GENERAL PURPOSES COMMITTEE

Tuesday, 22 October 2019

Democratic and Members' Services
Fiona McMillan
Monitoring Officer

Shire Hall
Castle Hill
Cambridge
CB3 0AP

10:00

Kreis Viersen Room
Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

1.	**Apologies for absence and declarations of interest** *Guidance on declaring interests is available at http://tinyurl.com/ccc-conduct-code*	
2.	**Minutes - 26th September 2019 and Action Log**	**5 - 12**
3.	**Petitions and Public Questions**	

OTHER DECISION

4.	**Finance Monitoring Report - August 2019**	**13 - 20**

KEY DECISION

15. Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person (including the authority holding that information)

The General Purposes Committee comprises the following members:

Councillor Steve Count (Chairman) Councillor Roger Hickford (Vice-Chairman)

Councillor Anna Bailey Councillor Ian Bates Councillor Simon Bywater Councillor Steve Criswell Councillor Lorna Dupre Councillor Peter Hudson Councillor David Jenkins Councillor Sebastian Kindersley Councillor Elisa Meschini Councillor Tom Sanderson Councillor Josh Schumann Councillor Mathew Shuter and Councillor Joan Whitehead

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Michelle Rowe

Clerk Telephone: 01223 699180

Clerk Email: michelle.rowe@cambridgeshire.gov.uk

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

https://tinyurl.com/CommitteeProcedure

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Agenda Item No.2

GENERAL PURPOSES COMMITTEE: MINUTES

Date: Thursday, 26th September 2019

Time: 10.00a.m. – 10.25a.m.

Present: Councillors Bailey, Bates, Bywater, Count (Chairman), Criswell, Dupre, Harrison (substituting for Councillor Kindersley), Hickford, Hudson, Jenkins, Meschini, Schumann, Shuter and Whitehead

183. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were received from Councillor Kindersley.

No declarations of interest were made.

184. MINUTES – 16TH JULY 2019 AND ACTION LOG

The minutes of the meeting held on 16th July 2019 were agreed as a correct record and signed by the Chairman.

The Committee noted two outstanding actions in relation to the action log. With reference to the action at the top of page 22, attention was drawn to item 5 (minute 187) to the graph on page 36 which showed the departmental forecast variances trend to date, including the Commercial and Investment Committee which was now more clearly visible. The Project Director, Energy Investment Unit was asked to provide a response to the last action on page 23 of the agenda. **Action Required.**

185. PETITIONS

No petitions were received.

186. FINANCE MONITORING REPORT – JULY 2019

The Committee was presented with the July 2019 Finance Monitoring Report for Corporate Services and LGSS Cambridge Office, which was showing a forecast underspend of £291k. Attention was drawn to a technical change set out in Section 2.2 relating to the splitting out of the debt charges fully across all capital schemes in order to aid transparency and report a net return within Commercial Activity.

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

187. INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 31ST JULY 2019

The Committee was reminded that the report now focussed solely on finance. Attention was drawn to the graph on page 36 which would illuminate trends over the coming months. Members were also reminded that the report reflected budget resets agreed at the last meeting. It was noted that a forecast year-end pressure of £0.99m was being predicted. The Head of Finance advised that there was a growing pressure in Children in Care Placements with the addition of eighteen children in care at the start of the year and sixteen unaccompanied asylum seekers, which reflected a national trend. He added that the situation had improved at the end of August. There had been a positive change for Commercial and Investment Committee in relation to returns from the CCLA Managed Investment Fund. A small capital underspend was predicted which included the delay in expenditure relating to the King's Dyke Scheme. It was noted that net borrowing was now split between necessary borrowing and Invest to Save borrowing.

One Member queried whether the "Savings Tracker" report reflected permanent savings or one off savings. The Head of Finance explained that it reflected permanent savings as identified in the Business Plan. She further queried what would happen if the Council could not make savings due to circumstances beyond its control such as an increase in Home to School Transport. The Chairman reported that savings identified in the Business Plan were being tracked as it was important to know if the Council's savings plan was working. Other savings or circumstances were not reflected in the tracker but recorded and reported separately.

