite of debt recovery notices. Customer and case specific, these are:

- Collaborative interaction with service providers and receivers of Adult Social Care that may require a customer home visit.
- Referral to external collection agencies.
- Commencement of Legal action.
- Cancellation of unsubstantiated debts and preparation of write-offs.

5.1.4 Management reporting is on a monthly basis and includes:

- Aged debt by Directorate for all Services.
- Performance report against year-end targets.
- Adult Social Care detailed report.

5.1.5 Irrecoverable debts are written-off in accordance with the delegated authority and financial regulations as to when such debts are considered irrecoverable.

6 ACTIONS BEING TAKEN TO REDUCE DEBT

6.1 Listed below are the actions being taken to reduce debt:

- Formalised a dedicated CCC only debt team based at Cambridge
- Increased the number of staff by the addition of another Senior Debt Officer
- Reducing reliance on agency temps by recruiting more permanent staff
- Increased automation of payment reminder notices via the new ERP system
- Issued over 4,000 debt notices chasing £17m in the first 4 months
- Increased focus on outbound calling to chase overdue payments
- Reviewing the use of external agencies and effectiveness of litigation
- Encouraging services to being paid in advance where possible so that

retrospective invoicing and chasing overdue debt is no longer needed

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, Legal and Risk 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 Communications 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

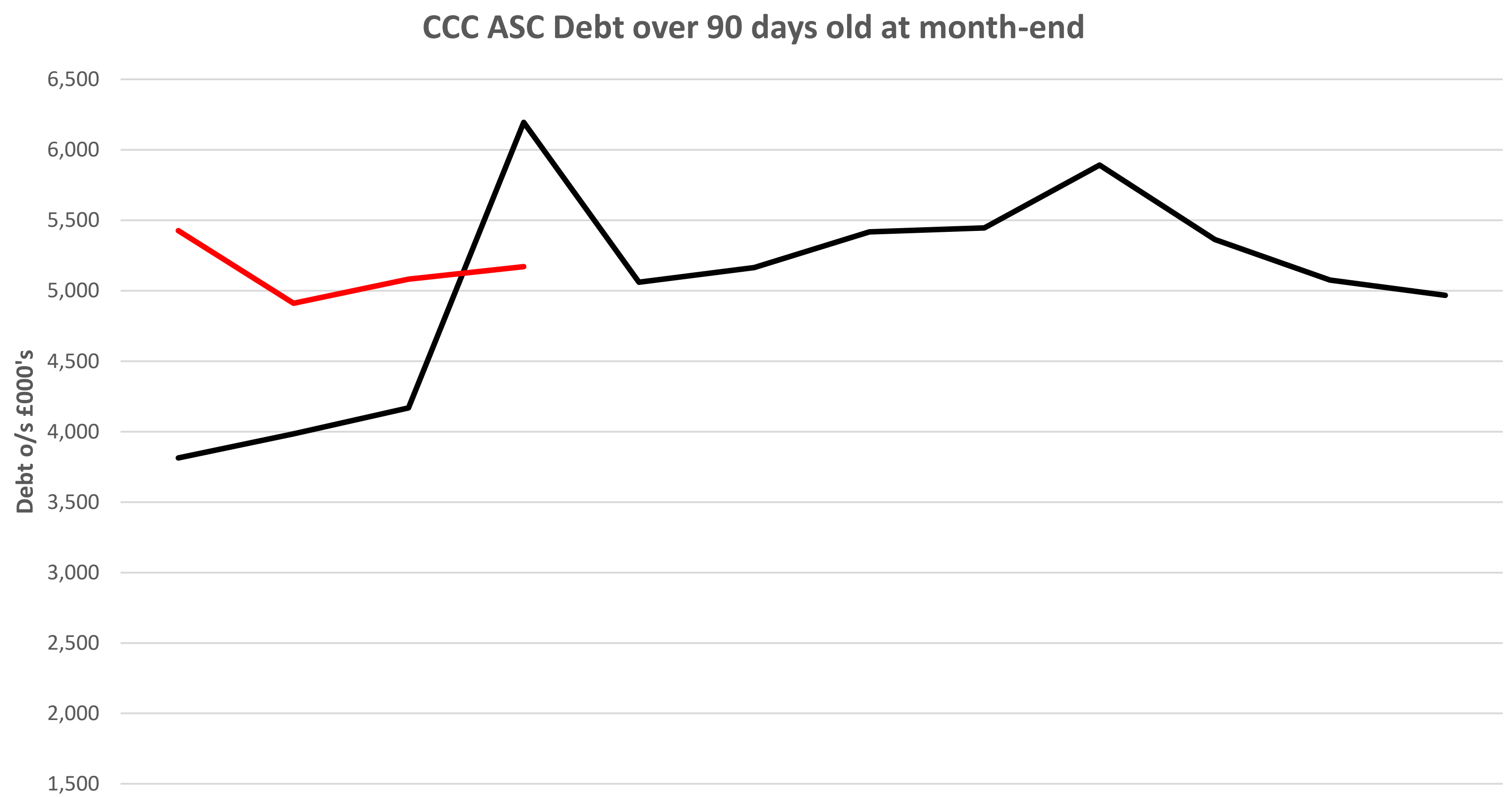
There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes 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 GUIDANCE

