

Business Plan 2021-22 to 2025-26

- To: General Purposes Committee
- Meeting Date: 26 January 2020
- From: Gillian Beasley, Chief Executive
Chris Malyon, Chief Finance Officer
- Electoral division(s): All
- Forward Plan ref: Not applicable
- Key decision: No
- Outcome: The Committee is asked to consider an overview of the key issues contained within the Business Plan prior to formal recommendation by GPC for Council decision in February. The accompanying draft Business Plan is attached at Appendix 2.
- Recommendation: It is recommended that the Committee;
1. Considers the Business Plan, including supporting budget, business cases, Transformation Fund Bids, consultation responses and other material, in light of all the planning activities undertaken to date.
 2. Considers the options set out in Section 4 of this paper to establish a balanced budget position.
 3. Agrees the Transformation Fund bid set out in Appendix 1 which supports the Adult Social Care Transport Business case.
 4. Agrees to amend the draft business plan, subject to a recommendation from the Communities and Partnerships Committee, allocating £300k to an extension of the Cultivate fund, in accordance with section 3.4 of this report.
 5. Reviews the following recommendations to Council:
 - a) That approval is given to the Service/Directorate budget allocations as set out in each Service/Directorate table in Section 3 of the Business Plan.
 - b) That consideration is given to a total county budget requirement and precept level

- c) That consideration is given to a Council Tax increase for each Band of property, based on the number of “Band D” equivalent properties notified to the County Council by the District Councils as set out in Section 2, Table 6.4 of the Business Plan.
 - d) That approval is given to the Capital Strategy as set out in Section 6 of the Business Plan including:
 - o Commitments from schemes already approved;
 - o Expenditure on new schemes in 2021-22 shown in summary in Section 2, Table 6.7 of the Business Plan.
 - e) That approval is given to the Treasury Management Strategy as set out in Section 7 of the Business Plan, including:
 - i. The Council’s policy on the making of the Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008.
 - ii. The Affordable Borrowing Limit for 2021- 22 (as required by the Local Government Act 2003).
 - iii. The Investment Strategy for 2021-22 as required by the Ministry of Housing, Communities and Local Government (MHCLG) revised Guidance on Local Government Investments issued in 2018, and the Prudential Indicators as set out in Appendix 3 of Section 7 of the Business Plan.
6. Authorise the Chief Finance Officer, in consultation with the Leader of the Council, to make technical revisions to the Business Plan, including the foregoing recommendations to the County Council, so as to take into account any changes deemed appropriate. This includes updated information on District Council Tax Base and Collection Funds, Business Rates forecasts and Collection Funds and any grant changes, as well as appending the agreed budget submitted by the Greater Cambridge Partnership, in the County Council’s role as the host authority.

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1. Background and context for business planning

1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the outcomes we want to achieve. It is a statutory requirement under the Local Government Finance Act 1992 for the Council to approve a balanced budget "before 1 March in the financial year preceding that for which it is set". In doing so, the Council undertakes financial planning covering a five year timescale in order to align spending plans with the projected resources available and ensure that we recognise and provide for growth in demand for services.

1.1.1 This paper builds on the information which has been provided to this Committee during October and December and sets out the latest financial position for the period 2021-26 together with a number of potential decisions Members could take at Full Council in order to set a balanced budget in February.

1.1.2 Developing the Business Plan within the context of a global pandemic required a new approach resulting in the development of a robust planning framework which has enabled us to track the trajectory of the impact of COVID-19. Since March 2020, we have continually developed our understanding of emerging trends, actual demand increases and emerging impacts on society and the economy. This has enabled us to narrow the range of the predicated budget gap and present options for a robust budget for 2021-22. We have made a number of prudent assumptions through our modelling which will reduce, but not completely protect against, the sensitivity of the figures to external factors. The ongoing impacts will be monitored and managed through the Council's existing risk management process and recovery planning. The current assumptions and risks upon which the Business Plan has been developed are set out in the following section.

1.1.3 As part of the December Committees, a number of assumptions and risks to the presented business planning figures were highlighted and whilst some have been resolved, such as the Provisional Grant Settlement announcement (detailed below), there remain a number of risks and issues which are as follows;

- National restrictions – the third national lockdown was announced on 4 January 2021 following the significant increase in COVID-19 cases and the raising of the national alert level reflecting that there is a "material risk of healthcare services being overwhelmed". These restrictions closely resemble those implemented in March 2020 (including the need for the clinically extremely vulnerable to shield) and are likely to result in additional adverse economic and social impacts on citizens. These restrictions will be reviewed on 15 February 2021 at the earliest; it is unclear if the national tier system will continue in its current format following (any) relaxation of these restrictions.
- Vaccinations – the approval and deployment of the COVID-19 vaccines are seen as the key factor in deciding whether the national restrictions referenced above can be relaxed. The national vaccination programme is being accelerated and it is expected that the majority of those seen as being most vulnerable will be vaccinated by the middle of February 2021. If this timeframe can be met, then this will potentially mitigate the continued need for some of the national restrictions.

