

Business Planning Update for 2022-27

- To: Communities, Social Mobility, and Inclusion Committee
- Meeting Date: 11 November 2021
- From: Executive Director for People and Communities, Wendi Ogle-Welbourn
Chief Finance Officer, Tom Kelly
- Electoral division(s): All
- Key decision: No
- Outcome: This report continues the process of setting a business plan and financial strategy for 2022-27 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 2022-27
 - 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: The Committee is asked to:
- a) Note the progress made to date and next steps required to develop the 2022-23 to 26-27 Business Plan; and
 - b) Endorse the budget and savings proposals that are within the remit of the Committee as part of consideration of the Council's overall Business Plan.

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1. Purpose and Background

- 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 for people. This paper provides an overview of the updates to the Council's financial position since September 2021 when Committees were provided with an update on the draft Business Plan for 2022-27. The paper sets out the changes to key assumptions impacting financial forecasts, further risks and opportunities and next steps required to balance the budget and agree the Council's Business Plan for 2022-27.
- 1.2 For context, the previous update on business planning provided to the Committee in September can be found here: [Business Planning Proposals for 2022-27 – Opening Update and Overview](#).
- 1.3 The update in September showed a budget gap in the first year of the new business plan, 2022/23, that was larger than in the previous business plan. This was due to refreshed estimates of the impact of demand growth on services, and several new service pressures requiring funding.
- 1.4 This update shows the progress that has been made to identify opportunities to re-baseline budgets, make savings, and generate additional income, resulting in progress being made towards closing the budget gap in 2022/23. At the same time, further service pressures and investments are proposed to be funded. The result of these is a budget gap at this stage of £19.5m for 2022/23, and gaps in future years are set out at the end of the table in Section 3.2.

2. Context

- 2.1 On 9 February 2021, Full Council agreed the Business Plan for 2021-2026. This included a balanced budget for the 2021-22 financial year with the use of some one-off funding but contained significant budget gaps for subsequent years as a result of expenditure exceeding funding estimates. These budget gaps (expressed as negative figures) were:

2021-22	2022-23	2023-24	2024-25	2025-26
balance	-£22.2m	-£14.7m	-£15.1m	-£12.0m

- 2.2 The impacts of COVID-19 on the Council have been unprecedented and the pandemic remains a key factor and uncertainty in planning our strategy and resource deployment over the coming years. The Council continues to take a central role in coordinating the response of public services to try and manage the complex public health situation, impact on vulnerable people, education of our children and young people and economic consequences. Looking ahead we know that challenges remain as the vaccination programme progresses and winter illnesses re-emerge. We are already seeing the impacts of the pandemic on our vulnerable groups as well as those who have become vulnerable as a result of health or economic impact of the pandemic. Longer term there will be significant increases and changes in the pattern of demand for our services alongside the economic aftereffects. In this draft business plan, there are COVID-19 impacts across demand for

services, pricing and supplier changes, and impacts on funding and income. Emerging work is shifting the Council's decision-making framework to prioritise sustainable development for our county, whereby our citizens' social foundations are strengthened in the context of pandemic recovery and ongoing ecological emergency.

- 2.3 Whilst the financial settlement for the response to the pandemic last year was sufficient, predicting the on-going implications and financial consequences of COVID-19 remains challenging, particularly in terms of the impact on demand for council services. It is especially important this year that we keep these estimates under review as circumstances are so changeable over the course of this year. In this update, there is a reduction in the assessed cost of older people's services as a result of review of the "baseline" level of demand and need. This is shown in the table at 3.2 as a £2.4m budget reduction, reflecting that the number of people receiving support at the beginning of this year was lower than planned for, the result of COVID-19 loss. During this year there has been growth in numbers for support, and patterns of demand are challenging to predict.
- 2.4 Besides the pandemic, the other major risks and uncertainties in setting budgets for 2022-27 include the potential for national policy changes, such as reform of social care funding, the need for a multi-year funding settlement from government, the availability and sustainability of supply chains and resources, and changing patterns of demand for our services that has been a longer-term trend. The Council must make its best estimate for the effect of known pressures when setting its budget and retain reserves to mitigate against unquantifiable risks.
- 2.5 Government has announced that there will be significant reform of social care funding with effect from October 2023, this includes a cap on the amounts that people will have to contribute to their care costs during their lifetime and significant revisions to the asset thresholds for making contributions towards those costs. £5.4bn per annum has been identified nationally as the cost of these changes and further details are awaited in terms of how this will be operated. There are wide and complex changes for the Council as a result, including:
- The direct impact of the funding reforms on lifetime caps and asset thresholds
 - The need to assess a much wider number of people, including those who would previously have fully funded their own care (self-funders) who will be counting their costs towards the cap
 - An anticipated reduction in the difference in prices of care purchased by individuals and local authorities
 - The impact of the new Health & Social Care levy on costs, both on the Council and suppliers (and for employers and employees)