Source Documents	Location
Level of Outstanding Debt Report to General Purpose Committee – September 2017	https://cmis.cambridgeshire.gov.uk/ccc_live/Committees.aspx

Appendix 1



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
ASC 17/18	3,814	3,985	4,169	6,195	5,062	5,165	5,418	5,447	5,892	5,363	5,075	4,967
ASC 18/19	5,428	4,912	5,081	5,171								

NB: Shows all outstanding debt including payment plan and secured

Agenda Item No:12

TREASURY MANAGEMENT REPORT - QUARTER ONE 2018-19

To:	**General Purpose Committee**
Meeting Date:	**20th September 2018**
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 2018-19, approved by Council in February 2018.**
Recommendation:	**The General Purposes Committee is recommended to note the Treasury Management Report.**

	Officer contact:		***Member contacts:***
Name:	Carl Oliver	Names:	Councillors Count & Hickford
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1. BACKGROUND

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2. ECONOMIC CLIMATE

2.1 A detailed commentary from the Council's treasury advisors of the current economic climate is provided at **Appendix A** to this report. In brief summary, Q1 saw:

- Bank of England kept base rate unchanged due to concerns whether weak economic growth in 2017 & Q1 2018 was indicative of the start of a prolonged slow down or just a temporary blip, to which bad weather had been a contributor;
- The economy showed signs of regaining momentum, employment growth rose strongly but wage growth softened, and consumer price inflation eased further;
- Progress on Brexit negotiations stalled;
- At its June meeting, the European Central Bank announced it would begin halving its monthly quantitative easing purchases and then end all purchases after December;
- The Federal Reserve continues its upswing in rates, with seven increases since the first one in December 2015, the latest one being in June 2018.

3. INTEREST RATE FORECAST

3.1 The latest forecast for UK Bank Rate along with PWLB borrowing rates (certainty rate) from the Council's treasury advisors is set out below:

Table 1: Interest Rate Forecast

	Link Asset Services Interest Rate View										
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

3.2 There are many risks to the forecast set out above, principally around the timing and pace of further rate rises, and a listing of underlying assumptions is attached at **Appendix B**. Budget estimates prudently include sensitivity analysis of the impact that a slower than forecast economic recovery would have upon the Council, and any benefit of the August interest rate rise will be reported through the Budget Monitoring process.

