Agenda Item No: 7

Business Planning update for 2023-28

To:	Strategy and Resources Committee
Meeting Date:	20 October 2022
From:	Chief Executive & Service Director: Finance & Procurement
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable

Outcome:

This report outlines the process of setting a business plan and financial strategy for 2023-2028 which will culminate at the February Full Council. Through this report, Members will gain awareness of:

- the current business and budgetary planning position and estimates for 2023-2028
- the principal risks, contingencies and implications facing the Committee and the Council's resources
- the process and next steps for the Council in agreeing a business plan and budget for future years

Recommendation:

It is recommended that the Committee notes:

a. the overview and context provided for the 2023 – 2028 business plan
b. the initial estimates made for demand, inflationary and other pressures
c. overview and estimates made for the updated capital programme

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1. Overview

1.1 The Council's Business Plan sets out how we will spend our resources to achieve our vision and priorities for Cambridgeshire, and the key outcomes we want for the county and its people. The business plan contains a five-year financial plan including estimates of investments, pressures, and savings over the whole period. The business plan now under development is for 2023-28. It is a statutory requirement for local authorities to set a balanced budget ahead of each new financial year.

1.2 On 8 February 2022, Full Council agreed the Business Plan for 2022-2027. This included a balanced revenue budget for the 2022/23 financial year with the use of some one-off funding but contained significant revenue budget gaps for subsequent years as a result of expenditure exceeding funding estimates. These budget gaps were, in £000:

Opening Budget Gaps

2023-24	2024-25	2025-26	2026-27
17,396	22,737	16,782	18,337

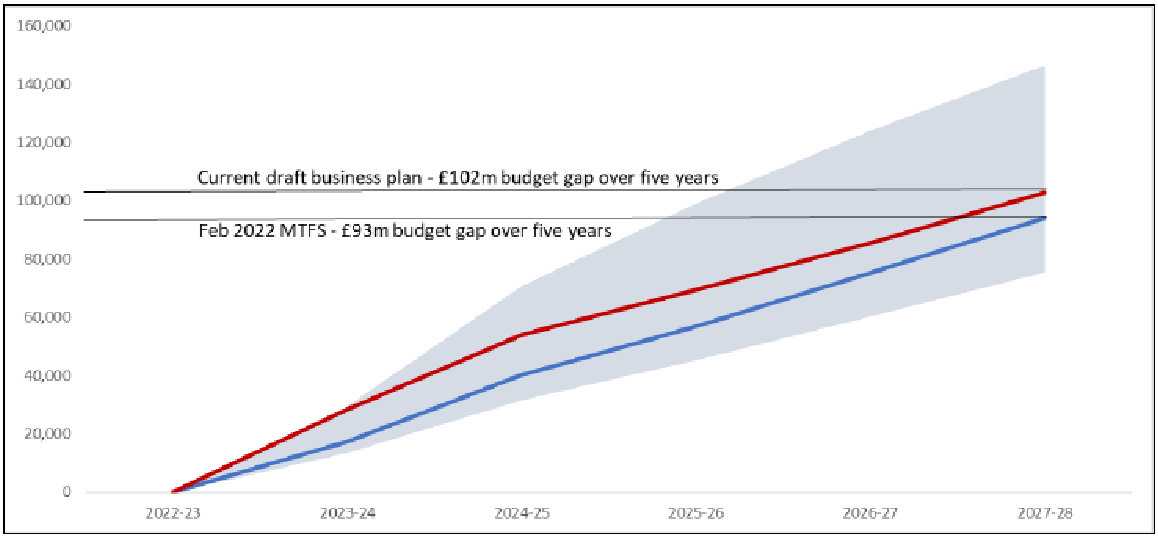
1.3 Since the 2022-27 business plan was produced, the financial outlook has worsened. In particular, the international economic position has changed significantly, and there is increased uncertainty around national government policy. The budget gap for 2023/24 is now estimated as £28.5m, and a cumulative budget gap over the five-year draft business plan of £108m.