It is important to note that the new funds announced nationally do not address underlying funding issues for social care, such as historic funding or surges in demand and costs emerging from the pandemic.

2.6 With changes in local and national policy coinciding with hopes for a stabilisation of the public health response to the pandemic, the overarching themes we have identified to help us develop the Business Plan are as follows:

- Economic recovery
- Prevention and Early Intervention
- Decentralisation
- Environment & climate emergency
- Social Value
- Efficiency and effectiveness of Council services

3. Financial Overview

3.1 The September report set out in detail the changes to demand and inflation projections that make up a significant part of the initial budget refresh. We are now in a stage generally of identifying ways to close the budget gap through savings, income generation and budget rebaselining. We will also continue to review funding assumptions as further government announcements or local taxation estimates are made.

3.2 Following the addition of the next round of proposals to partially close the budget gap, as well as further service pressures and investments, the revised budget gap is set out in the table below:

	£000				
	2022-23	2023-24	2024-25	2025-26	2026-27
Budget gap at September Committees	23,411	16,123	17,903	14,678	14,256
Budget Reviews and Re-baselining					
Budget rebaselining in Adults	-2,405				
Budget rebaselining in Children's	-250				
Inflation and Demand Adjustments					
Staff costs inflation refresh	331	326	328	327	329
Adults demand projection adjustments	-73	-28	-29	-30	10
Service Pressures & Investments					
Pressures in Children's Services and Education	-250	250	732		
Pressures in Corporate Services	1,297	-246	-5	-35	-35
Pressures in Place & Economy	260		-650		-1,000
Investments in Adults & Health	322	170			
New or Amended Savings					
New savings in Adults & Health	-1,361	70			
New savings in Communities	-450				
New savings in Corporate Services	-29				
Savings rephasing Children's Services	46	-54	-100		
Savings rephasing in Adults & Health	543	568	-51	31	
New savings in Place & Economy	-335	-130			
Other changes					
Energy schemes - phasing of spend and income	-938	932	287	-18	-131
Commercial income rephasing & Covid impact	519	-99	-296	-90	57
Changes in funding estimates	-1,157	329	-60	1,682	484

Revised budget gap at October/November Committees	19,481	18,211	18,059	16,545	13,970
Change in budget gap	-3,930	2,088	156	1,867	-286

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

3.4 It is important to bear in mind that the lines in the table in 3.2, and the equivalent table presented to the committee in September, only show the changes made compared to the current business plan. In some cases, there were already proposals effecting 2022/23 budgets and beyond in the current business plan. The full set of proposed budget changes for this committee can be found in the attached budget table in Appendix 2 (with an introduction to the tables in Appendix 1).

3.5 There remains a significant budget gap for 2022/23 and growing gaps in future years. Intensive work is continuing to identify further mitigations, and to review pressures that are already proposed to be funded.

4. Business Planning context for the Communities, Social Mobility, and Inclusion Committee

4.1 This section provides an overview of the savings, investments, or income proposals within the remit of the Committee.

4.2 The Committee is asked to comment on these proposals. Further detail and business cases will then come to committee in December ready for recommending to Strategy and Resources Committee in January 2022, for consideration as part of the Council's development of the Business Plan for the next five years. Please note that the proposals outlined are still draft at this stage, and it is only at Full Council in February 2022 that proposals are finalised and become the Council's Business Plan.