4. INVESTMENTS

4.1 The Treasury Management Strategy Statement (TMSS) for 2018-19, which includes the Annual Investment Strategy, was approved by the Council on 6th February 2018. It sets out the Council's investment priorities as being:

1. Security of Capital;
2. Liquidity; and then
3. Yield

4.2 The Council will aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity.

4.3 The table below summarises the maturity profile of the Council's investment portfolio at the end of Q1 2018-19 (excluding third party loans):

Table 2 – Investment maturity profile at end of Q1 2018-19

		Maturity Period				
		0d	0-3m	3-6m	Total	
Product	Access Type	£m	£m	£m	£m	%
Money Market Funds	Same-Day	44.4			**44.4**	**35.4**
Bank Call Account	Instant Access	5.0			**5.0**	**4.0**
Local Authorities	Fixed Term	0.0	21.0	0.0	**21.0**	**16.7**
Certificate of Deposits	Fixed Term / Tradeable	0.0	25.0	30.0	**55.0**	**43.9**
	Total	**49.4**	**46.0**	**30.0**	**125.4**	**100.0**
	%	**39.4**	**36.7**	**23.9**	**100.0**	

4.4 Set out below are details of the amounts outstanding on loans and share equity investments classed as capital expenditure advanced to third party organisations at the end of Q1:

- This Land Ltd - £36.846m – loans advanced to Council's wholly owned property companies.
- Arthur Rank Hospice Charity - £3.680m – loan to local charitable organisation to enable the build of a 24 bedded hospice; and
- UK Municipal Bonds Agency (MBA) – £0.4m – share equity investment to establish the agency to raise bond finance as an alternative to PWLB & markets.

4.5 Financial markets trade on confidence and certainty, and although the Bank of England forward guidance is aimed at providing this, markets remain sceptical. Investment rates have increased from historical lows following the base rate rises, but remain relatively low in short to medium-term durations, with limited pickup in value for longer durations.

4.6 At 31st March 2018 investment balances totalled £26.8m, held in Money Market Funds and Call/Notice accounts. This figure excludes third party loans and share capital which are set out above. Due to the front-loaded nature of various government funding streams and timing of capital expenditure, the average level of funds available for investment purposes during this quarter was £92.8m. Short-term loans will be repaid as they mature but in the meantime, short-term investments have been placed in accordance with the Council's approved investment strategy.

4.7 Investment balances are forecast to reduce by the financial year end as internal resources from temporary positive cashflow surpluses are applied to fund expenditure demands in lieu of fully funding the borrowing requirement (internal borrowing) on a net basis. This process effectively reduces the cost of carrying additional borrowing at a higher cost than the income that could be generated through short term investment of those balances, as well as reducing investment counterparty credit risk.

4.8 The Council's investments underperformed against the most comparable weighted duration benchmark by 4 basis points (£10k less than benchmark return), as significant cash provision has been kept liquid to service capital expenditure demands (primarily related to This Land). Any impact upon latest budget projections for the financial year are reported through the Budget Monitoring process.

Table 3: Benchmark Performance – Q1 2018-19

Benchmark	Benchmark Return	Council Performance
3m LIBID	0.55%	0.51%

4.9 Leaving market conditions aside, the Council's return on investments 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 the consideration of the likelihood of default and is controlled through the creditworthiness policy approved by Council.
- The duration of an investment introduces liquidity risk; the risk that funds can't be accessed when required.
- Interest rate risk; the risk that arises from fluctuating market interest rates.

4.10 These factors and associated risks are actively managed by the LGSS Integrated Finance Treasury team.

5. BORROWING

5.1 The Council can raise cash through borrowing in order to fund expenditure on its capital programme for the benefit of Cambridgeshire. The amount of new borrowing needed each year is determined by capital expenditure plans and projections of the Capital Financing Requirement, underlying borrowing requirement, forecast cash-backed reserves and both current and forecast economic conditions.

5.2 Overall borrowing outstanding increased by £44.9m during Q1. At 31st March 2018 the Council held £497.9m of borrowing, of which £135.0m was undertaken for less than 1 year. The balance of outstanding borrowing at the end of Q1 was £542.8m, of which £100m was for less than 1 year. New longer term loans of £80.0m were raised during Q1 for capital purposes for period of between 1.5 and 3 years from other Local Authorities. PWLB principal repayments of £0.5m were made on schedule. A £80k PWLB loan principal repayment was made on schedule.

