

Friday, 30 September 2022

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

14:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

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

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

1. Apologies for absence and declarations of interest

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

2. Minutes 27th June 2022 and Action Log

[Strategy and Resources meeting 27/06/2022](#)

Action Log

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3. Petitions and Public Questions

KEY DECISIONS

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| 4. | Integrated Finance Monitoring Report for the period ending 31 July 2022 | 7 - 50 |
| 5. | Highways Asset Management System Replacement | 51 - 70 |
| 6. | Asset management decisions and updates | 71 - 82 |

OTHER DECISIONS

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| 7. | Corporate Business Planning Strategies - Strategic Framework | 83 - 88 |
| 8. | Corporate Risk Register | 89 - 132 |
| 9. | Strategy & Resources Committee Agenda Plan & Training Plan & Appointments to Outside Bodies & Internal Advisory Groups & Panels | 133 - 136 |
| 10. | This Land Annual Business Plan and progress monitoring | 137 - 162 |

KEY DECISIONS

11. Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraphs 3 & 5 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

- 12. Waste Management PFI Finance and Implications Update
(circulated separately)**
- 13. Safety Valve Proposal (circulated separately)**

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the

public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chair of the Council and political Group Leaders which can be accessed via the following link or made available on request: [Filming protocol hyperlink](#)

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

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Meetings are streamed to the Council's website: [Council meetings Live Web Stream hyperlink](#)

The Strategy and Resources comprises the following members:

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

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

STRATEGY AND RESOURCES COMMITTEE MINUTES-ACTION LOG

This is the updated action log as at 22nd September 2022 and captures the actions arising from the most recent Strategy and Resources Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 27th June 2022

Minute number	Item title	Responsible officer(s)	Action	Comments	Completed
76.	Secure Web Gateway	Sam Smith	To update the Committee on the additional capital and revenue costs when available so the Council can be assured the process is under control.	This will be provided when the procurement process has completed.	Complete
77.	Highways System Replacement	Tom Kelly	To review the process for submitting contract procurement requests to Policy and Service Committees to ensure reports are ready for Member consideration.	A checklist/briefing note has been produced for report authors to consider procurement implications – this was circulated to all members of the extended leadership team on 5 August 2022.	Complete
83.	Integrated Finance Monitoring Report for the period ending 31 March 2022	Stephen Howarth/ Tom Kelly	To review how underspends are presented in relation to pre-existing issues and issues occurring in the reporting period.	Should a similar situation take place in 2022/23 the presentation of variances will be reviewed. Typically, prior-year events do not have a strong bearing on the financial performance in each financial year, with Covid providing an exceptional situation for 2021/22.	Complete

84.	Integrated Finance Monitoring Report for the period ending 31 May 2022	Stephen Howarth/ Tom Kelly	To review the relevance of the actuals column at this stage in the table at 2.1 of the report.	The inclusion of the Actuals column in summary financial reports is common across most local authorities and has been consistently done in CCC. It provides a connection for members and the public to the actual expenditure the council is making, giving them a further source of information about our financial performance. In particular, it can allow members to challenge forecasts should actual spend not look in line with those forecasts. We will review each month whether any further context needs to be provided to accompany the actuals column.	Complete
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Integrated Finance Monitoring Report for the period ending 31 July 2022

To: Strategy & Resources Committee

Meeting Date: 30 September 2022

From: Section 151 Officer

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2022/082

Outcome: The Committee will have received information setting out the current financial position of the Council enabling it to assess delivery of the Council's business plan. It will also have made decisions around the allocation of resources. Overall, this will contribute to good financial management and stewardship of public funds.

Recommendation: Strategy & Resources Committee (S&R) is recommended to:

- a) Authorise up to £790k to be drawn down from the Adults Risk Reserve, with the agreement of the Chief Finance Officer and in consultation with the Chair & Vice Chair of this committee, to fund the first stage of implementation of adult social care reform, as set out in section 3.2;
- b) Approve additional prudential borrowing requests totalling £3.765m and a virement of £0.4m as per table 4.5.2; and
- c) Note the Corporate Services Finance Monitoring Report in Appendix B.

Officer contact:

Name: Stephen Howarth
Post: Head of Finance
Email: stephen.howarth@cambridgeshire.gov.uk
Tel: 01223 507126

Member contacts:

Names: Councillors Nethsingha & Meschini
Post: Chair/Vice-Chair
Email: Lucy.Nethsingha@cambridgeshire.gov.uk
Elisa.Meschini@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

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

2. Main Issues

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

3. Alignment with corporate priorities

3.1 Environment and Sustainability

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

3.2 Health and Care

There are no significant implications for this priority.

3.3 Places and Communities

There are no significant implications for this priority.

3.4 Children and Young People

There are no significant implications for this priority.

3.5 Transport

There are no significant implications for this priority.

4. Significant Implications

4.1 Resource Implications

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

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

- 4.5 Engagement and Communications Implications
There are no significant implications within this category.
- 4.6 Localism and Local Member Involvement
There are no significant implications within this category.
- 4.7 Public Health Implications
There are no significant implications within this category.
- 4.8 Environment and Climate Change Implications on Priority Areas
- 4.8.1 Implication 1: Energy efficient, low carbon buildings.
Status: Positive
Explanation: There is a recommendation to approve additional prudential borrowing for the Cambridgeshire Private Electricity Network (CPEN). CPEN will enable the Swaffham Prior Community Heat Network Energy centre to run on clean renewable energy from North Angle Solar Farm. This energy centre will then provide renewable energy to warm homes within Swaffham Prior.
- 4.8.2 Implication 2: Low carbon transport.
Status: Neutral
Explanation: While this paper proposes no significant implications within this category, it should be noted that section 4.5.1 Capital Funding Changes includes some additional/rolled-forward cycleway related grants which will relate to projects whose delivery will assist in modal shift towards non-polluting transport options.
- 4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Status: Neutral
Explanation: There are no significant implications within this category.
- 4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Status: Neutral
Explanation: There are no significant implications within this category.
- 4.8.5 Implication 5: Water use, availability and management:
Status: Neutral
Explanation: There are no significant implications within this category.
- 4.8.6 Implication 6: Air Pollution.
Status: Positive
Explanation: There is a recommendation to approve additional prudential borrowing for the Cambridgeshire Private Electricity Network (CPEN). This project will support a reduction in carbon emissions from reduction in fossil fuels.
- 4.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.
Status: Positive
Explanation: There is a recommendation to approve additional prudential borrowing for the Cambridgeshire Private Electricity Network (CPEN). This project supports the Swaffham

Prior Community Heat Network which is tackling fuel poverty in a local community to move off fossil fuels.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Stephen Howarth

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? No

Name of Officer: Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? No

Name of Legal Officer: Not applicable

Have the equality and diversity implications been cleared by your EqIA Super User? No

Name of Officer: Not applicable

Have any engagement and communication implications been cleared by Communications? No

Name of Officer: Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? No

Name of Officer: Not applicable

Have any Public Health implications been cleared by Public Health? No

Name of Officer: Not applicable

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton

5. Source documents

5.1 Source documents

P&E Finance Monitoring Report (July 22)

P&C and PH Finance Monitoring Report (July 22)

CS Finance Monitoring Report (July 22)

Capital Monitoring Report (July 22)

CCC Debt Reporting Pack (July 22)

CCC Prompt Payment KPIs (July 22)

Integrated Finance Monitoring Report

July 2022

Contents

Section	Item	Description
1	Executive Summary	<p>A high-level summary of key information covering both revenue and capital.</p> <p>Narrative on key issues in affecting the financial position, both corporately and across the directorates.</p>
2	Revenue Budget	<p>Provides a more detailed summary of the revenue position by directorate, as well as additional information on:</p> <ul style="list-style-type: none"> • The position of our Dedicated Schools Grant • The Savings Tracker
3	Revenue Funding Changes	<p>This section highlights any new in-year changes to revenue budgets or funding that have taken place or that are proposed for agreement by Committee.</p>
4	Capital Programme	<p>Provides a detailed summary of the capital position by directorate, as well as capital variations budgets and capital funding changes.</p> <p>Any changes to funding or budgets for the capital programme that are proposed for noting or agreement by Committee will be reported here.</p>
5	Balance Sheet	<p>Key information about the Council's balance sheet, including reserves, borrowing and debt.</p>
6	Treasury Management	<p>Update on the Council's treasury management position. At the end of Q2 and Q4 this will form a separate report as it requires consideration by Full Council.</p>
Appx 1	Revenue – commentaries on exceptions	<p>Detailed commentaries on forecast revenue variances by exception</p>
Appx 2	Capital – commentaries on exceptions	<p>Detailed commentaries on forecast capital variances by exception</p>
Appx 3	Budget transfers between services	<p>Breakdown of movements between services in 2022/23</p>
Appx 4	Reserves & provisions	<p>Schedule of reserves held</p>
Appx 5	Savings Tracker 2022-23	<p>Each quarter, the Council's savings tracker is produced to give an update of the position of savings agreed in the Business Plan.</p>
Appx 6	Treasury Management Indicators	<p>Treasury Management Indicators for Quarter 1</p>

1. Executive Summary

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

The Council's financial accounts are produced annually and are available on our [website](#).

The Council's total service budgets for 2022/23 are:

- Revenue: £456m net budget
- Capital: £164m (with a total programme of over £1bn)

The table below shows the key forecast information by service:

Service	Revenue Budget Variance £000	Revenue Budget Variance %	Net Capital Budget Variance £000	Net Capital Budget Variance %
People & Communities	507	0.2%	0	0.0%
Place & Economy	365	0.5%	0	0.0%
Corporate Services	1,496	5.4%	0	0.0%
Public Health	0	0.0%	-	-
Capital Financing	0	0.0%	-	-
Funding Items	0	0.0%	-	-
Net Spending Total	2,368	0.5%	0	0.0%

Between 2021/22 and 2022/23, significant budget growth has been provided for:

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

In setting this year's budget, this growth had to be met through additional taxation, savings and government funding. We also have significant budget gaps over the next few years, including at least £17m in 2023/24, before the effects of significant inflationary pressures are applied.

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

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

1.2 Key Issues

We are currently forecasting a small (0.5%) overspend for 2022/23, mainly due to the effects of the expected level of public sector pay inflation for this year, which exceeds the estimates used in budgeting. This is in the context of large budget increases that were planned in for this year as noted above, alongside uncertainty due to the impacts of inflation and patterns of demand.

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

Inflation is also impacting on our capital programme, alongside international supply chain disruption, making deliverability less clear.

There is uncertainty about local NHS funding levels and activity that may impact on the Council's costs, particularly as national hospital discharge funding arrangements cease. There are also government reforms coming forward such as changes to Adult Social Care, and implementation of local priorities such as the climate change strategy that will require capacity for internal change.

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

We are continuing to allocate investment from the Just Transition Fund, which was set up ahead of this financial year to provide funding to pieces of work designed to deliver improvements in terms of social mobility, flooding and climate change. In June, a further £4.4m was allocated taking the total funding earmarked to nearly £10m.

1.3 Key Issues by Service Area

1.3.1 People & Communities – Adults

The financial position of this service is considerably uncertain. Care providers are continuing to report cost pressures related to both workforce issues and the current cost of living rises. These are putting pressure on uplift budgets across all care types. In addition, the position of the care market, particularly related to workforce issues, is making some placements more difficult to source, particularly at the more complex end of provision.

Hospital Discharge systems continue to be pressured. The medium-term recovery of clients assessed as having primary health needs upon hospital discharge can return individuals to social care funding streams. In addition, the impact of delayed health care treatments such as operations, will also affect individual needs and health inequalities negatively. It is anticipated that demand for services will increase as we complete more annual reviews, many of which are outstanding due to the pandemic.

Financial pressures in some areas are being offset by demand continuing below expectations in other areas. In particular, it is likely that demand for residential care for Older People will remain at below pandemic levels for some time to come. Work is ongoing to assess future demand, cost pressures and the financial implications of the government's social care reforms which are due to be implemented in October 2023.

In line with the social care reform agenda the Council is currently undertaking "fair cost of care" exercises with both homecare and care home providers. It is anticipated that the outcomes of these exercises nationwide will be a gap for some Councils between what is currently paid and the newly assessed "fair cost of care". Whilst we have some funding from government for 2022/23 to start to close this gap, there may well be a pressure to be addressed over the coming years to reach a point where care providers are paid the "fair cost of care".

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

Older people aged 65+ receiving long term services	Budgeted no. of care packages 2022/23	Actual July 22	Actual May 22	Trend in service user numbers since May 22	Trend in average weekly unit cost since May 22 (budget expects an increase)
Nursing	617	586	537	Increasing	Increasing
Residential	947	842	837	Increasing	Increasing
Community	2,399	2,245	2,225	Increasing	Increasing

Working Age Adults receiving long term services	Budgeted no. of care packages 2022/23	Actual July 22	Actual May 22	Trend in service user numbers since May 22	Trend in average weekly unit cost since May 22 (budget expects an increase)
Nursing	37	39	36	Stayed the same	Increasing
Residential	342	337	334	Stayed the same	Increasing
Community	2,626	2,719	2,644	Increasing	Increasing

1.3.2 People & Communities – Children's & Education

In order to address continuing difficulty in recruiting to Social Worker posts, which resulted in a significant staffing underspend last financial year, a Programme Board has been established to focus on recruitment, retention and development of the workforce offer. The Children's Workforce Programme Lead role has now been recruited to, with recruitment underway to appoint to other posts within this team. A children's workforce framework has been produced and work is underway on both

medium and long term strategies to address the issues. In the short term, a team of agency workers are supporting permanent staff with the current workload.

All transport budgets have been impacted by the underlying national issue of driver availability which is seeing less competition for tendered routes. This has also resulted in numerous contracts being handed back by operators as they are no longer able to fulfil their obligations and alternative, often higher cost, solutions are required. The increase in fuel costs is also placing further pressure on providers and as such the service are carefully monitoring the situation which is likely to result in higher future costs as and when we retender existing contracts.

Section 2.3 below sets out risks around the Dedicated Schools Grant position and the significant deficit on it. While this deficit is currently ringfenced, the rising numbers of children with Education Health & Care Plans has a knock-on impact on other council budgets, particularly transport.

As noted above, there are risks of increased costs on our significant schools' capital programme due to the availability of materials and labour. We do have one of the larger schools' capital programmes nationally and have typically delivered it within budget.

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

Children in Care	Budgeted no. of care packages 2022/23	Actual July 22	Actual May 22	Trend in service user numbers since May 22	Trend in average weekly unit cost since May 22 (budget expects an increase)
Children in Care placements	278	261	260	Stayed the same	Increasing
Fostering and Supervised Contact	266	280	249	Increasing	Stayed the same
Adoption	461	423	424	Stayed the same	Stayed the same

1.3.3 Place & Economy

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

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

Covid continues to impact P&E to some degree as income collection in some services is not expected to return to a normal level until next year, though some budget provision was made to offset this.

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

1.3.4 Corporate Services

Corporate Services are forecasting an overspend due to the expected level of staff pay inflation. Until national and local pay awards are set, pay inflation is retained centrally pending distribution to services. If pay increases are in line with the latest offer from the national employers, services would be funded and this central budget would show an overspend.

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

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

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

1.3.5 Public Health

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

The service is forecasting a small underspend due to reduced activity on some contracts, alongside difficulty recruiting to a number of posts.

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

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

2 Revenue Budget

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

Previous Forecast Variance £000	Service	2022/23 Budget £000	Actuals £000	Forecast Variance £000	Forecast Variance %
247	People & Communities	316,630	49,462	507	0.2%
161	Place & Economy	67,757	14,888	365	0.5%
66	Corporate Services	27,709	9,848	1,496	5.4%
0	Public Health	27,302	-11,792	-86	-0.3%
0	Capital Financing	33,275	2,855	0	0.0%
0	Funding Items	10,692	10,547	0	0.0%
474	Net Spending Total	483,365	75,808	2,282	0.5%
0	Adjustments for Public Health ring-fence	-27,301	-6,825	86	0.0%
474	Overall Total	456,064	68,983	2,368	0.5%
-	Schools	149,099	-	-	-

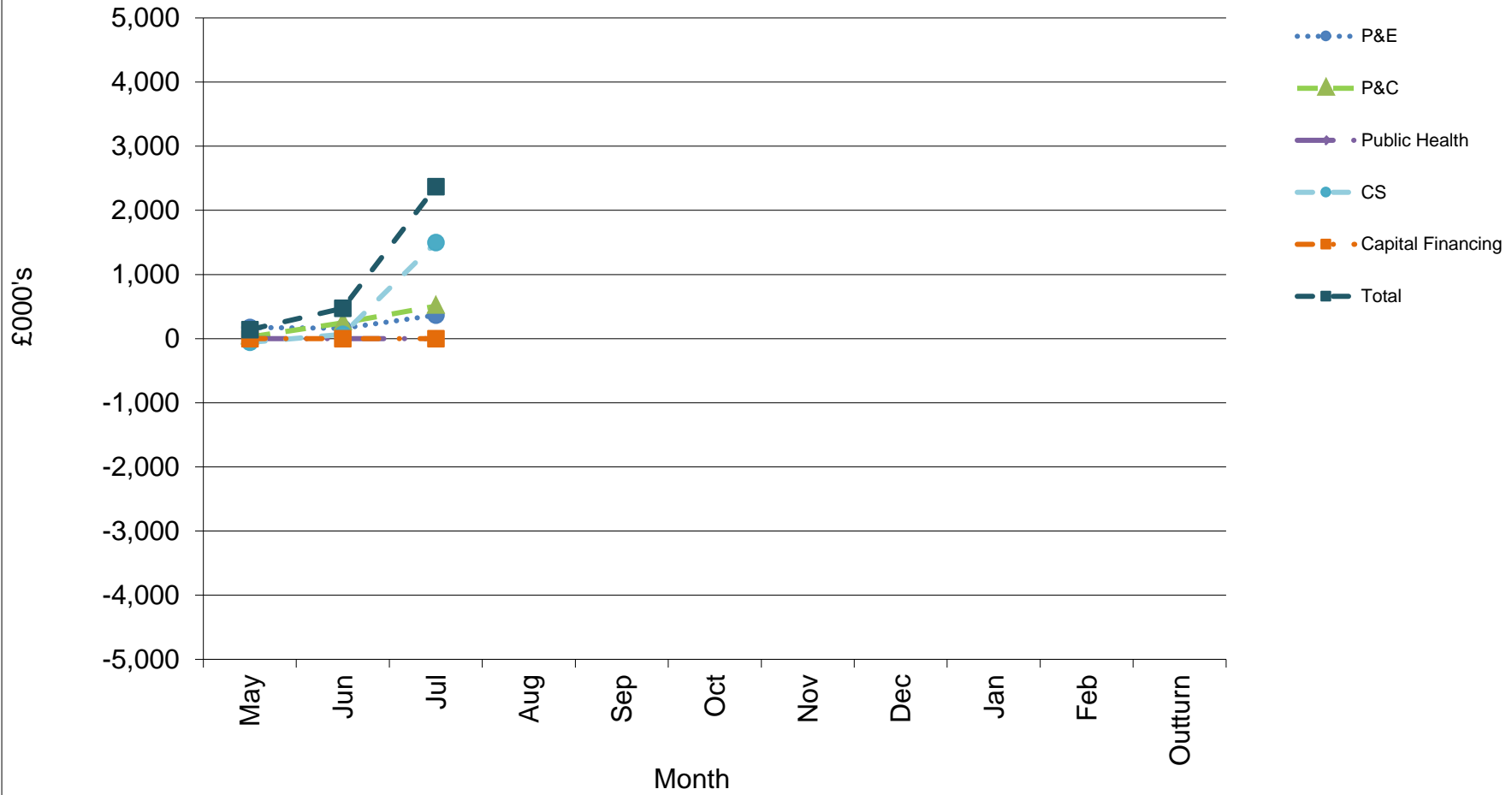
Notes on this table:

1. The budget and actual figures are net
2. The budget column shows the current budget. For virements between services throughout the year see appendix 3
3. The 'funding items' budget consists of the £9.7m Combined Authority Levy, the £433k Flood Authority Levy and £574k 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.
4. The Adjustments for Public Health ring-fence line shows adjustments needed to the net spending total to account for Public Health Grant income and the year-end transfer to PH reserves of any underspend. The budget line currently only shows the grant element sat within the PH directorate. A small balance is allocated to other directorates and is netted off their totals.

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

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

Forecast Outturn Position 2022/23



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

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

- 2.3.1 A cumulative DSG deficit of £39.3m has been carried forward into 2022/23, and this is expected to grow in year by £11.8m at this stage. Under current regulations, this is a ringfenced deficit that cannot be addressed using Council funds.
- 2.3.2 In 2020-21 the Department for Education (DfE) introduced the safety valve intervention programme in recognition of the increasing pressures on high needs. A total of 14 local authorities have now signed up to agreements, and the programme is being expanded to a further 20 local authorities, including Cambridgeshire in 2022-23.
- 2.3.3 The programme requires local authorities to develop substantial plans for reform to their high needs systems, with support and challenge from the DfE, to rapidly place them on a sustainable footing. If the authorities can demonstrate sufficiently that their DSG management plans create lasting sustainability and are effective for children and young people, including reaching an in-year balance as quickly as possible, then the DfE will enter into an agreement with the authority, subject to Ministerial approval.
- 2.3.4 If an agreement is reached, local authorities are held to account for the delivery of their plans and hitting the milestones in the plans via quarterly reporting to the DfE. If adequate progress is being made, authorities will receive incremental funding to eliminate their historic deficits, generally spread over five financial years. If the conditions of the agreement are not being met, payments will be withheld. Senior Officers are continuing to meet with the DfE to discuss the current situation and plans. This process remains a major financial risk in the medium-term due to the scale of the growing deficit and the uncertain extent to which we will need to contribute our own funding to eliminate it.

2.4 Savings Tracker

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

2.4.2 Currently, the Council is on track to deliver £8.0m of savings against its original plan. Blue rated savings total £0.3m, exceeding the target on those initiatives. Green rated savings total £7.4m. The Savings Tracker as at the end of quarter 1 is included as [Appendix 5](#) to this report.

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

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

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

RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	Total Original Savings	Total Variance
Blue	1	-250	-68	Green	35	-7,368	1	Amber	2	-338	183	Red	1	-650	518	Black	7	-1,993	1,993	-10,599	2,627

3 Revenue Funding Changes

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

3.1 Local authority grant allocations for extended rights to free home to school travel for 2022-23

The Council is due to receive an additional £275k this financial year from the Department for Education (DfE) for extended rights to free home to school travel for 2022-23. Local authorities' allocations have been calculated using estimates of the number of pupils eligible for extended rights transport using data collected in the January 2021 census. DfE have also taken account of whether each local authority is classified as rural or urban. This funding is not ring-fenced, but local authorities must meet the statutory duty in respect of extended rights to home to school transport set out in section 508B and schedule 35B of the Education Act 1996, which CCC does through the budget allocation (increasing year on year) of the transport service. The total grant allocated to Cambridgeshire County Council is £1,091k which is £275k higher than budgeted. This increased grant level will be factored into business planning for future financial years.

3.2 Social Care Reforms Implementation

In September 2021, the government set out its national planned reforms to social care. This included changes to social care charging both increasing the support to those who contribute towards care costs and a lifetime cap on the amount anyone would have to pay for social care, alongside changes to the amount local authorities would need to pay social care providers.

The cost of implementing these changes locally are expected to be considerable. We will likely face increased cost of purchasing care as more care will be bought directly by the Council. The current assumption is this cost will be met through increased government funding. All local authorities are currently participating in an exercise to assess the cost of implementing this part of the proposal and there is concern from the sector that the indicative amounts allocated nationally will be substantially insufficient. There will also be costs to implement the reforms locally, which will include IT and digital solutions (for interacting with those we care for, their families and care providers), business analyst and change capacity, project management resource, finance capacity and social work policy & practice. Soon thereafter and more substantially it will also likely require additional social worker and financial assessment capacity on an ongoing basis. This is one of the largest government reforms we have faced in the last decade, and the response in terms of capacity needs to match the scale of the changes. A detailed business case has been prepared for this additional activity and scrutinised by the Council's cross-cutting revenue governance board. The business case includes redirection and reprioritisation of existing resource, detailed phasing

and planning analysis, selection of appropriate options, consideration of equality, diversity, inclusion, social value and legal/statutory implications and assessment of assumptions and dependencies. Comparison to and liaison with peer and neighbouring authorities has also been undertaken.

The total scope of the work required is not yet confirmed, and government funding for it unclear (£100k has so far been allocated, with an as yet unknown amount in 2023/24). It is proposed that an initial allocation is made from Council resources to enable work on implementation to commence, with further phases of work plans to follow, and on the basis that any announced government funding could replace this internal funding.

At this stage it is proposed the Council makes available funding for the first phase of preparation and implementation activity, likely to cover the next 8 months, allocating funding up to £790k. It is proposed this is drawn down from the Adults Risk Reserve. Around half of this reserve was delegated to Adults & Health Committee to meet demand pressures, but the remainder is available for this committee to allocate. Further allocations will be considered as part of the Council's business planning process and in view of national announcements expected about the reforms. This initial allocation of £790k will enable recruitment and procurement activity to commence in order that the Council can further mobilise to deliver these important and time critical reforms.

Recommendation A: Authorise up to £790k to be drawn down from the Adults Risk Reserve, with the agreement of the Section 151 Officer and in consultation with the Chair & Vice Chair of this committee, to fund the first stage of implementation of adult social care reform

4 Capital Programme

4.1 Capital programme financial position

Previous Forecast Variance £000	Service	2022/23 Budget £000	Actuals £000	Net Forecast Variance £000	Forecast Variance %	Total Scheme Budget £000	Total Scheme Forecast Variance £000
0	Place & Economy	84,982	14,352	0	0.0%	589,266	5
0	People & Communities	68,644	5,652	0	0.0%	581,519	1,752
0	Corporate Services	9,942	1,553	0	0.0%	57,981	0
0	Total	163,569	21,557	0	0.0%	1,228,766	1,757

Notes on this table:

1. The Budget column incorporates any changes in the funding available to what was originally budgeted in the Business Plan. A breakdown of the budget changes made in-year can be found in 4.4
2. The Budget column also includes an assumed level of variations, called the 'capital variations budget' which is shown in section 4.2

3. The reported Place & Economy capital figures do not include the Greater Cambridge Partnership, which has a budget for 2022/23 of £40m and is currently forecasting a balanced position.
4. The columns setting out budgets and forecast variances for total schemes show financial information for all schemes in a service block across all financial years.

4.2 Capital variations budgets

4.2.1 A summary of the use of the 2022-23 capital programme variations budgets by services is shown below. These variation budgets are set annually and reflect an estimate of the average variation experienced across all capital schemes, and reduce the overall borrowing required to finance our capital programme. There are typically delays in some form across the capital programme due to unforeseen events, but we cannot project this for each individual scheme. We therefore budget centrally for some level of delay. Any known delays are budgeted for and reported at scheme level. If forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget.

4.2.2 Capital variations summary

Service	Capital Variations Budget £000	Forecast Outturn Variance £000	Capital Variations Budget Used £000	Capital Variations Budget Used %	Net Forecast Outturn Variance
Place & Economy	-18,660	-1,437	1,437	7.7%	0
People & Communities	-9,502	449	-449	-4.7%	0
Corporate Services	-2,459	9	-9	-0.4%	0
Total	-30,621	-979	979	3.2%	0

Note – two service areas are currently forecasting an overspend on capital schemes due to reasons set out below. However, we expect some further slippage that will offset this, therefore at this stage this is offset within the capital variations budget across the Council.

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

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

4.4 Capital Funding Changes Summary

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

Funding Source	Business Plan Budget £m	Rolled Forward Funding £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	23.9	-5.0	0.0	2.5	21.5	21.7	0.2
Basic Need Grant	14.7	0.0	0.0	1.0	15.7	15.7	0.0
Capital Maintenance Grant	3.0	2.0	0.0	0.9	5.9	5.9	0.0
Devolved Formula Capital	0.8	1.2	0.0	-0.0	2.0	2.0	0.0
Specific Grants	19.7	2.4	-1.9	0.7	20.8	19.2	-1.7
S106 Contributions & Community Infrastructure Levy	28.0	0.4	-14.1	0.0	14.4	15.4	1.0
Capital Receipts	1.5	0.0	-0.1	0.0	1.3	1.3	0.0
Other Contributions	10.2	-0.4	-4.2	5.0	10.6	10.3	-0.2
Revenue Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prudential Borrowing	90.6	26.8	-35.1	-10.9	71.4	72.1	0.7
TOTAL	192.2	27.473	-55.319	-0.831	163.6	163.6	0.0

Notes on this table:

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

4.5 Capital Funding Changes Requiring Approval

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

Funding	Service	Amount £m	Reason for Change
Additional/Reduction in Funding (Grants, Other contributions)	P&E	+3.8 (grants) +5.0 (other contributions)	<p>Changes in grants and other contributions are anticipated in relation to the following schemes:</p> <ul style="list-style-type: none"> Emergency Active Travel grant (£1.335m) rolled forward from 2021-22 Carriageway & Footway Maintenance including Cycle Paths (+£2.5m) additional Department for Transport grant Potholes (+£4.0m)- revenue contributions A141 and St Ives Improvement scheme (+£1.0m)- additional contributions are anticipated for a new Cambridgeshire & Peterborough Combined Authority (CPCA) scheme. This is the first year of this scheme and there is further work and funding expected in future years, fully funded by CPCA.