Revised Budget Gaps

2023-24	2024-25	2025-26	2026-27	2027-28
28,623	26,367	16,813	17,383	18,762

1.4 This is a very large increase in the gap projection. Central government has so far given no indication of further funding to councils to meet pressures, and therefore we are planning on the basis of needing to close this budget gap almost entirely through decisions within the Council's control.

1.5 The below graph shows the potential range of cumulative budget gap over the medium term. A 2% increase in Council Tax is assumed across all years, as per the MTFS.



£m	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Base case – MTFS	0	17,396	40,133	56,915	75,252	93,848
Upper case budget gap	0	29,596	70,833	99,115	123,952	146,548
Lower case budget gap	0	13,396	31,633	45,415	60,252	75,348

1.6 Further information on financial pressures facing the Council are set out below. The Council has a legal requirement to set a balanced budget for 2023/24, and therefore difficult decisions will need to be made in order to close the budget gap. The council may have to take steps to reduce the growing demand from the public for our services and may have to make dis-investments or reductions in lower priority services.

1.7 Inflation is expected to impact our budget over at least the next year in an unprecedented way. Typically, inflation represents a modest part of our overall budget growth, and estimates do not significantly change year-on-year. However, increases over the past year caused by the release of bottlenecks in demand following COVID-19 and then the outbreak of war in Ukraine has seen inflation rise to levels last seen in the 1980s. This impacts on the Council in the same way as it does on people's own household budgets. This could mean the Council will need to consider how we can cut back in some areas in order to make ends meet. The Council has finite funding, and most of our income, including taxation, is fixed at levels set by the government. We also cannot borrow or use cash reserves to fund an ongoing budget gap.

1.8 Inflation impacts on the Council's budgets in several ways. Inflation increases the amount we pay on a day-to-day basis for goods and services that we buy from external suppliers. So, rising national inflation indices (such as RPI) directly impact on us. Inflation can also impact us in more acute ways. Several of our large contracts (such as for waste disposal) have inflationary uplifts included into contracts pegged to national indices – as this is on a very large contract the difference between a 2% rise and an 8% rise can be very significant. We also purchase a large amount of electricity, around two thirds of our electricity bill goes to power streetlights. We also need power for the buildings the Council uses to serve the public like libraries, registration offices, highway depots and offices – and keeping these buildings open and warm may be even more important for individuals and communities during the colder months. In September 2022 the government announced some relief from energy price increases for public sector organisations. We are considering the detail of this announcement and its impact, if any, on the price projections we have for this business planning round. If the relief is only for six months, then it will not necessarily provide any reduction in prices faced over the medium-term.

1.9 The Council has a large capital programme, and rising costs of materials increases the overall cost of works and so requires us to borrow more. Finally, rising inflation is often linked with increased staff costs. Staffing is one of our highest costs and the need to pay staff a fair wage to ensure they can meet inflationary impacts they are facing in their own lives is important. This allows us to recruit and retain essential employees but is a direct cost to the Council.

1.10 We are also having to consider uncertain demand for our services following the pandemic. Traditional patterns of accessing social care services have changed, and the Council has a role to play in the wider health and social care system in ensuring people are discharged from hospital into appropriate care. Government reforms around social care have the potential to cost local government billions of pounds extra per year, but government funding is yet to be identified. We are also engaging with government to agree a Safety Valve deal to address our high needs school funding deficit. This is likely to displace costs previously funded by education grants and require transformational investment from the Council.

1.11 This means the Council has a much more challenging budgetary outlook than it did when setting its current business plan some months ago, with the increased costs of inflation on its own doubling our budget gap. Added to this are some unavoidable service pressures and government reforms, which result in the now much larger budget gap of over £28m next year. It is not sustainable to use reserves to close this budget gap as that can only ever be a short-term solution. Council reserves are there to help us to manage risk and provide some buffer if there are large, unexpected pressures. 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.