- Government support – it has been confirmed that additional support will be provided to support businesses across a number of sectors. This includes business rates relief and the furlough scheme which have been extended until the end of April 2021. It is unclear at this stage whether further support will be provided by central government.
- EU Exit – the agreement made between the UK and the EU has mitigated the implications of the ‘no deal’ scenario. However, the impact of the new trade agreement could still have implications for the delivery of services e.g. the ability to attract workers for critical roles.

1.2 For 2021-22, Cambridgeshire will receive £645m of funding, excluding grants retained by its schools. The key sources of funding are council tax (£323m), business rates (£64m), central Government grants (£136m) and fees and charges income (£122m).

1.2.1 Council tax falls into two elements. These are the core council tax that is used to support the delivery of all Council services, and the Adult Social Care precept which can only be used to support the delivery of social care services to adults. The assumptions upon which the current MTFs financial forecasts are predicated are 0% general council tax increase and 2% adult social care precept increase for each year of the Business Plan.

1.3 Total expenditure for 2021-22 will be £655m. The costs of running the Council have risen by £42m (6.9%) as compared to 2020-21. In particular, the impact of COVID-19 has led to increased challenges across all services areas but especially in respect of Adult’s and Children’s Social care provision which have seen increases in both volume and complexity of need.

2. Strategic Framework and approach

2.1 In this constantly changing environment, we need to respond to the ongoing challenge of COVID-19, we have to continue to do all we can to tackle climate change, we must make sure that all of our communities benefit from growth, and it’s essential we keep pace with the dynamic changes, to the way the world connects. Our strategic framework, which forms Section 1 of the Business Plan, ensures that our plans are driven by our shared vision to make Cambridgeshire a great place to call home and focuses on achieving a number of outcomes for the people of Cambridgeshire. The framework outlines the following priorities:

- Communities at the heart of everything we do
- A good quality of life for everyone
- Helping our children learn, develop and live life to the full
- Cambridgeshire: A well-connected, safe, clean, green environment
- Protecting and caring for those who need us

2.2 Delivering these outcomes is at the heart of all strategic planning and service design and drives the Business Plan as well as the Transformation Programme, Service Plans and Strategies.

- 2.3 The Framework comprises of the following elements:
- A Corporate Strategy, describing the Council's long term vision for Cambridgeshire, the outcomes we strive for and our priorities for change;
 - A set of ambitious performance measures which will be used to hold us to account for improvements across Cambridgeshire;
 - The Council's Business Plan, which describes how we will commission services to deliver these outcomes within the resources we have;
 - A suite of key strategies describing a detailed corporate approach to the management of core activities such as finances, workforce, digital services, commercial, assets and carbon reduction;
 - A set of partnership agreements and action plans which describe multi-agency approaches to deliver improved outcomes across Cambridgeshire;
 - Service plans, which describe how each of our directorates work to deliver our business plan objectives, including priorities for delivery as well as transformation and service improvement initiatives; and
 - The Council's transformation programme which brings together our ambitious programme of change to ensure that we have the resources and capacity to deliver at pace.

3. Updates to position from December Committee

- 3.1 At its December meeting, General Purposes Committee received information about the draft business planning proposals. These have been developed in liaison with Members throughout the year using the strategic approach outlined above. The proposals were reviewed by Service Committees in December before being recommended to GPC to form part of the Business Plan. All the proposals that have been approved are reflected in the Business Plan tables and supporting business cases. Through this process we have identified £4m of savings and additional income generation opportunities for 2021-22. As such, the position presented at December Committees is summarised in the table below;

December Committee Position	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Unidentified Savings	20,824	8,103	9,672	11,619	8,448

- 3.1.1 Supporting the Adult Social Care Transport business case is a Transformation Fund bid which is set out fully in Appendix 1. The bid was approved by Adults Committee on 14 January 2021.
- 3.2 The following section highlights the key developments which have occurred since the December Committees which have significantly impacted the gap for both 2021-22 and beyond.
- 3.2.1 Following the Spending Review announcement and the subsequent Provisional Local Government Finance Settlement published on 17 December 2020, a summary of the impact of these is presented below;