4.5.2 The table below sets out funding change requests for capital schemes following review and refresh of project business cases:

Scheme	Service	Funding Change Amount £m	Reason for Change
Children's Residential Home– Respite Innovation Programme	P&C	£3.127m 2022-23 Prudential borrowing	Additional borrowing of up to £3.127m is requested for developing and mobilising an accommodation and community-based Intensive Therapeutic Support Hub for children and young people (CYP) with SEN, disabilities and mental health difficulties, following successful award of a £1million grant from the Department for Education in March 2022, in line with a submission by CCC to the Respite Innovation Fund. The grant is for revenue for the project and requires capital investment by the Council to provide the accommodation to which the hub will be hosted. The preferred option for the ITSH is The Hawthorns in Cambridge, a current surplus asset for CCC that can be brought back into use. The annual cost of the additional borrowing is estimated at £228k starting in 2023/24, decreasing each year thereafter.
North Angle Solar Farm	P&E	£0.382m 2022-23 Prudential borrowing	A confidential report went to E&GI committee 7th July 2022 on the increased capital costs of the Cambridgeshire Private Electricity Network (CPEN). The impact on the 2022-23 budget is a request for £382k additional prudential borrowing resulting from easement negotiations and market increases on the capital costs for the construction of CPEN. Although the costs have increased, the net present value (NPV) is actually considerably higher in the new scenario due to increased energy prices for selling energy so is better value to the Council. The annual cost of the additional borrowing is estimated at £18k starting in 2024/25, decreasing each year thereafter.
North Angle Solar Farm Swaffham Prior Community Heat Project	P&E P&E	£0.399m -£0.399m 2022-23 Virement	Virement request for £399k budget to be transferred from Swaffham Prior Community Heat Project to the North Angle Solar Farm to better reflect where CPEN costs will be incurred.
Woodland Lodge Children's Home Essential Work	P&C	£0.256m 2022-23 Prudential borrowing	Additional borrowing of £0.256m is requested for completion of required property works at Woodland Lodge to support it to comply with the Children's Homes Regulations by making the home safe to live and work in and ensuring that the interior decorations make the service homely and in line with CCC priority outcomes. The annual cost of the additional borrowing is estimated at £12k starting in 2023/24, decreasing each year thereafter.

Recommendation B: Approve additional prudential borrowing requests totalling £3.765m and a virement of £0.4m as per table 4.5.2

5 Balance Sheet

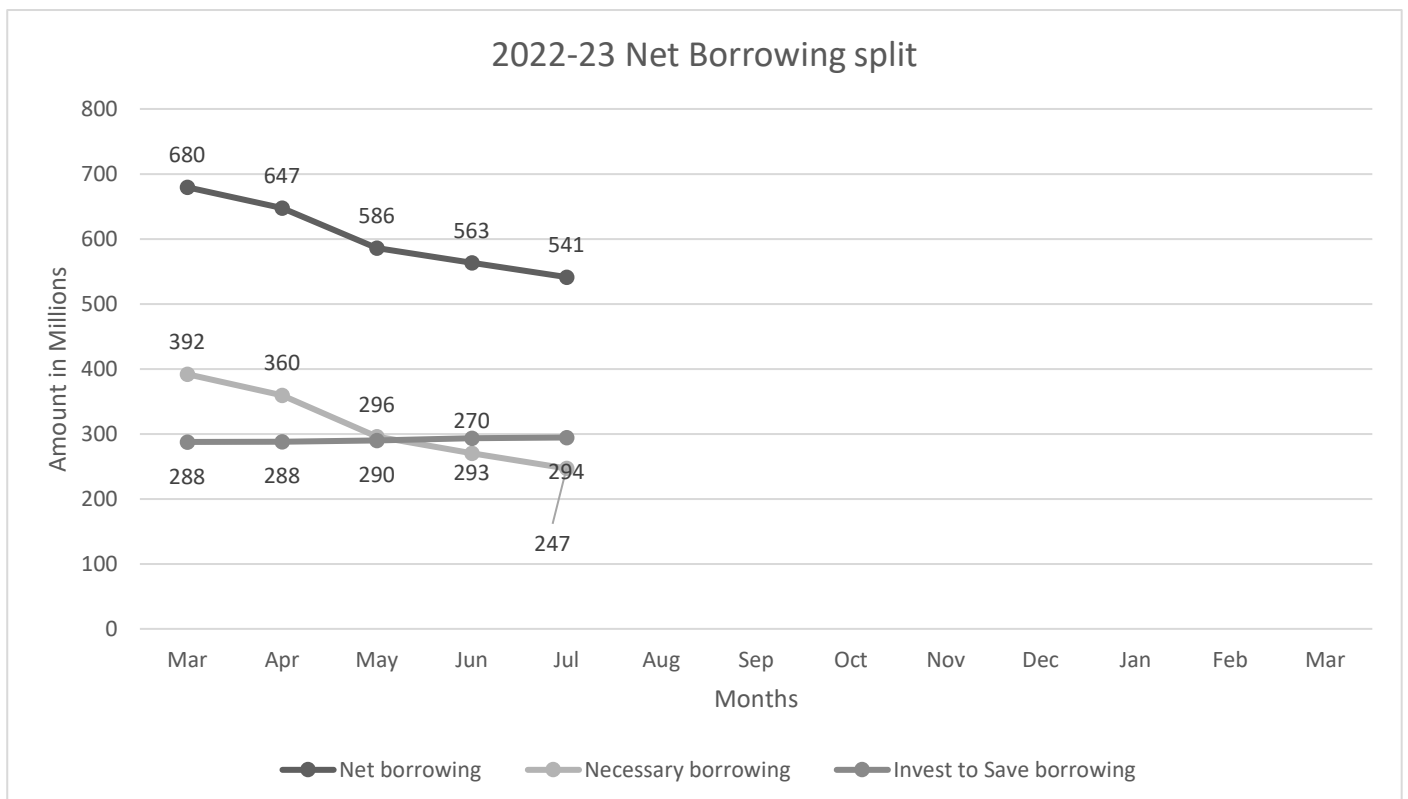
5.1 Reserves

At the end of July, the Council has revenue reserves totalling £161m. Most of these reserves are earmarked for specific purposes, and the breakdown of these can be seen in appendix 4. We retain a general fund reserve as our principal un-ringfenced reserve, which is held at a target balance of 4% of gross non-school expenditure.

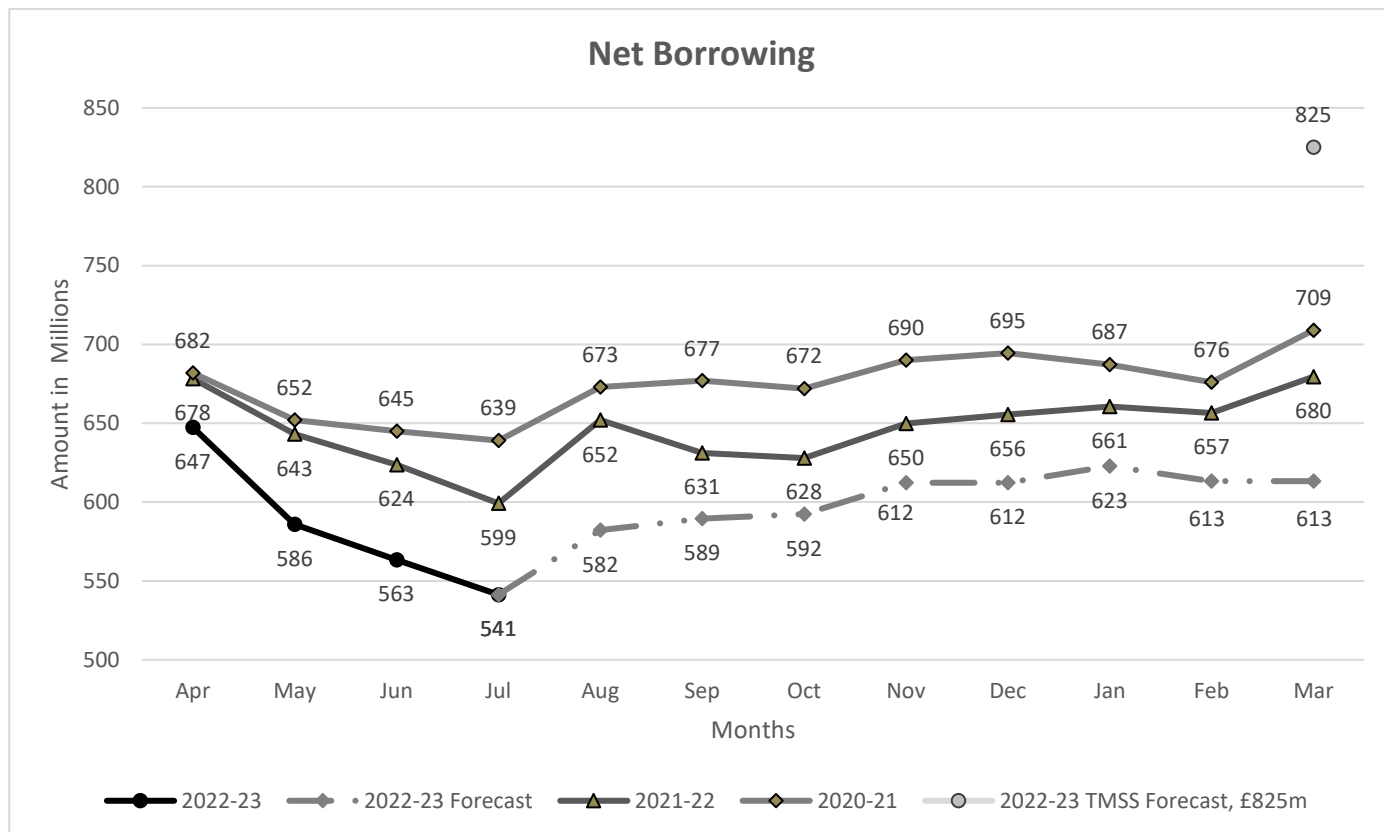
The medium-term financial strategy assumes a gradual reduction in the overall level of reserves as earmarked funds are spent, much of which is already planned into medium-term budgets.

5.2 Borrowing

The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2022/23, it is estimated that £294m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



The graph below shows net borrowing (borrowings less investments) on a month-by-month basis and compares the position with previous financial years. At the end of July 2022, investments held totalled £203.0m (excluding all 3rd party loans, Equity and This Land) and gross borrowing totalled £744.3m, equating to a net borrowing position of £541.3m.



5.3 General Balance Sheet

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

Measure	Year End Target	Actual as at the end of July 2022
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	83%
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£3.37m	£12.13m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£1.71m	£2.86m
% of invoices registered on ERP within 2 working days	98.0%	99.5%
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	98.7%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	95.0%	83.9%

6 Treasury Management

- 6.1 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by 2021-22 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend. The 2022-23 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.
- 6.2 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2022-23 TMSS was set in February 2022, it anticipated that net borrowing would reach £825.0m by the end of this financial year. Based on the 2021-22 outturn position, the Council's in-year cash position and subsequent revisions to the capital programme, the net borrowing is currently predicted to be below this, at £613.2m by the end of this financial year.
- 6.3 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings given the current high PWLB rates and consequently holding less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer-term borrowing.
- 6.4 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.
- 6.5 The Council's treasury management indicators can be found in [Appendix 6](#).

Appendix 1 – Revenue – commentaries on exceptions

1. People and Communities

- An overall pressure of £0.507m is forecast for year-end.

New commentaries

1a Mental Health

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.6	+3%

A £0.550m pressure is forecast within Mental Health Services, reflecting significant additional demand pressures within the Adult Mental Health service (£655k pressure). This is partially offset by an expected underspend against the Section 75 Contract.

Adult Mental Health services are continuing to see significant additional demand within community-based care, particularly there has been a notable increase in the volume of new complex supported living placements made since the start of the year. This trend is continuing, with a further seven placements including one high-cost transition case, increasing the forecast pressure.

Previously reported commentaries, unchanged since last month:

1b Central Commissioning - Adults

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.3	+2%

A £0.257m pressure is forecast within Central Commissioning – Adults. This is in relation to rapid discharge and transition cars commissioned to manage winter pressures. These cars enable more prompt discharges from hospital, as people can be provided with domiciliary care as part of a block contract while they wait for an individual care package to be sourced. The block contract was commissioned for 12 months, while the NHS only provided 6 months of funding.

This has led to a pressure of +£851k. This is partly mitigated by savings of -£575k due to the decommissioning of six local authority funded rapid discharge and transition cars as part of the wider homecare commissioning model. The long-term strategy is to decommission all the local authority funded cars, meeting the need for domiciliary care through other, more cost-effective means, such as:

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

There are some additional small underspends on recommissioned contracts that are further mitigating the pressure.

1c SEND Financing – DSG

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

An £11.800m pressure is forecast within the high needs block of the Dedicated Schools Grant (DSG). Due to the continuing increase in the number of children and young people with

Education, Health and Care Plans (EHCPs), and the complexity of need of these young people, the overall spend on the High Needs Block element of the DSG funded budgets has continued to rise. The current in-year forecast reflects the initial latest identified shortfall between available funding and current budget requirements.

1d Financing - DSG

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

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

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

2. Place and Economy

- An overall pressure of £0.365m is forecast for year-end.

New commentaries

2a Energy Projects Director

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.3	+109%

An in-year pressure of £0.330m is forecast on the Energy Project Director budget. Income and maintenance costs for the St Ives P&R Smart Energy Grid forecast for this year have been pushed back into 2022/23. This is due to the private wire connection points to the business customers requiring additional design work resulting from site/operational changes from the customers.

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

Previously reported commentaries, updated since last month:

2b Lost Sales, Fees & Charges Compensation

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

Parking Enforcement

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

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

3. Corporate Services

- An overall pressure of £1.496m is forecast for year-end.

New commentaries

3a Central Services and Organisation-Wide Risks

Forecast Outturn Variance £m	Forecast Outturn Variance %
1.5	+29%

A £1.500m pressure is forecast across Central Services and Organisation-Wide Risks. This budget line holds the inflation allocation for staff pay increases across the Council until a pay award is set at which point budget is allocated to services. The latest pay offer from the national employers, if it was replicated across the council, exceeds the budget provision made. We have assumed in this projection that due to the levels of vacancies across the organisation that the impact of the difference between budget (based on the staffing establishment) and actual pay inflation will be reduced.

Appendix 2 – Capital – commentaries on exceptions

1. People and Communities

- Overall in-year forecast outturn variance is balanced.

New commentaries

1a Northstowe 2nd Primary

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

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

1b Soham Primary Expansion

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

An in-year pressure of £0.700m is forecast on the Soham Primary Expansion scheme. Completion and delivery of works has been rephased one year from 2025-26 to 2026-27 but land purchase has completed ahead of expectation.

1c St Philip's Primary

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

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

1d Alconbury Weald Secondary and Special

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (July) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
14,500	1,000	1,000	0

An in-year pressure of £1.000m is forecast on the Alconbury Weald Secondary and Special scheme. This is anticipated to be a £1.000m total scheme pressure due to increased scheme costs. Revised costs are being presented at August capital programme board and a revised business case is being taken through the 2023-24 Business Planning process.

1e P&C Capital Variation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (July) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-9,502	-449	0	-449

Any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. At this stage of the financial year the net £0.4m pressure has been adjusted against the capital variations budget line as it is not anticipated that the overall year-end position will be a pressure.

Schemes previously reported on, updated since last month:

1f LA Early Years Provision

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

An in-year underspend of -£1.403m is forecast within LA Early Years Provision. This is a reduction of £0.050m on the underspend previously reported last month. Two priority schemes have been identified as requiring investment to ensure sufficiency but due to planning and design the schemes will not start construction until 2023/24.

2. Place and Economy

- Overall in-year forecast outturn variance is balanced.

New commentaries

2a Girton to Oakington cycling scheme

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

An in-year underspend of £0.301m is forecast on the Girton to Oakington cycling scheme. Depending on the outcome of external funding bids there could be a potential to start construction during 22/23 as the detailed design has been virtually completed and the land acquisition required is progressing. As the bids are still not guaranteed, rephasing into 23/24 has been forecasted to complete land and detailed design.

2b B1050 Shelfords Road

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

An in-year underspend of £0.800m is forecast on the B1050 Shelfords Road scheme. Due to the expected disruption and the road needing to be closed for 2-3 months, the service are consulting as to when it would be best for the work to take place. The likelihood is that this scheme will now commence in 2023-24.

2c Wisbech Town Centre Access Study

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

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

2d St Neots Future High St Fund

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (July) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
831	-540	0	-540

An in-year underspend of £0.540m is forecast on the St Neots Future High St Fund scheme. Due to HDC Governance / approval requirements construction is now programmed to commence in May 2023 therefore no construction expenditure is expected during current financial year, resulting in reduced forecasted figures.

2e Babraham Smart Energy Grid

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (July) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
5,630	336	0	336

An in-year pressure of £0.336m is forecast on the Babraham Smart Energy Grid scheme. In discussion with Addenbrookes Hospital, the construction phasing plan for Babraham Smart Energy Grid was changed post-contract from a two phase to a three phase programme to allow sufficient parking to be available at the Babraham Park and Ride site during construction of the smart energy grid for the Biomedical Campus. This change has increased the timeline for project delivery by 14 weeks and the upfront capital costs on the project. However, the overall project business case remains positive as a result of the increased tariff for electricity supplies.

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

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (July) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
0	428	0	428

An in-year pressure of £0.428m is forecast on the Environment Fund - Decarbonisation Fund - School Low Carbon Heating Programme scheme. Last year the schools low carbon heating programme sat together with the Council's office buildings low carbon heating programme but this is now separated out. This will allow closer monitoring of the additional Council's Environment Fund contributions for low carbon heating for maintained schools to match fund any Government Public Sector Decarbonisation Scheme funding. This change was implemented post March 2022 and will therefore be seen as a variance all year.

2g P&E Capital Variation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (July) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-18,660	1,437	0	1,437

Any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, the net £1.437m underspend is balanced by use of the capital variations budget. This relates primarily to the in-year forecast variances as reported above.

Appendix 3 – Budget transfers between services in 2022/23

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

Budgets and Movements	P&C £'000	PH £'000	P&E £'000	CS Financing £'000	Corporate Services £'000	Financing Items £'000
Opening Cash Limits as per Business Plan	321,579	45	66,101	34,044	27,811	5,777
Post BP, pre initial budget load adjustments between CS and P&E- Energy Schemes			-336		336	
Allocation of unringfenced grant £1,143k Domestic Abuse Act Statutory Duty funding 22-23 to People & Communities as per S&R 29th March 2022	1,143					
Children's Homes Building Maintenance and Children & Safeguarding restructure transfer	-45				45	
Budget transfer for 1.75% pay award for 21-22	1,829		191		-2,020	
Transfer of Market sustainability full grant budget to P&C	-750					
Proposed budget resetting movements as outlined in May IFMR	-3,454		2,251	-769	1,519	655
22-23 BP virements to replace expenditure budgets with reserve draw down lines	-3,606	-45	-455		-155	4,261
Allocation of unringfenced grant £10k Biodiversity Net Gain Grant carry forward to Place & Economy			10			
Allocation of unringfenced grant £100k ASC Charging Implementation Support Grant to Adults Services	100					
Transfer of IT budget P&C to CS	-13				13	
Transfer of Qtr 1 Mileage Savings	-156		-5		161	
Current budget	316,628	0	67,757	33,275	27,710	10,693
Rounding	-2	0	0	0	1	1

Appendix 4 – Reserves and provisions

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

Fund Description	Balance at 31 March 2022 £000s	Movements in 2022-23 (or in budgeting) £000s	Balance at 31 July 2022 £000s	Forecast Balance at 31 March 2023 £000s	Notes
General Reserves					
- County Fund Balance	46,475	-18,260	28,215	25,847	
General Reserves subtotal	46,475	-18,260	28,215	25,847	
1 Insurance	4,719	3	4,721	4,721	
2 P&C & Schools	18,518	478	18,996	10,271	
3 PH	8,503	0	8,503	4,661	
4 P&E	9,756	1,231	10,987	4,763	Includes reserve for Waterbeach waste facility works- revenue impact of plant closure
5 Corporate Services	4,552	-102	4,450	2,577	
6 Just Transition Fund	0	13,803	13,803	10,033	Starting balance of £14m, with allocations made totalling £9.9m across medium-term
7 High Needs Block Offset Reserve	0	12,435	12,435	12,435	
8 Transformation Fund	25,012	-21,184	3,829	0	Balance for legacy Transformation projects
9 Innovate & Cultivate Fund	442	350	792	440	
10 Corporate- COVID	26,987	-4,573	22,414	16,820	Includes remainder of COVID-19 Support Grants. Allocated over medium-term.
11 Specific Risks Reserve	2,140	1,429	3,569	3,569	
12 This Land Credit Loss & Equity Offset	5,850	0	5,850	5,850	
13 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	2,940	
14 Collection Fund Volatility & Appeals Account	3,690	544	4,234	4,234	
15 Local Government Settlement phasing reserve	0	4,324	4,324	4,324	
16 Post-pandemic recovery and budgeting account	0	7,017	7,017	7,017	
17 Business change reserve	0	4,000	4,000	3,750	
18 Grant carry forwards	14,031	-14,031	0	0	Carry forward of unspent ring-fenced grants
Other Earmarked Funds subtotal	127,140	5,724	132,864	98,404	
SUBTOTAL	173,615	-12,536	161,079	124,251	
19 P&C	6,116	0	6,116	0	
20 P&E	4,063	0	4,063	0	
21 Corporate Services	13,857	200	14,057	14,057	
22 Corporate	73,787	14,758	88,545	81,116	
Capital Reserves subtotal	111,016	14,958	112,781	95,173	
GRAND TOTAL	284,630	2,422	273,859	219,424	

Fund Description	Balance at 31 March 2022 £000s	Movements in 2022-23 £000s	Balance at 31 July 2022 £000s	Forecast Balance at 31 March 2023 £000s	Notes
1 P&E	0	0	0	0	
2 P&C	16	0	16	16	
3 Corporate Services	2,093	0	2,093	2,093	
Short Term Provisions subtotal	2,109	0	2,109	2,109	
4 Corporate Services	4,746	0	4,746	4,746	
Long Term Provisions subtotal	4,746	0	4,746	4,746	
GRAND TOTAL	6,855	0	6,855	6,855	

Appendix 5 – Savings Tracker 2022-23 Quarter 1

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
Green	A/R.6.176	Adults Positive Challenge Programme - demand management	P&C	A&H	-154	-154	0	0%	↔	On track
Green	A/R.6.177	Cambridgeshire Lifeline Project	P&C	A&H	-10	-10	0	0%	↔	On track
Green	A/R.6.179	Mental Health Commissioning	P&C	A&H	-24	-24	0	0%	↔	Delivered
Green	A/R.6.185	Additional block beds - inflation saving	P&C	A&H	-390	-390	0	0%	↔	On track
Black	C/F 21-22 Saving	Adult Social Care Transport	P&C	A&H	-220	0	220	100%	↓	At risk due to likely inflationary pressures on transport costs
Amber	A/R.6.188	Micro-enterprises Support	P&C	A&H	-133	-30	103	77%	↔	At risk due to capacity in the market. Suppliers delivering to service users not known to the Council
Green	A/R.6.190	iBCF	P&C	A&H	-240	-240	0	0%	↔	Delivered
Green	A/R.6.191	Extra care retendering	P&C	A&H	-87	-87	0	0%	↔	Delivered
Green	A/R.6.192	Shared lives	P&C	A&H	-50	-50	0	0%	↔	On track
Green	A/R.6.193	Expansion of Emergency Response Service	P&C	A&H	-210	-210	0	0%	↔	On track
Green	A/R.6.194	Interim Bed recommissioning	P&C	A&H	-412	-412	0	0%	↔	Delivered
Green	A/R.6.195	Increased support for carers	P&C	A&H	-219	-219	0	0%	↔	On track
Green	A/R.6.197	Community Equipment Service contract retender	P&C	A&H	-121	-121	0	0%	↔	Delivered
Green	A/R.6.198	Decommissioning of domiciliary care block provision	P&C	A&H	-236	-236	0	0%	↔	Delivered
Green	A/R.6.200	Expansion of Direct Payments	P&C	A&H	-234	-234	0	0%	↔	On track
Green	A/R.7.111	Client Contributions Policy Change	P&C	A&H	-562	-562	0	0%	↔	Ongoing difficulties in recruitment continue to delay the reassessments project, but it is expected that savings will be delivered over the course of the year and any shortfall will be mitigated in-year by increases in client contributions.
Green	A/R.7.112	Community Equipment Pool	P&C	A&H	-155	-155	0	0%	↔	Delivered
Green	A/R.7.113	Learning Disability Partnership Pooled Budget Rebaselining	P&C	A&H	-1,125	-1,125	0	0%	↔	At risk due to delays in commencement of detailed work with ICB
Green	A/R.6.255	Children in Care - Placement composition and reduction in numbers	P&C	C&YP	-600	-600	0	0%	↔	On track
Green	A/R.6.257	Special Guardianship Orders	P&C	C&YP	-250	-250	0	0%	↔	On track

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
Green	A/R.6.268	Transport - Children in Care	P&C	C&YP	-380	-380	0	0%	↔	On track
Green	A/R.6.269	Virtual School	P&C	C&YP	-50	-50	0	0%	↔	On track
Green	A/R.6.271	Maximising use of existing grants	P&C	C&YP	-350	-350	0	0%	↔	On track
Green	A/R.6.213	Registrars	P&C	C,SM&I	-200	-200	0	0%	↔	On track
Green	A/R.6.214	C&P efficiencies	P&C	C,SM&I	-250	-250	0	0%	↔	On track
Green	C/F 21-22 Saving	Communities and Partnership Review	P&C	C,SM&I	-200	-200	0	0%	↔	On track
Green	B/R.6.215	Recycle asphalt, aggregates and gully waste	P&E	H&T	-15	-15	0	0%	↔	On track
Green	B/R.6.216	Review Street Lighting Service requirements	P&E	H&T	-10	-9	1	10%	↓	On track
Green	B/R.6.220	Highway Services Contract Efficiencies	P&E	H&T	-110	-110	0	0%	↔	On track
Green	C/R.6.105	Members Allowances	CS	S&R	-40	-40	0	0%	↔	On track
Green	C/R.6.106	Contract Efficiencies	CS	S&R	-200	-200	0	0%	↔	On track
Amber	C/F 21-22 Saving	External Income	CS	S&R	-205	-125	80	39%	↓	Due to a change in policy for advertising and sponsorship this will be harder to meet.
Black	C/R.6.107	Senior Management Staffing	CS	S&R	-100	0	100	100%	↓	Full Council resolved to make an investment into senior management capacity
Red	C/R.7.101	BP 19/20 - Council Tax: Increasing Contributions	CS	S&R	-650	-132	518	80%	↓	Unlikely to meet. MOU is still being deliberated by authorities. CFO group has made progress agreeing the terms and South Cambs are currently updating the MOU. Investment has not yet been spent. Recruitment will begin once MOU has been agreed and signed.
Green	B/R.7.127	Alconbury Solar Carport	P&E	E&GI	-37	-37	0	0%	↔	On track
Green	C/R.7.105	Renewable Energy Soham - Income Generation	CS	S&R	-13	-13	0	0%	↔	On track
Black	B/R.7.128	St Ives Smart Energy Grid - Income Generation	P&E	E&GI	-44	0	44	100%	↓	Income and maintenance costs for the St Ives P&R Smart Energy Grid forecast for this year have been pushed back into 2023/24. This is due to the private wire connection points to the business customers requiring additional design work resulting from site/operational changes from the customers.
Black	B/R.7.129	Babraham Smart Energy Grid - Income Generation	P&E	E&GI	-48	0	48	100%	↓	Babraham Road P&R smart energy grid has added an additional phase to its construction programme to address the number of available parking concerns during the construction programme. This has added an additional 14 weeks to the construction programme pushing back income generation and maintenance costs to start by October 2023.
Black	B/R.7.132	North Angle Solar Farm, Soham -	P&E	E&GI	-678	0	678	100%	↓	The North Angle Solar Farm project will be energised by June 2023 and not December 2022 as originally forecast.

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
		Income Generation								This is due to the private wire not being in place by December 2022 as a result of extended third party easement negotiations. This has resulted in an income and maintenance cost delay.
Black	B/R.7.133	Swaffham Prior Community Heat Scheme - Income Generation	P&E	E&GI	-298	0	298	100%	↓	Delayed until 23/24
Green	C/R.7.115	Brunswick House - Income Generation	CS	S&R	-27	-27	0	0%	↔	On track
Green	C/R.7.117	Tesco - Income Generation	CS	S&R	-34	-34	0	0%	↔	On track
Green	C/R.7.120	County Farms - Agricultural Rent	CS	S&R	-45	-45	0	0%	↔	On track
Blue	C/R.7.155	Investment Income	CS	S&R	-250	-318	-68	-27%	↑	Q1 dividend received & new forecast has exceeded the budget
Black	C/F 21-22 Saving	Cambs 2020 Operational Savings	CS	S&R	-605	0	605	100%	↓	This saving will not be met until the site is handed over.
Green	E/R.6.034	Reduction in demand led Public Health budgets	PH	A&H	-328	-328	0	0%	↔	Delivered

Key to RAG ratings

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

Appendix 6 - Treasury Management Indicators Quarter 1

Treasury / Prudential Indicator	2022/23 Indicator	2022/23 Quarter 1
Authorised limit for external debt (Including 3 rd party loans, equity and This Land)	£1,090.0m	-
Operational boundary for external debt (Including 3 rd party loans, equity and This Land)	£1,060.0m	-
Total Net Borrowing – Quarter 1 (Including 3 rd party loans, equity and This Land)	-	£558.6m
Capital Financing Requirement (CFR) <i>[Including PFI and Finance Lease Liabilities]</i>	£1,006.2m	£964.1m [^]
Ratio of financing costs to net revenue streams – yearly average	8.9%	8.0% [^]
Upper limit of fixed interest rates based on net debt*	150%	130%
Upper limit of variable interest rates based on net debt*	65%	-30%
Principal sums invested over 365 days (excluding Third-Party Loans)	£50.0m	£37.8m
Maturity structure of borrowing limits ^{**} : -		
Under 12 months	Max. 80% Min. 0%	16.5%
12 months to 2 years	Max. 50% Min. 0%	14.2%
2 years to 5 years	Max. 50% Min. 0%	10.9%
5 years to 10 years	Max. 50% Min. 0%	10.7%
10 years and above	Max. 100% Min. 0%	47.7%

[^] Estimated

*The interest rate exposure is calculated a percentage of net debt. Due to the mathematical calculation exposures could be greater than 100% or below zero (i.e., negative) depending on the component parts of the formula.