1.12 The focus on delivering specific and wide-ranging savings to address our medium-term budget gap was mostly paused during the pandemic, and the focus was taken away from more traditional savings and efficiencies. Given the size of the budget gap next year, traditional savings and efficiencies will need to form a bigger part of our budgeting. Alongside this, we will continue working on cross-cutting changes to the way we work and how we support people who use our services to deliver sustainable change, reduce demand for our services, and reduce the inflationary impact on our services.

1.13 The Council intends to continue to focus on a range of more fundamental changes to the way we work, but we can only consider investment into these areas when the savings requirement is met. Once this happens these areas could include:

- Economic recovery – Economic recovery is at the heart of improving outcomes for people and managing demand for Council services. Although the economic position has changed significantly and uncertainty around inflation levels continue for the Council and the people of Cambridgeshire, overall Cambridgeshire is well placed to support growth and economic resilience, albeit the potentially severe financial consequences for some sectors and individuals. There are impacts on employment and household income levels for many across Cambridgeshire. The stress and anxiety caused by worrying about not having enough money to buy basic necessities or afford basic utilities, which has significantly increased due to the current inflation levels, is an important factor that affects demand for many of our services.

- Prevention and Early Intervention – To support people to remain as healthy and as independent as possible as well as reduce the health inequalities that have been exposed and exacerbated by the pandemic – we need to work with people and communities to help them help themselves or the person they care for or their community. This means improved access to advice and information about local support, asset building in communities and access to assistive technology. We will continue to build on how we support the networks and groups that developed during the pandemic to continue to be sustainable going forward, and where public services are needed, ensuring support is made available early so that people’s needs are less likely to escalate.

- Decentralisation – To manage demand and enable people to remain living in their own homes in their local communities, and delay the need for more specialist services, we will continue to deepen our relationships with the voluntary and community sector, District, Parish and Town Councils, The Combined Authority & Greater Cambridge Partnership, and other public sector partners to continue to build place-based support services wrapped around our vulnerable people and communities; to reduce or delay the need for more specialist expensive services and build resilient and sustainable communities where people feel proud to live.

- Environment - Putting climate change and biodiversity at the heart of the council's work will require economic transformation. Failure to understand the risks of these two crises will impact economically on the lives of our communities and beyond. As a council, we aim to deliver 2030 net zero target for Cambridgeshire County Council as an organisation and develop clear actions for delivery of our Climate Change and Environment Strategy to achieve Net Zero by 2045 for the area, enabling service and investment decisions to be made in this context. Particularly through the generation of clean energy we can deliver a financial benefit to the Council but also save money through investment into greater energy and resource efficiency.

- Social Value - With a strong focus on outcomes and impact for our communities, we will be working with our public, private, voluntary and community partners to achieve our joint ambitions. We will seek to invest using social value criteria to drive improved outcomes, including health, the living wage and employment. We will look to contribute to keeping spend local through our procurement, spending and organisational activities.

1.14 We will try to mitigate the impact of the measures we will need to take to balance the budget by ensuring that any investments we do make are targeted to make the most difference. To do this, we have adopted a triple bottom line scoring system for investment proposals, that reflect the environmental and social impact of decisions as well as the financial requirement. The most efficient investments at delivering environmental or social return will be prioritised.

1.15 For several years the Council has been setting budgets in an increasingly uncertain context. This business planning round continues with that uncertainty, and the estimates made in these papers reflect our best estimates of costs, savings, and income at this point in time. The Council's reserves policy provides for some mitigation of risk should the context change when budgets are set. We proactively monitor all budgets across the Council to ensure any flexibility to meet unexpected pressures is made clear.