5.3 Table 4 below sets out the maturity profile of the Council's borrowing portfolio at the end of Q1. The majority of loans are PWLB loans and have a fixed interest rate and are long term in nature which limits the Council's exposure to interest rate fluctuations.

Table 4: Borrowing Maturity Profile – Q1 2018-19

Term Remaining	Borrowing	
	£m	%
Under 12 months	117.603	21.7
1-2 years	35.160	6.5
2-5 years	100.091	18.4
5-10 years	68.761	12.7
10-20 years	68.990	12.7
20-30 years	46.675	8.6
30-40 years	20.000	3.7
40-50 years	35.000	6.4
Over 50 years	50.500	9.3
TOTAL	**542.780**	**100.0**

5.4 The presentation of the figures above differs from that in the Treasury Indicator for maturity structure of borrowing in Appendix C as the table below includes LOBO loans at their final maturity rather than their next call date. In the current low interest rate environment the likelihood of lenders exercising their option to increase the interest rates on these loans, so triggering the Council's option to repayment at par, is considered to be low.

5.5 The Council is in an internally borrowed cash position and balances will need to be replenished at some point in the future (subject to expenditure demands). Officers continue to assess cashflow forecasts against projected movements in borrowing rates. Sharp or sustained movements in borrowing rates will increase the likelihood of additional borrowing.

5.6 The Council has entered into a Framework Agreement and Joint and Several Guarantee arrangement with the UK Municipal Bonds Agency (MBA). This included the advance of seed capital shares of £0.4m as reported in paragraph 4.4 above. It is hoped this will allow for the Council to potentially raise loan finance through MBA as an alternative to PWLB and market loans. To date, the MBA has not issued any bonds.

6. BORROWING RESTRUCTURING

6.1 No borrowing rescheduling was undertaken during the Q1. Rescheduling opportunities are limited in the current economic climate. For PWLB loans, due to the spread between the carrying rate of existing borrowing and early redemption rates, substantial exit (premium) costs would be incurred. For market borrowing, the lender uses the certainty of the loans cashflow profile to hedge against forecast interest rate movements and so would pass the cost of unwinding these instruments onto the Council as an exit (premium) cost.

6.2 Officers continue to monitor the position regularly, and are in ongoing dialogue with the market loan lenders who may be open to negotiating on exit costs in return for early repayment of principal. Further updates on this position will be reported should they materialise.

7. COMPLIANCE WITH TREASURY AND PRUDENTIAL INDICATORS

7.1 The Council's approved Treasury and Prudential Indicators (affordability limits) were approved alongside the TMSS. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits.

7.2 During the financial year to date the Council has operated within the Treasury and Prudential Indicators set out in the Council's TMSS, shown in **Appendix C**.

8. TECHNICAL BREACH OF COUNTERPARTY EXPOSURE LIMIT

8.1 The Council, through approving its TMSS, sets limits to manage financial exposure to its treasury counterparties. During Q1 2018-19, a technical breach of the Council's strategy occurred with the details below:

Counterparty involved: Barclays Bank (the Council's bankers)
Number of occasions counterparty exposure limit breached: 1
Total number of days in breach of limit: 23 days (23rd April 2018 to 15th May 2018)
Maximum exposure amount during period: £63.8m
Counterparty limit: £20.0m

Reason for breach: The breach occurred because of the way in which the counterparty policy was interpreted at that time, with it only being considered that amounts deposited in investment products with counterparties constituted an exposure against counterparty limits. The technical breach occurred when excess cash balances were allowed to remain in the Council's main bank current account over the period in question in addition to amounts already placed on deposit up to the limit (provision exists to allow for unexpected receipts after dealing activity has taken place where redressed at the next available opportunity). The risk of default with Barclays Bank is considered very low and at no point in time were the Council's funds under immediate threat. Procedures have been strengthened to prevent reoccurrences and no technical breaches have occurred since.