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
<i>Unidentified savings as per December Committee</i>	20,824	8,103	9,672	11,619	8,448
Covid-19 Grant announced in settlement	-11,887	11,887	-	-	-
Living Wage: Lower than expected (contracts)	-1,550	-	-	-	-
Staff pay restraint in local government	-1,272	-	-	-	-
Social care grant announced in settlement	-961	-	-	-	-
New Homes Bonus – grant less than expected	473	204	-	-	-
Sales, Fees & Charges – Apr-June compensation	-1,200	1,200	-	-	-
Revised gap after settlement changes	4,427	21,394	9,672	11,619	8,448

3.2.2 Additionally, there have also been a number of other changes to budget proposals since the December Committee that are summarised as follows;

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
<i>Revised gap after finance settlement</i>	4,427	21,394	9,672	11,619	8,448
COVID Impact - Home to School Transport Mainstream demand	189	-189			
Supported Housing Commissioning review	100				
Personal Protective Equipment - national scheme ending in March 2021	900	-900			
Decapitalisation of Community Equipment (short asset life)	900		400		
Adults Client Contributions timing	562	-398	-164		
Increase in People & Communities Covid-19 income pressures	604	-604			
New pressure: Information Management	127				
New pressure: Procurement	154				
LGSS Exit: IT systems	650	-500			
BID Directorate - appropriate use of capital receipts	500	-500			
COVID Impact - Contract Efficiencies	249	-249			
Debt Charges & Cost of Capital		1,283	3,795	2,115	2,923
*Pandemic - GPC held demand risks contingency	1,800	-1,200	-600		
Subtotal increased pressures/reduced savings	11,162	18,137	13,103	13,734	11,371
Additional block beds - inflation saving	76	-383	-456	-470	-484
Recommissioning of existing block beds	-80	-550			
COVID Impact - Adult Social Care Demand	-548		-707		
Home to School Transport - Covid-19 grant funding	-403	403			
New saving: Customer Services	-85				
COVID Impact - Commercial Income	-467	687	-220		

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Financing adjustments	-43	-657	1,164	374	-276
<i>Current position</i>	9,612	17,637	12,884	13,638	10,611
<i>Unidentified savings</i>					

- 3.2.3 Although the Council's Business Plan and MTFs were predicated on an annual Adult Social Care (ASC) precept of 2% per annum, the current scheme was due to cease at the end of the financial year. Included within the spending review was an announcement that this would be extended for at least one year. A maximum of 3% ASC can now be set for the financial year 2021-22 and any element of the 3% not used can be carried forward to 2022-23. There is currently no commitment from the Government that the ASC precept scheme will be available in the financial year 2022-23 other than the aforementioned carry forward from 2021-22.
- 3.2.4 A Council Tax Hardship Fund was announced in March 2020 worth £500m nationally of which Cambridgeshire District Authorities received £3.7m. This funding has supported additional Council tax relief to economically vulnerable people and households across the county. Government has recognised that the economic impacts of the pandemic have left many households unable to afford their Council Tax bills resulting in an increase in eligibility for Local Council Tax Support (LCTS) in 2021-22 and beyond. At the Spending Review, Government announced a further £670m pot for LCTS, expected to be worth a further £4.4m to the County Council, though the timing of this support and the associated pressures on the tax base remain uncertain as they will vary with local need.
- 3.2.5 In summary, in consideration of the current known pressures on the budget we are projecting a remaining budget gap of £9.6m based on the 2% ASC precept increase in 2021-22 and further substantial gaps in the following four years.
- 3.3 The starred (*) amount shown above in the table for the pandemic (GPC held demand risks contingencies) represents some further centrally held general provision across the various risks of additional expenditure stemming from COVID-19 in view of the remaining uncertainties about the course of the pandemic. Whilst we have been able to select the most appropriate estimate of the service-by-service impact in the budget presented, with the frequent and fast changes in epidemiology and resulting service impacts, it is considered prudent that GPC holds a further sum to enable it to make additional investments in services during next year as needs arise. In particular, this reflects that the latest high alert and additional restrictions may vary the timing and value of financial impacts at the beginning of the next financial year. In reviewing the projected budget position for next year, the budget provision for children's services, in particular, is particularly vulnerable to pressures from additional demand post lockdown. This was highlighted after the previous lockdown which led to a sharper spike in demand than had been anticipated. In addition to this provision to be held by GPC, the Service Committee also has £1.3m additional one-off funding for next year to support additional "social care capacity".
- 3.4 At its meeting in January, ([Meeting of Communities and Partnership Committee](#)) the Communities and Partnership Committee will consider recommending a further investment of £300k into the Cultivate Fund, taking into account of the latest evaluation report for the programme. Since 2018, Cultivate Fund has enabled investments in 25 projects led by local communities and not-for-profit

organisations, targeting preventative interventions which have a projected return on investment, reducing future costs to the Council from demand-led services, particularly in Children's and Adults Services. Previously the investments in Innovate & Cultivate have been financed through a re-allocation from the transformation fund reserve, and it is proposed that this additional funding is dealt with in the same way.