1.16 In 2021/22 the Council participated in a peer challenge run by the Local Government Association. We have made progress on implementing all recommendations from that review. This includes taking a more strategic approach to business planning for Cambridgeshire and putting in place funding to ensure business change capacity. We are also working towards setting a more medium-term financial plan, subject to the uncertain economic and policy context that the Council is working in. The lack of a detailed multi-year local government finance settlement makes it difficult to predict the resources available to us.

1.17 All service committees will consider their relevant revenue business planning proposals and by December committee they will be asked to endorse proposals to January Strategy and Resources Committee as part of the consideration for the overall Business Plan. These proposals are currently being developed and will each have a robust implementation plan, which allows as much mitigation as possible against the impact of current financial challenges. Where proposals reflect joint initiatives between different directorate areas these will go before the relevant committees to ensure appropriate oversight from all perspectives. Until we have a route to a balanced budget, discretionary investments will be prioritised but not added to the business plan until it is clear what is affordable.

1.18 At present, the business planning assumption has been made that the Adult Social Care reforms to charging and costs of care (care markets) that are scheduled to be implemented from October 2023 will be funded in full by government. However, there is significant concern across local government that the funds currently allocated for these major national reforms are not sufficient. Cambridgeshire, along with all other upper tier authorities is currently working with local care suppliers to progress a cost of care exercise, for submission to the Department of Health & Social Care, which will inform further national costing. This Committee also agreed an initial £790k allocation from reserves, at its last meeting, to supplement grant amounts, to ensure that internal preparations progress on the basis that the reforms are implemented as planned from October 2023.

1.19 At this stage, the naming and organisation of services in the accompanying finance tables reflect the organisational structure pre-September 2022. The final versions of finance tables considered by committee will be based on the revised corporate structure.

2. Fiscal Event September 2022

2.1 On 23 September, the new Chancellor of the Exchequer, Kwasi Kwarteng set out a series of announcements in a fiscal event conducted on the back of the election by Conservative Party members of Liz Truss as Prime Minister. The announcements also follow the Bank of England’s interest rate rise to 2.25% and mainly focus on the wider UK economy and on cutting tax rather than support specifically related to local government. The Government’s Growth Plan is said to “release the huge potential in the British economy by tackling high energy costs and inflation and delivering higher productivity and wages”.

2.2 Headlines include:

1) National Insurance to return to 2021 levels from 6 November 2022. The Health and Social Care Levy has been cancelled, however, the additional spend on the NHS and Social Care remains (funded through general taxation and borrowing).
   Local government received funding for the NICs increase through the Local Government Finance Settlement. Funding of around £400m for all authorities was included within the settlement in 2022-23. The actual amounts for local government, either collectively or individually, were never explicitly confirmed. If funding is going to be removed from local government, then the Settlement Funding Assessment (SFA) or Services Grant will have to be reduced in 2023-24 and 2024-25.
2) Energy package estimated to cost £60bn in 2022-23 (£31bn for households, £29bn for businesses). Future costs are uncertain.
3) The cost of the Government’s other policy announcements is said to be £19bn in 2022-23 rising to £44.8bn in 2026-27.

4) The Chancellor has announced the creation of Investment Zones and the plan lists the 38 Local Authorities who have already expressed interest, including many neighbouring authorities: Bedford Borough Council, Central Bedfordshire Council, Essex County Council, Suffolk County Council and Norfolk County Council.
5) Applications open soon for up to £2.1bn over the next two years to support Local Authorities, housing associations, schools and hospitals invest in energy efficiency and renewable heating.

2.3 Following this announcement on 23 September, the Chancellor has released a statement saying that he will publish a Medium-Term Fiscal Plan on 23 November 2022 (now expected to be brought forward to 31 October 2022). The Fiscal Plan "will set out further details on the government's fiscal rules, including ensuring that debt falls as a share of GDP in the medium term". The Office for Budget Responsibility (OBR) will publish "a full forecast alongside the Fiscal Plan, on 23 November".