**The Treasury Management Code of Practice guidance notes requires that maturity is determined by the earliest date on which the lender can trigger repayment, which in the case of LOBO loans is the next break/call point.

Service: Corporate Services
 Subject: Finance Monitoring Report – July 2022
 Date: 20 September 2022

Key Indicators

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

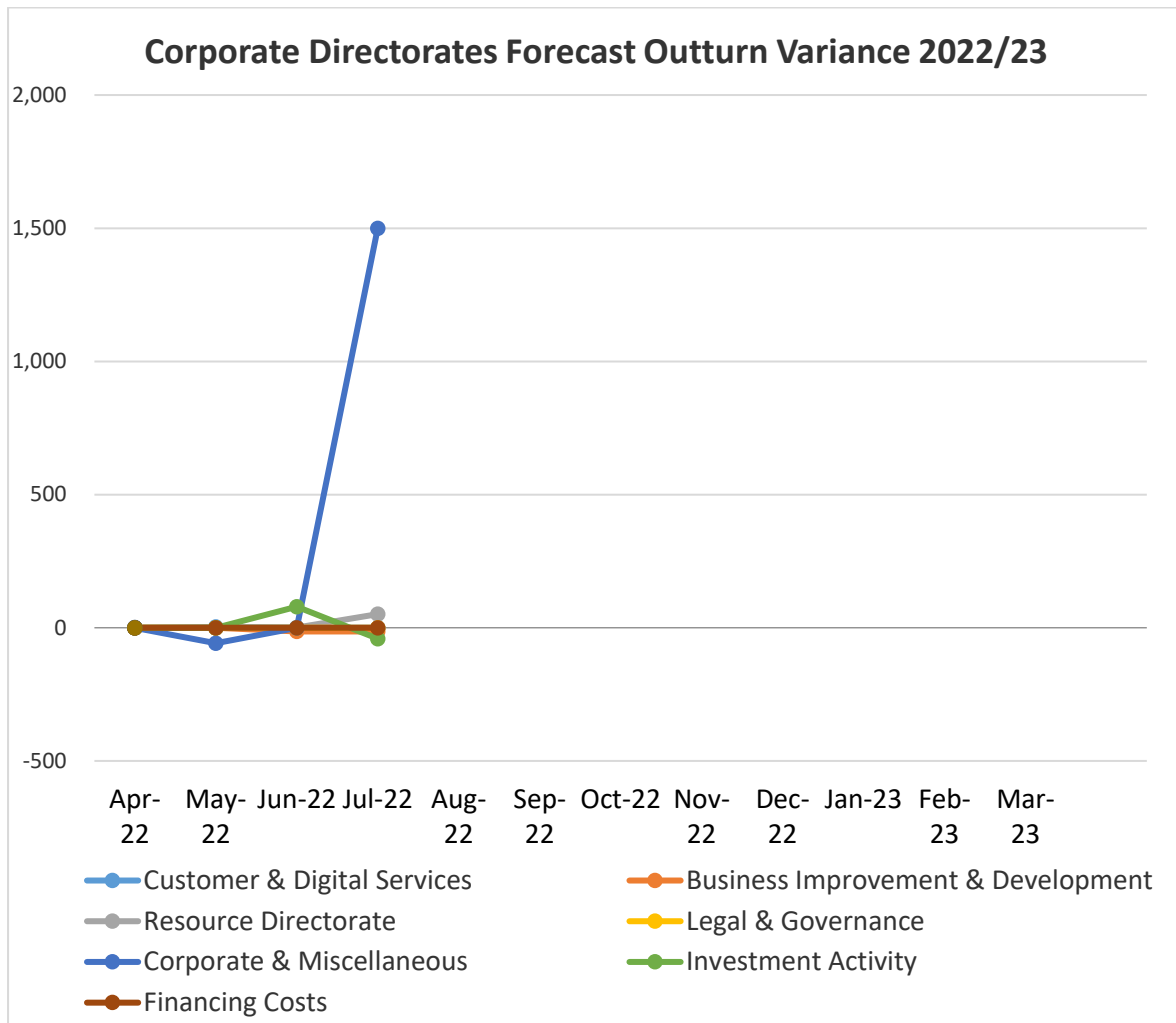
Contents

Section	Item	Description	Page
1	Revenue Executive Summary	High level summary of information; By Directorate Narrative on key issues in revenue financial position	2-4
2	Capital Executive Summary	Summary of the position of the Capital programme	5-6
3	Savings Tracker Summary	Summary of the latest position on delivery of savings	6
4	Technical Note	Explanation of technical items that are included in some reports	6
Appx 1	Service Level Financial Information	Detailed financial tables for Corporate Services	7-8

1. Revenue Executive Summary

1.1 Overall Position

Corporate Services & Financing has a budget of £60,984k in 2022/23 and is currently forecasting an overspend of £1,496k.



1.2 Summary of Revenue position by Directorate

The service level budgetary control report for Corporate Services & Financing Costs for the year 2022/23 can be found in appendix 1.

	Directorate	Budget £'000	Actual £'000	Outturn Variance £'000	Outturn Variance %
1	Customer & Digital Services	18,258	7,740	0	0.0%
-14	Business Improvement & Development	2,282	1,073	-14	-0.6%
1	Resources Directorate	10,707	3,043	51	0.5%
0	Legal & Governance	2,435	798	0	0.0%
-0	Corporate & Miscellaneous	5,947	931	1,500	25.2%
79	Investment Activity	-11,920	-3,738	-41	-0.3%
-0	Financing Costs	33,275	2,855	-0	0.0%
66	Total	60,984	12,703	1,496	2.5%

The increased forecast outturn in Corporate Services is caused by the latest proposed national pay award for local government. This is often replicated across all pay scales and is the best estimate of what the current year pay award will be. It is larger than the amount budgeted for (3.5%) but assumes some mitigation through underspends on staffing across the Council.

1.3 Significant Issues

Corporate Services are currently forecasting an overspend of £1,496k, an increase of £1,430k from the previous forecast.

Customer and Digital Services

Customer and Digital Services budgets are currently forecasting a balanced position.

Business Improvement & Development

Business Improvement & Development budgets are currently predicting an underspend of £14k.

Resources Directorate

Resources Directorate budgets are currently predicting an underspend of £51k, an increase of £50k from the previous forecast.

Legal and Governance

Legal and Governance budgets are currently predicting a balanced position.

Investment Activity

Investment Activity budgets are currently forecasting an underspend of £41k, an increase of £38k from the previous forecast.

Corporate & Miscellaneous

Corporate & Miscellaneous budgets are currently predicting an overspend of £1.5m due to the pay award pressure referenced above.

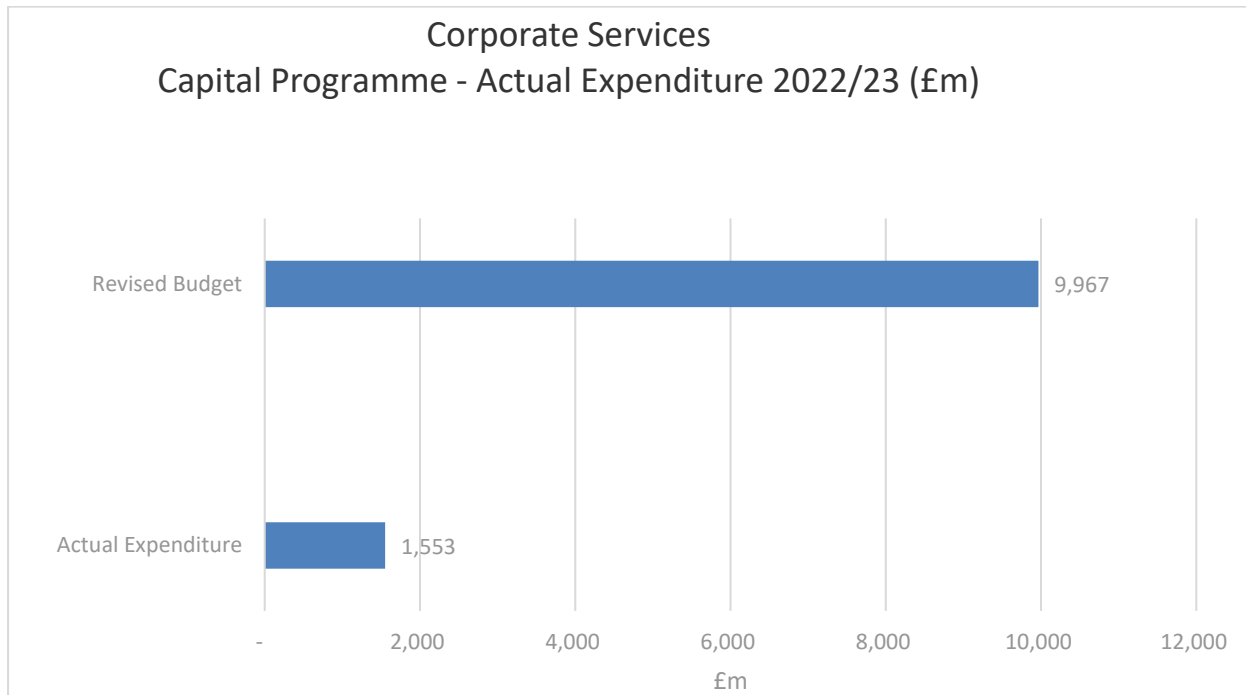
Financing Costs

Financing costs budget is currently predicting a balance position, same as the previous forecast.

2. Capital Executive Summary

2.1 Expenditure

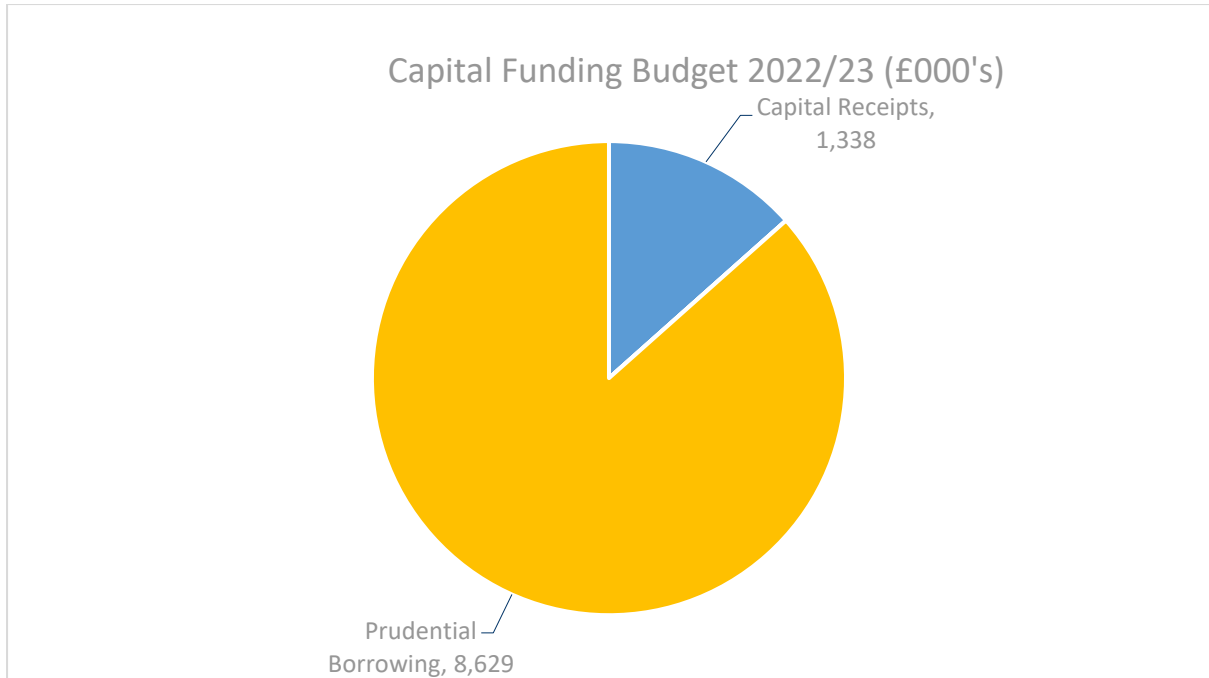
Corporate Services has a capital budget of £9,967k and expenditure to date of £1,553k in 2022/23.



There are no exceptions to report this month.

2.2 Funding

Corporate Services has a capital budget of £9,967k in 2022/23. This includes £1,438k of funding carried forward from 2021/22 & adjustments made to the total capital scheme budget.



Appendix 1 – Corporate Services Level Financial Information

Previous Forecast Outturn Variance £000's	Service	Budget 2022/23 £000's	Actual June 2022 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
Customer & Digital Services					
0	Director, Customer & Digital Services	500	197	0	0%
-0	Chief Executive's Office	244	77	-0	0%
-0	Communications	789	286	1	0%
0	Customer Services	1,954	387	0	0%
-0	IT Services	10,838	5,701	0	0%
0	Elections	175	0	0	0%
-2	Human Resources	1,859	496	-1	0%
3	Learning & Development	1,899	596	-0	0%
1	Customer & Digital Services Total	18,258	7,740	0	0%
Business Improvement & Development					
-0	Policy, Design and Delivery	800	464	0	0%
-14	Commercial Team	266	61	-14	-5%
-0	Business Intelligence	1,217	547	0	0%
-14	Business Improvement & Development Total	2,282	1,073	-14	-1%
Resources Directorate					
0	Director of Resources	359	106	0	0%
0	Professional Finance	1,898	824	0	0%
0	Procurement	654	235	-0	0%
0	CCC Finance Operations	150	32	-1	0%
0	Internal Audit	446	76	0	0%
0	Insurance Fund	2,436	78	0	0%
0	Lead Authority Services	1,196	675	0	0%
0	External Audit	75	-147	62	83%
0		7,214	1,878	61	83%
Property Services					
0	Facilities Management	6,029	1,515	0	0%
-0	Property Services	925	332	-0	0%
1	Property Compliance	210	115	1	0%
0	County Farms	-4,502	-155	0	0%
-0	Strategic Assets	830	-642	-11	-1%
-1		3,492	1,164	-10	0%
0	Resources Directorate Total	10,707	3,043	51	0%
Legal & Governance Services					
0	Legal & Governance Services	177	55	0	0%
0	Information Management	911	330	0	0%
0	Democratic & Member Services	334	82	0	0%
0	Members' Allowances	1,013	331	0	0%
0	Legal & Governance Total	2,435	798	0	0%
Investment Activity					
0	Property Investments	-3,610	-2,925	0	0%
0	Company Dividends & Fees	-571	0	-0	0%
0	This Land	-6,063	-692	0	0%
79	Contract Efficiencies & Other Income	-405	0	79	20%
0	Collective Investment Funds	-1,050	19	-120	-11%
0	Renewable Energy Investments	-222	-140	-0	0%
79	Investment Activity Total	-11,920	-3,738	-41	0%

Previous Forecast Outturn Variance £000's	Service	Budget 2022/23 £000's	Actual June 2022 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
	Corporate & Miscellaneous				
0	Central Services and Organisation-Wide Risks	5,175	-282	1,500	29%
0	Local Government Subscriptions	110	60	0	0%
0	Authority-wide Miscellaneous	662	1,154	0	0%
0	Corporate & Miscellaneous Total	5,947	931	1,500	25%
	Financing Costs				
0	Debt Charges and Interest	33,275	2,855	-0	0%
0	Financing Costs Total	33,275	2,855	-0	0%
66	Total	60,984	12,703	1,496	2%

Highways Asset Management System Replacement

To: Strategy and Resources Committee

Meeting Date: 30 September 2022

From: Executive Director Place & Sustainability

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2022/087

Outcome: The Strategy and Resources Committee is being asked to approve going out to tender for the Highways Asset Management System Replacement. The new system will replace the current Insight system, which is on a rolling annual contract. A fit-for-purpose Highways IT system is critical for continued compliance with statutory duties and obligations for our Highways Services.

The expected outcome is the procurement and implementation of a new system, or systems, that meet the needs of the Highways Service, Members and Residents, together with the introduction of efficiencies within the Service which will enable staff and resources to be deployed more efficiently.

Recommendation: The Strategy and Resources Committee is asked to:

- a) Approve going out to tender for the new Highways Asset Management system, the cost of which is going to exceed £500,000 over the lifetime of the contract.
- b) Agree to delegate the decision to award these contract(s) to the Director of Highways and Transport and the Section 151 Officer in consultation with the Chair & Vice Chair of the Highways and Transport Committee.

Officer contact:

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Email: sue.procter@cambridgeshire.gov.uk, jon.munslow@cambridgeshire.gov.uk
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Member contacts:

Names: Councillors Lucy Nethsingha and Elisa Meschini
Post: Chair/Vice-Chair
Email: lucy.nethsingha@cambridgeshire.gov.uk & elisa.meschini@cambridgeshire.gov.uk
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1. Background

- 1.1 The management and maintenance of the Cambridgeshire Highways Network requires the service to hold, manipulate and use a wide range of information. To efficiently and effectively manage the information a specialist IT system is required. The current system, Insight, no longer provides the functionality or capability to support the required service delivery.
- 1.2 The new Highways Asset Management System will enable the service; to effectively manage the day-to-day interactions and transactions that ensure the highway is maintained in a safe condition; respond to public, Town & Parish Council and Member enquiries with relevant and timely information; support the management of works and works programmed through detailed Asset inventory and condition data. The new system will support performance management of the service by enabling in-depth analysis and reporting of data to inform KPIs, operational and strategic decision making.
- 1.3 The new Highways Asset Management System will enable mobile working 'in the field' which will support more efficient working practice and use of staff resources. Mobile working reduces the need to come into an office/desk to manage reports from site as they come in, removes the need to make notes and add to the system later, and allows new work to be raised directly from site, improving accuracy, reducing manual operations, reducing the time taken to respond to an issue and reducing travel.
- 1.4 The new Highways Asset Management system will be capable of directly sharing information and 'talking to' other core council and Delivery Partner systems such as our financial system and the Milestone Causeway works management system. This will support efficiencies in works ordering, customer feedback and financial management.
- 1.5 The new system will be supplier hosted 'in the cloud' removing the need for Council IT staff to directly manage the system. Cloud hosting provides additional business continuity resilience for the service (generally, services are run from two or more data centres, meaning if one is unavailable another will deliver the system) and, as the supplier will manage upgrades, will ensure the council has the latest version at all times.
- 1.6 The specification for a new asset management system has been discussed and fed into by a H&T member workshop and has been approved by the H&T Committee on the 13th September.

2. Main Issues

- 2.1 The currently used Insight system is outdated in its architecture which limits its usability and effectiveness as a management tool. The public facing Report It tool has limited reporting and feedback functionality. The current system has a mobile working solution, but it doesn't run on common mobile platforms (iOS or Android) requiring us to use more expensive and less intuitive Windows tablets. This results in the mobile solution being less used, further resulting in double handling of information by staff and many paper/email reliant processes that are inefficient and lead to information loss creating delays when responding to issues. The current system does not provide all of the required activities within the service to meet all service needs. To meet those needs the service uses a number of other systems, such as KarbonTech for drainage. The current system uses a number of workarounds to help comply with NEC Contract Management.

- 2.2 The Insight system is locally hosted on the council's own servers. This requires high levels of staff resources to maintain the infrastructure supporting the system and is not in line with the IT Strategy to move most line of business systems to the cloud.
- 2.3 The software is used under a yearly rolling contract with Symology. The contract renewal date is 1st April annually.

3. Recommended Approach

- 3.1 The intention is to go out to tender in October 2022 to appoint a supplier for the new Highways Asset Management system by January 2023. Commencing implementation by April 2023.
- 3.2 Implementation will be in phases and is likely to take around 1 year to fully complete. Work is currently going on with the Highways Service to redefine processes and procedures to enable us to implement quickly and maximise the benefits of using the new system.
- 3.3 Resource within IT and the Highways Service is being planned and allocated to ensure implementation is fully supported and progresses as required.
- 3.4 Work to determine the requirements of the new Highways Asset Management system commenced in 2021. Specification development has involved;
1. Highways and internal partner team workshops.
 2. Informal supplier engagement to understand the market
 3. Discussion with other Local Highway Authority Clients
 4. Discussion at Highways Improvement Board
 5. Inclusion of information from Town and Parish Council, staff and Member consultation as part of the Local Highways Officer Review project.
 6. Highways and Transport Committee Member workshop on 21st July 2022 to ensure customer and member requirements are fully understood
 7. Formal soft market testing exercise.
- 3.5 The member workshop highlighted a number of key requirements that will be included in the new system;
- The new system should remove the need for entering data more than once.
 - The new system needs to integrate with external systems and integrate with our internal systems/suppliers. These integrations need to be live to ensure current data is used by all.
 - It should be possible to drill down into the information presented as some users will want more detailed information on reported issues. It is suggested that the information is available on three levels;
 - One for highways team - as day-to-day work.
 - One for residents - resident report a pothole – interaction for residents with more information - avoid potholes being reported numerous times.
 - One for members - where they can self-serve for more information, rather than contacting the officer for details.

Members and Residents should be able to report issues and obtain updates via a portal. Issues that don't meet the Intervention criteria for an urgent response should be updated with the target date for any necessary repair work or a comment included explaining why no action is planned to be taken.

Information on planned maintenance and future works should be available via the portal. Town and Parish Councils should have access to the system to allow them to report issues on residents' behalf and to obtain updates that they can communicate back.

- County Councillors will be involved in demonstrations of potential systems to ensure any system meets their needs.
- System should integrate with Google Maps, Streetview and 'What Three Words'

- 3.6 Soft market testing and market information indicates that there are around 7 specialist highways asset management system providers with 4 main suppliers in the UK market.
- 3.7 The specification has been written as an outcome specification to enable us to ensure potential suppliers shape and configure their systems to achieve best fit for us.
- 3.8 The new system(s) will be procured to facilitate information sharing; to remove manual data entry; to improve data quality; and to provide effective electronic communications within the Highways service, with residents and others working in and with Highways Services. The introduction of self-service, automation and the ability to pass work onto others within and across services, will reduce the administrative burden on staff.
- 3.9 Through the procurement of this system(s), a financial review and cost analysis will be undertaken to ensure accurate costings and spend are reported to Officer Capital Programme Board.

4. Design and Cost

- 4.1 The ambition for the future is to have a system that can provide efficient access to the data required to maintain the county's highways. The new system will provide improved management information reports. It will substantially increase our ability to engage and feedback to customers. It is intended that the new system will be provided as a Software as a Service solution. This will remove the need for locally hosted servers, reducing the server footprint in the data centre in line with the IT Strategy, ultimately providing a cost saving and reduction in carbon footprint.
- 4.2 Overall, the Highways Asset Management Systems replacement project will address the inadequacies and complexities of the current system, improving our ability to efficiently and effectively maintain the County's highways.
- 4.3 Following a review of all the information flows in the Highways Service there is a strong case to ensure that the IT systems used are not only robust and efficient but integrated to allow sharing of relevant information within the Highways service and with partner organisations.
- 4.4 Working with colleagues in Procurement and Legal we have identified that full competitive tender is the best approach to ensure regulatory compliance, value for money and a high-quality product for the Local Authority. A 'soft market test', to identify the ability of the

market to meet our needs, confirmed that multiple suppliers exist who can supply a suitable product. Preparatory work has taken place on the business and technical specifications for this award so we are confident that it can be achieved in the timeframe proposed by the programme.

- 4.5 The detailed costs and anticipated savings are to be determined, as we have yet to complete the procurement exercise. We have, through investigation of the market, estimated outline costs based on responses from two of the companies that responded to the Soft Market Testing

Implementation costs (Capital)

Type	Cost
Set up and configuration	£200,000
Internal Resource (incl. Data Engineers)	£200,000
New hardware (mobiles/tablets)	£100,000
<u>Total</u>	<u>£500,000</u>

Annual costs (Revenue)

Type	Cost
Highways Asset Management Software	£200,000
Customer Portal	£50,000
<u>Total (estimated 7 year term)</u>	<u>£1,750,000</u>

Procurement will be by full tender and include presentation of customer facing system to Members.

Provisional timeline

October 2022 – Publish Tender

November – Tender returns

December – Supplier presentations to Members.

December – Tender Evaluations

January 2023 – Award Decision by Director of Highways and Transport and s151 Officer in consultation with Chair and Vice Chair of Highways and Transport Committee.

February – Commence implementation

Implementation in 2023/24.

5. Alignment with corporate priorities

5.1 Environment and Sustainability

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

- Increased opportunity for self-service through secure on-line portals helping to provide Councillors residents with the ability to report highways issues and obtain information on the reported issues
- Reducing the production of paper

5.2 Health and Care

There are no significant implications for this priority.

5.3 Places and Communities

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

- Improved ability for Councillors and residents to find the information they need easily and in a format that suits them best
- Higher quality data being shared between services that will benefit everyone

5.4 Children and Young People

There are no significant implications for this priority.

5.5 Transport

There are no significant implications for this priority.

6. Significant Implications

6.1 Resource Implications

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

- Estimated Capital and revenue costs for Cambridgeshire County Council: shown in Point 4.5 above
- Delivering value for money: Increased efficiency and effectiveness in the delivery of services. Positive impact on Local Authority performance. Improved compliance with statutory duties.

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

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

- Please refer to section 2. All IT systems purchased by the programme have or will go through a full tender process supported by the procurement and legal teams already attending its governance boards to ensure all council procedure and contract rules are followed.
- We will be including Social Value criteria as part of the evaluation process with a weighting to be determined.
- The procurement will not be broken into lots, as we will be looking for a single provider. All businesses will be able to submit a bid as appropriate.

6.3 Statutory, Legal and Risk Implications

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

- Please refer to section 2. For compliance with statutory duties and regulations it is essential for the authority to share, manage and maintain data and information related to provision of Highways services
- Were the authority to cease to use the current system and fail to replace it, there would be risks of reputational damage.

- There would be risks of GDPR non-compliance and an increased risk of data breaches in the absence of a robust system.
- Without an effective system, there would be an increased risk of staff turnover due to frustration over a lack of accurate information and the requirement to check data multiple times.
- There are risks of financial loss through manual errors in financial data entry were there not to be a well-designed system in place.

6.4 Equality and Diversity Implications

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

- The aim of the new system(s) is to provide improved access to services by all communities particularly its use of portals enabling people to self-serve and to increase access to specific communities, including but not limited to: disabled people, those with Special Educational Needs, travellers, health partners, parents, carers and young people. The service will, however, retain the option for postal communications and telephone enquiries and reports via the Customer Access Service.

6.5 Engagement and Communications Implications

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

- The system will provide improved communication with residents and partner organisations involved in the delivery of Highways services. Residents will be able to report issues via a portal, they will also be able to obtain updates on issues they have reported from the portal. Information will be able to be exchanged digitally with partner organisations, this will improve performance and reduce the potential for errors that can occur when information is entered more than once,
- Improved timeliness of information exchanged with partner organisations will improve statutory compliance and help with intervention where this is required.
- Officers will have access to robust and current data when dealing with service planning and enquiries.

6.6 Localism and Local Member Involvement

Members of the Highways and Transport Committee have been briefed on the objectives of the project. Members have been consulted on the particular requirements of themselves and their residents. Members will be kept informed of the progress of the project and any decisions made regarding the system to be selected and implemented.

6.7 Public Health Implications

There are no significant implications within this category.

6.8 Environment and Climate Change Implications on Priority Area

All projects within this programme will complete a climate change impact assessment at each stage.

6.8.1 Implication 1: Energy efficient, low carbon buildings. Positive/neutral/negative Status: Positive

Explanation: Cloud based providers are aiming to be NetZero and therefore if a replacement is cloud based the implication would be positive.

6.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status: Neutral

Explanation: No direct impact

6.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive/neutral/negative Status: Neutral

Explanation: No direct impact

6.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status: Neutral

Explanation: No direct impact, should the services be moved to a cloud-based solution there won't be any new equipment and therefore there would be no plastic used, generated or wasted.

6.8.5 Implication 5: Water use, availability and management:

Positive/neutral/negative Status: Neutral

Explanation: No direct impact

6.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status: Neutral

Explanation: No direct impact

6.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status: Neutral

Explanation: No direct impact

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Sarah Heywood

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes

Name of Officer: Clare Ellis

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

Name of Legal Officer: Fiona McMillan

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

Name of Officer: Elsa Evans

Have any engagement and communication implications been cleared by Communications? Yes

Name of Officer: Sarah Silk

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Jon Munslow

Have any Public Health implications been cleared by Public Health? Yes

Name of Officer: Iain Green

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton

7. Source documents

7.1 Source documents

Appendix 1 - Highways System Requirement Specification v7

Appendix 2 – Equality Impact Assessment

Cambridgeshire County Council – Highways Asset Management system

Overview of the requirements

A Highways Asset Management solution, providing a fully integrated, end to end, mobile platform for internal use, with contractor and customer engagement.

- A SAAS solution, or hosted by vendor
- Provision of Production, Training and UAT environments
- Provision of consultancy, training and data migration to support the implementation of the chosen solution
- Provide management oversight of the Highways and Transportation service
- Be compliant with relevant legislation(s), codes of good practice and Cambridgeshire County Council's requirements
- Offer sophisticated, fully integrated Asset, Works, Financial Management and NEC Contract Management capability
- Provide mobile working capability with real-time communications for relevant activities and full integration with operational systems and Hardware
- Provide a Customer Service interface which allows customers to query the system directly

Works Management

The new application must provide an effective works management module which provides tools for:

- Budgeting
- Planning
- Costing and financial management
- Implementing
- Inspecting
- Asset data capture
- Full Audit Trail to enable defense of 3rd party claims
- Integration with Street Manger
- Management of operational activities with functionality for GIS plotting
- Contractor activities
- NEC Contract Management with capability to adapt from standard form. Including all communication requirements under NEC contract including but not limited to PMI's, EWN, CE, General Communications, Task Orders, Programme Acceptances, Defects,

Delegated authority inbuilt, Analytics modules, Dashboard for communications, notifications to delegated parties, compliance checking and automatic cross referencing of contract clauses and compliance.