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 information on performance against the Treasury Management Strategy. Decisions on treasury management, which are driven by the capital programme and the Council's overall financial position, will impact the Debt Charges Budget and are reported through the Budget Monitoring process.

10.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for this category.

10.3 Statutory, Legal and Risk Implications

The Council continues to operate within the statutory requirements for borrowing and investments. Further details can be found within the Prudential Indicators in **Appendix C**.

10.4 Equality and Diversity Implications

There are no significant implications for this category.

10.5 Engagement and Communications Implications

There are no significant implications for this category.

10.6 Localism and Local Member Involvement

There are no significant implications for this category.

10.7 Public Health Implications

There are no significant implications for this category.

Implications	**Officer Clearance**
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the 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	Not applicable

Appendix A
Economic Commentary; Extract from Treasury Advisors (Link Asset Services)

UK

- UK Growth in 2017 was disappointingly weak in the first half of the year but picked up to 0.5% in quarter 3 and 0.4% in quarter 4. Growth in quarter 1 of 2018 was again disappointing, although on the first revision the rate improved from 0.1 to 0.2% to allay fears that the economy may have started a prolonged period of very weak growth. Initial indications in quarter 2 are that growth may have picked up speed to around 0.4%. The main reason for weak growth during 2017 and 2018 has been that inflation has been exceeding pay growth until recently, meaning that there has been negative growth in consumer disposable income when consumer expenditure is the biggest driver of the services sector which accounts for about 75% of GDP.

- The manufacturing sector was the bright spot in the economy in 2017 in terms of strong growth but quarter 1 was the weakest quarter for one and a half years and forward indicators do not suggest a return to strong growth is likely.

- During January and February financial markets were viewing a Bank Rate increase at the May Monetary Policy Committee (MPC) meeting as likely to be a near certainty after strong growth in the second half of 2017. However, the ensuing weeks before the meeting saw opinion turn right around and the MPC did not disappoint by leaving rates unchanged due to concerns as to whether the weak growth in quarter 1 was indicative of the start of a prolonged slow down or just a temporary blip, to which bad weather had been just one contributor. As it transpired the rate rise was agreed in August.

- However, there remains much uncertainty around the Brexit negotiations, consumer spending levels and business investment, so it is still far too early to be confident about how strong growth and inflationary pressures will be over the next two years, and therefore the pace of any rate increases.

EU

- A recovery to strong growth in 2016 and 2017 looks as if it will weaken somewhat going forward. Despite providing massive monetary stimulus, the ECB has been struggling to get inflation up to its 2% target. However, in April the headline Eurozone rate jumped up from 1.4% to 1.9% although the core inflation rate was still subdued in rising from 0.7% to 1.1%. At its June meeting, the ECB announced it would halve its monthly quantitative easing purchases from €30bn to €15bn, and then end all purchases after December. It is unlikely to make a start on increasing interest rates until late in 2019.

US

- Growth in the American economy was volatile in 2015, 2016 and 2017 during each year, with quarter 1 being particularly weak. The annual rate of GDP growth for 2017 was 2.3%. Quarter 1 in 2018 came in at 2.0%, down from 2.9% in the previous quarter. The $1.5 trillion income tax cut package coming into effect in January 2018, is likely to boost growth to the administration’s 3% target. However, it is also likely to boost inflation at a time when spare capacity in the economy is minimal and unemployment, in particular, has fallen to the lowest level for 17 years, reaching 3.8% in May. The Fed has started on an upswing in rates with seven increases since the first one in December 2015, the latest one being in June 2018 to lift the central rate to 1.75 – 2.00%. There could be a further two or more increases in 2018.

<u>Asia</u>

- Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus and medium term risks are increasing.
- In Japan, the best economic run (of positive growth for eight quarters) since the 1980's came to an end in quarter 1 with a contraction of -0.6%, blamed on weak exports.