4 Options to close the remaining deficit

4.1 A significant amount of activity has been undertaken to identify savings, efficiencies and income to reduce the current gap. However, the opportunities to generate additional savings proposals without significantly impacting the delivery of services have reduced in both number and scale. This is all the more challenging given the current operational issues posed by the pandemic.

However, the following options remain available to contribute towards not only closing the gap for 2021-22 but some also support the significant challenges faced in 2022-23 and beyond because the benefits are then baked into the base funding of the Council;

- Increase the rate at which base Council Tax is set
- Increase the rate at which the Adult Social Care Precept is set
- Use of the flexibility available around Minimum Revenue Provision (MRP)
- Use of the Transformation Fund
- Reduce service levels

As a last resort, the Council would also deplete the general reserve. This would need to be the very last resort as this Reserve is held to deal with any in-year unforeseen financial issues. As this reserve is already considered to be at the minimum adequate level, the other options above to provide a means by which to set a balanced budget for the year ahead must be considered as a priority over the use of the General Reserve.

4.2 The benefits and dis-benefits of each option are described in the following paragraphs to enable the Committee to consider the best course of action.

4.3 Increase the base rate of general Council Tax (each 1% would bring in £3.066m)

Currently the Medium Term Financial Strategy (MTFS) includes an assumption that general Council Tax will remain unchanged (zero increase) across the five years of the business plan. The Council Tax referendum principles for 2021-22 have confirmed that Councils will have the freedom to raise Council Tax by up to 1.99% without triggering a local referendum.

If the Council chooses to amend the assumptions in the MTFS and raise the core Council Tax, each percentage point increase generates additional revenue of £3.066m from year 1. From a financial perspective, this is the most advantageous approach as it generates ongoing revenue on a sustainable basis. It is also important to note the cumulative effect of raising the level of council tax; with a higher base rate, the value of each % of increase agreed in future years is also increased. Maximising tax revenue also places the Council in a better position with regard to challenging central government in respect of adopting a fairer funding

distribution methodology as part of the forthcoming Comprehensive Spending Review.

Clearly, however, the dis-benefit of this option is the increased burden on Cambridgeshire households through higher tax bills. To inform the Committee's decision, the tables below show the impact of Council Tax increase on the Council's budget deficits across the planning period and the average cost per household for taxpayers

Impact on Households

Percentage increase in Council Tax	Annual Impact on a Band D Household
2%	£27.18
3%	£40.77
4%	£54.36
4.99%	£67.77

Note - a 2% increase (£27.18 for a Band D Household) is included in current Business Plan assumptions as a result of increasing the Adult Social Care precept.

Section 3.2.4 above provides some details regarding Council tax support to households and the national assumptions about increased access to LCTS

Impact on Council Budget Position

The table below shows the forecast gaps in each of the next five years and how potential changes in the ongoing assumption of base Council Tax increases would affect this (2% is current position):

	Remaining Level of Unidentified Savings				
	2021-22	2022-23	2023-24	2024-25	2025-26
2% rise	9,612	17,637	12,884	13,638	10,611
3% rise	6,546	17,444	12,776	13,529	10,474
4% rise	3,479	17,251	12,668	13,420	10,359
4.99% rise	454	17,059	12,561	13,312	10,243

The following table shows the cumulative additional Council tax that would be raised over five years for each level of increase:

	Cumulative additional Council tax raised				
	2021-22	2022-23	2023-24	2024-25	2025-26
2% rise	6,322	12,847	19,588	26,547	33,738
3% rise	9,483	19,270	29,382	39,821	50,629
4% rise	12,644	25,694	39,176	53,094	67,498
4.99% rise	15,764	32,034	48,844	66,198	84,153

The table below shows the absolute level of savings (non-cumulative) that the Council would need to find in 2021-22 and 2022-23 for each level of increase:

Year 2 impact of 2021-22 Council tax on Unidentified Savings		
	2021-22	2022-23
2% rise	9,612	27,249
3% rise	6,546	23,990
4% rise	3,479	20,730
4.99% rise	454	17,513

It should be noted that the Business Plan currently assumes that an Adults Social Care precept of 2% will be available in each of the five years to 2025-26 and that the Council will choose to apply the precept each year.