- Ability to request target costs
- Integrated CRM functionality
- Works ordering, that is NEC contract compliant and service information, schedules of work and full audit trail
- Ability to attach documents within the system

Inspections

The system must provide a means of creating, executing, and monitoring a programmed schedule of activities for works which are required to be carried out on a cyclic basis such as:

- Safety & Service inspections, planning and scheduling, including full audit trail
- Condition assessment surveys, Management of works programmes
- Inspection data must be available and updatable in real-time via mobile devices when working remotely

Street Lighting

The system must provide functionality to support for the management of Street Lighting and other illuminated assets. This must be provided as part of the highways system and be capable to interface with third-party applications.

Drainage Management System The solution should provide an effective management system that is capable of collecting all drainage assets and inspection data, including routine cleansing of gullies, catchpits, soakaways, weir kerbs, grips, cattle grids, water courses

Mapping (GIS) Interface

The system should provide the ability to link to other external data sources, including data in MapInfo / ArcMap / ArcGIS Pro mapping layers or other GIS formats.

It should enable embedded graphical, map-based interaction with assets, plus access to GIS spatial modelling and data analysis capabilities using GIS technology.

It should be able to export spatial data in any part of the system to enable external analysis within any GIS package.

Local Street Gazetteer (LSG)

The system must be able to maintain the LSG to meet GeoPlace data entry requirements and provide functionality to upload this data to the National Street Gazetteer hub. It must also facilitate the upload of Additional Street Data (ASD). This LSG must form a core part of asset recording, enabling records across all modules/services to be analysed from the same base street data. Street data should be editable at ESU-level.

The system should provide the facility to import bulk changes to the LSG data. It should also have the ability to make detailed queries of the LSG data that can be exported into an open source or Microsoft format.

Public Right of Way Information Management

The system must facilitate Public Rights of Way (PROW) information management including the ability to extract Definitive Map and Statement changes. It must have the facility to interrogate and to create and export reports on different assets, e.g. how many times complaints have been made about obstructions on a particular PROW.

The system should support Inspections, Works Ordering and Customer Enquiries.

Commons and Village Greens Information Management

Be able to record and report on Commons and Village Greens as assets.

Asset Management

The system should provide the ability to manage all asset types, efficiently in a dependable platform. It should facilitate complex functions enabling assets to be captured, stored, searched managed and inspected including the recording of digital images. All functions should be available via the chosen product's mobile solution.

Pavement Management

The system should offer Pavement Management functionality, thus enabling integration with other system functions and the use of common base data. Where such functionality is provided, it will be a requirement that it is UKPMS compliant or similar.

Mobile Device Functionality

The new system should provide the ability to streamline field operations and boost productivity by providing mobile workers with access to the most recent asset information (including third-party assets), data collection, inspections and customer management using mobile technology. The system should allow new works orders to be raised by inspectors working remotely.

Financial Interface

The system must be capable of interfacing with the corporate finance system (Unit4), so that financial transactions managed within the highways system can be reflected in the corporate finance system.

The system must be able to manage Payments and fluctuating commitments. Data on commitments must be immediately updated from the finance system.

Customer management

The system must enable the logging and management of customer enquiries, relating to the streets or assets managed. This will be interfaced with an online portal, providing direct updates on the progress of any reported issues, to the portal, via email and subscribed groups.

The system may also enable connections to MS Dynamics 365 application, to ensure a single customer database across the organisation.

Must have an online, configurable and branded customer portal enabling direct logging of enquiries, including map-based functionality, enquiry types and attachments, receiving updates via both the portal and email address (including groups or subscribed parties – multiple reports of the same issue), and managing customers expectations by directing to other resources as appropriate and links to policies. The system must be able to update existing enquiries by adding comments and referring back to the relevant officer. Updates to customers should be configurable based on the status of the customer enquiry. This information must be reflected on the Customer portal

It must be possible to search for existing enquiries using a range of data including, but not limited to Reference number, location, name of person raising the enquiry, and email address

The system must have the ability to produce separate enquiries that are intended solely for CCC internal use but not displayed on the public site

Ability to send/re-send updates to customers from the system

Functionality for customers to enter responses directly into the system

The system should be able to triage enquiries raise on the online form against intervention levels to reduce the amount of reports coming through.

Ability to mark an enquiry when it is regarding a dangerous defect. The enquiry should then be flagged up to the relevant officer/team as urgent.

It should be possible to transfer attached documents to third parties and receive documents from them.

Other System Integrations

Must be able to integrate with the contractor's system for works orders, finance systems as appropriate, Street manager, CRMs, and email/exchange services.

Must be able to automatically share documents or other records with the contractor or other 3rd parties.

Must be capable of integrating with StreetManager via an API for the new system to be able to transfer information to and from StreetManager.

BI and Reporting Functionality

The system must be able to provide operational reports within the product, and a dedicated report warehouse enabling integration with business intelligence systems such as Power BI and Microsoft 365, and National Highways and Transportation Performance Management Framework.

Data History / Archive

The system must enable archiving of data as appropriate and deletion of data in accordance with the respective data retention policies and GDPR.

Statutory Requirements

The system must be compliant with the following government regulations, the following list is not exhaustive:

- o TMA Compliant – Traffic Management Act 2004
- o NSG compliant – National Street Gazetteer
- o NRSWA compliant – New Roads and Street Works Act
- o CDM – Construction, Design and Management Regulations complaint
- o Contract administration must be compliant with NEC (New Engineering Contract)

System Administration

The system must be able to provide the system administrator(s) with all the facilities required to monitor and control usage of the system, including permissions and groups, plus enable configuration by others in the team to build their own bespoke reports.

IT Support, Upgrades and Maintenance

The system should be fully supported for upgrades, bug fixes and enhancements.

Support should be provided by an online portal and phone.

Ticket numbers will be provided on report of issues and supported by an SLA with timescales for the severity of the issue.

EQUALITY IMPACT ASSESSMENT - CCC448668399

Details of person undertaking assessment

Name:

carole anne hutton

Job Title:

Executive Assistant

Directorate:

Highways & Transport - Highways Maintenance

Phone:

01354750041

Email:

Carole.Hutton@cambridgeshire.gov.uk

Business plan proposal number:

Cambridgeshire County Council

Date started:

Proposal details

Key service delivery objectives and outcomes

The proposal is for the procurement of a new asset management system for Highways Maintenance. The Highways Maintenance team look after the asset management of our county highways as well as related customer services, street works, road maintenance and seasonal work (such as gritting and grass cutting). These various activities are managed through a single IT system that controls booking and management of resources. Currently CCC use an on-premise system called Symology Insight. CCC have a rolling contract with Symology for the use of the Application. The decision has been taken to carry out a procurement exercise that will review the software solutions that are available in the marketplace, select a new application and then implement the chosen solution. The procurement reflects the requirements for up-to-date technology, alongside streamlining the processes to complete the day-to-day activities of the Highways Maintenance team. The

outcome will be a suitable solution for the requirements and implementation within the service, migration of data and ensuring, training and a user training guide supports.

What is the proposal *

To complete the procurement process for the software solution, changing the asset management system currently used by the highways maintenance teams, a requirement due to the CCC IT review of systems and software.

What information did you use to assess who would be affected by this proposal? *

Discussions with CCC IT, CCC Contact Centre, user information for current Symology system and current contractor, interfacing teams within CCC. A soft market review of the software solutions has been completed and an outcome focused requirements specifications is out for procurement We also held a member working group with the members of H&T to attend and comment on the specification.

Are there any gaps in the information you used to assess who would be affected by this proposal? * No

Does the proposal cover * All service users/customers/service provision countywide

Which particular employee groups/service user groups will be affected by this proposal? *

The proposal impacts all CCC employees who are current users of the system. All in Highways Maintenance Teams, Highways Projects Teams, CCC Finance and our contractor Finance Teams in Milestone, Call Centre highways staff, Traffic Management teams (Streetworks), Development Teams. The procurement refers to the option of replacing the Report It part of the system, should this be completed then this would impact all users groups of the Report It system, this is the public facing interfacing system for members of the public, members and Parish Councils to report Highway defects. This would also impact internal users of the platform - CCC Contact Centre and CCC Business Support Teams. The proposal is to mitigate the impact by providing adequate relevant training and guidance.

Does the proposal relate to the equality objectives set by the Council's Single Equality Strategy? * Yes

Council's Single Equality Strategy

Will people with particular protected characteristics or people experiencing socio-economic inequalities be over/under represented in affected groups *

About in line with the population

Does the proposal relate to services that have been identified as being important to people with particular protected characteristics/who are experiencing socio-economic inequalities? * No

Does the proposal relate to an area with known inequalities? * No

What is the significance of the impact on affected persons? *

The aim of the new system(s) is to provide improved access to services by all communities particularly its use of portals enabling people to self-serve and to increase access to specific communities, including but not limited to: disabled people, those with Special Educational Needs, travellers, health partners, parents, carers and young people. The service will, however, retain the option for postal communications and telephone enquiries and reports via the Customer Access Service to ensure access to those without digital means.

Category* Procurement

Is it foreseeable that people from any protected characteristic group(s) or people experiencing socio-economic inequalities will be impacted by the implementation of this proposal (including during the change management process)? * No

Age* No direct impact to this user group

Disability* No direct impact to this user group

Gender Reassignment* No direct impact to this user group

Marriage and civil partnership * No direct impact to this user group

Pregnancy and maternity * No direct impact to this user group

Race* No direct impact to this user group

Religion or belief (including no belief) * No direct impact to this user group

Sex* No direct impact to this user group

Sexual Orientation* No direct impact to this user group

Socio-economic inequalities* No direct impact to this user group

Head of service * Chris Stromberg

Head of service email * Chris.stromberg@cambridgeshire.gov.uk

I confirm that this HoS is correct

Asset management decisions and updates

To: Strategy & Resources Committee

Meeting Date: 30 September 2022

From: Service Director: Finance & Procurement

Electoral division(s): All; Abbey (recommendation a) Warboys & the Stukeleys (recommendation b), and Histon & Impington (Section 4)

Key decision: Yes

Forward Plan ref: 2022/091 (recommendation c) and 2022/092 (recommendation a)

Outcome: Proactive estate management decisions that bring forward regeneration and redevelopment of community facilities in East Barnwell, confirm the venue for Full Council meetings and improve ventilation across 64 buildings.

Recommendation: Strategy & Resources Committee is invited to:

- a) Approve collaboration with Cambridge City Council and its joint venture for the promotion and negotiation of a combined scheme at East Barnwell including the reprovision of community space, library and early years provision, delegating authority to agree land transactions to this effect to the section 151 officer, as set out in section 1.
- b) Approve the continuing use of the Red Kite Room, New Shire Hall as the usual venue for convening the full County Council, subject to ongoing awareness of accessibility needs for specific meetings in future.
- c) Approve the ventilation improvements to Council buildings, delegating authority to the Section 151 officer to procure and award contract(s) as set out in section 3.

Officer contact:

Name: Tom Kelly & Tony Cooper
 Post: Service Director & Assistant Director
 Email: tony.cooper@cambridgeshire.gov.uk
 Tel: 07825 722525

Member contacts:

Names: Councillors Nethsingha and Meschini
 Post: Chair/Vice-Chair
 Email: lucy.nethsingha@cambridgeshire.gov.uk
elisa.meschini@cambridgeshire.gov.uk
 Tel: 01223 706398

1. East Barnwell redevelopment

- 1.1 At the meeting of this committee on 29 March 2022, the East Barnwell community hub redevelopment was considered. There have been various proposals for replacement of this asset over several years and frustration from local stakeholders that a viable scheme had not come to fruition was recognised. Complications and delays have arisen from changes to the County Council's specification (initially widened to include housing, and more recently the nursery location aspect), multi-stakeholder liaison, seeking and responding to planning advice and the dependencies/facilitation with adjacent landowners.
- 1.2 In March, the Committee formally resolved to revise the scope of the scheme to include early years provision, following a recommendation from the Children & Young People Committee, reversing a decision that had been made in 2021. The Committee heard from community representatives who were strongly in support of this proposal. This committed the County Council to the re-provision of library, early years and community space in this vicinity as well as new housing accommodation. The Committee also resolved that there should be further development of the plans and highlighted the opportunities to collaborate with Cambridge City Council, one of the adjacent landowners.
- 1.3 The existing capital budget for this scheme is £1.53m; work by the property consultancy, Carter Jonas, on behalf of the Council suggested the addition of early years provision would increase the capital cost estimate by up to £625k (prices as at Spring 2022) on top of the authorised budget.
- 1.4 Since March, the County and City Council have progressed collaboration to explore a wider redevelopment scheme comprising both the County Council asset and the City Council owned nearby land along Newmarket Road. These discussions have been positive: through a combined approach there are opportunities to see benefits for the local community through a wider and more comprehensive regeneration, improved financial viability and a clearer/firmer delivery path and timeframes.
- 1.5 The Cambridge Investment Partnership (CIP), which is a joint venture between Cambridge City Council and a commercial construction company, that has developed similar projects elsewhere in the City, was instructed to prepare masterplan proposals. These have been used as a basis for considering the advantages and disadvantages for the two Councils to work in collaboration and combining land, incorporate the required community, library and early years facilities, deliver a greater number of new homes (and in so doing subsidise the cost to taxpayers), inform a strategy for relocation of leisure facilities operated by the City Council to elsewhere in the division and provide the basis for the pre-application discussions with planning and urban design authorities.
- 1.6 The Committee is asked to consider whether the County Council should support the scheme outlined as its preferred option and collaborate further with the City Council on its development. There will be further decisions for the Council in due course, through Business Planning to revise the capital budget (likely reducing the amount of prudential borrowing) and to agree to the land transactions once heads of terms are in place and the detailed shape of the commercial arrangements worked up.
- 1.7 Architects have prepared a masterplan which provides, across the whole scheme, for up to 154 new homes, a new community centre, early years provision, library and commercial space. In the diagrams shown below, the land currently in the County Council's ownership is the area within the red line to the right-hand side. The two other red boxed areas are land owned by the City Council. The development plans shown in the second diagram would

locate the County Council related facilities in the red box to the left-hand side, the first phase of the scheme to be brought forward. These proposals suggest the area shaded yellow would be the community centre (377m²), the area shaded purple indicates the library (190m²) and the area shaded cyan the early years provision (176m²)

Aerial photograph of in-scope land (bounded red) at Newmarket Road/Barnwell Road junction



Outline plan of building use and elevations



- 1.8 The timescales for delivery of the County Council elements of the combined scheme, contingent on a supportive steer to continue at this meeting and through the City Council's Housing Scrutiny, is for a planning application submission in early 2023, construction to start on site by the end of 2023 and the opening of facilities in the first half of 2025.
- 1.9 A key issue for the County Council is the financial benefits of progressing on its own land separately versus an overall masterplan approach, and a range of appraisals have been carried out to make this comparative assessment.
- To deliver the East Barnwell centre alone to specification, the estimated County Council subsidy is in excess of the currently agreed capital budget of

£1.53m. This takes account of a capital receipt from the current library site, which would be released, the revenue generated from the 29 residential units envisaged within the County Council only residential scheme and the construction and development costs of delivering the replacement community, early years and library provision.

- The proposition from the City Council/CIP is that the County Council contribution / further capital costs could be reduced below £0.7m. This is achieved by delivering 100% residential provision on the current county council site, and the reprovision of library, early years and community facilities on the City Council's land, relocating the current leisure facilities. The cost for the Council is a fixed fee on completion of the County related assets, in return for foregoing any profit-share from the scheme.

1.10 The initial terms offered by City Council/CIP are that the County Council transfers its land at East Barnwell and surrenders its interest in the current Barnwell library. CIP would deliver the new facilities, for which the County Council would commit the reduced capital sum and receive a 999 year long leasehold in the library, early years provision and community centre at a peppercorn rent. There is further detailed work to undertake to structure the land transactions if this Committee is supportive of the scheme in principle. The County Council has received advice from Avison Young, the property consultancy, as to the detailed assumptions submitted by City Council/CIP in its appraisal.

1.11 The advantages of the joint proposals include:

- Regeneration that combines community, library, preschool and commercial uses into a central hub, making them accessible and inviting to the wider community
- CIP proposals likely offer accelerated delivery through track record of similar schemes in terms of engagement with local planning authority, and construction delivery including technical and construction specialist involvement at early stage
- Prioritised delivery of new community centre, library and pre-school without the need to close existing facilities
- Improved financial viability through economies of scale of larger scheme, single planning application and higher densities achievable through wider masterplan
- Significant new public open spaces delivered for wider community, directly accessible from new community centre, library, preschool and commercial uses
- Cohesive design across the regeneration area – consistent high quality, low carbon approach
- Delivery and cost overrun risks to the Council are minimised, with the Council paying a fixed price for the delivery of the scheme.

1.12 The disadvantages of a joint proposal include:

- Both Councils would be reliant on each other's cooperation to deliver the regeneration scheme. This would require each Council to commit to joint working at an early stage and to enter into a sale and development agreement.
- Both Councils would be reliant on CIP achieving planning permission for a more complex scheme and delivering the project in line with agreed timescales.
- For the County Council, a loss of control may be perceived. This would be important to address through joint attendance at design team meetings and pre-application meetings to the appropriate and desired extent.
- Some gateway decisions will need to happen jointly or in tandem.
- CIP operate on a commercial basis and will expect to make a commercial return on the development.

- 1.13 Community engagement on these detailed proposals has begun with a series of consultation events held locally. This included two drop-in sessions at the location, attendance/stand at two broader community events, two online webinar events and a meeting with the local stakeholder group. 77 people have responded to the linked survey on the proposals: 55% were strongly agreed or agreed with the proposal, 35% disagreed or strongly disagreed and 10% were neutral. There were many detailed comments received which will be taken in account if the scheme progresses. Issues included potential changes to the highways network, urban design principles in relation to access, height and massing and relocation of the bowls club. These are issues to resolve in accordance with the programme outlined above but considerable progress has been made in generating a shared understanding of the issues and identifying the outline of potential solutions
- 1.14 The appraisals undertaken assume a BREEAM excellent library, pre-school, community facility and commercial space, a 20% biodiversity gain, gas free development with air source heat pumps and highly efficient building fabric, improved water efficiency and provision of electric vehicle charging points.
- 1.15 The masterplanned proposals extend across the current roundabout junction between Newmarket Road and Barnwell Road. Improvements to this junction, which are in prospect and under consideration by the Greater Cambridge Partnership, will be enabling to accessibility and join up of the development as a whole.

2. New Shire Hall (Red Kite Room – formerly the Multi-Function Room)

- 2.1 A report was brought to the Strategy & Resources Committee in March 2022 identifying potential issues in respect of the use of the Multi Function Room at New Shire Hall (now renamed as the Red Kite Room (RKR)). It was agreed that an update on those issues would be brought back to Committee in September 2022.
- 2.2 Subsequent to this the RKR was successfully used for Full Council on 19 July 2022. This section updates the responses to the issues raised in the original report, taking into account the experience of the Full Council meeting.
- 2.3 The previous report identified four issues:
- Security and safety of Members and Officers
 - Limited space for Members
 - Limited space for the media and public attendees
 - Accessibility (Part M of the Building Regulations) & Fire Safety (Evacuation)

Security and safety of Members and Officers

- 2.4 The proximity of the public to Members near the public gallery and the lack of physical demarcation between Member and public areas was considered to pose risks to personnel and the running of meetings in the event of disruptive behaviour. Security reviews and risk assessment, including liaison with Cambridgeshire Constabulary, was undertaken.
- 2.5 In order to create a physical and psychological ‘gap’ between Members (who were sat with their backs to the Public Gallery) screens have been purchased and installed. These were used at Full Council on 19 July and are judged to provide suitable separation for Full Council meetings.

- 2.6 In accordance with existing Council protocols all public meetings are risk assessed and if a meeting is deemed to be contentious and/or may result in, for example, high numbers of public attendees beyond the room's capacity or potential for protest or disruption, the Democratic Services and Property teams will make recommendations in respect of the suitability and operation of the venue for that specific event. Where the risk profile means that the RKR is not suitable alternative venues will be considered.

Limited space for Members

- 2.7 Prior to the use of the RKR for Full Council, concerns were raised regarding the amount of space in the room when laid out for Full Council, based upon the demonstration of the layout. During Full Council on the 19 July no problems were identified or adverse feedback received with regard to the space and accommodation for Members in the room. As a result of pre-planned absences/leave and unplanned self-isolations, the July meeting had fewer than all 61 Members in attendance. The room has been previously set up to accommodate all members of the Council and there will be sufficient space on that basis, as designed. We will continue to keep this under review for subsequent meetings of the Council with different attendance levels

Limited space for the media and public attendees

- 2.8 The limitation on seating for the media and public remains as per the earlier report in that it is smaller than Shire Hall. The practical impact of this can be considered as public attendance at Full Council evolves over future meetings. With live streaming of meetings, it is assumed that the requirement for in-person attendance may be lower than previously, however this will continue to be monitored.

Accessibility (Part M of the Building Regulations) & Fire Safety (Evacuation)

- 2.9 A detailed review of accessibility requirements for the RKR has been undertaken. Due to the building configuration, there is currently a limit of 4 wheelchair users in the RKR during public meetings. This is irrespective of whether a councillor or member of the public, and reflects the requirements for an effective evacuation of the room, if required.
- 2.10 Where numbers exceed this then the Council will manage the requirements and facilitate in accordance with democratic and statutory requirements. The Council may not be aware of specific requirements for members of the public attending if they do not provide prior notification (and there is no requirement for prior notification to be given), and these will be managed by the on-site team at that time. Where there are mobility or other matters not involving a wheelchair but affecting the ability to evacuate, these will be dynamically risk assessed and suitable provision made within the available resources.
- 2.11 Were the number of councillors or officers using wheelchairs likely to exceed 4 then this would become challenging and any continued use of the RKR would require further risk assessment and development and evaluation of Personal Emergency Evacuation Plans (PEEPS) to determine if a Full Council meeting could be run compliantly. The Council must ensure it is in compliance with the Local Authorities (Executive Arrangements) (Meetings & Access to Information) (England) Regulations 2012, and does not expose itself to a claim of discrimination in doing so. The regulations require decision making meetings to be open to the public unless it has been resolved to exclude the public to avoid the disclosure of confidential information or to maintain the orderly conduct of the meeting. Arrangements can be made elsewhere on site for the meeting to be live streamed.

- 2.12 The Equalities Act 2010 requires a Council to make reasonable adjustments to meet needs of members of the public who are disabled, for instance, and who would otherwise be placed at disadvantage compared with a non-disabled person. The Council will need to closely monitor its compliance with the Equalities Act and Regulations. Owing to the wider facilities available at New Shire Hall, staffing resources and expertise available at the building and familiarity with the accommodation, it is assessed that the Council will be well placed to make reasonable adjustments to ensure the necessary public access or foresee where alternative arrangements or one-off venues might be required for particular contingencies.
- 2.13 The need to comply with and potentially overcome conflicts between multiple legislative requirements as described above, will require additional work to ensure that the RKR can meet the potential demand. This work, including a new Equalities Impact Assessment (EqIA) aligned to Building Regulations and ensuring public access to democratic processes has been commenced. The EqIA process will take some time and involve detailed review of the building and RKR, taking into account developments in the understanding of equalities matters.
- 2.14 Under the evacuation process there is a requirement for a Council Site Facilities Officer or other suitably trained staff member to be on site to facilitate an emergency evacuation. In the absence of this support meetings are not able to take place. Protocols are in place to ensure meetings are conducted with the appropriate support in place.
- 2.15 The RKR is capable of being used for Full Council subject to the limitations above and the ongoing EqIA and review process. A number of alternative venues have either previously been used before for Full Council during the COVID pandemic or have been investigated for use. None of these has offered any significant advantage in terms of either accessibility or capacity. All of the alternative venues considered would incur additional costs to the Council to hire and install necessary equipment as well as to deploy staff time to set up the meetings away from New Shire Hall, the usual base for Democratic Services and the property facilities and IT teams, and a potentially adverse carbon impact.

3. Ventilation improvements to civic buildings

- 3.1 Following survey activity, the Council has identified opportunities to enhance ventilation and airflow at sixty-four buildings within its operational estate. Responding to the need to re-open buildings to customers and the general public, as well as enabling greater occupation by staff, during 2021 the Council prioritised the most urgent ventilation works and installed CO₂ monitoring where appropriate. The Council has kept carefully in step with national guidance promulgated as a result of the pandemic and interpreted this alongside local risk assessment to ensure our property estate could be used safely and in-line with the requirements of the Health and Safety Executive in providing a safe working environment.
- 3.2 There have now been several months of stability in national guidelines coinciding with the summer, which has enabled assessment of further stages of ventilation works as well as experience of buildings where CO₂ monitoring has evidenced poorer airflow or triggering a need for reduced levels of occupancy. The proposals now put forward recognise that living with covid is the new reality, that airflow and ventilation risks will be heightened during the winter months, that in these cases occupation levels of certain buildings can be improved enabling a better service to the public and that good ventilation is an important and ongoing requirement on the Council as a building custodian and employer. The proposals are strongly supported by managers responsible for frontline teams especially where these will enable greater occupation levels and more capacity for essential services for vulnerable

people, such as learning disability day opportunities, or delivery of face-to-face statutory functions such as supervised contact for children.

- 3.3 The Council has identified time-limited pandemic-related grant funding that it assesses can fund the majority of the cost of implementing these ventilation works, where they are eligible under the grant conditions, alongside general funds within the Council's budget that it has allocated for building maintenance. The estimated cost of the works to be procured is £725k - £960k, contingent on determining the final list of buildings in scope and subject to a competitive procurement exercise. The majority of the enhancements are to mechanical ventilation with a minority focused on mechanical air extraction. The mechanical ventilation works proposed depend on the survey assessment of the building and solutions include installing mechanical ventilation heat recovery, central air handling units, extraction and automated fans. Assets in scope for the ventilation enhancements to take place in 2022 and 2023 include adult social care day services, community and education centres, libraries, child and family centres, residential/respite accommodation and offices and civic buildings. At the large majority of buildings, the individual works required are minor, however the accumulated value amounts to a key decision for this Committee.
- 3.4 The Council is supplementing its in-house Mechanical and Electrical Surveyor capacity in order to oversee and manage the works by approaching our current Building Consultants framework to provide a competitive cost for this service. Enhancements at the highest priority buildings are already in progress where there was scope to do this under an existing contract with the property services term contractor, and the intention is that the procurement for the remainder, where permission to commence is requested through this paper, will be through a formal competitive process utilising an existing public sector construction and property services framework. This is essential to ensure the appropriate technical expertise is provided and the solutions provide the authority with confidence in future proofing its ventilation giving a safe working environment for employees and clients. This procurement will also provide the authority with best value in a very challenging and difficult market place. The ventilation enhancements would be implemented this Winter and Spring.

4. Assignment of a lease

- 4.1 At Unit 13, Evolution Business Park, Impington the lease has been assigned from the current tenant to a new Assignee. A new lease of this value would require the approval of the Committee, however the under the terms of the lease the Council is obliged to agree to the assignment, and notifies the Committee through this report.

5. Alignment with corporate priorities

5.1 Environment and Sustainability

There are no significant implications for this priority.

5.2 Health and Care

Providing the appropriate ventilation as per the governments Living with Covid guidelines currently 10 litres of fresh air in and out per person per second irrespective of age as identified in the Covid Building Risk Assessments supports public health for users of the Council's buildings.

Some of the buildings in scope for ventilation improvements will mean the Council can

increase the capacity/occupation of buildings used for adult social care.

5.3 Places and Communities

The redevelopment of the East Barnwell community hub, and the proposed collaboration with the City Council, illustrates the Council progressing its decentralisation agenda.

The Abbey Division is one of the most deprived areas of the City and the scheme proposed is a significant regeneration opportunity.

5.4 Children and Young People

Some of the buildings in scope for ventilation improvements will mean the Council can increase the capacity/occupation of buildings used for children's services.

The development at East Barnwell includes provision of early years childcare.

5.5 Transport

There are no significant implications for this priority.

6. Significant Implications

6.1 Resource Implications

There are resource implications from this report set out in section 1 (capital) and section 3 (grant funded).

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The procurement implications for ventilation works are set out in section 3.4.

The Council's current view is that the regeneration and redevelopment at East Barnwell would be classified as a land transaction rather than a procurement.

6.3 Statutory, Legal and Risk Implications

Statutory implications in relation to public meetings at New Shire Hall are set out at section 2.11. Legal advice will be obtained as part of the negotiation of the land transactions envisaged to enable the East Barnwell redevelopment.

Key risks have been identified in relation to the East Barnwell proposal and include agreement between the two Councils/collaboration and planning constraints. The approached proposed mitigates the County Council's exposure to development risk.

6.4 Equality and Diversity Implications

A detailed review of Equality and Accessibility matters will be undertaken as part of the ongoing management of the Red Kite Room, including an Equality Impact Assessment. Assessments including Equality Impact Assessments will be undertaken as part of the design of the new buildings at East Barnwell.