The Chairwoman of Adults Committee drew attention to savings in Adult Social Care. She reminded the Committee of the difficult decision to set up a Transformation Fund. Although it was early days, the report was very encouraging and she congratulated the organisation on doing a good job. The Chairman reported that he was very proud of the Transformation Team and asked for his thanks to be passed on. **Action Required**. He informed the Committee that it was his belief that an organisation of this size should set aside funding for transformation even in times of plenty as it was important to always seek efficiencies and to keep up with modern trends.

One Member queried the meaning of a RAG rating of black. It was noted that this reflected schemes which had not started. Another Member highlighted the need for consistency of colour for the RAG rating reflecting schemes which had over achieved. The Director: Business Improvement and Development acknowledged the need to be consistent. One Member asked whether it would be possible to put the RAG rating in the first column in the savings tracker on page 55. The Chief Finance Officer agreed to undertake this revision. **Action Required.**

The Chief Finance Officer drew attention to the value of the graph on page 41 of the report particularly when the financial information was set out in the capital tables. The Committee agreed to remove the graph from future reports.

The Chairman drew attention to the £0.267m pressure in Mental Health and requested more detail in relation to a potential backdated recharge for a high cost service user in Adult Mental Health. The Head of Finance reported that this related to a difficult case where the County Council was being charged by another authority. **Action Required.**

It was resolved unanimously to:

a) Approve additional prudential borrowing of £295k in 2019/20 for the Meads Farm scheme, as set out in section 7.7;

b) Note the funding change from Capital Maintenance Grant and approve additional prudential borrowing of £550k to offset this for the Investment in the CCC Asset Portfolio scheme, as previously recommended in the June 19 report, as set out in Appendix 3;

c) Note the additional 2019/20 contributions of £494k from the on-street account expected to be used in relation to the Smarter Travel Management - Integrated Highways Management Centre scheme, as previously recommended in the June 19 report, as set out in Appendix 3; and

d) Note the additional 2019/20 contributions of £3,505k expected in relation to Combined Authority Schemes, as previously recommended in the June 19 report, as set out in Appendix 3.

188. TREASURY MANAGEMENT REPORT – QUARTER ONE UPDATE 2019-20

The Committee received a quarterly update on the Treasury Management Strategy for 2019-20. The Chief Finance Officer drew attention to the turmoil in the markets, the volatility of gilt rates and the softening of interest rates. As a result of the latter, the Council had taken the opportunity of seeking a more favourable interest rate of 1.4% for £70m of new debt. The Chairman added that the Council had people who monitored the financial markets and this favourable rate had only been available for three days. He congratulated officers on achieving this rate which would help front line services.

One Member highlighted the fact that the remarks for Estover Playing Field and Wisbech Town Council had been transposed on the table on page 62 of the report. She queried why the loan to Viva Arts at Soham was not reflected in the table. It was noted that it would be released soon. The same Member reported that it had been agreed that all loans would be included regardless of whether they had been drawn down. The Chief Finance Officer agreed to address this in future reports. **Action Required.**

It was resolved unanimously to note the Treasury Management Report.

189. GENERAL PURPOSES COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENT TO OUTSIDE BODIES, AND INTERNAL ADVISORY GROUPS AND PANELS

The Committee considered changes to its agenda plan as follows:

October

- add Transformation Fund Bid (Home to School, SEND and ASC transport)

- removed Customer and Digital Services Risk Register as it will be included in the November Integrated Resources report

November

- add Learning Disability Partnership – Baseline 2020/21 (Pooled Budget)

It was resolved unanimously to review the agenda plan.

Chairman

GENERAL PURPOSES COMMITTEE

Minutes-Action Log

Cambridgeshire County Council

Introduction:

This log captures the actions arising from the General Purposes Committee on 26th September 2019 and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 14th October 2019.