4.4 Increase in Adult Social Care Precept (a further 1% would bring in £3.066m)

The impact on the Council's finances of increasing the Adult Social Care Precept by the additional 1% permitted is the same as for 1% of general Council Tax.

This year, it has been announced that the ASC precept limitation for 2021-22 can be carried forward to 2022-23 if preferred by the Council (no other details about funding or Council tax limitations having been confirmed for 2022-23). The Council can demonstrate that the planned increased investment in Adult Social Care for next year exceeds the maximum amount available through the precept, and it therefore makes no difference to our overall financing whether that arrives as a hypothecated or general precept.

The carry forward flexibility has not been granted for general Council tax.

4.5 Use of ongoing MRP benefit to balance budget deficit (up to £2m funding recurring until 2025-26 then diminishing annually)

The Council agreed an alternative approach to the calculation of Minimum Revenue Provision (MRP) in 2016 which provided ongoing budgetary savings, reducing over time. The MRP strategy maintained a commitment to invest the funding made available as a result of the MRP savings into the Council's Transformation Fund - recognising that this fund is essential to delivering the sustainable change we need. However, there is a judgement to be made about the appropriate level of funds applied each year to the Transformation Fund, or other priorities, on the other hand. It should be noted that MRP savings cannot be considered as a permanent source of base funding to close the budget gap as the benefit of these savings is diminishing annually. The amount from the MRP benefit next year is £4.1m, reducing to £2m by the end of the current business planning period (2025-26).

4.6 Use of Transformation Fund

The amount of one-off reserves held within the transformation fund, that are not allocated to future projects, is £23m.

Whilst this could be used to address the budget gap next year it must be recognised this would be a one year intervention only, with a fundamental recurring saving needing to be addressed in the following year, creating a larger

cliff edge that will eventually need to be addressed by recurrent funding or reduced expenditure.

4.7 Reduced service levels

The Business Plan and the level of services that are supported by the resource allocation have been discussed in detail by each service committee. However, the Council can decide to reduce the operating cost base by reducing service levels. As the Committee will be aware any service reductions will have a significant impact on the users of that service. Having operated within a financially challenging environment for a number of years (as well as the impact of COVID-19) most service efficiencies have already been identified and have / or are being implemented (as evidenced through the benchmarking work presented at the December Committee) and therefore further changes will impact on the quality or quantum of those services.

4.8 Other funding uncertainties to be confirmed as part of budget setting

Category	Item	Remarks
Revenue	Better Care Fund uplift	There is a favourable change likely as a result of an uplift applied nationally to the Better Care Fund amounts the Council receives from the local Clinical Commissioning Group
Revenue	Cost of Capital/Debt	There is a favourable change possible in year 1 of the MTFS, this will also need to take account of any remaining capital amendments politically.
Revenue	Local Taxation	<p>As a result of the pandemic and the economic impact there is additional uncertainty in this area.</p> <p>Government have announced additional funding streams to support the impacts across Council Tax and Business Rates. However the precise impact and functioning of the schemes, and the interaction between billing and precepting authorities is not yet clear.</p> <p>There is considerable downside and uncertainty relating to collection rates, tax base and growth for both taxes in the coming years, and volatility in the estimates submitted by District Councils.</p> <p>The intention is therefore to initially allocate any additional grant received from government for local taxation losses to an earmarked reserve in order to offset and mitigate the future risks and volatility. This will be reviewed as the situation settles and part of future business planning.</p>
Capital	Roads Fund / Potholes	We are awaiting local authority level allocations of the second year of the manifesto investment in Roads and Potholes.

In previous years, the Council has undertaken varying levels of a budget reset at the July General Purposes Committee to reflect the latest demand and funding

information at that point. As a backstop, all of the above items could be addressed through this route, after the budget has been formally set for the year ahead.

5. Capital Strategy

5.1 Including current commitments, the Council will be spending £608.7m on capital investment in the county over the period of the Business Plan. This is in addition to previous expenditure of £655.5m on some of these schemes, creating a total Capital Programme value of £1.3 billion. For 2021-22, the Council's proposed expenditure on its capital programme is £146.2m. This is financed by a combination of the following funding streams:

- Central Government and external grants (£40.4m);
- Section 106 and external contributions (£38.6m);
- Prudential borrowing (£65.9m); and
- Capital receipts (£1.4m).