- 6.5 Engagement and Communications Implications
Cambridge City Council and CIP have arranged a number of engagement sessions with the local community in relation to the combined proposals for East Barnwell.
- 6.6 Localism and Local Member Involvement
The East Barnwell scheme is focused on providing an important regeneration opportunity for the local community. The Local Member has been regularly updated on these proposals.
- 6.7 Public Health Implications
The upgrading of ventilation systems in buildings will reduce the risk of infection from airborne viruses, not limited to COVID, for staff and public using council facilities.
- 6.8 Environment and Climate Change Implications on Priority Areas
- 6.8.1 Implication 1: Energy efficient, low carbon buildings.
Neutral
Explanation: Confirming New Shire Hall as the normal venue for Full Council, an energy efficient low carbon building. New buildings to be erected at East Barnwell will meet or exceed the latest energy standards.
- 6.8.2 Implication 2: Low carbon transport.
Neutral
Explanation: No changes specified in this report in relation to New Shire Hall or ventilation. The redevelopment at East Barnwell is designed as a scheme primarily facing the local community. It may coincide with transport improvements in the area of Newmarket Road but this is separate from this scheme. By retaining community services in the immediate locality will reduce the need to travel.
- 6.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Positive/neutral/negative Status: Neutral
Explanation: No changes specified in this report
- 6.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Neutral
Explanation: No changes specified in this report
- 6.8.5 Implication 5: Water use, availability and management:
Neutral
Explanation: No changes specified in this report
- 6.8.6 Implication 6: Air Pollution.
Positive
Explanation: Improved ventilation improves air quality for building users
- 6.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.
Positive/neutral/negative Status: Neutral
Explanation: No changes specified in this report

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: T Kelly

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

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

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

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

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

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

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

7. Source documents

7.1 Source documents

[Strategy and Resources Committee - 29 March 2022](#)

Avison Young East Barnwell Development Appraisal Analysis

Corporate Business Planning Strategies - Strategic Framework

To: Strategy and Resources Committee

Meeting Date: 30 September 2022

From: Sue Grace, Executive Director of Strategy and Partnerships

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Outcome: To provide an overview of the development of Cambridgeshire County Council's Business Planning Strategies and Strategic Framework.

Recommendation: The Strategy and Resources Committee is asked to note the content of this report

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1. Background and overview

- 1.1 The Strategic Framework forms part of the County Council's annual Business Plan and describes the Council's strategic approach and key priorities. It includes several key elements including:
- A **Strategic Vision**, describing the Council's long-term vision for Cambridgeshire
 - A set of **Corporate Priorities** which drive our work to achieve the vision
 - The **Council's Business Plan** which describes how we will allocate resources to deliver these outcomes within the resources we have
 - A set of **Strategies, Partnership Agreements and Action Plans** to deliver these outcomes within the resources
 - **Service Plans** which describe how each of our directorates work to deliver our Business Plan objectives and any transformational change
 - The **Performance Management Framework** which underpins our performance management and allows us to track progress
- 1.2 This paper provides an update on the progress of the development of the 2023-28 Strategic Framework and the related financial strategies.
- 1.3 Last year, the Joint Administration set out its priorities for Cambridgeshire as part of the [Strategic Framework for 2022-23](#), this forms the basis of the future 2023-28 Strategic Framework.

2. Strategy Development

- 2.1 We recognise that the development of the Strategic Framework 2023-28 is being considered at a time when we have a change of leadership in Government, which may have an impact on the anticipated settlement for Local Government. We also recognise the challenges brought about by the current volatile financial situation for both the Council and the people of Cambridgeshire.
- 2.2 As part of the risk assessment the Council considered when setting its business plan for 2022-27, and through the in-year budget review and reset agreed by this Committee in June, it was recognised that the heightened uncertainty related to economic conditions and inflation, the long-term impacts of the pandemic on demand for services and supply chains, and national reforms and political uncertainty required a decision to hold a higher level of general reserve, and to make earmarked provision for specific risks. This approach already appears to be well placed given the additional financial pressures that are now presenting.
- 2.3 In common with other Councils we are seeing a very significant inflationary increase, particularly across energy costs, staff pay projections, care costs and construction. Although there is not currently a multi-year financial settlement for local government, the departmental expenditure limits have been set nationally for the next two years. Tighter Council tax constraints are likely to apply for 2023 than 2022 and the scope and appetite to direct any (diminishing) fiscal headroom to local government appears to be minimal.
- 2.4 With restricted income and rapidly increased costs expected, or contractually committed in a number of areas, the budgetary outlook for the Council is significantly worsening. This

also coincides with the important financial implications emerging from the DfE High Needs safety valve programme in view of our large dedicated schools grant carried forward deficit and the regulatory risks and costs related to Waste Management – both of these items have confidential updates at this meeting.

- 2.5 Altogether this means the Council has a more challenging budgetary outlook than it did when setting its budget some months ago. Whilst the risk management and reserves approach the Council undertook enable us to consider and re-plan, given this medium-term picture it will not be sustainable for us to use one-off resources on an ongoing basis. Difficult choices are in prospect as we consider the environmental, social and financial concerns of the Council, and deliver a strategy that achieves a balanced budget.
- 2.6 In light of the above, further work is being done over the coming weeks on the financial forecasts and the development the 2023-28 Strategic Framework. This will include a workshop in November for members of the Strategy and Resources committee. The revised Strategic Framework and associated financial strategies will be considered by the Strategy and Resources Committee in December 2022. By which time we will have greater clarity on some of these key strategic issues.
- 2.7 This work on developing our financial forecasts, our budget plans and our Strategic Framework will include refining our response to the Council's priorities. We will be building on the five key areas below from our current 2022-23 Strategic Framework:
1. Environment and Sustainability – tackling climate change and sustainability
 2. Health and Care – ensuring people in Cambridgeshire enjoy health, safe and independent lives
 3. Places and Communities – ensuring Communities are inclusive, creative and equitable
 4. Children and Young People – ensuring children and young people have the opportunity to thrive
 5. Transport – enabling safer and sustainable travel around the county
- 2.8 Other corporate, enabling strategies are also in development such as the People Strategy; the IT & Digital Strategy; our Equalities, Diversity and Inclusion Strategy; a Sustainable Procurement Strategy and a Strategy setting out how we intend to maximise the benefit of our land and property assets. These enabling, council-wide strategies will also help to facilitate the delivery of our priorities.
- 2.9 The financial strategies that are being updated to be considered alongside the Strategic Framework in December are:
- 2.10 **Medium Term Financial Strategy (MTFS)** which sets out the financial context facing the Council over the coming five years, the resources available to the Council, and the Council's strategy for managing its resources effectively.
- 2.11 The **Capital Strategy** which describes how the Council's investment of its capital resources over the next ten years, matched by investment from key partners, will contribute to the Council achieving its Vision and Priorities, as outlined in the Council's Strategic Framework. The Capital Strategy is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding. It is updated each year as

part of the Business Planning process.

- 2.12 **Treasury Management Strategy** which establishes the approach to effective and efficient management of the Council's treasury management activity. This includes the Council's investment portfolio which operates, within legislative, regulatory, and best practice regimes. The Treasury Management Strategy needs to balance risk against reward in the best interests of stewardship of the public purse.
- 2.13 An additional element to our Strategic Framework for 2023-28 will be taking a Triple Bottom Line approach to our future activity. This will enable us to consider and measure impact through the three lenses of 'social', 'environmental' and 'financial'. This approach will provide assurance that we are considering the social, environmental and financial consequences of our activity in a balanced and consistent way.

3.0 Decentralisation Update

- 3.1 A key means of delivering our Vision for Creating a Greener, Fairer and more Caring Cambridgeshire, and a key aspect of our future Strategic Framework, was set out in the paper [on Decentralisation presented at the June Strategy and Resources Committee](#). Following this meeting a [paper was presented to the July Communities, Social Mobility and Inclusion Committee](#). This set out the role that the Think Communities service can play in delivering the policy framework for decentralisation.
- 3.2 In July the revised Corporate Leadership structure was confirmed, with implementation of the new structure beginning on 1 September. This new structure brings together our community facing universal services, our Communities, Libraries and Skills services, and moves them into the corporate Strategy and Partnerships Directorate. The aim of this is to drive forward our commitment to:
- Involving communities in our decision making and design;
 - Deepening relationships with voluntary and community sector organisations, District, Parish and Town Councils and other public sector partners;
 - Ensuring that Social, economic, and environmental impacts will be given equal consideration in our decision-making processes;
 - Enabling our local presence to be navigators and reference points for all local public services;
 - Understanding where and how a greater proportion of our resource (workforce and budget) can be invested through decentralised approaches and structures.
- 3.3 In the light of the significant pressure of the cost of living on many families across the county our immediate focus will be on how we can strengthen our support to families in need. We will continue to carry out this work in conjunction with our partners, including the Cambridgeshire & Peterborough Combined Authority, the Greater Cambridge Partnership, the District and City Councils, local businesses and our voluntary and community sector partners.
- 3.4 We are actively considering how we can increase the 'wrap around' support we offer through the delivery of the Household Support fund; what our contribution can be to the national Warm Spaces initiative; and how we can support members of the public, and our

front-line staff, to access support swiftly for people who are experiencing hardship. We will maintain our communications to our staff and the public about the help that is on offer.

4. Alignment with corporate priorities

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

This paper describes the development and progress of the Corporate Strategy for 2023-28 which includes reviewing and updating all the priorities in line with the Council's Vision and Priorities.

5. Source documents

- 5.1 Source documents

[Strategic Framework 2023-23](#)

[Decentralisation: Strategy & Resources Committee, June 2022](#)

[Decentralisation: CoSMIC Committee, July 2022](#)

Corporate Risk Register

To: Strategy and Resources Committee

Meeting Date: 30 September 2022

From: Service Director: Finance and Procurement (Section 151 Officer)

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Outcome: Good risk management - including the identification of risks and triggers as well development of mitigating actions - should inform decision making and areas for improvement; lead to better overall management of the Council's business; and protect the Council's assets, workforce, finances and services.

Recommendation: The Committee is recommended to note and comment on the corporate risk register.

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1. Background

- 1.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. Through effective risk management we aim to optimise success by minimising threats. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner. The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control which includes effective arrangements for the management of risk.
- 1.2 Under the Council's constitution, the Strategy & Resources Committee is responsible for the development and oversight of the Council's risk management and strategy. The Audit & Accounts Committee also has important functions in relation to risk, including considering the effectiveness of the risk management arrangements and associated control environment and to seek assurances that appropriate action is being taken in response to risk.
- 1.3 Risk is inherent in our delivery of high-quality public services. The volatility, complexity and ambiguity of the Council's operating environment continues to increase, and taxpayers rightly expect transparency and accountability from the Council in managing the impacts of risk. We are committed to managing risk so that we enhance strategic planning and prioritisation and achieve our objectives with agility.
- 1.4 The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council. Risk registers operate at three tiers across the organisation: (a) service/project specific, (b) directorate, and (c) corporate.
- 1.5 This covering report is provided to the Corporate Risk Register (CRR) attached at appendix 1.

2. Main Issues

- 2.1 At the Corporate Leadership Team (CLT) meeting on the 22nd August 2022, the corporate risks were reviewed, and one, the Council does not have enough budget to deliver agreed short and medium- term corporate objectives, was assessed to be in excess of the Council's risk appetite (rated 'red', in the range 16-25). CLT also agreed that a potential new corporate risk around **Climate Change** would be drafted by the Executive Director of Place and Sustainability for challenge and consideration although it should be noted that this may be appropriately addressed through climate change triggers in the existing corporate risks.
- 2.2 Although Public Health (PH) does have its own risk register it does not have an obvious corporate risk and few existing corporate risks have public health triggers. The PH risk register is presented to Adults and Health Committee for challenge but is not reviewed by Strategy and Resources Committee which does represent a current gap in risk oversight. CLT agreed that it would receive the PH risk register at the quarterly cycles, alongside the CRR, rather than immediately create a new corporate risk. This would avoid duplication and facilitate escalation of risk to the CRR should CLT feel that appropriate.
- 2.3 CLT also agreed that a focussed and specific meeting covering both assurance and risk issues will, in future, be held quarterly to enable a deeper dive and scrutiny of the corporate risk register. This meeting will also give CLT collectively the opportunity to review and challenge a sample of directorate risk registers, including the assurances that are being

relied upon by individual Executive Directors and risk owners that confirms the recorded key controls are proportionate, effective, and operating well in practice.

2.4 The remainder of this section of the report gives a summary of each corporate risk detailing the owner, date last reviewed, a brief overview of the risk, raw and residual risk alongside narrative supporting change in scoring, an impact statement, key controls to manage the risk and actions in progress to further mitigate risk. As can be seen, since the last review by S&R Committee, the corporate risk that assesses the Council’s arrangements for safeguarding vulnerable adults, children and young people has now been split into two corporate risks (risks 1 and 2) and there is a new corporate risk that assesses cybercrime (risk 9).

2.4.1 Corporate risk 1 - The Council’s arrangements for safeguarding vulnerable ADULTS fail

Owner: Executive Director of People Services
Last Review: August 2022

Risk Overview

Abuse of adults in the community can occur anywhere and can take many forms. To best mitigate the risk of abuse occurring and to support individuals where abuse has occurred, there are a range of safeguarding measures in place.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	3	3	No Change
Residual Consequence	5	5	No Change
Residual Risk	15	15	No Change

Impact Statement

Serious harm, including death; long term mental challenges; legal, financial, and reputational consequences; intervention; loss of trust in Council.

Key controls in place to manage the risk

Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Serious Case Reviews and safeguarding.

Comprehensive and robust safeguarding training, ongoing development policies and opportunities for staff, and regular supervisions that monitor and instil safeguarding procedures and practice.

Multi-agency Safeguarding Boards and Executive Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity.

Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance.

Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission

Outstanding Actions and dates for implementation

None

2.4.2 Corporate risk 2 - Failure of the Council's arrangements to safeguard vulnerable CHILDREN & YOUNG PEOPLE

Owner: Executive Director of People Services

Last Review: August 2022

Risk Overview

Abuse and harm of children and young people in the community can occur anywhere and can take many forms. To best mitigate the risk occurring and to support individuals where abuse or harm has occurred, there are a range of safeguarding measures in place.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	3	3	No Change
Residual Consequence	5	5	No Change
Residual Risk	15	15	No Change

Impact Statement

Serious harm, including death; long term mental challenges; legal, financial, and reputational consequences; intervention.

Key controls in place to manage the risk

Multi-agency Safeguarding Boards and Executive Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity specific safeguarding situation between partners.

Coordinated work between multi-agency partners. In particular Cambridgeshire Police, the County Council and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the Safeguarding Boards.

Comprehensive and robust safeguarding training, ongoing development policies and opportunities for staff, and regular supervisions monitor and instil safeguarding procedures and practice.

Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Serious Case Reviews.

Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance.

Whistleblowing policy, robust Local Authority Designated Officer (LADO) arrangements and complaints process inform practice.

Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission.

Outstanding Actions and dates for implementation

None

2.4.3 Corporate risk 3 - The Council does not have enough budget to deliver agreed short and medium- term corporate objectives

Owner: Service Director: Finance and Procurement (Section 151 Chief Financial Officer)
Last Review: August 2022

Risk Overview

The financial uncertainties facing the Council may significantly impact upon the ability to fully deliver its strategic objectives. The requirement to deliver a balanced budget in the short and medium term will likely result in increasingly difficult spending decisions that may further impact the delivery of key services.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	3	4	The 'safety valve' process for DSG (dedicated schools grant) whereby CCC has to fund high needs deficit and economic conditions/ inflationary pressures have increased the likelihood of this risk.
Residual Consequence	4	4	No Change
Residual Risk	12	16	Increased Likelihood

Impact Statement

Council being unable to deliver key services in line with strategic objectives; increased likelihood of other corporate risks occurring; issuing of Section 114 notice and consequential emergency budget; intervention; inability to deliver statutory responsibilities; reputational.

Key controls in place to manage the risk

Robust Business Planning process.

Scheme of Financial Management, including Budget Control Report for the Council as a whole and operational divisions.

Integrated resources and performance reporting (accountable quarterly to S&R), tracking budget, savings, activity and performance.

Operational division Finance and Performance Reports (accountable monthly to Service Committees), tracking budget, savings, activity and performance.

Suite of key corporate policies and procedures, e.g., financial procedure rules, Anti-fraud and corruption, Whistleblowing, codes of conduct.

Procurement processes and controls ensure that best value is achieved through procurement.

Rigorous treasury management system plus tracking of national and international economic factors and Government policy.

Rigorous risk management discipline embedded in services and projects
Adequate reserves.

Outstanding Actions and dates for implementation

None

2.4.4 Corporate risk 4 - A serious incident occurs, preventing services from operating and/or requiring a major incident response

Owner: Executive Director of Strategy and Partnerships

Last Review: August 2022

Risk Overview

Disruption can be caused by a high impact major event or major incident occurring. This could include the effect of climate change, such as flooding or air quality, a pandemic or civil unrest.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	3	3	No Change
Residual Consequence	4	4	No Change
Residual Risk	12	12	No Change

Impact Statement

Disruption to key infrastructure and services across the County, potentially over an extended period and involving more than one incident; serious injury or harm to citizens and/or employees; inability to meet legislative or statutory requirements; increase in service demand; reputational damage.

Key controls in place to manage the risk

Multi-agency collaboration through the Cambridgeshire and Peterborough Local Resilience Forum.

Corporate Emergency Plan.

Corporate and service business continuity plans; business continuity testing.

Corporate communication channels in case of emergency.

IT security – data encryption, hardware firewalls, network traffic monitoring, inbound mail monitoring, spam filters, web content filtering, anti-virus software.

Outstanding Actions and dates for implementation

Fire safety. On-line training now in place. All staff required to complete this prior to returning to a workplace (post Covid). Staff followed up who have failed to complete it. Programme of training evacuations have/are taking place, particularly with return to workplaces. Owner, Service Director: Finance and Procurement (Section 151 Chief Financial Officer). ONGOING.

Testing disaster recovery plans. Owner, Executive Director of Strategy and Partnerships. No implementation date set.

2.4.5 Corporate risk 5 - The Council does not deliver its statutory or legislative obligations

Owner: Director of Law and Governance and Monitoring Officer
Last Review: August 2022

Risk Overview

Council decisions and actions are not in compliance with legal and regulatory requirements.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	2	2	No Change
Residual Consequence	5	5	No Change
Residual Risk	10	10	No Change

Impact Statement

Harm to citizens; National government intervention/challenge; criminal or civil action against the Council; reputational.

Key controls in place to manage the risk

Monitoring Officer role Proactive role on CLT. Sign off on all legislative changes. Code of Corporate Governance.

Community impact assessments required for key decisions.

Business Planning process used to identify and address changes to legislative/regulatory requirements.

Service managers kept up to date with changes by Monitoring Officer / Pathfinder Legal Services, Government Departments, professional bodies, involvement in regional and national networks.

Constitutional delegation to Committees and CLT.

External review of democratic structures and committee effectiveness by the Centre for Governance and Scrutiny.

Outstanding Actions and dates for implementation

Currently unable to report on who hasn't completed mandatory training i.e., no exception reporting. System not sufficient. Proposal to be brought by Data Protection Officer. Owner: Director of Law and Governance and Monitoring Officer, no implementation date set.

2.4.6 Corporate risk 6 - The Council's human resources are not able to meet business need

Owner: Assistant Director: Human Resources
Last Review: August 2022

Risk Overview

Insufficient or ineffective resource management could result in the inability to deliver key services or implement council strategy; inability to deliver major projects & programmes; inability to meet stakeholder expectations.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	3	3	No Change
Residual Consequence	5	5	No Change
Residual Risk	15	15	No Change

Impact Statement

Failing to comply with statutory and legislative requirements; low morale and negative impact on wellbeing; inability to recruit staff with the necessary knowledge & experience; reputational.

Key controls in place to manage the risk

Fair recruitment policy. Recruitment and Retention Board meets bi-monthly, focused on social care.

3-year People Strategy, endorsed by Members with accompanying action plan to ensure the right focus on recruitment, retention, and talent management.

Regular Employee Engagement Surveys established to identify and respond quickly to emerging issues and concerns.

HR Business Partners - work with service to help anticipate and meet the demands within each area.

Targeted recruitment campaigns.

Appraisal system linked to performance management.

Use of Consultants Policy.

New online learning and development platform (Our Development) now implemented.

Outstanding Actions and dates for implementation

New values and behaviours framework. Owner: Assistant Director: Human Resources, aligned to the refresh of the Council's People Strategy, due for implementation in April 2023.

Work with the service directors to create a comprehensive L&D strategy to support the wider People Strategy. Owner: Assistant Director, Human Resources, aligned to the refresh of the Council's People Strategy, due for implementation in April 2023.

2.4.7 Corporate risk 7 - Insufficient community infrastructure to deliver the Council's services

Owner: Executive Director of Place and Sustainability
Last Review: August 2022

Risk Overview

The Council requires sufficient and appropriately maintained community infrastructure in order to deliver key services. This includes the health and safety of users.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	3	3	No Change
Residual Consequence	4	4	No Change
Residual Risk	12	12	No Change

Impact Statement

Negative impact on transport, economic, environmental, and social outcomes; increased borrowing requirements; pressure on maintenance budgets; unsustainable or reduced growth; growth that is not inclusive.

Key controls in place to manage the risk

Maximisation of developer contributions through Section 106 negotiations. Policy is to deal with strategic development sites through s106, not including CIL and deferrals.

Prudential borrowing strategy.

Review, scrutiny, and challenge of design and build costs to ensure maximum value for money.

Co-ordination of requirements across partner organisations to secure viable shared infrastructure.

Annual school capacity return to Department for Education seeks to ensure maximum levels of funding for basic need.

Maximise annual maintenance block funding from Central Government, maintaining band 3 of the incentive fund.

Outstanding Actions and dates for implementation

None

2.4.8 Corporate risk 8 - Failure to Deliver Key Council Services

Joint owners: Executive Director Place and Sustainability and Executive Director: of People Services

Last Review: August 2022

Risk Overview

Inability to deliver key council services, to the required quality, that meets statutory and legislative requirements and citizens expectations.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	2	2	No Change
Residual Consequence	5	5	No Change
Residual Risk	10	10	No Change

Impact Statement

Vulnerable adults, children and young people at increased risk of harm, poor health, and social outcomes and/or not reaching the educational; and independence potential; intervention, reputational.

Key controls in place to manage the risk

Since April 22, the market sustainability and inflation plan has been approved. Officers are mindful of ensuring financial control, especially in light of uplifts and cost of living costs. These are both being monitored through existing contract arrangements and senior management financial monitoring. This is also fed into business planning cycles, to ensure that we have appropriate levels of inflation and demand investment incorporated into budgets to manage uplifts with providers. A wider Fair Cost of Care Review is being undertaken with the market, in line with national requirements, which will inform our future strategy to market sustainability. Page 98 of 162

Two frameworks have been developed outlining, short, medium and longer-term plans for ensuring future sufficiency for those Children with SEND needs and also for Early Years and Childcare sufficiency which was agreed by CYP Committee on 1 March 2022. Further action plans are now in development.

All P&C service have adequate Business Continuity Plans in place which are reviewed regularly in light of national covid changes.

Family safeguarding model is shown to be more effective in working with families with complex needs and continuing to work closely with key placement providers is ongoing.

Recruitment and retention of skilled staff is good in some areas and less so in others. Recruitment campaigns and agency staff are proving to be beneficial currently.

Outstanding Actions and dates for implementation

None

2.4.9 Corporate risk 9 - The Council is victim of Cyber crime

Owner: Executive Director of Strategy and Partnerships

Last Review: August 2022

Risk Overview

There is increasing and constant threat of attack on the Council's digital & technical infrastructure from malicious sources.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk		25	New Risk
Residual Likelihood		3	New Risk
Residual Consequence		5	New Risk
Residual Risk		15	New Risk

Impact Statement

Regulatory breach subject to Information Commissioner action, reputational harm to the Council and disclosure of private information; Inability or degradation in the ability of Council staff and public; network; credentials and/or data being made available to unauthorised third parties; financial ransom to recover access, reinstallation and restore operations and release of confidential data.

Key controls in place to manage the risk

Staff training on the correct handling of private data, and to use technical controls available to the Council to limit the likelihood of this happening.

Using the automated denial of service mitigation service provided by our wide area network provider MLL. This will inform us of any denial of service attempts and mitigation activities.

Multiple layer of anti-malware protection on Firewalls, email and end-points to prevent malware with frequent signature updates.

Educate users as to the likelihood of Phishing and actions to be taken when encountered. Multiple layers of Phishing detection are in place and these will delete or mark messages as appropriate. External messages are also marked as such as they contain a higher risk of Phishing. Multifactor authentication is used to reduce the likelihood of successfully exploiting Phished credentials.

Technical controls to limit access to the Council VOIP system to the UK only. Normal usage is monitored by the provider and Council staff so that any deviation from normal use patterns can be identified and alerted upon.

Identify and patch vulnerabilities in a timely manner, which should be with 14 days for vulnerabilities rated critical or high on the CVSS scoring system. Firewall, Email, Website access and end-device technical controls will be used to eliminate or reduce the risk on known\unknown vulnerabilities from being exploited. NCSC Early Warning, WARP and other third-part intelligence source will be used to identify vulnerabilities as soon as possible.

Outstanding Actions and dates for implementation

If Disaster Recovery (DR) is invoked systems will be available however performance in that environment has not been tested to ensure all functionality is available. DR test is to be planned in for 2022/23 as the impact of the SAN project will change the configuration and infrastructure and how the environment will work.

2.4.10 Corporate risk 10 - The Council fails to comply with Information Governance legislation and industry standards

Owner: Director of Law and Governance and Monitoring Officer
Last Review: August 2022

Risk Overview

A lack of oversight and control of information management may lead to information being mis-handled.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk		25	New Risk
Residual Likelihood		3	New Risk
Residual Consequence		4	New Risk
Residual Risk		12	New Risk

Impact Statement

Data subjects suffer loss, detriment and distress as result of poor management of data; Legal action/Information Commission Officer involvement.; damage to the reputation of the council and adverse publicity; Complaints.

Key controls in place to manage the risk

Mandatory data protection and security training for all staff.

Use of data protection impact assessments in all projects and procurements.

Regular communications to all staff and at key locations (e.g., printers).

A comprehensive set of information and security policies.

Joint information management board, chaired by senior info risk owner (CLT member), with representative of all directorates along with DPO and both Caldicott Guardians. Board oversees IG and cyber security activity.

Established procedure for notifying, handling, and managing data breaches.

Data breaches, training feedback and performance indicators reported to info management board and CLT.

CLT provided with annual assurance on penetration testing around cyber security A review of the records retention schedule and asset register is underway with CCC.

Outstanding Actions and dates for implementation

None

2.4.11 Corporate risk 11 - Failure of key partnerships or contracts

Owner: Service Director: Finance and Procurement (Section 151 Chief Financial Officer)

Last Review: August 2022

Risk Overview

The failure of key partners/contractors or ineffective contract management arrangements may result in key services and major projects not being delivered or not being delivered within required time and budget envelope.

Residual Risk

	March 2022	August 2022	Narrative
Raw Risk	25	25	No Change
Residual Likelihood	3	3	No Change
Residual Consequence	4	4	No Change
Residual Risk	12	12	No Change

Impact Statement

Best value not being achieved; loss of monies; negative impact on capital/revenue budget; interruption to outcomes and service delivery; reduced quality, health & safety concerns; reputational.

Key controls in place to manage the risk

Contract Procedure Rules and associated guidance and training, Partnerships Advice and Guidance Document, Grants to Voluntary Organisations Policy.

Contracts Register.

Procurement Governance Board.

Head of Diligence and Best Value role.

Business Continuity Planning processes.

Corporate due diligence processes.

Declarations of Interest processes within the Codes of Conduct for officers and members.

Corporate process for identifying key partnerships and contracts.

Budget monitoring and forecasting processes.

Outstanding Actions and dates for implementation

Implementation of This Land Ltd action plan. Owner: Service Director: Finance and Procurement (Section 151 Chief Financial Officer) Due Date: 1st December 2022.

Review and update Partnerships Advice and Guidance document linking into the Appointments to Outside Bodies Process. Owner: Executive Director of Strategy and Partnerships, 30th November 2022.

Develop and implement Contract Management toolkit and guidance. Service Director: Finance and Procurement (Section 151 Chief Financial Officer) implementation date of 30th November 2022.

Implementation of mandatory Procurement eLearning module for budget managers and contract managers. Owner: Head of Procurement and Commercial, 30th September 2022.

Update guidance for Members to clarify how interests should be declared when Members are involved in procurements. Owner: Director: Law and Governance and Monitoring Officer, 30th November 2022.

Procurement Guide Update Procurement Guide to provide more detailed information on how to ensure that the form of contract drives desired deliverables/outcomes through appropriate penalties/rewards. Owner: Head of Procurement and Commercial, 1st October 2022.

Procurement Governance Board Review the possibility of adding the following areas to the remit of the Procurement Governance Board: - Monitoring and enforcing compliance - Monitoring security of critical supplies - Contract management - Ensuring diverse supply chains. Owner: Service Director: Finance and Procurement (Section 151 Chief Financial Officer) 1st October 2022.

Amend Business Continuity Plan templates to ensure all BCPs require services to identify critical contracts/partnerships and include or link to planning for the risk of supplier failure or

collapse. Executive Director of Strategy and Partnerships, implementation date of 30th November 2022.

Implement the new Sustainable Procurement Strategy. Owner: Head of Procurement and Commercial, 1st November 2022 (due for Strategy and Resources Committee in October 2022).