Minutes of 26th September 2019

Item No.	Item	Action to be taken by	Action	Comments	Completed
184.	**Minutes –16th July 2019 and action log**	S French	The Chairman asked the Project Director to consider how to progress the involvement of all Districts in energy efficiency.	Cambridgeshire County Council is part of a County wide group called 'Cambridgeshire – Action on Energy'. The group procured a service provider five years ago to implement the Government's Green Deal scheme for energy efficiency. The Green Deal was subsequently stopped. In addition, Cambridge City Council on behalf of the group, secured £7million funding for solid wall insulation for hard to treat homes for installation across the County. This work is complete. The Cambridgeshire Action on Energy group work programme, includes encouraging energy efficiency.	Completed

187.	**Integrated Finance Monitoring Report for the period ending 31st July 2019**	A Askham	The Chairman reported that he was very proud of the Transformation Team and asked for his thanks to be passed on.		Completed
		A Askham C Malyon	The need for a consistent RAG rating in the "Savings Tracker" for over achievement. The need to put the RAG rating in the first column in the "Savings Tracker".	Discussion between Finance, Business Intelligence and Transformation teams has taken place and a consistent reporting approach agreed.	Completed
		T Kelly	The Chairman requested more detail in relation to a potential backdated recharge for a high cost service user in Adult Mental Health.	The mental health service agreed a without prejudice funding split of 50:50 with the NHS Clinical Commissioning Group in relation to an individual client. This means we start paying for a placement on an equal basis before a health / social care assessment has been completed to determine the actual split that will be used for funding responsibility. Once the assessment was completed, this reported 95% social care needs. This led to us adjusting the forecast to include what would be a backdated increase in costs for this client.	Completed

				Subsequently, our social work provider CPFT (which is a different part of the NHS) have stated this needs assessment and administration should be strongly contested. CPFT judged that at the point the placement was made it was closer to 100% health need, and that it is an error for condition of the client at the end of their placement (when the assessment took place) when they had significantly recovered to be applied backwards to their needs across the whole time receiving care. As a result we are continuing to pursue a dispute with the CCG over funding responsibility for the placement, and have removed the additional backdated costs from the forecast for the time being. We will continue to review this as we get more certainty.	
188.	**Treasury Management Report – Quarter One Update 2019-20**	C Malyon	The Chief Finance Officer agreed to include all loans regardless of whether they had been drawn down.	This change in presentation will be made in future reports.	Completed

Agenda Item No:4

FINANCE MONITORING REPORT – AUGUST 2019

To:	**General Purposes Committee**		
Meeting Date:	**22nd October 2019**		
From:	**Director of Corporate and Customer Services** **Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**Not applicable**	*Key decision:*	**No**
Purpose:	**To present to General Purposes Committee (GPC) the August 2019 Finance Monitoring Report for Corporate Services and LGSS Cambridge Office.** **The report is presented to provide GPC with an opportunity to comment on the projected financial and performance outturn position, as at the end of August 2019.**		
Recommendation:	**The Committee is asked to review, note and comment upon the report.**		

	Officer contact:		***Member contacts:***
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk / Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703599	Tel:	01223 706398

1. BACKGROUND

1.1 General Purposes Committee receives the Corporate Services and LGSS Cambridge Office Finance Monitoring Report at all of its meetings, where it is asked to both comment on the report and potentially approve recommendations, to ensure that the budgets and performance indicators for which the Committee has responsibility, remain on target.

2. MAIN ISSUES

2.1 Attached as **Appendix A**, is the August 2019 Finance Monitoring report.

2.2 **Revenue:**

- At the end of August, Corporate Services (including the LGSS Managed, Deputy Chief Executive and Financing Costs) is forecasting an underspend of £809k.

  There are two new material exceptions to report this month.

- At the end of August, the LGSS Cambridge Office budget is forecasting an overspend of £505k.

  There are no new material exceptions to report this month.

2.3 **Capital:**

- At the end of August, Corporate Services & Transformation and LGSS Managed are forecasting a balanced budget on capital. £68k of the £1,363k capital programme variations budget has been used. There are no significant forecast outturn variances by value (over £250k) to report.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

There are no significant implications for this priority.

3.2 Thriving places for people to live

There are no significant implications for this priority.

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This report sets out details of the overall financial position for Corporate Services / LGSS and this Committee.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

4.5 Engagement and Consultation Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

There are no significant implications within this category.