5.2 Alongside updates to previously agreed schemes, additional investment proposals this year include:

- 10 new school schemes
- Care Suites: East Cambridgeshire

5.3 The debt charges budget is now forecast to spend £31.8m in 2021-22, increasing to £44.7m by 2025-26. Over the five-year planning period, this remains within the advisory debt charges limit that was set by Council early in the 2015-16 business planning process. The revenue impact of the Commercial Investment schemes is included within the Commercial and Investment revenue table, so this is not shown within these figures.

6. Treasury Management Strategy

6.1 The Council is required to approve and monitor a series of Prudential Indicators for 2021-22 to 2025-26. These include indicators showing the cost of servicing debt as a percentage of revenue expenditure and the Council's underlying borrowing requirement. Fixed and variable interest rate exposure and the maturity profile of debt are also reported.

6.2 Throughout 2021-22 the Council intends to maintain an under borrowing position, which means borrowing will be reduced as a result of utilising internal cash balances – this ultimately will keep the cost of borrowing down. As a result, cash balances will be generally lower and the level of loan debt reduced. However, loan debt is projected to increase year on year as a direct result of additional capital investment.

6.3 Given the Bank Rate is forecast to remain low, the Council plans to predominately use a mix of its own cash balances and short/medium-term borrowing to finance further capital expenditure. This strategy maximises short-term net interest savings; however, given projections over the next three years show an increasing Capital Financing Requirement (CFR), and recognising the risks within economic forecasts, caution will be adopted with treasury operations. As such, the Council will also refinance some of the maturing existing debt over a longer time-frame.

- 6.4 Following the reduction in Public Works Loans Board (PWLB) rates in November 2020 back down to levels similar to pre-October 2019 as a result of the outcome of the PWLB lending terms consultation, the Council will consider a mix of both PWLB and other lending sources, predominantly from other local authorities. HM Treasury also announced new restrictions on accessing PWLB borrowing for authorities that have commercial investments primarily for yield included anywhere within their capital plans for the next three years; the Council does not have any such schemes included, therefore enabling the Council to continue to access PWLB borrowing.
- 6.5 Additionally, the Council intends to undertake the scheduled quintennial review of its MRP policy during 2021-22.

7 Impact of Proposals

- 7.1 The Equality Duty set out in S149 of the Equality Act requires the Council to demonstrate 'due regard' to consciously think about the following three aims as an integral part of developing policy, making decisions, and delivering inclusive services:
- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the act
 - Advance equality of opportunity between people who share a protected characteristic and people who do not share it
 - Foster good relations between people who share a protected characteristic and people who do not share it
- 7.2 The Council takes very seriously the need to be aware of the impact that our policies, decisions, and services have on our workforce and communities across Cambridgeshire including people with protected characteristics, and the importance of using this information to inform the preparation of the Business Plan. It is important the Council understands the positive and negative impacts of that its decision-making has on these groups and the need to ensure compliance with the Equality Act 2010 and its Public Sector Equality Duty. Equality Impact Assessments encourage the diversity of our workforce and communities to ensure our plans and outcomes are inclusive. There are nine protected characteristics under the Equality Act (2010); the Council has chosen to include two additional protected characteristics of poverty and rural isolation. If a plan or decision has potential adverse effects on people with protected characteristics then a full Equality Impact Assessment is completed. Where relevant, for each of the detailed proposals, services have undertaken an Equality Impact Assessment (EqIA).
- 7.3 EqIAs have been considered as part of the business cases associated with each proposal which are published within section 4 of the Business Plan. These impact assessments state that in many instances the way we deliver services for communities will change and that service users will experience a transition from one service model to another – however we are clear that in all instances the local authority will still be fulfilling all its statutory requirements and will be meeting the needs of residents and service users.

8. Budget Consultation

8.1 An independent, professional research company (M·E·L Research Limited) was commissioned to carry out a consultation process with Cambridgeshire residents to inform the business planning process. In previous years', the consultation has been carried out face to face but due to the pandemic restrictions this year's methodology had to be different. A shorter set of questions were developed which related to options on Council Tax and general satisfaction with public services. Sampling of residents was carried out in three ways:

- E-mail survey, targeting residents in Cambridgeshire (equal numbers per district);
- An open link to the survey advertised by the CCC communications team;
- A 'top up' telephone survey to gain the views of residents not reached by the above methods.

8.1.1 Responses came from all areas of the county; men were slightly under-represented; as were 18-34 year olds. 55-64 year olds were slightly over-represented. Results have been weighted to take account of this. More details on the methodology can be found in the full report outlined in Section 5 of the Business Plan.