2.5 The benefits of risk management include:

- Taking timely and proportionate action to prevent risks occurring or to manage effectively
- Development and delivery of robust and effective action plans and enhancements to the governance of the organisation
- Ensuring that decision makers are fully aware of any key risk issues associated with proposals being considered at the point of decision making
- Demonstrating openness and accountability

2.6 The Council has regard to HM Government's Orange Book (Management of Risk) and assesses local application of the five principles as follows:

- **Governance and leadership** - The Chief Executive, supported by the Corporate Leadership Team, periodically assess the leadership style and policies of the Council. We acknowledge that human behaviour and culture significantly influence all aspects of risk management at each level. The Corporate Leadership Team undertook a periodic, detailed, collective review of the risk register on 26 January 2022.
- **Integral to organisational activities to support decision making.** The assessment and management of risk is an embedded part of setting strategy and prioritising resources. It is integral to appraising options, evaluating alternatives and making informed decisions. All Committee reports to Members include a risk implications section. For example, elsewhere on this Committee's agenda today there is consideration of risk appetite in relation to insurance policy deductibles, This Land's commercial versus social outcomes, and treasury management given current economic uncertainties.
- **Collaborative and informed by information and expertise.** The risk register reflects the broad range of risks facing the Council. Communication and consultation are essential to ensuring an informed position, and the Audit & Accounts Committee plays an important role in challenging and reviewing the scope of risk management activity. Recent revisions to the register reflect the heightened risk perceived from organisations beyond the Council's institutional boundary, such as suppliers and subsidiary companies.
- **Processes** – processes are in place for the identification and assessment of risk as well as the selection of risk treatment options. Transition from the shared service arrangements (previously known as LGSS) mean that we are in the process of changing our systems for recording risk and the way that corporate resource is deployed to support frontline services with risk management.
- **Continual improvement** – there is continual monitoring of the risk environment and improvement through learning and experience. The annual governance statement, published alongside the Statement of Accounts, provides a yearly formal mechanism for identifying significant gaps or areas for improvement within the Council's governance framework.

2.7 The risk management team will continue to deliver a programme of work which challenges and assesses each of the Council's Corporate Risks. This will include an evaluation of the extent to which the controls documented in the risk register are being complied with. The intention is that for each risk three levels of assurance are given:

- **Governance controls** (are the planned controls proportionate and effective in mitigating the identified risk and triggers;
- **Compliance** (are those controls being routinely complied with in practice);
- **Substantive** (are the controls being effective in mitigating the risk in practice).

During the last quarter, Internal Audit has reviewed and reported on Risk 11 – Failure of key partnerships or contracts.

3. Alignment with corporate priorities

- 3.1 Environment and Sustainability
- 3.2 Health and Care
- 3.3 Places and Communities
- 3.4 Children and Young People
- 3.5 Transport

Good risk management - including the identification of risks and triggers as well development of mitigating actions - should inform decision making and areas for improvement; lead to better overall management of the Council's business, and protect the Council's assets, workforce, finances and services.

4. Significant Implications

4.1 Resource Implications

All of the risks listed in the corporate risk register could potentially lead to significant financial implications if realised. There are direct impacts on our resources in relation to the partnership/contractual risks and the risk about sufficiency of budget.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Legal and Risk Implications

This report overviews the Council's risk management arrangements. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner. The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control which includes effective arrangements for the management of risk.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

4.5 Engagement and Communications Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

There are no significant implications in this category.

4.8 Environment and Climate Change Implications on Priority Areas

There are no significant implications in this category

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: T Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes

Name of Officer: C Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal Services? Yes

Name of Legal Officer: F McMillan

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

Yes

Name of Officer: T Kelly

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

5. Source documents

5.1 Annual Governance Statement

[Statement of accounts - Cambridgeshire County Council](#)

Cambridgeshire County Council CRR - Appendix 1

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Risk		01. ASC - Council's arrangements for safeguarding vulnerable adults fail											
Likelihood	5												
	4												
	3					X/T							
	2												
	1												
			1	2	3	4	5						
		Consequence											
		Risk Owners		Charlotte Black		Current Score		15		Last Review		05/08/2022	
						Target Score		15		Next Review		03/11/2022	
						Previous Score		15					
						Triggers		Likelihood Factors (Vulnerability)		Potential Consequences			
						01. Inherent weaknesses in safeguarding governance arrangements 02. Poor quality of practice in the delivery of responsibilities 03. Ineffective Management Oversight 04. High Caseloads 05. Poor CQC		1. Decrease in government funding 2. Failure/handback from third party providers 3. Increased expectations on local government 4. increase in demand for services		1. Vulnerable adult is seriously harmed 2. People lose trust in Council services 3. Council is judged to have failed in statutory duties			

Controls	Adequacy	Critical Success	Assurance
01. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Serious Case Reviews and safeguarding.	Good	Regular reporting	
02. Comprehensive and robust safeguarding training, ongoing development policies and opportunities for staff, and regular supervisions that monitor and instil safeguarding procedures and practice	Good	High quality supervision and support. Professional staff are able to continue registration with their professional bodies	
03. Clear 'People in Position of Trust' policy and guidance in relation to Adults	Good		
04. Multi-agency Safeguarding Boards and Executive Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity	Good	Regular reporting	
06. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance	Good	Regular auditing and reporting	
08. Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission	Good	Regular auditing and reporting	
09. Joint protocols, practice standards and QA ensure appropriate joint management	Good	Regular auditing and reporting	

10. Coordinated work between multi-agency partners for both Adults and Childrens. In particular Police, County Council and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the Safeguarding Boards	Good	Effective and safe implementation	
11. Continue to work with the CQC to share information	Good	Regular reporting	
12. Caseloads have increased due to difficulty in recruiting qualified roles. Oversight & challenge from QA Service and the Local Safeguarding Board	Good		
14. Joint funded packages of Support Work is ongoing on resolving issues with CCG over jointly funded packages of support (CHC, section 41 and section 117). Further action will be taken if back payments cannot be secured	Good		
15. Adults regular meetings to monitor progress and risks with CQC regulator	Good		
16. Managing demand and ensuring adults and children receive right intervention at the right time.	Good		
17. Regular DMT's to discuss and escalate issues	Good		
COVID RELATED TO A): * Ongoing monitoring of staff sickness to intervene prior to rates increasing	Good		
COVID RELATED: F) * Business cases to increase reablement capacity / social work capacity being applied for (Social work agreed) * Recruitment campaign on reablement and could over-recruit has been agreed	Good		

Action Plans	Assurance	Responsibility	Target Date
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Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		02. CSC - Failure of the council's arrangements to safeguard vulnerable children & young people				
Likelihood	5	Orange	Orange	Orange	Red	Red
	4	Green	Orange	Orange	Red	Red
	3	Green	Orange	Orange	Orange	X/T
	2	Green	Green	Orange	Orange	Orange
	1	Green	Green	Green	Green	Orange
		1	2	3	4	5
		Consequence				
Risk Owners		Charlotte Black			Current Score	15
					Target Score	15
					Previous Score	15
Triggers		Likelihood Factors (Vulnerability)			Potential Consequences	
<p>COVID Related:</p> <ol style="list-style-type: none"> Lack of staff in safeguarding - due to an increase of those unwell with Covid-19 & vacancies Latent demand begins which increases workload and leads to potential capacity issues <p>BAU RISKS:</p> <ol style="list-style-type: none"> Children's social care case loads are too high in some areas (due to vacant positions & demand on services) Inaccurate assessment of risk in relation to children & the family circumstances Serious case review is triggered latent demand begins which increases workload and leads to potential capacity issues due to the economic demand on families caused by the cost of living increase 					<ol style="list-style-type: none"> Harm to child or you person awaiting or receiving services from the Council Reputational damage to the Council 	

Controls	Adequacy	Critical Success	Assurance
<p>Caseloads & Demand</p> <p>2. Move to non-caseloading team Managers has increased oversight and challenge. Skilled and experienced safeguarding leads and their managers.</p> <p>10. Caseloads have increased due to difficulty in recruiting qualified roles. Oversight & challenge from QA Service and the Local Safeguarding Board</p> <p>11. Family Safeguarding to keep families together and ensure children and adults services work jointly for the best outcome for the family</p> <p>12. Managing demand and ensuring adults and children receive right intervention at the right time</p>	Good		
COVID RELATED	Good		

<p>COVID RELATED: 1) *To seek agency SW cover as a last resort to ensure safeguarding is prioritised *Ongoing monitoring of staff sickness to intervene prior to rates increasing</p> <p>COVID RELATED: 2) * Business cases to increase social work capacity being applied for (Social work agreed) & new recruitment campaign launched</p>			
<p>Governance</p> <p>1. Multi-agency Safeguarding Boards and Executive Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity specific safeguarding situation between partners.</p> <p>9. Coordinated work between multi-agency partners. In particular Police, County Council and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the Safeguarding Boards</p>	<p>Good</p>		
<p>Quality Assurance and Practice</p> <p>3. Comprehensive and robust safeguarding training, ongoing development policies and opportunities for staff, and regular supervisions monitor and instil safeguarding procedures and practice.</p> <p>4. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Serious Case Reviews</p> <p>5. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance</p> <p>6. Whistleblowing policy, robust Local Authority Designated Officer (LADO) arrangements and complaints process inform practice.</p> <p>7. Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission</p>	<p>Good</p>		
<p>Action Plans</p>	<p>Assurance</p>	<p>Responsibility</p>	<p>Target Date</p>

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		03. The Council does not have enough budget to deliver agreed short and medium term corporate objectives							
Likelihood	5								
	4				X				
	3					T			
	2								
	1								
		1	2	3	4	5			
		Consequence							
		Risk Owners	Tom Kelly			Current Score	16	Last Review	19/08/2022
						Target Score	15	Next Review	01/12/2022
						Previous Score	12		
		Triggers			Likelihood Factors (Vulnerability)			Potential Consequences	
		1. The Council spends more resources than it has by the end of the year and does not have sufficient reserves to cover cumulative variances 2. No clear policies, procedures or governance framework for budget setting and monitoring 3. Non-compliance with corporate processes 4. Poor demand management of services 5. Inflationary pressures 6. staff without appropriate s/k/e 7. The Council is a victim of major fraud and corruption 8. Adverse outcome from Safety Valve process - Council has to fund DSG High Needs deficit			1. Increased demand for services 2. Economic/market conditions - shortage of supply of services 3. Economic conditions - reduced income from fees/charges or taxation 4. Changes to government funding 5. Legislative and regulatory changes 6. Economic conditions Inflationary pressures - increased prices 7. Partnership risks - additional costs or reduced funding in collaborations 8. Industrial Emissions Directive and the Best Available Techniques conclusions (BATc)			1. Council issues a s114 notice or requires capitalisation direction 2. The Council does not deliver its statutory responsibilities 3. People do not receive the services to which they are entitled or require, and may be harmed as a result 4. Reputational damage	

Controls	Adequacy	Critical Success	Assurance
01. Robust Business Planning process	Good	Continued support from CLT to act collectively to develop budget proposals which meet the financial challenge	
02. Robust service planning, priorities cascaded through management teams and through appraisal process	Good	Staff have clarity of what is expected of them and deliver services within the available budget	
03. Integrated resources and performance reporting (accountable quarterly to S&R), tracking budget, savings, activity and performance	Good	Saving proposals delivered	
04. Operational division Finance and Performance Reports (accountable monthly to Service Committees), tracking budget, savings, activity and performance	Good	Saving proposals delivered	
05. Scheme of Financial Management, including Budget Control Report for the Council as a whole and operational divisions	Good	Clear budget process, effective engagement with it and compliance	
06. Procurement processes and controls ensure that best value is achieved through procurement	Good		

07. Budget challenge and independent advisory: Finance and budget managers at all levels of the organisation to track exceptions and identify remedial actions	Good	Meeting of financial targets and deadlines. Political engagement and approval	
08. Rigorous treasury management system plus tracking of national and international economic factors and Government policy	Good		
09. Rigorous risk management discipline embedded in services and projects	Good		
10. Adequate reserves	Good	Reserves held at recommended level as per section 25 statement (4%)	
11. Integrated Financial Monitoring Report	Good	Received quarterly at S&R	
12. Anti-fraud and corruption policy	Good	Organisational awareness campaigns	
13. whistleblowing policy	Good	Organisational awareness campaigns	
14. Internal control framework	Good	Organisational awareness campaigns	
15. Fraud detection work undertaken by IA, Counter Fraud	Good	Organisational awareness campaigns	
16. Awareness Campaigns	Good	Organisational awareness campaigns	
17. Anti money laundering policy	Good	Organisational awareness campaigns	
18. Publication of spend data	Good	Organisational awareness campaigns	

Action Plans	Assurance	Responsibility	Target Date
01. Engagement, development and submission of credible revenue and capital plans into safety valve process		Tom Kelly Jonathan Lewis	07/10/2022
02. Capital Programme Board and RIT full scrutiny and supervision of proposal and savings plan development		Tom Kelly	30/11/2022

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	04. A serious incident occurs, preventing services from operating and /or requiring a major/critical incident response.											
Likelihood	5						Risk Owners	Sue Grace	Current Score	12	Last Review	02/09/2022
	4								Target Score	15	Next Review	02/12/2022
	3				X	T	Triggers		Likelihood Factors (Vulnerability)		Potential Consequences	
	2						1. Loss of large quantity of staff or key staff 2. Loss of key premises (including temporary denial of access)		1. Ongoing risk of environment hazards such as flooding and severe weather 2. Pandemic 3. Cyber Attack / Cyber Crime		1. Inability to deliver services to vulnerable people, resulting in harm to them 2. Inability to meet legislative and statutory requirements 3. Increase in service demand 4. Reputational damage	
	1						3. Loss of IT, equipment or data 4. Loss of a key supplier 5. Loss of utilities or fuel 6. Status of IT Disaster Recovery 7. Decreasing resilience in CCC services due to ongoing financial constraints and cost reduction					
		1	2	3	4	5	Consequence					

Controls	Adequacy	Critical Success	Assurance
1. Corporate and service business continuity plans	Reasonable	Up to date business continuity plans available across the Council	"Experience through Covid, has demonstrated the agility of the workforce in delivering services with regular review of BC plans which have been tested and stressed. The radical change in our operating environment, e.g. majority of staff working remotely, helps with business continuity. We have demonstrated that we can develop options in exceptional circumstances. Active engagement in reviewing BC Plans to take account of learning from Covid"
2. Relationships with trade unions including agreed exemptions	Good		"Engagement is good with regular meetings undertaken. More frequent engagement and contact with TU's throughout Covid demonstrates ability to step up engagement when required".
3. Corporate communication channels in case of emergency	Good	Responsive media strategy	"Media, community engagement, working with and through comms leaders, social media campaigns, internal comms. Updating with partners, shared comms. Comms for Members, district and city as well as county. Regular comms with MP's. Frequency and intensity accelerated. "
4. Multi-agency collaboration through the Cambridgeshire & Peterborough Local Resilience Forum	Good		"Tactical and strategic are a part of BAU. Setting up of a range of specific sub groups with reporting up to gold strategic group. Tackle with partners specific issues. Frequency and intensity and range and nature accelerated significantly during Covid which demonstrates responsiveness"
6. Resilient Internet feed	Good		"Considerable work undertaken to strengthen and improve resilience of network. High proportion of

			improve resilience or network, high proportion of WFH for staff and Members can be sustained. Regular monitoring process and escalation"
7. Business continuity testing	Good	Regular testing undertaken	"Constantly having to reposition the delivery of the business. Constantly revised and re-written and tested, particularly those in response mode.
8. Corporate Emergency Plan	Good		Corporate Emergency Plans put into operation through recent incidents (2020/21 and 2021/22) including Flooding and Severe Weather. All stepped up alongside delivering our Covid Response/Recovery Plans
9. IT security – data encryption, hardware firewalls, network traffic monitoring, inbound mail monitoring, spam filters, web content filtering, anti-virus software (Moved From previous risk 3)	Good		Regular monitoring of cyber security through cyber security board and dashboards tracking internal protections and external threats. Effectively dealt with threats (range of incidents in 2021/22) adopting best practice methodology for investigation/remedial action/learning. Regular liaison with the National Cyber Security Centre to keep up to date with threats/best practice.

Action Plans	Assurance	Responsibility	Target Date
Testing disaster recovery plans		Sue Grace	31/12/2022

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	05. The Council does not deliver its statutory or legislative obligations									
Likelihood	5					Risk Owners Fiona McMillan	Current Score 10	Last Review 02/09/2022		
	4								Target Score 15	Next Review 01/12/2022
	3				T					
	2				X					
	1									
		1	2	3	4	5				
Consequence										

Controls	Adequacy	Critical Success	Assurance
01. Monitoring Officer role Proactive role on CLT. Sign off on all legislative changes.	Good	Lack of or reduced risk of successful legal challenge to decision making	
02. Code of Corporate Governance	Good	Lack of or reduced risk of successful legal challenge to decision making	
03. Community impact assessments required for key decisions	Good		
04. Business Planning process used to identify and address changes to legislative/regulatory requirements	Good		
05. Projects and training to ensure the implementation of legislative changes (e.g. Care Act)	Good	Lack of or reduced risk of successful legal challenge to decision making	
06. Constitutional delegation to Committees and CLT	Good		
07. Health and safety policies and processes	Good		
08. Preparation and improvement undertaken for inspections by regulators (e.g. Ofsted)	Good		
09. Service managers kept up to date with changes by Monitoring Officer / Pathfinder, Government departments, professional bodies, involvement in regional and national networks	Good	Lack of or reduced risk of successful legal challenge to decision making	
10. Mandatory data protection and security training for all staff	Good	High levels of completion of training	

11. Use of data protection impact assessments in all projects and procurements	Good	A higher rate of data protection impact assessments completed	
12. Regular communications to all staff and at key locations (e.g. printers)	Good		
13. Joint Information Management Board, chaired by senior information risk owner (CLR member), with representatives of all directorates along with Data Protection Officer and both Caldicott Guardians. Board oversees all information governance and cyber security activity	Good		
14. A comprehensive set of information and security policies	Good	Contracts with DP clauses and data processing instructions included	
15. Established procedure for notifying, handling and managing data breaches	Good	Reduced number of breaches/cyber success caused by a lack of knowledge	
16. Data breaches, training feedback and performance indicators reported to Information Management board and CLT	Good	Reduced number of breaches/cyber success caused by a lack of knowledge	
17. CLT provided with annual assurance on penetration testing around cyber security	Good		

Action Plans	Assurance	Responsibility	Target Date
01. Mandatory training Currently unable to report on who hasn't completed mandatory training i.e. no exception reporting. System not sufficient. Proposal to be brought by Data Protection Officer		Fiona McMillan	14/06/2022

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		06. The Council's human resources are not able to meet business need										
Likelihood	5	Orange	Orange	Orange	Red	Red	Risk Owners Janet Atkin	Current Score 15	Target Score 15	Previous Score 15	Last Review 02/09/2022	Next Review 01/12/2022
	4	Green	Orange	Orange	Red	Red						
	3	Green	Orange	Orange	Orange	X/T						
	2	Green	Green	Orange	Orange	Orange	Triggers 1. Skills shortage in key areas including partners. 2. Employee retention and engagement is inadequate 3. failure to achieve a healthy organisational culture and environment 4. ineffective or inadequate workforce planning	Likelihood Factors (Vulnerability) 1. Cost of living is increasing at a rate that is causing major concern for many of our workforce. 2. Acute skills shortage in key areas including partners 3. EU exit impact on employment market 4. Increased challenges across all areas of the council's functions in recruiting.	Potential Consequences 1. The Council is unable to recruit staff with the right skills and experience 2. Failure to deliver effective services 3. Reputational damage to the Council 4. Low morale and negative impact on staff wellbeing.			
	1	Green	Green	Green	Green	Orange						
			1	2	3	4	5	Consequence				

Controls	Adequacy	Critical Success	Assurance
1. Fair recruitment policy. Recruitment and Retention Board meets bi-monthly, focused on social care.	Good	Staffing levels support service delivery	This meeting continues to focus on key areas of challenge and concern, engaging with our providers of agency workers as well around hard to fill posts to identify opportunities to improve candidate attraction.
2. Regular Employee Engagement Surveys established to identify and respond quickly to emerging issues and concerns	Good	Employee Engagement is demonstrated through employees seeing the value of and therefore contributing to these opportunities to shape the organisation as an employer.	A number of key topics have been covered and going forward will be revisited annually including Wellbeing; Equality, Diversity and Inclusion, and How We Work. The results of these engagement surveys are discussed with CLT for an action plan to be signed off and published on Camweb clearly setting out the organisational commitment to matters raised.
3. 3 year People Strategy, endorsed by Members with accompanying action plan to ensure the right focus on recruitment, retention and talent management.	Good		Work is underway on the next iteration of the People Strategy which will be presented to Full Council in Spring 2023 and will have a clear focus on the shifting employment market and employment challenges that the Council faces, to establish clear plans for the workforce.

4. Targeted recruitment campaigns.	Good		The Council has a central recruitment team who are dedicated to supporting Children's and Adults services – they engage with the services to understand the specific and differing challenges that they face and target recruitment campaigns accordingly, as well as maximising usage of social media channels. This is currently being expanded to provide professional guidance to all areas of the Council from October 2022.
5. Appraisal system linked to performance management	Good		New Our Conversations process was embedded in 2021. Feedback on the first year has been gathered and work is underway to consider refinements to the process regarding it's application in practice so that any adaptations can be made in conjunction with CLT.
6. HR Business Partners - work with service to help anticipate and meet the demands within each area	Good		HR Business Partners attend management team meetings and meet regularly with Service Directors to discuss workforce matters.
7. Annual report to staffing and appeals committee	Good		Reports are delivered to Staffing and Appeals Committee in February each year setting out a clear review of the workforce profile and activity during the year as well as key policy changes, employee engagement activity and an update around employee wellbeing.
8. Report on quarterly basis to management teams on workforce and performance	Good		Quarterly dashboard reports on workforce matters including absence and turnover are provided to Directorate Management Teams for them to keep a focus on their workforce profile and any emerging or potential concerns.
9. Use of Consultants Policy	Good		A clear policy on the use of consultants, interim and agency workers is in place to give clarity to hiring managers about when it is appropriate to use these options, and the appropriate and compliant way to do so.
9B. Well established consultative framework with trade unions, including fortnightly meetings throughout the Covid period	Good		These well established and positive relationships enable constructive discussions with trade union colleagues around any challenging workforce related matters, as well as an opportunity to gain valuable insights and contributions to help shape policy development.

Action Plans	Assurance	Responsibility	Target Date
Development of own learning platform	Action Completed 14/06/2022	Janet Atkin	14/06/2022

Janet Atkin - 2/9/22

The values and behaviours framework will be reviewed in line with the next iteration of the People Strategy to make sure

Janet Atkin

31/03/2023

Work with the service directors to create a comprehensive L&D strategy to support the wider People Strategy.

Janet Atkin

31/03/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		07. Insufficient infrastructure to deliver the Council's services										
Likelihood	5	Orange	Orange	Orange	Red	Red	Risk Owners	Steve Cox	Current Score	12	Last Review	02/09/2022
	4	Green	Orange	Orange	Red	Red						
	3	Green	Orange	Orange	X	T	1. Insufficient funding to meet needs received from: <ul style="list-style-type: none"> •Growth funds •Section 106 •Community infrastructure levy •School infrastructure funding •Highways Active Travel funding 	Willingness of stakeholders to embrace development Changes in grant funding Failure of a key supplier Reduced funding from devolution deals End of the Greater Cambridge City Deal programme Insufficient staffing resource and expertise to deliver key infrastructure	1. Impacts on transport, economic, environmental and social outcomes 2. Greater borrowing requirement to deliver infrastructure which is unsustainable financially 3. Increased pressure on already stretched maintenance budgets 4. Unsustainable or reduced growth 5. Growth that is not inclusive			
	2	Green	Green	Orange	Orange	Orange				2. Partnerships do not deliver new infrastructure / services to meet needs of population 3. Infrastructure undermined due to inability to adequately maintain 4. Infrastructure delivery planning not tied to business planning process	Willingness of stakeholders to embrace development Changes in grant funding Failure of a key supplier Reduced funding from devolution deals End of the Greater Cambridge City Deal programme Insufficient staffing resource and expertise to deliver key infrastructure	1. Impacts on transport, economic, environmental and social outcomes 2. Greater borrowing requirement to deliver infrastructure which is unsustainable financially 3. Increased pressure on already stretched maintenance budgets 4. Unsustainable or reduced growth 5. Growth that is not inclusive
	1	Green	Green	Green	Green	Orange	2. Partnerships do not deliver new infrastructure / services to meet needs of population 3. Infrastructure undermined due to inability to adequately maintain 4. Infrastructure delivery planning not tied to business planning process	Willingness of stakeholders to embrace development Changes in grant funding Failure of a key supplier Reduced funding from devolution deals End of the Greater Cambridge City Deal programme Insufficient staffing resource and expertise to deliver key infrastructure	1. Impacts on transport, economic, environmental and social outcomes 2. Greater borrowing requirement to deliver infrastructure which is unsustainable financially 3. Increased pressure on already stretched maintenance budgets 4. Unsustainable or reduced growth 5. Growth that is not inclusive			
		1	2	3	4	5				2. Partnerships do not deliver new infrastructure / services to meet needs of population 3. Infrastructure undermined due to inability to adequately maintain 4. Infrastructure delivery planning not tied to business planning process	Willingness of stakeholders to embrace development Changes in grant funding Failure of a key supplier Reduced funding from devolution deals End of the Greater Cambridge City Deal programme Insufficient staffing resource and expertise to deliver key infrastructure	1. Impacts on transport, economic, environmental and social outcomes 2. Greater borrowing requirement to deliver infrastructure which is unsustainable financially 3. Increased pressure on already stretched maintenance budgets 4. Unsustainable or reduced growth 5. Growth that is not inclusive
						2. Partnerships do not deliver new infrastructure / services to meet needs of population 3. Infrastructure undermined due to inability to adequately maintain 4. Infrastructure delivery planning not tied to business planning process	Willingness of stakeholders to embrace development Changes in grant funding Failure of a key supplier Reduced funding from devolution deals End of the Greater Cambridge City Deal programme Insufficient staffing resource and expertise to deliver key infrastructure	1. Impacts on transport, economic, environmental and social outcomes 2. Greater borrowing requirement to deliver infrastructure which is unsustainable financially 3. Increased pressure on already stretched maintenance budgets 4. Unsustainable or reduced growth 5. Growth that is not inclusive				

Controls	Adequacy	Critical Success	Assurance
1. Maximisation of developer contributions through Section 106 negotiations. Policy is to deal with strategic development sites through s106, not including CIL	Good		
2. Section 106 deferrals policy is in place.	Good	Agreed and adopted by the Council	
3. Capital Programme Board	Good	Regular reporting	
4. Prudential borrowing strategy	Good		
5. Review, scrutiny and challenge of design and build costs to ensure maximum value for money	Good		
6. Co-ordination of requirements across partner organisations to secure viable shared infrastructure	Good		
7. Annual school capacity return to Department for Education seeks to ensure maximum levels of funding for basic need	Good		
8. Maximise annual maintenance block funding from Central Government, maintaining band 3 of the incentive fund.	Good		

Action Plans	Assurance	Responsibility	Target Date
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Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		08. Failure to Deliver Key Council Services					
Likelihood	5	Orange	Orange	Orange	Red	Red	Risk Owners Charlotte Black; Steve Cox Current Score 10 Target Score 15 Previous Score 10 Last Review 02/09/2022 Next Review 01/12/2022
	4	Green	Orange	Orange	Red	Red	
	3	Green	Orange	Orange	Orange	T	
	2	Green	Green	Orange	Orange	X	Triggers 01. Placement sufficiency – schools, independent sector CIC and adult placements 02. Workforce sufficiency – council and independent sector and partners 03. Skills sufficiency 04. Lack of Business Continuity Plans for Key Services 05. Poor Contract Management 06. Poor Project Management 07. Poor Governance around Partnership working 08. Capacity issues 09. Poor Demand Management 10. Poor escalation process for concerns 11. Insufficient budget setting and management 12. Non-compliance with Corporate policies and procedures
	1	Green	Green	Green	Green	Orange	
		1	2	3	4	5	
Consequence							Likelihood Factors (Vulnerability) 01. Failure of Key Supplier 02. Change in government funding 03. Pandemic 04. Long-term Brexit implications 05. Local Elections 06. Increased Demand on key services 07. Industrial Emissions Directive and the Best Available Techniques conclusions (BATc)
							Potential Consequences 01. Children and adults inappropriately placed leading to increased risk of harm, poor health and social outcomes 02. Children and adults do not receive services they need to reduce the risk of harm, reach their educational and independence potential

Controls	Adequacy	Critical Success	Assurance
01. Market sustainability Since April 22, the market sustainability and inflation plan has been approved. Officers are mindful of ensuring financial control, especially in light of uplifts and cost of living costs. These are both being monitored through existing contract arrangements and senior management financial monitoring. This is also fed into business planning cycles, to ensure that we have appropriate levels of inflation and demand investment incorporated into budgets to manage uplifts with providers. A wider Fair Cost of Care Review is being undertaken with the market, in line with national requirements, which will inform our future strategy to market sustainability	Good		
02. Two frameworks have been developed outlining, short, medium and longer-term plans for ensuring future sufficiency for those Children with SEND needs and also for Early Years and Childcare sufficiency which was agreed by CYP Committee on 1 March 2022. Further action plans are now in development.	Good		
03. All P&C service have adequate Business Continuity Plans in place which are reviewed regularly in light of national covid changes	Good		

04. Family safeguarding model is shown to be more effective in working with families with complex needs and continuing to work closely with key placement providers is ongoing	Reasonable		
05. Recruitment and retention of skilled staff is good in some areas and less so in others. Recruitment campaigns and agency staff are proving to be beneficial currently	Reasonable	An independent sector workforce which can expand in line with the demographic and complex needs growth of Cambridgeshire.	Workforce strategy which reflects the needs of the local workforce pressures, creates a pipeline for recruitment, establishes a standardised approach to recruitment and starts across the care sector. Supported by public sector partners and tackling the skills agenda in line with the Combined Authority.