2.4 Without cuts in public spending (or increases in taxation), it is forecast that Government debt will rise to nearly 94.1% of GDP by 2026-27, much higher than the OBR forecasts from March 2022 (80.9%). The trend rate is also now clearly rising, meaning that if the Government does decide that it wants to start reducing debt through public spending cuts, then those cuts will have to be very significant. The Resolution Foundation estimates that, to have debt falling as a percentage of GDP, this would "require spending cuts of £36bn in 2026/27", which is broadly the equivalent to the total cut to public spending announced by George Osbourne in his 2010 budget". Faster economic growth would "reduce the spending reductions required" but there are pressures going the other way (a commitment to increase defence spending to 3% GDP, and a tendency not to increase fuel duty in line with inflation, £4bn).

2.5 There have been new reports about the timing of announcements over the next 6 months, although nothing has been confirmed officially. There will be no spending review in 2022, and the next full fiscal event might not be until Spring 2023. This leaves local government with a good deal of uncertainty about both the timing of any announcements, and the direction of travel for spending plans over the next 2-3 years.

2.6 At the time of drafting this paper the market reaction to the fiscal statement remained volatile and with much of the focus so far on the taxation aspects of the government's policy it remains to be seen what impact for local government will be. Given the inflationary context and indications departmental spending limits remained fixed from the previous local government settlement, it is considered highly likely that councils will see a real terms reduction in spending power.

2.7 After a very sharp rise in government bond yields following the fiscal event, Bank of England intervention to buy-up government debt has led to some fall back in the price of borrowing from a very high peak. The Council's own prudential borrowing is financed from PWLB and other local authority lending which directly and indirectly linked to gilt yields. Although through treasury management the Council has ensured that it does not have immediate exposure to a rising cost of borrowing, we do face an annual financing requirement and the need to borrow in the first part of 2023. Gilt yields appear to be settling around 100-150 basis points higher than a month ago, which in turn is 250-300 basis points more than 12 months ago. If these yield levels stabilise, our initial estimate of the impact on the Council’s borrowing costs next year as a result of the recent rises is that the Council’s revenue gap will widen by a further £2.25m (on top of the figures in this report) next year.

2.8 Another significant impact following recent announcements is the real living wage increase exceeding previous budgeted expectations. The inflationary/budget estimate for this component of the budget, which is particularly relevant to social care supplier spend will also be revisited ahead of the next update to Committees.

3. Building the revenue budget

3.1 As we have a five-year business plan, the first four years of the new business plan already have a budget allocation. We revise the estimates for demand, inflation, and other pressures first to confirm the budget needed to deliver the same level of service and add in any new pressures or investment proposals. These budget changes are presented first to service committees and, overall, there is a gap between our budget requirement and the funding available.

3.2 We then work to close the budget gap through savings and efficiency initiatives, identification of additional income and revision of pressure estimates, presenting these further changes to committees later in the year. Ultimately, a balanced budget needs to be set by 1 March.

3.3 Delivering a balanced budget in the current economic context will not be easy, and it is a challenge facing the whole of local government. The Council will need to draw on a range of approaches in order to arrive at a balanced budget, produce an overall sustainable financial strategy and meet the Joint Administration’s policy objectives. This will include looking at opportunities for dis-investment from non-statutory services that are not delivering our objectives, as well as strengthening services that result in maintaining people’s independence such that they do not need to rely on our services.

3.4 As the economic picture develops, and as the policies of the new national government become clearer, we will update the key budget estimates to ensure they are as accurate as we can make them. We intend to set a budget with a reasonable balance of risk, and therefore should not be assuming the worst-case scenario will happen. The Council retains reserves to mitigate against unforeseen risk.