Appendix B
Interest Rate Forecast Commentary; Extract from Treasury Advisors (Link Asset Services)

Underlying assumptions to the interest rate forecast are:

The interest rate forecast has been revised to reflect the first increase in Bank Rate in August (advanced from November). Link Asset Services (Link) do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Link also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by the next increases in May and November 2020 to reach 1.5%. There is, therefore, no change in Bank Rate forecasts apart from the inclusion of the recent rate increase.

- Financial markets are now expecting the next increase in Bank Rate to be in February 2019 and then only one more in February 2020, therefore ending March 2021 at only 1.25%. The MPC commented that the markets were too cautious with their view of the pace of increases.

- However, the forecasts by the MPC and ourselves are predicated on an assumption that sufficient progress is made, in respect of negotiations, to produce a reasonable agreement for Brexit that benefits both the EU and the UK in a sensible manner. If no agreement is reached at all, then forecasts for increases in Bank rate and PWLB rates will be subject to greater change.

- Forecasts for average investment earnings beyond the three year time horizon will be heavily dependent on economic and political developments.

- As for forecasts of PWLB rates, there is little change apart from some minor advances of the pace of increase. The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more “risky” assets i.e. equities, or the “safe haven” of government bonds. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently, although there are likely to also be periods of sharp volatility from time to time.

- Link have pointed out consistently that the Federal Rate is likely to go up more quickly and more strongly than Bank Rate in the UK. While there is normally a high degree of correlation between the bond yields of both countries, Link would expect to see an eventual growing decoupling of yields between the two i.e. expect US yields to go up faster than UK yields. Over the period since the start of 2017, there has been a strong correlation between increases in treasury, gilt and bund yields for periods longer than 5 years, although the rate of increase in the UK and Germany has been somewhat lower than in the US. This area will be monitored for any resulting effect on PWLB rates.

Appendix C
Treasury and Prudential Indicators

Prudential Indicator	2018/19 Indicator	2018/19 Q1
Authorised limit for external debt (Inc' loans raised to on-lend to Housing & Investment Company)	----- £1,014.6m -----	
Operational boundary for external debt (Inc' loans raised to on-lend to Housing & Investment Company)	----- £984.6m -----	
Capital Financing Requirement (CFR)	£954.6m	£954.6m
Ratio of financing costs to net revenue streams	8.1%	8.1%
Incremental impact of capital investment decisions:-		
a) Increase in council tax (band D) per annum.	£16.02p	£16.02p
Upper limit of fixed interest rates based on net debt	150%	108%
Upper limit of variable interest rates based on net debt	65%	-8%
Principal sums invested > 364 days (exc' third party loans)	£0m	£0m
Maturity structure of borrowing limits:-		
Under 12 months	Max. 80% Min. 0%	24.5%
12 months to 2 years	Max. 50% Min. 0%	6.5%
2 years to 5 years	Max. 50% Min. 0%	18.4%
5 years to 10 years	Max. 50% Min. 0%	12.7%
10 years and above	Max. 100% Min. 0%	37.9%

- The Treasury Management Code of Practice guidance notes requires that maturity is determined by the earliest date on which the lender can trigger repayment, which in the case of LOBO loans is the next break/call point.

GENERAL PURPOSES COMMITTEE AGENDA PLAN

Cambridgeshire County Council

Notes

Agenda Item No.13

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.