Action Plans	Assurance	Responsibility	Target Date
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Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		09. The Council is a victim of Cyber crime						
Likelihood	5			X				
	4							
	3					T		
	2							
	1							
		1	2	3	4	5		
		Consequence						
		Risk Owners	Sue Grace			Current Score 15 Target Score 15 Previous Score 15	Last Review 02/09/2022 Next Review 01/12/2022	
		Triggers	01. Data loss 02. Denial of IT services 03. Malware attack 04. Phishing attack 05. Ransomware attack 06. Telephone Toll Fraud 07. Major vulnerability 08. DR for IT Services			Likelihood Factors (Vulnerability)	01. Increasing malicious attempts from various sources 02. Malicious Emails to staff increasing	Potential Consequences
					01. Regulatory breach subject to ICO action, reputational harm to the Council and disclosure of private information. 02. Inability or degradation in the ability of Council staff to access any computer based service hosted outside of the Council network. It will most likely also impact any services that the council hosts for access by the public. Finally it would also impact any VOIP services operated by the council. 03. Infection of Council systems by malware, causing a degradation of Council systems. 04. Credentials and/or data being made available to unauthorised third parties. This could result in ICO action, reputational damage to the Council and the unauthorised release of confidential information. 05. Loss of access to Council data, a financial ransom to recover access, reinstatement and restore operations to recover access, release of confidential data, reputational harm and ICO action. The exact impact will depend on how well mitigation reduce the impact of the attack. 06. Financial loss for the Council. The Council may also suffer reputational damage or information loss risks if the breacher of the system attempts to impersonate the Council. 07. Systems are exploited by using known\unknown vulnerabilities. 08. There is a risk that the functionality of the new DR solution has not taken place since implementation in August 2021. The consequence is that if there is an incident which requires DR to be invoked it will be testing the solution during a live event.			

Controls	Adequacy	Critical Success	Assurance
01. Educate users as to the likelihood of Phishing and actions to be taken when encountered. Multiple layers of Phishing detection are in place and these will delete or mark messages as appropriate. External messages are also marked as such as they contain a higher risk of Phishing. Multifactor authentication is used to reduce the likelihood of successfully exploiting Phished credentials.	Good		

02. Identify and patch vulnerabilities in a timely manner, which should be with 14 days for vulnerabilities rated critical or high on the CVSS scoring system. Firewall, Email, Website access and end-device technical controls will be used to eliminate or reduce the risk on known\unknown vulnerabilities from being exploited. NCSC Early Warning, WARP and other third-part intelligence source will be used to identify vulnerabilities as soon as possible.	Good		
03. If DR is invoked systems will be available however performance in that environment has not been tested to ensure all functionality is available. DR test is to be planned in for 2022/23 as the impact of the SAN project will change the configuration and infrastructure and how the environment will work.	Good		
04. Robust policies and procedures	Good		
05. Staff training on the correct handling of private data, and to use technical controls available to the Council to limit the likelihood of this happening.	Good		
06. Use multiple layer of anti-malware protection on Firewalls, email and end-points to prevent malware with frequent signature updates.	Good		
07. Use technical controls to limit access to the Council VOIP system to the UK only. Normal usage is monitored by the provider and Council staff so that any deviation from normal use patterns can be identified and alerted upon.	Good		
08. Use the automated denial of service mitigation service provided by our wide area network provider MLL. This will inform us of any denial of service attempts and mitigation activities.	Good		

Action Plans	Assurance	Responsibility	Target Date
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Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	10. The Council fails to comply with Information Governance legislation and industry standards											
Likelihood	5						Risk Owners Fiona McMillan	Current Score 12	Target Score 15	Previous Score 12	Last Review 02/09/2022	Next Review 01/12/2022
	4											
	3				X	T	Triggers There is a risk that a lack of oversight and control of information management leads to information being mis-handled, which would expose the organisation to: * Legal action/Information Commission Officer involvement. * Damage to the reputation of the council and adverse publicity. * Complaints. This will include records management, contractual obligations, case management, training and awareness	Likelihood Factors (Vulnerability)	Potential Consequences Data subjects suffer loss, detriment and distress as result of poor management of data			
	2											
	1											
	1	2	3	4	5	Consequence						

Controls	Adequacy	Critical Success	Assurance
01. Mandatory data protection and security training for all staff	Good		
02. Use of data protection impact assessments in all projects and procurements	Good		
03. Regular communications to all staff and at key locations (e.g. printers)	Good		
04. Joint information management board, chaired by senior info risk owner (CLT member), with representative of all directorates along with DPO and both Caldicott Guardians. Board oversees IG and cyber security activity	Good		
05. A comprehensive set of information and security policies	Good		
06. Established procedure for notifying, handling and managing data breaches	Good		
07. data breaches, training feedback and performance indicators reported to info management board and CL	Good		
08. CLT provided with annual assurance on penetration testing around cyber security A review of the records retention schedule and asset register is underway with CCC.	Good		

Action Plans	Assurance	Responsibility	Target Date
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Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		11. Failure of key partnerships or contracts						
Likelihood	5	Orange	Orange	Orange	Red	Red		
	4	Green	Orange	Orange	Red	Red		
	3	Green	Orange	Orange	X	T		
	2	Green	Green	Orange	Orange	Orange		
	1	Green	Green	Green	Green	Orange		
		1	2	3	4	5		
Consequence								
Risk Owners		Tom Kelly			Current Score	12	Last Review	16/08/2022
					Target Score	15	Next Review	01/12/2022
					Previous Score	12		
Triggers				Likelihood Factors (Vulnerability)		Potential Consequences		
<p>01. Different partnership arrangements and/or contracts have conflicting aims or priorities.</p> <p>02. Large scale handback / collapse of major suppliers for economic/profitability reasons</p> <p>03. Supply chain failure and/or significant cost increases in supply chain or CPI.</p> <p>04. The Council fails to identify key/business-critical partnerships.</p> <p>05. Lack of robust, formally agreed contracts or equivalent to set scope, deliverables and governance arrangements for all key partnerships and contracts.</p> <p>06. Failure to compliantly procure key contracts leads to legal challenge.</p> <p>07. Contracts and partnerships lack clear corporate owners; or contract/partnership owners have a conflict of interest between their CCC role and external interests.</p> <p>08. Contracts or partnership agreements fail to drive desired deliverables/outcomes through appropriate penalties/rewards.</p> <p>09. Lack of in-house contract management expertise.</p> <p>10. Third party fraud committed by or against suppliers or partners and/or internal fraud or corruption in collusion with suppliers or partners.</p> <p>11. Relationship breakdown with key partners/contractors, potentially leading to a legal dispute.</p> <p>12. Heavy reliance on single suppliers leading to lack of a diversified supply chain.</p> <p>13. Policy or leadership changes in central government or local partnership organisations</p> <p>14. This Land unable to adhere to business plan: - timescales and programme slippage, assumptions about further land acquisition & promotion - assumptions and expectations, housing downturn/economics/inflation reduce profitability</p>				<p>1. This Land - arms length/commercial risk. Planning delays to date. Loan to value depleting but improved cashflows</p> <p>2. Uncertainty and major change programmes underway at partner Councils, restricted budgets across sector.</p> <p>3. Significant economic and inflationary volatility.</p> <p>4. Industrial Emissions Directive and the Best Available Techniques conclusions (BATc)</p>		<p>1. Financial impact of credit loss or default on monies owed</p> <p>2. Revenue impact of increased costs or reduced income returns</p> <p>3. Interruption to outcomes and service delivery</p> <p>4. Construction quality and health & safety matters</p> <p>5. Reputational harms</p> <p>6. Failure to fulfil statutory duties.</p>		

Controls	Adequacy	Critical Success	Assurance
01. Contract Procedure Rules and associated guidance and training.	Good		
02. Partnerships Advice & Guidance Document.	Poor		

03. Grants to Voluntary Organisations Policy.	Good		
04. Contracts Register.	Good		
05. Procurement Governance Board.	Reasonable		
06. Head of Diligence & Best Value role.	Reasonable		
07. Business Continuity Planning processes.	Poor		
08. Corporate due diligence processes.	Good		
09. Declarations of Interest processes within the Codes of Conduct for officers and members	Reasonable		
10. Corporate process for identifying key partnerships and contracts.	Reasonable		
11. Budget monitoring and forecasting processes.	Good		

Action Plans	Assurance	Responsibility	Target Date
01. Implementation of This Land Ltd action plan in response to AY Report		Tom Kelly	01/12/2022
02. Review and update Partnerships Advice & Guidance document linking in to the Appointments to Outside Bodies Process.		Paul Fox	30/11/2022
03. Develop and implement Contract Management toolkit and guidance.			30/11/2022
04. Implementation of mandatory Procurement eLearning module for budget managers and contract managers.		Clare Ellis	30/09/2022
05. Update guidance for Members to clarify how interests should be declared when Members are involved in procurements.		Fiona McMillan	30/11/2022
06. Procurement Guide Update Procurement Guide to provide more detailed information on how to ensure that the form of contract drives desired deliverables/outcomes through appropriate penalties/rewards.		Clare Ellis	01/10/2022

<p>07. Procurement Governance Board</p> <p>Review the possibility of adding the following areas to the remit of the Procurement Governance Board:</p> <ul style="list-style-type: none"> -Monitoring and enforcing compliance -Monitoring security of critical supplies -Contract management -Ensuring diverse supply chains 		Tom Kelly	01/10/2022
<p>08. Business Continuity Plan templates</p> <p>Amend Business Continuity Plan templates to ensure all BCPs require services to identify critical contracts/partnerships and include or link to planning for the risk of supplier failure or collapse.</p>			30/11/2022
<p>09. Implement the new Sustainable Procurement Strategy</p>		Clare Ellis	01/11/2022

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Agenda Item No.9

Strategy and Resources Committee Agenda Plan

Notes

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.

* indicates items expected to be recommended for determination by full Council.

+ indicates items expected to be confidential, which would exclude the press and public.

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
20/10/22	Integrated Finance Management Report for the Period Ending 31st August 2022	R Barnes	2022/022	10/10/22	12/10/22
	Business Planning Update for 2023-28	T Kelly S Grace	Not applicable		
	Corporate Services Performance Report Quarter 1	T Barden	Not applicable		
	Re-Procurement of Mobile Phone Contract	S Smith	2022/047		
	Property Transaction (put option) in South Cambridgeshire	T Cooper	2022/093		
	Adult Social Care IT System Procurement	K Clarke C Stromberg	2022/096		
	Updated Anti-Fraud & Corruption and Anti-Money Laundering Policies	M Claydon	Not applicable		
	Land Purchase at St Neots for educational purposes	T Kelly	2022/105		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
16/12/22	Integrated Finance Management Report for the Period Ending 31st October 2022	R Barnes	2022/023	05/12/22	08/12/22
	Business Planning Proposals for 2023-28	T Kelly	Not applicable		
	Corporate Services Performance Report Quarter 2	T Barden	Not applicable		
	Treasury Management Report – Quarter 2*	E Tod	Not applicable		
	Professional services framework – Re-procurement	I Trafford	2022/071		
	Joint Working Agreement and S113 with Peterborough City Council	T Kelly	2022/101		
26/01/23	Integrated Finance Management Report for the Period Ending 30th November 2022	R Barnes	2023/003	16/01/23	18/01/23
	Business Plan*	T Kelly	Not applicable		
	Children’s Social Care IT System Procurement	N Curley C Stromberg	2023/007		
	IT & Digital Strategy	S Smith	2023/008		
28/03/23	Integrated Finance Management Report for the Period Ending 31st January 2023	R Barnes	2023/002	15/03/23	20/03/23
	Corporate Risk Register	S Grace	Not applicable		
	Corporate Services Performance Report Quarter 3	T Barden	Not applicable		
02/05/23 Reserve date				19/04/23	21/04/23

Please contact Democratic Services democraticservices@cambridgeshire.gov.uk if you require this information in a more accessible format

Future items to be programmed:

Microsoft ESA re-procurement –June 2023

Property Management Solution – Dec 2023

Eastnet procurement - 2025

STRATEGY AND RESOURCES COMMITTEE TRAINING PLAN

The Training Plan below includes topic areas for S&R approval. Following sign-off by the details for training and development sessions will be worked up.

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
1.	Link Treasury Management	Local Government Finance – Third session as part of Members’ Induction Programme		November 2021	Tom Kelly	Virtual	Cllrs Bulat, Corney, Coutts, Kindersley, S King, McDonald, Milnes, Murphy, Shailer, Sharp, Taylor, Thompson, van de Ven & Whelan	14	Not applicable
2.	Performance Management training and case study research	In response to recommendations from the Peer Review and an internal audit. Members will be involved in reviewing and revising Key Performance Indicators that will be reported to Policy and Service Committees.		3 February 2022	Tom Barden	One hour session with PowerPoint presentation and live polls	All Members	18	Not applicable
3.	Strategy and Resources Committee Workshop	Business Planning		8 November	S Grace T Kelly				

To be programmed:
Social value in Procurement

This Land Annual Business Plan and progress monitoring

- To: Strategy & Resources Committee
- Meeting Date: 30 September 2022
- From: Service Director: Finance & Procurement
- Electoral division(s): All
- Key decision: Yes
- Forward Plan ref: 2022/070
- Outcome: Committee will have received an update on latest financial position of This Land, including its business plan, and will exercise its role as shareholder and lender. This Land provides a significant revenue income stream for the Council and this Committee will undertake its role in reviewing and managing that on behalf of the Council.
- Recommendation: Strategy & Resources Committee is invited to:
- a) Authorise that a written resolution be sent from the shareholder to This Land appointing the person named in the confidential appendix to the company's board of directors.
 - b) Receive the latest business plan from This Land.
 - c) Note This Land's objective of developing and delivering homes, the priority of increasing the proportion of affordable homes and commitment to environmental, social and corporate governance.
 - d) Authorise variations to the company's shareholder agreement that enhance corporate governance, following the review described at section 5.5.
 - e) Permit the land transactions proposed by This Land at Soham Northern, Malta Road and Fitzwilliam Road, as set out in section 5.6 and in accordance with the latest business plan, delegating authority to the section 151 officer to release the Council's pre-emptions, overage and legal charge.

Officer contact:

Name: Tom Kelly
 Post: Service Director: Finance & Procurement
 Email: tom.kelly@cambridgeshire.gov.uk
 Tel: 01223 699241

Member contacts:

Names: Councillors L Nethsingha and E Meschini
 Post: Chair/Vice-Chair
 Email: Lucy.Nethsingha@cambridgeshire.gov.uk
Elisa.Meschini@cambridgeshire.gov.uk
 Tel: 01223 706398

1. Background

- 1.1 This Land is the Council's wholly owned property development company. As at September 2022, the financing advanced to This Land by the County Council is as follows:

Long Term Loans	£113.851m
Equity	<u>£ 5.851m</u>
Total	£119.702m

These figures are (as planned) unchanged from the last update to this Committee in March 2022. The Council is currently receiving revenue interest on the loans advanced (a £6m net contribution is expected this financial year). In addition to interest, the Council has also already received capital receipts from This Land in excess of £75m for the transfer of property at market value. The principal loan sums are currently scheduled for repayment to the Council between August 2026 and February 2029. As the sole owner and lender to This Land, the County Council is the ultimate beneficiary of all of the company's proceeds. It is essential This Land continues to make the expected progress with delivery against its business plan in order to provide the expected revenue stream across the medium term financial planning period, as well as the eventual repayment of loans. Divergence from the plan or diminution of the investment value is acknowledged as a managed risk to the Council.

- 1.2 In March, this Committee considered the early progress by This Land in responding to recommendations from Avison Young (AY) following a shareholder review. The Committee was also formally consulted on development of the company's refreshed business plan. This included collaboration between the Council and This Land to identify future development sites within the Council's property portfolio and the acceptance of some greater risk in future plans in order for the company to make a greater contribution to meeting local housing needs, boosting the provision of affordable homes.
- 1.3 Shareholder monitoring and liaison meetings were hosted by This Land on 24 March 2022 and 21 July 2022. These included updates on the company's progress with housebuilding and the implementation of the AY recommendations for the business operations, as well as further consultation on the company's business plan development. The next briefing for Members is planned for 15 September 2022. The activities within the company's business plan include the master developer approach on large sites, delivery of all the homes on medium and smaller sites, acquiring and developing new properties and securing strategic land for promotion through the planning process.
- 1.4 Two recent and related changes to the local government financing regime have relevance for the Council's financial interactions with This Land. In late 2020, the Public Works Loans Board (HM Treasury) (PWLB), a major lender to this Council, issued new stipulations to borrowers. These procedures require Councils, that wish to access PWLB loans, to submit high level descriptions of capital spending and financing plans for the following three years. Councils that have planned investments within their entire forward capital programme with the primary intention of generating a yield are prohibited from borrowing from the PWLB – this would not be desirable for the Council. The changes at PWLB have a prospective effect from November 2020 and are not back dated. Central government is also currently consulting on changes to the capital framework including the regulations for calculation of a local authority's minimum revenue provision (MRP). This is the amount of revenue expenditure Councils must allocate to the costs of capital financing debt each year. The proposals could include a revised approach to MRP on debt related to commercial investments. A potential knock-on impact of this is a significant reduction in the annual net revenue benefit the Council receives from interest receivable from This Land. Cambridgeshire made a voluntary and prudent overpayment of MRP as at 31 March 2022

partly to mitigate future risk from this change. The MRP proposals are complex and are currently subject to a second round of consultation. Government is understood to have indicated it does not intend to design changes that deter local authorities from encouraging housebuilding. At the establishment of This Land, the Council's then Assets & Investment Committee agreed that the company should have more than a purely commercial or financial focus. Although new lending is not envisaged to This Land in any case in the next 3 years and the Council's initial assessment is that the MRP commerciality changes would not apply to This Land loans, these reforms in the external regulatory environment emphasise the proposition from This Land that the company should have a broader focus than profit. It is important to set the changes proposed in the 2022 business plan in that context.

2. Leadership of This Land

- 2.1 Pursuant to a delegation from this Committee in March, Mr David Meek was appointed as Chair of This Land with effect from 9 May 2022. Mr Meek has extensive chair and board experience across the finance, technology and real estate sectors including engagement with public, private and government stakeholders. Mr David Lewis has been appointed as This Land's substantive Chief Executive having first joined the company as strategic land director in 2019.
- 2.2 During 2022, two members of the board have retired. One of those roles is being held vacant, and a new appointment is proposed from This Land to fill the other position. It is understood the new director will also chair the company's audit and risk committee in the first instance. A specialist recruitment firm was engaged to undertake the search for this non-executive director role. Further details about the nomination from This Land are included in the confidential appendix 3. It is a decision for this Committee, acting as the shareholder, to either confirm or reject the nomination made by This Land.

3. Submission of Business Plan

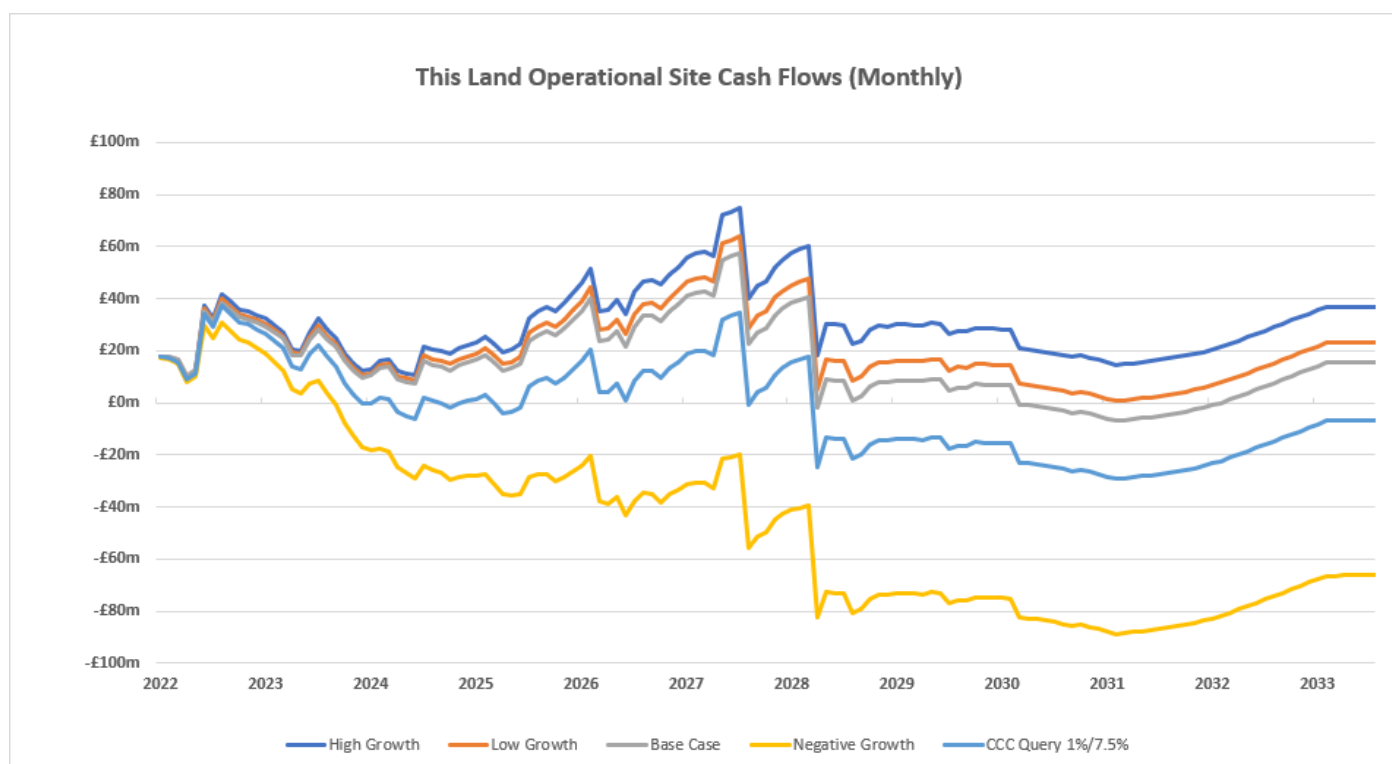
- 3.1 In accordance with the shareholder agreement, This Land submits its Business Plan to the Council. A public facing version of the plan is attached as an appendix to this report. The Council has also received a more detailed and commercial plan alongside supporting information: site-by-site appraisals, risk registers, market data and evidence base and cashflow forecasts as well as a company wide update to the financial model and cashflow which extends through to 2035.
- 3.2 The key headlines from the 2022 plan include:
 - Building approximately 930 new homes over the next 10 years
 - 396 of these homes will be affordable, a minimum increase of 50 on the plan a year ago
 - Developing plans for a further pipeline of affordable homes across the county, including analysis of where County Council owned land can enable this and acquisition of further land from the Council
 - Disposal of underperforming assets
 - Commitment to deliver Environment, Social and Governance policies and to work closely with the housebuilding supply chain to reduce carbon footprint to net zero.
- 3.3 The key financial returns from the company to the Council, set out in the central planning assumption in the business plan are:
 - Repayment of £107m loans by 2029, with an extension on remaining £6m of borrowing which will be repaid by the end of 2031.
 - Payment of £75m in total interest to the Council (of which £50m is from 2022 onwards)
 - Projected residual cash balance in 2035 of £16.3m

3.4 In the central assumption, the sources of expected profit are as follows:

Existing/Retained Sites	£76.6m
Strategic Land	£44.3m
CCC Site	£16.7m
Affordable (exception) site	£ 0.1m
Disposal sites	£ -0.9m
Subtotal profit	<u>£136.8m</u>

3.5 Scenario and sensitivity testing has been submitted alongside the business plan:

Title	Description	Results
Baseline	Cost inflation matched by house sales/revenue inflation	Extended borrowing: £6m Final surplus: £16.2m
Negative growth	-5% pa reduction in sales values +10% per annum increase in costs	Extended borrowing: £85m Final deficit: £60m
Low growth	+2% pa increase in revenue/sales +2% pa increase in build costs	Extended borrowing: £0m Final surplus: £25.6m
High growth	+5% pa increase in revenue/sales +5% pa increase in build costs	Extended borrowing: £0m Final surplus: £39m
Cost inflationary	+1% pa increase in revenue/sales +7.5% pa increase in costs	Extended borrowing: £30m Final deficit: £6m



3.6 The plan considers the company's approach to risk management, attention is drawn to:

- the business' cashflow position is currently very strong following land sales exceeding 2020 business plan targets. This Land reports this will enable delivery of homes in the current construction and economic context more quickly than had cashflow been challenging
- purchase of land – the company reports agreeing terms for a number of new land purchases and promotional sites outside the county. Following the consultation on this business plan, the Council is working with This Land on a forward plan for further acquisitions from the Council, inside the county, where this fits with our asset management objectives, reduces risks in This Land's plans and delivers more affordable homes

- health and safety – active construction sites are inspected by third parties on a regular basis supplementing contractor health and safety measures
- economic and consumer context – a potential downturn is a significant risk to This Land, as illustrated by the sensitivities shown above. The company notes that Cambridgeshire house prices are currently at record highs and the continuing momentum in the housing market despite recent global disruptions.

4. Follow-up by AY

- 4.1 The consultants AY were appointed to follow-up on their previous work and engaged to:
- review the company's financial model and its suitability to support business decisions and delivery of the business plan, through robust financial modelling
 - review the recommendation next steps set in AY's early review and provide a high level evaluation of progress made in each area

A report on AY's findings is attached as a confidential appendix to this report and a summary provided in this section.

- 4.2 **Financial model:** This Land are using both their longstanding model for financial analysis, risk management, monitoring and performance alongside a new model which is operational but not yet fully complete. As such the two models are being used in parallel and compared for reconciliation. The functionality of the new model was reviewed and includes a simplified structure, improved linkages and transparency to underlying development appraisals, greater transparency on loan and contingency allocation, integrated financial reporting and categorisation of sites: secured, pipeline, planning status. AY have suggested ongoing development is needed as the new model is completed around user guidance/succession planning, narrative and transparency of assumptions.

- 4.3 **Implementation of recommendations evaluation:** progress had been made with:
- Improved board and shareholder visibility such as site specific reporting, project summary dashboards and scenario analysis. Enhanced structure, oversight and consistency of reporting
 - Better shared awareness of key project risks – detailed and refined overall and site specific risk registers, risks outlined at board meetings and monthly testing of variations by executive team
 - Alignment with the Council's strategic objectives is more focused and purposeful
 - Staff recruitment and expansion of skills in finance, land and development teams, there is more in-house resilience and capacity and less reliance on third parties for financial reporting/modelling

- 4.4 **Further recommendations and next steps:**
- Further clarity and risk mapping in relation to unsecured promotion sites and expanded activity around exception sites. The business must be alert to macroeconomic conditions.
 - Clarify cash requirements in 2028, improving GAP analysis and potential increase in borrowing ask
 - Assigning risks to individuals to increase accountability
 - Appropriate expertise required to deliver affordable housing aspirations
 - Forward calendar of shareholder monitoring meetings and communication and monitoring channels of the board.

5. Further updates and monitoring

- 5.1 At Brampton, planning permission has been secured. At Over, the show home is open and sales have been strong, reflecting continuing strong demand in the Cambridgeshire market. As at August 2022, exchange of contracts was imminent for the purchase of 14 homes at Over. At Eddeva Park/Worts Causeway, archaeological works have commenced and a reserved matters application has been submitted. A contractor has been appointed for the scheme at Landbeach. Terms have been agreed for four additional sites, which will reduce the unsecured uncertainty element of the future business plan.
- 5.2 BNP Paribas have been appointed by the Council to undertake the monitoring surveyor function at Over and Ditton Walk. This includes bi-monthly consideration of planning, building control, warranty, programme, project costs, procurement and contracts, quality of construction and health and safety. In the most recent report no red items were noted. Progress was recorded for the plots under construction, the amber items highlighted were to monitor discharge of planning conditions, progression of works in accordance with contract dates and tracking costs report at Over and monitoring progress with a legal dispute at Ditton Walk.
- 5.3 This Land's annual external audit is currently underway and the Accounts are due to be presented to the shareholder and published in the early Autumn. For the year ending 31 March 2022, the company is expected to report an operating loss of £3.0m with a loss after interest and taxation of £7.3m. Removing the financing costs wholly payable to the County Council, the pre-financing profit was £3.1m, £2.4m greater than the previous period. This is a steady improvement in line with the business plan. It is important to recognise that This Land is funded in a way that ensures most operating profits are returned to the single funder and shareholder through interest payments (rather than profit). This Land is not expected to make post-financing operating profits before 2027. These results are currently in keeping with the medium term plan for the business.
- 5.4 On the balance sheet, the company has net liabilities of £21.4m an increase of £7.3m compared to the position at 31 March 2021. It is important to recognise that the company's assets comprise land, work in progress and cash, with the latter two categories growing as land has either been developed or sold. An updated assessment of market and gross development values for sites expected to be held for the longer term is currently being undertaken. The loan security value is decreasing as This Land makes asset disposals reflecting increased development risk during this stage.
- 5.5 The solicitors Freeths are currently appointed to review and consolidate the overarching loan facility agreement. As This Land generates proceeds from land and house sales, they are permitted to reinvest these in accordance with the submitted business plan and subject to meeting monitoring conditions. Enhancements are likely to include implementation of a floating charge on all of This Land's assets, which recognises the greater cashflow and work in progress on the balance sheet. In any event, the Council is the sole owner of This Land and ultimate beneficiary of all of its proceeds, assets and liabilities. Freeths are also considering the company's governance documents.
- 5.6 At four locations, the latest business plan from This Land reflects a change in approach to development following assessment of the latest circumstances and market conditions. At Soham Northern, plot A, This Land's long term planned approach in the business plan has been to market this plot for commercial development. As this disposal is not for residential development it has been detected that the previous permissions granted by the Council may not sufficiently include this point and therefore a recommendation is included in this report to enable the necessary releases. At Fitzwilliam Road and Malta Road This Land have elected to market these sites in their current condition rather than develop the site

directly themselves. Both these small sites have an implementable planning permission but increased build costs mean that it is no longer considered optimum for This Land's business set up to provide these directly. In order to deliver the business plan submitted to Committee, and the expected levels of surplus/deficit from these properties built into planning assumptions, permission is needed from the County Council to allow the releases needed for sales in the near future rather than as the direct delivery of individual homes.