3.5 The changes so far to the budget gap estimation have been:

	2023-24	2024-25	2025-26	2026-27	2027-28
Opening budget gap	**17,396**	**22,737**	**16,782**	**18,337**	**18,596**
Key estimates updates					
Expenditure inflation estimates update	17,348	3,868	308	182	873
Income inflation estimates update	-1,939	-752	-900	-979	-923
2022/23 Staff Award Pay Inflation	3,500	0	0	0	0
Demand estimates update	-2,632	-1,273	-413	-119	759
Pressures					
Waterbeach Waste Treatment Facilities	0	580	0	0	0
IT & Digital Services - revenue investment to replace capital	965	939	1,071	0	0
Offsetting capitalisation of current revenue spend	-965	-215	0	0	0
Harmonisation of t&c for insourced children's homes staff	311	0	0	0	0
Savings					
Energy schemes	-1,857	-44	-28	-29	-31
Council-wide mileage budget reduction	-500	0	0	0	0
Corporate vacancy factor	-400	0	0	0	0
Adults employment support contract retender	-40	0	0	0	0
Adults retender of block domiciliary care	-525	0	0	0	0
Public Health contract and related savings	-62	0	0	0	0
Funding changes					
Un-ringfenced home to school transport grant increase	-275	0	0	0	0
Business rates pool income	-700	700	0	0	0
Better Care Fund contributions increase	-872	0	0	0	0
Miscellaneous changes	-130	-173	-7	-9	-512
Revised budget gap	**28,623**	**26,367**	**16,813**	**17,383**	**18,762**

3.6 More detail about the proposals that make up this table relevant to this committee are set out in section 4 below.

This budget gap contains our best estimates of likely inflation, demand and other costs that we will face in 2023-28. Our estimate of the potential range of budget gaps over the five-year medium-term ranges from over £140m down to £70m, due to the huge range of uncertainty in most aspects of our work. We believe the current budget gap projected for 2023/24 is at the upper end of the potential range, and through the rest of the medium-term our estimates are broadly in the mid-range of potential outcomes.

4. Capital Programme

4.1 The Capital Programme

4.1.1 To assist in delivering its Business Plan, the Council needs to provide, maintain, and update long term assets (often referred to as 'fixed assets'), which are defined as those that have an economic life of more than one year. Expenditure on these long-term assets is categorised as capital expenditure and is detailed within the Capital Programme for the Council.

4.1.2 Each year the Council adopts a ten-year rolling capital programme as part of the Business Plan. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore, whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council. For each new business planning round, new schemes are developed by Services and all existing schemes are reviewed and updated as necessary before being presented to Capital Programme Board and subsequently Service Committees for further review and development.

4.1.3 Strategy and Resources will review the final overall programme in January, in particular regarding the overall levels of borrowing and financing costs, before recommending the programme as part of the overarching Business Plan for Full Council to consider in February.

4.1.4 There has been a sharp inflationary rise on construction goods due to international economic conditions and wider supply chain issues, as well as the energy crisis. Where the impact of this is known or can be estimated, it has been included, but further rises are anticipated.

4.2 Revenue Impact of the Capital Programme

4.2.1 All capital schemes can have a potential two-fold impact on the revenue position, relating to any cost of borrowing through interest payments and repayment of principal and the ongoing revenue costs or benefits of the scheme. Conversely, not undertaking schemes can also have an impact via needing to provide alternative solutions, such as Home to School Transport (e.g., transporting children to schools with capacity rather than investing in capacity in oversubscribed areas).

4.2.2 The Council is required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2021 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to achieve this, Strategy &Resources recommends an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. In order to afford a degree of flexibility from year to year, changes to the phasing of the limit is allowed within any three-year block (the current block starts in 2021-22), so long as the aggregate limit remains unchanged. Strategy & Resources are due to set limits for the 2032-24 Business Plan as part of the Capital Strategy review in December.