8.2 Headline results on Council Tax from the M·E·L survey are as follows:

- In total 59% of respondents preferred an increase of 2% or above, in council tax;
- Preference for an increase was distributed across a range of amounts with the median preferred increase being 3.4%;
- 33% of people preferred not to have an increase.

8.2.1 The results are consistent with previous year's surveys. For instance, in 2019 32% of people preferred not to have an increase with 66% preferring an increase of some kind (noting the previous methodology allowed for a discussion and a positive decision one way or the other to be made).

8.3 Headline results for the questions on satisfaction are:

- 80% of residents were 'very' (32%) or 'fairly' (48%) satisfied with their local area as a place to live.
- Cambridgeshire scored 2 percentage points below the national average score (82%) for this question. The main reason being due to a low score from residents of Fenland and also from those in the 18-34 age range.
- 60% of residents were either 'very' (15%) or 'fairly' (45%) satisfied with the way the County Council runs things. 23% of residents had no feeling either way.
- The total positive result is 4 percentage points below the national average (64%) scores. Again, residents in Fenland were less likely to be satisfied with an overall satisfaction score of 52%.

8.4 The full headline results are available in section 5 of the Business Plan.

9 Robustness of estimates and adequacy of reserves

- 9.1 The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget, and precept, the Chief Finance Officer must report to it on the following matters:
- the robustness of the estimates made for the purposes of the calculations; and
 - the adequacy of the proposed financial reserves.
- 9.2 This statement will be considered along with the rest of the Business Plan by the Council in February. It is included for the Committee's consideration at this point in order to provide additional context for the discussion around the options available to the Council to set a balanced budget for the next financial year.
- 9.3 The estimates that support this budget have used all the data and supporting information that the Council has at its disposal at this point in time. When considering the budget each year, the assumptions that have been used in order to construct that budget and the uncertainties contained therein are always made clear. In any year building a robust projection of the level of demand for services is extremely challenging – on the back of a worldwide pandemic this uncertainty is understandably significantly exacerbated. The recent mutation of the virus which has necessitated a further period of lockdown now means that there is significant additional uncertainty to the financial projections contained within the Council's financial forecast.
- 9.4 To date the additional costs/reduced income arising from COVID-19 have been funded by additional financial support from the Government. It is therefore not an unreasonable assumption that any additional costs following increases to the infection rate and the national lockdown announced by the Prime Minister on 4 January will also be funded through additional grant. Given the temporary nature of these costs, should they not be fully funded, it is proposed that any such costs will be met from the Council's Transformation Fund rather than the General Reserve. This will avoid the need to add further pressure on the base budget for 2021-22 in order to replenish the General Reserve as a result of costs that are clearly one-off.
- 9.5 Against this uncertainty the budget proposals presented for consideration are as robust as they can be at this point. They set out how the increasing pressures and costs will be managed within the resource envelope at the Council's disposal and individual proposals are supported by business cases, delivery plans and, where required, by additional transformation investment.
- 9.6 Although a post-COVID-19 world brings with it a significant amount of economic uncertainty, the Council does still expect that there will be further economic and population growth throughout the period of the MTFS. To date, the growth seen within the County and the consequential demand for additional services this growth brings with it has not been adequately reflected within the grant distribution methodology. This point has been raised on a number of occasions with Government and was the foundation of the Council's 2018 fairer funding campaign. It is hoped that the issues highlighted during this campaign will be addressed in the forthcoming Comprehensive Spending Review later this year.

However, given the pressures on public funds it is unlikely that the total funds available to local government will be dramatically increased. At this point the Council must therefore adopt prudent estimates of available core funding in future years. In addition to the uncertainties of delivering services in a post-COVID-19 world there are potentially additional issues that may arise from Brexit which, whilst mitigated by the securing of a trade agreement, have not been fully removed. When coupled with additional Government restrictions that will restrict the Council's ability to operate as commercially as it might have hoped for, the need for maintaining a reasonable level of prudent reserves is as key now as it ever has been.