5.7 This Land Development Ltd (This Land) wishes to acquire a County Council owned strip of land which abuts the northern edge of the GB2 Development site south of Worts Causeway, Cambridge. The County Council strip of land forms part of This Land's consented scheme. Under the original sale of the GB2 site in 2018, This Land is under a positive covenant to ensure that the estate roads built on the GB2 site provide access to the County Council retained land adjacent. Subsequent legal advice has raised concerns over the enforceability of this positive covenant. This estate road access is essential to the continued current use of and any future alternative use of the County Council's retained land. The sale of the strip of land presents the Council, as landowner, the opportunity to renegotiate the provision of that accessway to ensure that it is adequately delivered. This Land wishes to shortly dispose of part of their GB2 site to a purchaser. The subsequent negotiation of a new legal mechanism or agreement to ensure the delivery of the estate road may impact on the timetable and/or deal structure for the sale to the purchaser. This Land wishes to complete the sale of the strip of land, which is yet to be agreed, within six weeks from the 22nd of August 2022.

6. Alignment with corporate priorities

6.1 Environment and Sustainability

- Paragraph 3.2 identifies This Land's commitment to deliver Environment, Social and Governance policies and to work closely with the housebuilding supply chain to reduce carbon footprint to achieve net zero.
- Paragraph 4.3 identifies strategic alignment with the Council's strategic objectives.

6.2 Health and Care

There are no significant implications for this priority.

6.3 Places and Communities

There are no significant implications for this priority.

6.4 Children and Young People

There are no significant implications for this priority.

6.5 Transport

There are no significant implications for this priority.

7. Significant Implications

7.1 Resource Implications

Financial implications are set out in section 1, 3 and 5 and throughout the report.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for procurement or contract procedure rules.

7.3 Statutory, Legal and Risk Implications

Assessment of principal risks:

Description	Impact /Likelihood	Response/Mitigation
Construction: cost, defects, materials, milestones	Impact: Medium Likelihood: Medium	<ul style="list-style-type: none"> - Monitoring surveyor reviews of cost, progress and quality - Construction contingency budget - Insurance cover / warranties
Planning & regulation: timing, obligations & cost of meeting planning and building regulations approval	Impact: Medium Likelihood: Medium	<ul style="list-style-type: none"> - Reviews of project plans/budgets for obtaining planning consent, progress and performance - Staff expertise - Land promotion diversifies planning authorities involved
Workforce & Expertise: attracting and retaining talent, capacity and experience	Impact: High Likelihood: Medium	<ul style="list-style-type: none"> - Director recruitment process - Monitoring turnover & performance - Diversity of experience of team members, succession planning
Health & Safety - compliance of construction sites	Impact: High Likelihood: Medium	<ul style="list-style-type: none"> - External independent H&S team - Review by monitoring surveyor - Company policy and procedures
Governance risks: securing best value, acting at arms-length, legal challenge by competitors, state aid	Impact: Medium Likelihood: Medium	<ul style="list-style-type: none"> - Ongoing legal representation, advice and review - Adopt formalised memorandum(s) governing Council:Company interface - State aid reference rates adopted for loans
Performance of strategic land promotion: competitive area, securing agreements, reputation	Impact: High Likelihood: Medium	<ul style="list-style-type: none"> - Council seeks independent validation - Careful site selection - Work closely with communities - Risk and sunk costs within financial model - Build successful track record
Master developer and non-residential development <i>models</i> : complicated and capital intensive	Impact: Low Impact: Medium	<ul style="list-style-type: none"> - Monitoring surveyor reviews progress and performance - Regular review of complex commercial schemes - Full prior appraisal by This Land's Development & Investment Committees
Housing demand and economic risks	Impact: High Likelihood: High	<ul style="list-style-type: none"> - Sales strategies prudent and based on regular review of local market - This Land to develop relationships with mortgage brokers and agents

Future land sales to This Land: land availability	Impact: Medium Likelihood: Medium	<ul style="list-style-type: none"> - Promotion of land within local plans - Seeking alternative land across wider geography
Underlying company value and security/collateral, impairment to inventory	Impact: High	<ul style="list-style-type: none"> - Valuations validating ongoing value of the firm - Internal appraisals to update This Land financial model - Security over work in progress and visibility that amounts invested lead to increased value

In considering this report, the improvements recommended and next steps for the company, the Committee will be mindful of its fiduciary duty to Cambridgeshire taxpayers, with regard to best value, security of funds, risk and commensurate returns.

7.4 Equality and Diversity Implications

No significant implications

7.5 Engagement and Communications Implications

No significant implications

7.6 Localism and Local Member Involvement

No significant implications

7.7 Public Health Implications

No significant implications

7.8 Environment and Climate Change Implications on Priority Areas

7.8.1 Implication 1: Energy efficient, low carbon buildings.

Positive/neutral/negative Status: Neutral

Explanation: This is principally a governance monitoring report rather than detail on the environmental/sustainability standards of homes to be delivered.

7.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status: Neutral

Explanation: As above.

7.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive/neutral/negative Status: Neutral

Explanation: As above

7.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status: Neutral

Explanation: As above

7.8.5 Implication 5: Water use, availability and management:

Positive/neutral/negative Status: Neutral

Explanation: As above

7.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status: Neutral

Explanation: As above

7.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status: Neutral

Explanation: As above

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: S Howarth & T Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Not applicable

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

Name of Legal Officer: A Brown

Have the equality and diversity implications been cleared? Not applicable

Have any engagement and communication implications been cleared by Communications? Yes

Name of Officer: C Birchall

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: T Kelly

Have any Public Health implications been cleared by Public Health? Not applicable

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer?

Yes

Name of Officer: Sheryl French, Assistant Director Climate Change and Energy Services

8. Source documents

8.1 Source documents

- This Land Business Plan 2022 and supporting development appraisals, risks registers and evidence base
- Avison Young follow up report
- BNP Paribas monitoring surveyor report

CCC Resources Directorate – finance@cambridgeshire.gov.uk

Business Plan 2022



A DEVELOPMENT
BUSINESS



The show home at Over

Contents

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Introduction

This document sets out This Land(TM)'s key strategic objectives for the next 10 years by:

- o Building 930 new homes including 396 (or 42%) affordable
- o Using a master developer approach on our larger sites
- o Seeking to secure development opportunities from our shareholder for future development
- o Securing strategic land for promotion through the planning process

Following a successful 12 month period, This Land is in a strong position to deliver our funding obligations and wider benefits to support our shareholder, Cambridgeshire County Council.

This is the annual review of the business plan, which comes in two parts with this being Part 1, the public facing document and the second, the supporting technical information for third party verification.

Section 1

Executive Summary

Key Highlights

- Building more homes, both open market and affordable, throughout Cambridgeshire taking the total to 930 over the next 10 years
- Working with our shareholder to deliver 396 new affordable homes including the creation of a separate company called This Land Partnerships
- A strong financial position following land sales well ahead of last years projections
- Strong house sales at our site at Over
- 6 active construction sites across the county
- The continuation of the business into the medium to long term

It will enable us to drive the development of both open market and affordable housing across the county to deliver high quality, sustainable homes.

We are working with our shareholder to identify new development sites to add to our development pipeline, ensuring the company is a key financial asset for CCC over the longer term, with all funding obligations, including interest and loan payments, being satiated.

The appointment of David Meek as the new Chair and myself, David Lewis as CEO, has brought further stability and a closer working relationship with our shareholder.

Longer term, we are in a robust position to take the company forward over the next 15 to 20 years.

This is only possible through the dedication and support of our shareholder, board and the remarkable people who work for This Land.

Yours

I am pleased to report that we have performed well ahead of expectations, with more cash in the business than projected last year. This has de-risked the company from any future exposure or a potential downturn in the wider economy following recent global events

This plan includes our Vision and Mission Statement which will define the company moving forward and support our shareholder in delivering wider social benefits as part of our emerging ESG policy framework.


David Lewis

David Lewis, CEO This Land™





33 homes
completed by December 2022



930
homes to be built
in Cambridgeshire



£113m
repayment of loans
by 2029



42%
of our homes
will be affordable



£49.8m
interest payable to
our shareholder
over the next
6 years



6 sites
either under
construction
or finished



£26.8m paid to our
shareholder
to date



£32.4m
in revenue up to
March 2022



This Land – Going forward

Over the next 10 years, This Land plan to deliver 930 new homes, 42% of which will be affordable. We currently own sites in 13 locations and we are working with our shareholder to purchase and deliver both open market and affordable homes throughout the county.

Our commitment is to deliver Environmental, Social and Governance (ESG) policies and to work closely with our suppliers to reduce our carbon footprint to net zero. We anticipate adopting a new formal ESG policy later this year.

Through a design-led approach, we are committed to developing visually striking schemes which are sustainable and energy efficient. Our sustainable design principles are based on PassivHouse standards and include the use of modern methods of construction to achieve best practice in efficiency and reduce our environmental impact.

The company has evolved over recent years and is on the journey to become a leading development business, delivering smart, modern homes with a focus on our customers and people.

Vision



We will develop places that enrich people's lives.

Mission Statement

What are we going to do?

We will build open market and affordable homes to give housing opportunities to communities across the county.

The Health and Safety of our employees, contractors and the public will be of paramount importance in all of our operations.

We will contribute to a greener future, by creating distinct, sustainable homes as we reduce our carbon emissions towards Net Zero.

We will promote sustainable places by integrating our developments into existing communities to help shape the future landscape we can all enjoy.

We will have an excellent reputation with our stakeholders, including our shareholder, for the way we conduct ourselves in terms of integrity, transparency, and honesty.

Who are we going to do it with?

We are a people-oriented business. Our staff, shareholder and stakeholders are at the forefront of everything we do. We strive to go above and beyond the needs and expectations to deliver great places that people can call home.

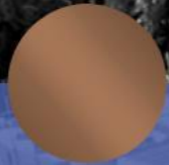
We will align ourselves with our shareholder's vision of sustainable development including environmental, social and governance policies.

How are we going to do it?

We will work with specialists and a supply chain who share our ethics and culture.

We will embrace co-operation with planners and statutory authorities. We believe in the importance of extensive research through multiple channels, including community engagement and outreach initiatives.

We will design places that complement the environment in which they are built.



Section 2

Risk Management

This Land continues to monitor risk across all areas of the business, including the management of our assets, corporate governance, and other external factors, such as the wider economy and changes to national planning policy.

Risk assessments made are scored against a “risk scoring matrix” that grades the likelihood of occurrence and impact based on a range of types of impact (such as reputational, financial, operational and environmental) to improve consistency.

The Audit and Risk Committee supports the Board in the management of risk and reports its assessment of the effectiveness of the companies risk management.



The 2020/21 Business Plan

The introduction of the 2020 business plan was a fundamental strategic change which focused on the commercial priorities of This Land. The business plan sought to significantly de-risk the business by selling off assets and generate cash inflows the business for operational purposes. This included turning our larger sites into Master Developer schemes allowing the disposal of the first phase to third party housebuilders, retaining our most profitable sites for development and the inclusion of promotional sites outside of the county.

We are pleased to report that land sales have been beyond our original expectations that has placed us in a very strong cash position due to the shortage of consented land available on the market.

We also decided to outsource the construction of new homes to third party contractors. This has significantly reduced our operational risks and has protected us from increased build costs and supply shortages.

Our policy to dispose of the first phases of development on our larger sites has also proven effective and has provided us with significant cash funds. This approach will also facilitate the delivery of more homes into the market quicker and reduce our exposure to any single site.

Health and Safety - Risk Management

This Land is fully committed to achieving standards of health, safety and welfare, creating a safe working environment at all times. It is our objective to identify and minimise the risk of injury and health hazards of all persons affected by the Company's activities, including our workforce, customers, shareholder and members of the public.

The introduction of a Health and Safety weighting for the awarding of build contracts (above that for quality and price) is proving to be very effective, being the only developer in the region to do so.

Our active construction sites are inspected on a regular basis by third parties, in addition to the contractors Health and Safety measures.

We have an enviable Health and Safety record, with a reduced number of accidents and a culture that prevents accidents happening in the first instance.



Purchase of land - Portfolio Diversity

We continue to be active in the land market and have agreed terms for a number of new opportunities including land purchases and promotional sites outside of the county.

Opportunities outside the county are important to ensure that not all of our assets are located in a single market location.

While the Cambridgeshire market is strong, we need to de-risk from other factors such as environmental or planning risks.

We are working with our shareholder to consider a number of new sites. These will provide capital receipts for our shareholder and also de-risk the business by identifying new land for development.



The Cambridgeshire market remains strong but we recognise increased living costs, through higher inflation, will reduce demand and limit house price growth

The UK economy - Risk Management

Following a year of exceptionally strong growth, UK house prices fell last month for the first time since June 2021, albeit marginally (-0.1%). This left the average house price at £293,221, down £365 from the previous month's record high. The rate of annual inflation eased slightly (to +11.8%), although it's important to note that house prices remain more than £30,000 higher than this time last year. (Russell Galley, Managing Director, Halifax).

The Stamp Duty Land Tax (SDLT) holiday combined with demand created by Coronavirus lockdowns and the need for extra space because of said lockdowns, would have undoubtedly helped to drive activity during 2020 and into 2021.

The Help to Buy: Equity Loan (2021-2023), which was launched on 1 April 2021, has provided huge support for first-time buyers and includes regional property price limits to ensure the scheme reaches people who need it most.

However, this scheme is due to finish in March 2023 and we are monitoring to see whether the new Government First Homes Scheme will be its replacement. Under the current Help to Buy scheme, the Government will lend homebuyers 20% of the cost of a newly built home, and up to 40% in London.

The last date homebuyers can reserve homes and apply for the Help to Buy: Equity Loan is 31 October 2022. The scheme will only apply to property that is practically complete by 31st December 2022.

“Both homeowners (60%) and renters (72%) agree that house prices are the biggest issue facing the market right now and are sceptical that the housing industry will be able to provide reasonably priced, quality homes post-pandemic”

United Kingdom Inflation Rate The annual inflation rate in the UK increased to 10.1 percent in July of 2022 from 9.4 percent in the previous period and slightly above market forecasts of 9.8 percent.

We monitor housing market demand on a daily basis through our own site experiences.

Reputational Enhancement

This Land always works hard at all times to protect our reputation and that our shareholder. We respond quickly and efficiently to requests for information

As an ethical business we remain transparent in our dealings with customers and suppliers and promote positive policies in the way we deal with issues such, as the environment and sustainability.

We are aware that some local residents may object or be concerned by new developments in their neighbourhoods, and we therefore work closely with local communities to consult, engage and reassure all stakeholders prior to the start of any new building work.

We actively engage with local communities as we seek to better integrate our schemes in to existing communities.

At Eddeva Park (Worts Causeway) for example, we recently undertook a public consultation event seeking views on the form and nature of new community facilities we plan to deliver.

At one of our Master Developer sites, we are working with a local parish to support the delivery of additional sport facilities for the wider community.

This has included a contribution of £10,000 towards seed funding to justify a business plan for external funding.

We continue to monitor the local and national economy to ensure that we are delivering homes where there is demand. Prior to the awarding of build contracts, we will be seeking to protect our position in the event of a downturn in the market.

We continue to use a number of lead indicators to monitor demand including data from sales outlets, agents, and other sources.

We will continue to invest in digital marketing across a number of platforms. This has allowed us to identify and focus on key target audiences, which de-risks the sales process but also reduces spend on generic marketing campaigns.



Avison Young report – Our response

This Land welcomed the publication of an independent review of the business, by Avison Young, which made recommendations to refine the business.

The table below identifies their recommendation alongside our response:

Target Area / Specific Activity to Address	Success Criteria	Timescale	Impact / Outcome	This Land Response
Develop a new financial model to support business decision making and improved governance.	Board has full visibility of secure / unsecure income and expenditure, and Board papers reflect enhanced financial sensitivity analysis.	1–3-month development period / 4-6 month implementation & full data transfer.	A fully integrated and consistent financial management and monitoring tool.	A financial modeller has been appointed and has produced a new model. Both the new and existing models and results are included in this business plan. The model will be further enhanced over the coming months and run alongside the existing.
Shareholder and Board Reports to be expanded to reflect secure and unsecure income and expenditure.	Improved Board and Shareholder visibility of the financial gaps.	0-1 month	The Council will have a better understanding of This Land's ability to meet its loan payments over the coming years.	The secured and unsecured land is identified in the business plan. The inclusion of the CCC owned sites significantly de-risks the business.
Establish a risk orientated approach to the allocation of contingency rather than a blanket 10%.	Better shared awareness and visibility of key project risks. Information should be shared with the Board through the Board papers.	0-3 months	Improved risk analysis and quantification of key risks on a site-by-site basis leading to a more robust financial position.	Specific risk contingencies have been applied on a site-by-site basis.
Greater emphasis on risks and potential mitigation measures.	Improved visibility of key risks both impacting on the financial and operational aspects of the business.	0-1 month	Inclusion of a "live" risk register within the Boards pack and shareholder briefings.	This has already been implemented prior to the AV report being published. There are specific risk registers for the business plan and individual sites

Target Area / Specific Activity to Address	Success Criteria	Timescale	Impact / Outcome	This Land Response
Diarise quarterly shareholder meetings and agree information pack in advance.	Well attended shareholder meetings.	0-1 month	Fully briefed Shareholder with clarity of business direction as well as an in depth understanding of key risks and mitigations.	Implemented.
Formal Shareholder review of This Land's strategic objectives in the context of new political objectives.	Providing clarity to This Land of the Shareholders longer term vision for the company.	0-3 months	Improved balance between financial and non-financial outcomes that better align to the Council's strategic objectives.	ESG subcommittee has been established by the board. An ESG policy has been commissioned including the appointment of third-party consultants (Grain) to support this process. Provision of an additional 50 affordable homes from the portfolio. Creation of a new company called This Land Partnerships to secure and deliver affordable homes at rural locations.
Diarise quarterly shareholder meetings and agree information pack in advance.	Well attended shareholder meetings.	0-1 month	Fully briefed Shareholder with clarity of business direction as well as an in depth understanding of key risks and mitigations.	Implemented.
This Land needs to review the sufficiency of internal resources allocated to the production of development appraisal information.	Better awareness of costs and income.	0-3 months	Improved robustness of information contained in the financial model which supports Board reporting.	We have appointed additional positions within the business including: 2 x Development Managers 2 x Land Managers 1 x Development Coordinator 1 x Sales and Marketing Co-ordinator 1 x Financial modeller 2 x Accountants 1 x Operations Manager

Section 3

Operational Performance

2022 Business Plan

The new business plan is a continuation of the existing with minor changes to the following:

- Creation of a separate company to deliver affordable homes across the county
- Building more homes at our Master Developer site at Soham
- Securing additional land from our shareholder
- Providing an additional 50 affordable homes
- The disposal of three additional sites that fail to meet our hurdle rates



Our show house kitchen at Over



A CGI of our scheme at Brampton where construction will start shortly

Operational Performance - Portfolio breakdown

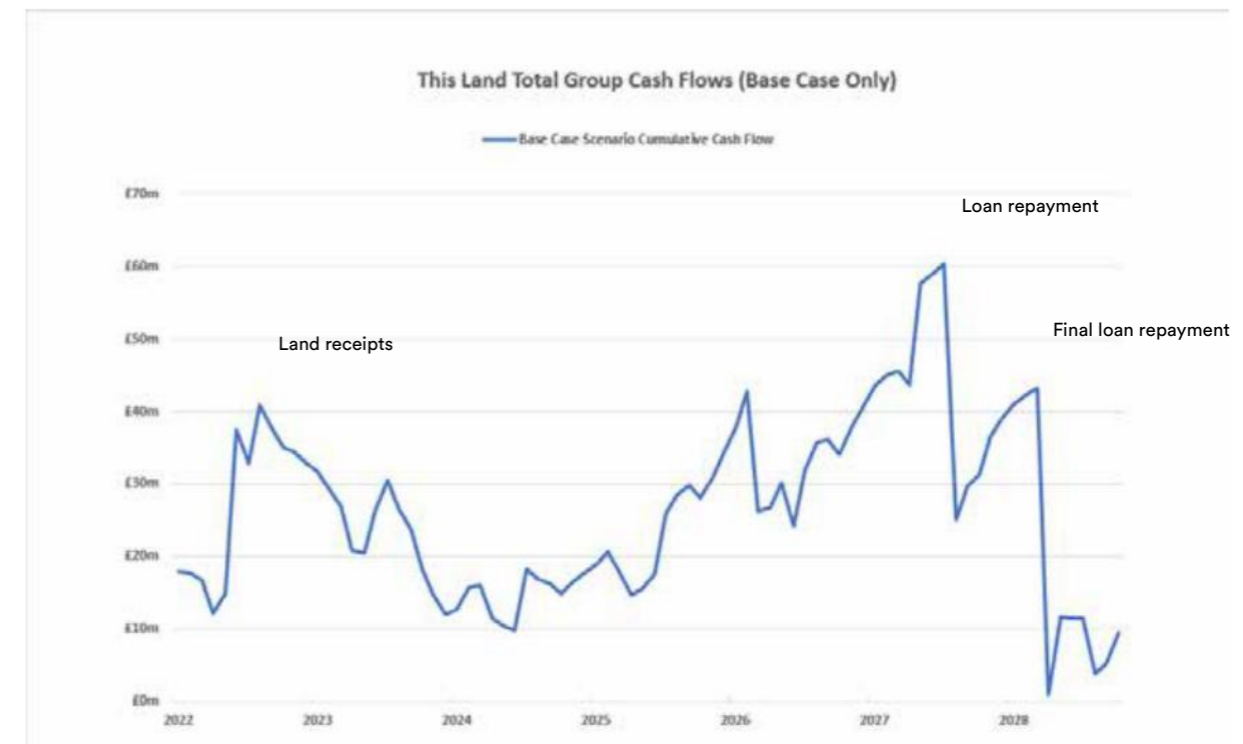
Existing portfolio	<p>The existing standalone development sites include the following: Over, Brampton, Ditton Walk, Horningsea, Landbeach.</p>
Master developer sites	<p>The broad strategy remains the same for the sites at Eddeva, Burwell and Soham. We have increased the number of homes we build at Soham from 100 to 239 new homes.</p>
Disposal sites	<p>We have included the following sites for disposal:</p> <ul style="list-style-type: none"> ▪ Fitzwilliam Road ▪ Malta Road ▪ Foxton <p>In addition to the above sites at, March and Soham Northern Gateway are also included for disposal.</p>
CCC sites	<p>We have been working with our shareholder to identify additional land for development. We have identified 8 potential sites that we are seeking to secure under option agreements, which will allow our shareholder to optimise their returns. The risk of securing planning permission is low to medium, as several sites are brownfield.</p>
Additional 50 affordable homes	<p>An additional 50 affordable homes are included within the portfolio following engagement with the new leadership at CCC at the start of the year. Dubbs Knoll (within the existing portfolio) is expected to provide 13 affordable homes. We have assumed we purchase a further 2 x sites of approximately 15 homes each.</p>
Rural exception sites	<p>We have identified eight rural exception sites with our shareholder, which will be secured under an option agreement. We propose to create a separate company for the delivery of the affordable homes (This Land Partnerships) we anticipate the delivery of approximately 125 affordable homes.</p>
Strategic Land	<p>We have assumed 11 strategic land sites are secured & delivered. We are under contract with three sites and have agreed terms for an additional site in Essex. We are close to agreeing terms for an additional two sites leaving a requirement to find five sites over the next two years.</p>





Base Case This Land Forecast cashflow to 2035:

A cashflow model has been used to project future spend, revenue, interest and loan payments. The graph below shows the cash position up to 2029.



The following conclusions can be drawn from the above cashflow:

- The cashflow confirms the payment of all loans and interest
- This cashflow assumes current costs and selling prices with no revenue growth or cost inflation
- We have a strong cash position for the next 8 years



Scenario Planning

We have modelled a number of scenarios on the existing portfolio for land that we own. Most of the land required for homes we need to deliver as part of the business plan, is already owned.

The business plan has tested the following scenarios:

Scenario	Description
Baseline	As above – no inflationary revenue or build cost inflation providing £9.4m at the end of 2029.
Negative growth	This = (-5%) on all sales values from existing portfolio and +10% increase in costs on ALL sites in the existing portfolio which equals a reduction in overall profit of £71m in 2029.
Negative Growth 2	This assumes 1% growth p.a. on sales revenues with an increase of 7.5% on all sites in the existing portfolio. This equates to a reduction in overall profit of £15.8m.
Low growth	This is the most likely outcome based on previous growth assuming 2% increase in revenue and 2% increase in build cost p.a. This gives an additional £8.1m which would deliver a surplus in 2029 of £17.1m - we consider this the most likely.
High growth	5% growth pa - This is an unlikely outcome based assuming a 5% increase in revenue and 5% increase in build costs. This provides £30.8m at the end of 2029.

The scenario testing of the baseline, growth, negative growth 2, low and high growth demonstrates the following:

The baseline scenario may require additional funding in 2030, however this assumes no growth in either revenue or costs.

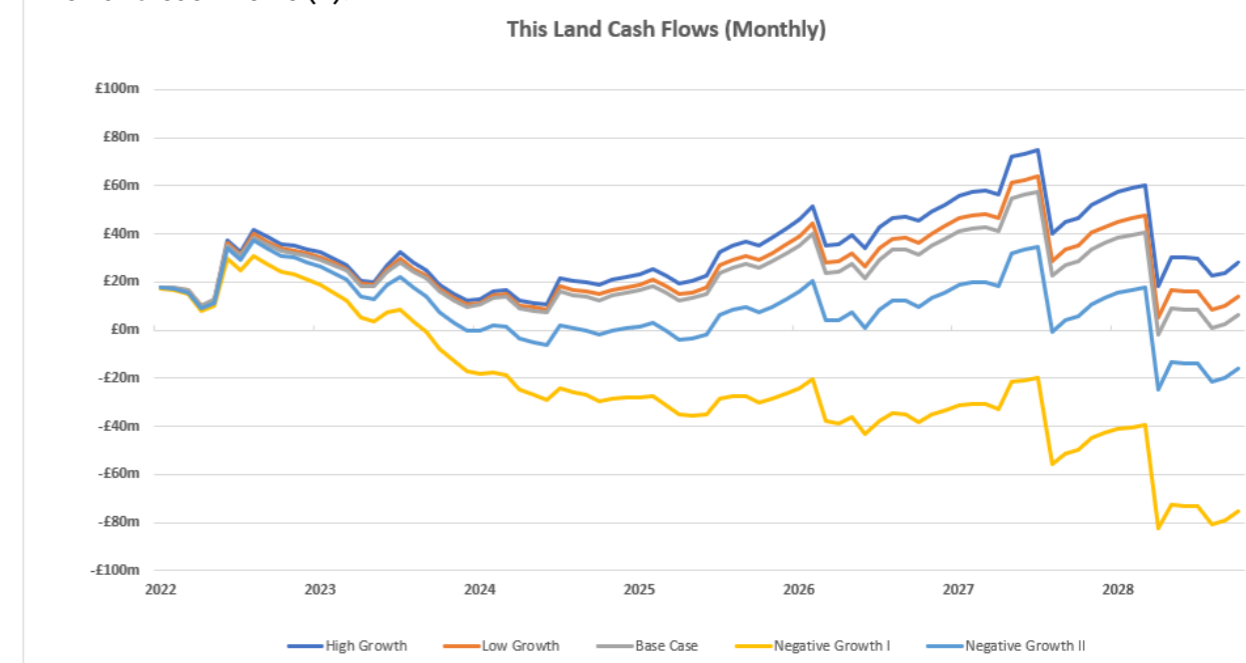
The most likely scenario is low growth, assuming a 2% increase in revenues and costs over the period of the business plan. This will generate a surplus of £17.1m in 2029. The housing market is difficult to predict but high demand and a lack of meaningful supply in the region are expected to support growth moving forward.

We have also included a high growth scenario, assuming growth in revenue and costs of 5% pa. This would generate £30.8m in 2029. This is at the very top end of the estimates and should not be considered achievable but is included for context.

Finally, we have included a negative growth scenario, assuming a negative growth of -5% on revenues with an increase in costs of 10% on all sites across the portfolio. In the event this were to happen, a number of mitigants would be used to limit losses including delaying the commencement of sites, value engineering of schemes and seeking to defer payment of the loans and interest.

The annual review of the business plan allows us to review our position on an annual basis to adopt to changes in the land and housing markets.

This Land cash flows (£).



Section 4

Creation of a stand alone business for the delivery of affordable homes

A key objective of the company is to deliver more affordable homes throughout the county. We will do this by working with our shareholder and deliver 100% affordable housing schemes.

This Land will take on the planning risk and seek to build out the schemes or sell on to third party Registered Providers.

We estimate the delivery of circa 125 affordable homes across Cambridgeshire.



Environmental, Social and Governance (ESG)

The impact we have on the climate as a company is of paramount importance.

We have taken a number of key steps to reduce our CO2 emissions including building homes that emit less CO2 and using Modern Methods of Construction, with materials that will be recycle at the end of their life-cycle.

Our policy will set out a framework to enable us to achieve our carbon reduction targets by 2030 and beyond.

We monitor and review several technologies which will reduce our direct and indirect carbon emissions. This includes a number of heating and hot water technologies.

We decided not to use gas boilers several years ago. This proved to be a good decision following the recent introduction of the revised Building Regulations which restricts the installation of gas boilers from this year.


We will continue to build homes ahead of the requirement of building regulations to both de-risk the business and to address the climate emergency.

This will see our homes use smart modern technology including, but not limited to the use of Air Source Heat Pumps and other technologies. The risk of utilising initiative technologies is recognised but this needs to be balanced with the need to dramatically change the way we build and maintain the buildings we live in.



CGI of our Spiregrass Square site at Over.





this
Land.™

A DEVELOPMENT
BUSINESS