4.3 Draft budget tables are provided in Appendix 2 (People and Communities) reflecting proposals developed to date.

4.4 As discussed in the September Committee, many of the services accountable to this Committee support a broad range of council priorities, including tackling social immobility, addressing inequalities and decentralising council services. Successful delivery of activities and interventions relating to these broad themes will lead to improved outcomes for our residents, as well as efficiencies and savings for many of our budgets as well as those of our partners. For example, improving employability through effective skills training will, over time, lead to reduced levels of poverty with the resultant improvements following in educational attainment, reduced need for statutory service intervention, reduced risk of homelessness, and improved health and wellbeing.

4.5 To progress this important work, we are proposing investment into our community services (known as the Think Communities service), most likely to be funded from reserves. The current staff resource has largely been funded from reserves to date and for a time limited period, ending 31 March 2022. Discussions are continuing in relation to how we can make

absolutely certain that any continuation of funding supports the core priorities of the council, specifically decentralisation, social mobility and inequalities. The precise scale of investment request is therefore not yet finalised but will be included in detail in the December business planning report to Committee.

- 4.6 Alongside the staff resource, the Think Communities business case is also likely to include a request to continue funding the Innovate and Cultivate Fund, which itself is currently subject to a Member-led review. Subject to the outcomes of that review, the investment request is likely to be £350k per annum for the next three years. Discussions are also continuing in relation to the affordability of repeating the previous one-off Communities Capital Fund.
- 4.7 Finally, and linked to the separate Committee report on the new Household Support Fund, the Think Communities business case is likely to include an investment request for £180k per annum for three years, to mainstream that part of the previous programmes that supported people in urgent need by devolving £30k to each district and city council to enable them to make direct awards based on criteria we set.
- 4.8 Although our overall net budget is relatively small, there are also two proposals to deliver savings as our contribution to the overall financial challenges. These are summarised below (A/R.6.290 and A/R.6.291). In addition, it is proposed in years 2 and 3 to remove part of the additional resources allocated to Coroners as a permanent virement during the current financial year 2021/22, as it is expected that by that point there will no longer be a backlog of cases.

Ref	Title	Description	22/23 £000	23/24 £000	23/24 £000	23/24 £000	23/24 £000
A/R.6.290	Registrars	Additional income through the diversification of some of the services provided by the Registration Service and increasing existing ceremonial capacity	-200	-	-	-	-
A/R.6.291	Communities and Partnership Efficiencies	Savings across the service directorate through the identification of further efficiencies and process improvements.	-250	-	-	-	-
A/R.6.293	Coroners service – temporary staff for inquests	Reversal of temporary funded posts required to clear backlog of cases	-	-60	-60	-	-

5. Next Steps

5.1 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 along with information about business cases being prepared and their estimated savings or investment
November / December	Business cases go to committees for consideration
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

6. 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, whilst also responding to the changing challenges of the pandemic. As proposals are developed, they will consider the corporate priorities:

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

7. Significant Implications

7.1 Resource Implications

The proposals set out the response to the financial context described in section 4 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.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

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

- 7.3 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.
- 7.4 Equality and Diversity Implications
As the proposals are developed ready for December service committees, they will include, where required, Equality Impact Assessments that will describe the impact of each proposal, in particular any disproportionate impact on vulnerable, minority and protected groups.
- 7.5 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.
- 7.6 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.
- 7.7 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.
- 7.8 Environment and Climate Change Implications on Priority Areas
The climate and environment implications will vary depending on the detail of each of the proposals which will be coming to committee later for individual approvals (currently scheduled for November / December committees). The implications will be completed accordingly at that stage.

Have the resource implications been cleared by Finance?

Yes

Name of Financial Officer: Martin Wade

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

Yes

Name of Officer: Henry Swan

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

Yes

Name of Legal Officer: Fiona McMillan

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

Yes

Name of Officer: Beatrice Brown

Have any engagement and communication implications been cleared by Communications?

Yes

Name of Officer: Amanda Rose

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: Val Thomas

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

Yes

Name of Officer: Emily Bolton

8. Appendices

Appendix 1 - Introduction to the Finance Tables

Appendix 2 - People and Communities Finance Tables (Table 3)

9. Source Documents

None