4.3 Summary of the Draft Capital Programme

4.3.1 The revised draft Capital Programme is as follows:

Service Block	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	Later Yrs £'000
People Services	68,510	164,521	96,620	107,875	52,335	18,096
Place and Sustainability	414,459	60,413	31,208	22,283	18,946	18,969
Corporate Services	167,648	5,391	3,252	1,260	800	800
Total	**650,617**	**230,325**	**131,080**	**131,418**	**72,081**	**37,865**

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

Funding Source	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	Later Yrs £'000
Grants	177,504	48,150	43,356	33,189	29,729	26,651
Contributions	93,951	66,635	37,675	20,431	35,951	38,844
Capital Receipts	15,130	24,990	19,842	12,000	2,000	6,000
Borrowing	248,537	91,866	30,535	65,798	32,280	3,216
Borrowing (Repayable)*	115,495	-1,316	-328	-	-27,879	-36,846
Total	**650,617**	**230,325**	**131,080**	**131,418**	**72,081**	**37,865**

* Repayable borrowing nets off to zero over the life of each scheme and is used to bridge timing gaps between delivery of a scheme and receiving other funding to pay for it.

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

4.3.3 The level of prudential borrowing currently projected for this business plan is an increase of approximately £34.7m, which will impact on the level of debt charges incurred. The debt charges budget is also currently undergoing thorough review of interest rates, internal cash balances, Minimum Revenue Provision charges and estimates of capitalisation of interest – the results of this will be fed into the next round of committee papers.

5. Overview of Strategy and Resources Draft Revenue Programme

5.1 This section provides an overview of new pressures and risks and the savings and income proposals within the remit of the Committee.

5.2 The Committee's proposals include a £3.5m catch-up inflation for the impact of the proposed national staff pay awards across the Council. The national pay deal and cost of living uplifts for staff on local pay scales are not yet settled and it is possible this cost assumption may increase.

5.3 It is proposed to continue permanently a saving from reduced staff claims for mileage and travel expenses, reflecting new ways of working that emerged during the pandemic and which are now considered to be increasingly settled. The ability to join meetings remotely and reliably through technology and video-conferencing is now very well embedded and has permanently reduced the need for staff to travel to meetings, meaning there is a reduction in mileage amounts claimed

5.4 A vacancy factor is also added to the future years budget for the corporate services, which are the responsibility of this committee. The vacancy factor adds an assumption to the budget that the nature of staff turnover and recruitment means that at any particular time there will be roles that are vacant or in the process of being filled and these savings can be deducted from individual service budgets retrospectively as they arise each quarter and contribute to the directorate wide targets. Vacancies will arise in different teams from time to time and the vacancy factor approach allows for this by only collecting savings each quarter where they arise. This approach has worked successfully in other Council departments for a number of years.

6. Overview of Strategy and Resources Draft Capital Programme

6.1 The revised draft Capital Programme for Corporate Services is as follows:

Capital Expenditure	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	Later Yrs £'000
Corporate Services	5,391	3,252	1,260	800	800	14,000

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

Funding Source	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	Later Yrs £'000
Grants	-	-	-	-	-	-
Contributions	-	211	-	27,879	36,846	62,126
Capital Receipts	24,990	19,842	12,000	2,000	6,000	15,000
Borrowing	-19,599	-16,801	-10,740	-1,200	-5,200	-14,000
Borrowing (Repayable)	-	-	-	-27,879	-36,846	-49,126
Total	**5,391**	**3,252**	**1,260**	**800**	**800**	**14,000**

6.3 The full list of Corporate Services capital schemes is shown in the draft capital programme in Appendix 1c. Table 4 lists the schemes with a description and with funding shown against years. Table 5 shows the breakdown of the total funding of the schemes, for example whether schemes are funded by grants, developer contributions or prudential borrowing.

6.4 Papers on the individual schemes have been, or will be, considered separately by the relevant Service Committee where appropriate.

6.5 New Schemes and Changes to Existing Capital Schemes

6.5.1 Both new schemes and changes to existing schemes, such as rephasing, re-costing, and revised funding are highlighted below.