- 9.7 The consequences arising from the pandemic in the current financial year have, in most part, been funded by the Government. The Spending Review, and the subsequent local government grant settlement, have also provided additional support for many of the implications of the post-COVID-19 environment. Whilst this additional funding is obviously most welcome it is to a large extent only for the 2021-22 financial year. With the uncertainties surrounding the outcome of the 2021 Comprehensive Spending Review the MTFS is currently forecasting a significant financial gap for the financial year 2022-23.
- 9.8 It is pleasing to be able to present the Council with a range of potential options for it to consider in order to balance the 2021-22 budget. When the reports were presented to service committees towards the end of 2020 this opportunity seemed highly unlikely. However, the Council is urged to consider what the impact that any decisions that are made appertaining to the 2021-22 budget will have on the longer term financial position of the Council.
- 9.9 The General Reserve is specifically held to mitigate against any in-year pressures beyond those that have been built into the Business Plan. The General Reserve is held at no less than 3% of gross non-school spending to cover any such incidents. This currently equates to a figure of £19.5m. When the Council agreed to increase the General Reserve to 3% it did so in the context of a risk assessment that reviewed key areas of spend and the likelihood of significant budget variations in those areas. The risks associated with delivery have not diminished and therefore it is the Chief Finance Officer's opinion that the level of the General Reserve should remain as a minimum at 3%. Consequently, any known draw on this Reserve that takes it below this threshold should be balanced with a contribution from within the base budget for the following financial year.
- 9.10 Because of COVID-19, the Council has had to re-evaluate some of the savings proposals that had been included within the Business Plan. Some have been deferred or modified as a result. As a consequence there is slightly less concern as to the deliverability of these plans in 2021-22. However, this reduced risk is negated by the uncertainties of the scale and timing of the economic recovery in a post-COVID-19 environment.
- 9.11 Given these uncertainties it is imperative that the Council maintains sufficient resources to cover any in-year unforeseen expenditure. It is therefore the Chief Finance Officers view that the General Reserve should be held only for the purposes as set out above and not for the purposes of balancing the budget. In addition, the Council holds a Transformation Fund which is a revenue-based reserve established to support pump priming initiatives/investments that will reduce the ongoing operating costs of the Council. Whether as a direct result of

the pandemic or simply the fact that most big ticket transformation projects have been progressed the Fund balance is currently in excess of the pipeline of requirements. It could therefore be available to support any unforeseen in-year expenditure should that situation arise. In the short term, therefore, it is the Chief Finance Officers view that the Council's reserves are sufficient to meet the challenges that could realistically be anticipated at this point.

10. Next Steps

- 10.1 This meeting of General Purposes Committee on 26 January 2021 is the last opportunity for the Committee to publicly scrutinise the business plan before Full Council debates the plan for approval on 9 February 2021.

11. Alignment with Corporate Priorities

- 11.1 A good quality of life for everyone
- 11.2 Thriving places for people to live
- 11.3 The best start for Cambridgeshire's children

The purpose of the Business Plan is to consider and deliver the Council's vision and priorities and this paper sets out how we aim to provide good public services and achieve better outcomes for communities, whilst also responding to the changing challenges of the pandemic.

11.4 Net zero carbon emissions for Cambridgeshire by 2050

The budget is reviewed at each stage of development to assess the carbon implications of any new investments or savings initiatives. Additionally, the Council is committed to reviewing the sufficiency of climate mitigation funds included in the Business Plan on an annual basis to deliver the Climate Change and Environment Strategy.

12. Significant Implications

12.1 Resource Implications

The proposals set out the response to the financial context described throughout this report 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 is 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.

12.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for the proposals set out in this report.

12.3 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 citizens.

12.4 Equality and Diversity Implications

As the proposals develop, they will consider and describe the impact of each proposal, in particular any disproportionate impact on vulnerable, minority and protected groups. Full EqIAs have been completed where identified.

12.5 Engagement and Consultation 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 GPC.

12.6 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.

12.7 Public Health Implications

We are working closely with Public Health colleagues as part of the operating model to ensure our emerging Business Planning proposals are aligned.

Have the resource implications been cleared by Finance? Yes

Officer clearance: Tom Kelly

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

Officer clearance: Gus de Silva

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

Officer clearance: Fiona McMillian

Have the equality and diversity implications been cleared by your Service Contact? Yes

Officer clearance: Beatrice Brown

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

Officer clearance: Christine Birchall

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

Officer clearance: James Gemmell

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

Officer clearance: Liz Robin

Source Documents

[Papers presented to all Committees](#) in December 2020 regarding the business plan for 2021-22 – 2025-26

December Briefing to Members regarding the Provisional Local Government Finance Settlement. If required, please request from Finance@cambridgeshire.gov.uk

Appendix 1

Transformation Fund Bid

Appendix 2

Business Plan – see contents listed on page below.

The business cases presented as part of the Business Plan have been discussed and agreed at the relevant service committees and are included as part of the process for agreeing the Business Plan.

Business Plan Contents:

SECTION 1 - Strategic Framework

SECTION 2 - Medium Term Financial Strategy

SECTION 3 - Finance Tables

SECTION 4 - Business Cases

SECTION 5 - Public Consultation

SECTION 6 - Capital Strategy

SECTION 7 - Treasury Management Strategy