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
20/09/18	1. Minutes – 24/07/18	M Rowe			
	2. Resources and Performance Report (July) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report – July 2017	R Barnes	2018/015		
	4. Treasury Management Report – Quarter 1	C Oliver/ J Lee	Not applicable		
	5. Medium Term Financial Strategy	C Malyon	Not applicable		
	6. Capital Strategy	C Malyon	Not applicable		
	7. Transformation Fund Monitoring Report Quarter 1 2018-19	A Askham	Not applicable		
	8. Adults Positive Challenge Programme – Transformation Investment Proposal	R Gipp	2018/008		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	9. Approval of the Shared Services Section 113 Agreement*	Emma Crampton	Not applicable		
	10. Debt Policy and Progress	R Outram M Bowmer	Not applicable		
23/10/18	1. Minutes – 20/09/18	M Rowe			
	2. Resources and Performance Report (August) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report - August 2017	R Barnes	2018/013		
	4. Service Committee Review of Draft Revenue Business Planning Proposals for 2019/20 to 2023/2024	C Malyon	Not applicable		
	5. Draft 2019/20 Capital Programme and Capital Prioritisation	C Malyon	Not applicable		
	6. Waste PFI Contract+ *[Reason for the meeting to be held in private - Information relating to the financial or business affairs of any particular person [including the authority holding that information].*	A Smith	2018/026		
	7. LGSS Law Limited Accounts+	C Malyon	Not applicable		
	8. Procurement of Mobile Phones	K Halls	2018/071		
	9. Corporate Strategy	C Malyon	Not applicable		
	10. Workforce Strategy*	L Fulcher	Not applicable		
27/11/18	1. Minutes – 23/10/18	M Rowe			
	2. Resources and Performance Report (September) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report - September 2017	R Barnes	2018/014		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	4. Treasury Management Report – Quarter 2*	C Oliver/ J Lee	Not applicable		
	5. Second Review of Draft 2019-20 Capital Programme and Capital Prioritisation	C Malyon	Not applicable		
	6. Business Planning 2019-20 to 2023-24 – update	C Malyon	Not applicable		
	7. Transformation Fund Monitoring Report Quarter 2 2018-19	A Askham	Not applicable		
18/12/18	1. Minutes – 27/11/18	M Rowe			
	2. Resources and Performance Report (October) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report - October 2017	R Barnes	2018/016		
	4. Amendments to Business Plan Tables (if required)	C Malyon	Not applicable		
	5. Draft Revenue and Capital Business Planning Proposals for 2019-20 to 2023-2024 (whole Council)	C Malyon	Not applicable		
08/01/19	1. Minutes – 18/12/18	M Rowe			
	2. Resources and Performance Report (November) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report - November 2017	R Barnes	2019/001		
	4. Local Government Finance Settlement	C Malyon	Not applicable		
	5. Overview of Business Planning Proposals	C Malyon	Not applicable		
22/01/19	1. Minutes – 08/01/19	M Rowe			

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	2. Capital Receipts Strategy	C Malyon	Not applicable		
	3. Treasury Management Strategy	C Malyon	Not applicable		
	4. Business Plan*	C Malyon	Not applicable		
	5. Consultation Report	S Grace	Not applicable		
[26/02/19] Provisional Meeting					
26/03/19	1. Minutes – 22/01/19	M Rowe			
	2. Resources and Performance Report (January) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report (January)	R Barnes	2019/002		
	4. Treasury Management Report – Quarter 3	C Oliver/ J Lee	Not applicable		
[30/04/19] Provisional Meeting					
28/05/19	1. Minutes – 26/03/19	M Rowe			
	2. Resources and Performance Report (March) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources and Performance Report (March)	R Barnes	2019/003		
	4. Treasury Management Report – Quarter 4 and Outturn Report*	C Oliver/ J Lee	Not applicable		

GENERAL PURPOSES COMMITTEE TRAINING PLAN	The Training Plan below includes topic areas for GPC approval. Following sign-off by GPC the details for training and development sessions will be worked up.	

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
1.	Emergency planning	The Council's roles and responsibilities, how do we respond in an emergency		25th July 2017	Stuart Thomas / Sue Grace		GPC	Bailey Bates Bywater Count Criswell Dupre Hickford Hudson Jenkins Nethsingha Schumann Shuter	80%
2.	Business Intelligence	Data / system integration Date sharing with other authorities. The importance of good governance and information management. *(pre reading material required)*		28th November 2017	Tom Barden/ Sue Grace		GPC	Bailey Bywater Criswell Dupre Hickford Hudson Jenkins Kavanagh McGuire Nethsingha Shuter Wotherspoon	80%