6.5.2 Data Centre Relocation Scheme

The Data Centre Relocation capital scheme is forecasting an in-year underspend of £872k in 2022/23. Following the data centre migration, we can now seek further convergence of IT infrastructure and services and realise further economies; some of these opportunities also have the potential to migrate to a Cloud based model. Consequently, the shift from a 'like for like' replacement approach has extended the overall timelines for the selection and implementation of some products and services which subsequently requires a re-phasing of the budget.

6.5.3 Laptops

Funding is being requested for the replacement of staff laptops. This is currently funded by revenue. This would increase the prudential borrowing requirement by £780k. Work will continue to identify opportunities to reduce or delay hardware expenditure as part of further budget efficiency review.

6.5.4 Community Hubs: East Barnwell

Following this Committee's consideration on 30 September, the Council has committed to a wider regeneration scheme, in collaboration with Cambridge City Council, an adjacent landowner as its preferred option. This approach will see the Council agree commercial terms with the City Council and its joint venture development company, subject to planning permission. The scheme will deliver the re-provision of early years, community and library accommodation alongside new homes, with the major capital commitment now expected in 2024. As a result of the collaboration on a wider scheme leading to greater subsidy of the public sector assets, the Council expects to be able to reduce the level of prudential borrowing required which will be reflected in the December committee cycle

7. Next steps

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

October / November	Service Committees provided with an update of the current position
November / December	Draft business cases go to committees for consideration. Draft Strategic Framework and MTFS to Strategy and Resources Committee.
January	Strategy and Resources Committee will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the draft Business Plan

8. Alignment with corporate priorities

The purpose of the Business Plan is to consider and deliver the Council's vision and priorities and section 1 of this paper sets out how we aim to provide good public services and achieve better outcomes for communities. As the proposals are developed, they will consider the corporate priorities:

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

9. Significant Implications

9.1 Resource Implications

The proposals set out the response to the financial context described in section 5 and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget will be described in the financial tables of the business plan. The proposals will seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

9.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for the proposals set out in this report. Details for specific proposals will be set out in the business cases. All required procurement activity will be fully compliant with the Council’s Contract Procedure Rules.

9.3 Statutory, Legal and Risk Implications

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

9.4 Equality and Diversity Implications

Each of the proposals will be developed alongside an Equality Impact Assessment to ensure we have discharged our duties in line with the Equality Act, including the Public Sector Equality Duty, as well as met our commitment to implementing the Socio-economic Inequalities Duty. Business cases will include a summary of key points from the relevant Equality Impact Assessment. These summaries will highlight any positive impacts identified and outline mitigations for any negative impacts or justification for retaining a negative impact where this is appropriate.

9.5 Engagement and Communications Implications

Our Business Planning proposals are informed by the CCC public consultation and will be discussed with a wide range of partners throughout the process. The feedback from consultation will continue to inform the refinement of proposals. Where this leads to significant amendments to the recommendations a report would be provided to Strategy and Resources Committee.

9.6 Localism and Local Member Involvement

As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities. We are working with members on materials which will help them have conversations with Parish Councils, local residents, the voluntary sector and other groups about where they can make an impact and support us to mitigate the impact of budget reductions.

9.7 Public Health Implications

It will be important to secure a better understanding of the impact of COVID-19 upon Public Health outcomes along with other service areas. There is emerging evidence of increases on obesity and smoking along with other key Public Health areas. Over the longer term this will increase demand for preventative and treatment services.

9.8 Environment and Climate Change Implications on Priority Areas

The climate and environment implications will vary depending on the detail of each of the proposals. Any positive or negative impacts will have been considered for each proposal as part of its development.

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Stephen Howarth

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

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

Have the equality and diversity implications been cleared by your Service Contact?
Yes
Name of Officer: Jennifer Bartlett

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

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

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

10. Source documents

10.1 Source documents

Appendix 1a Introduction to the finance tables
Appendix 1b Corporate Services Revenue Table 3
Appendix 1c Corporate Services Capital Tables 4 and 5