Implications	**Officer Clearance**
Have the resource implications been cleared by Finance?	N/A
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Have the equality and diversity implications been cleared by your Service Contact?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
CS and LGSS Cambridge Office Finance Monitoring Report (August 19)	1st Floor, Octagon, Shire Hall, Cambridge

Appendix A

Corporate Services and LGSS Cambridge Office

Finance Monitoring Report – August 2019

1. SUMMARY

1.1 Finance

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

2. INCOME AND EXPENDITURE

2.1 Overall Position

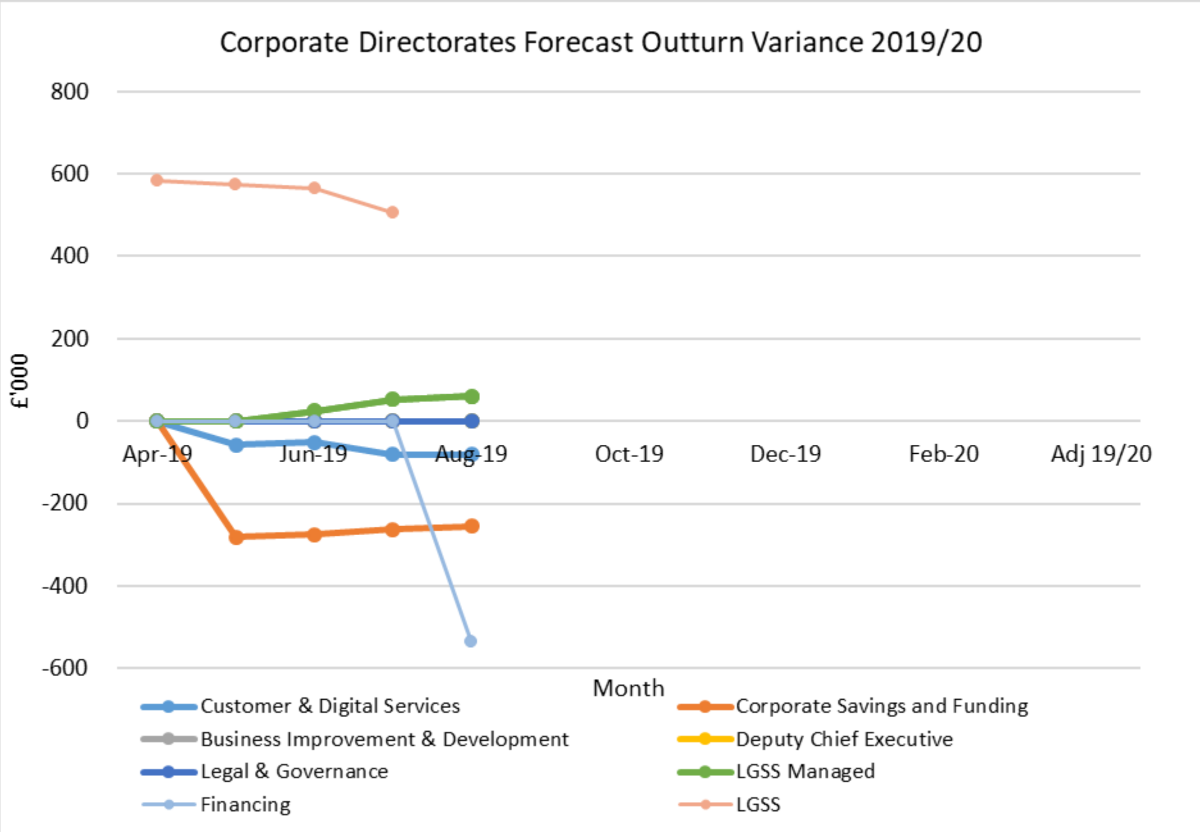
The service level budgetary control report for Corporate Services, LGSS Managed and Financing Costs for August 2019 can be found in CS appendix 1.

Outturn Variance (previous) £'000	Directorate	Budget £'000	Actual £'000	Outturn Variance £'000	*Outturn Variance %*	Status
-81	Customer & Digital Services	6,998	3,471	-81	-1.2%	Green
-263	Corporate Savings & Funding	474	0	-255	-53.8%	Green
0	Business Improvement & Development	1,013	700	-0	0.0%	Green
0	Deputy Chief Executive	508	33	-0	0.0%	Green
0	Legal & Governance	102	58	0	0.0%	Green
0	Financing Costs	27,558	2,653	-534	-1.9%	Green
53	LGSS Managed	14,202	9,771	60	0.4%	Green
-291	**Total**	**50,855**	**16,686**	**-809**	**-1.6%**	

The service level budgetary control report for LGSS Cambridge Office for August 2019 can be found in LGSS appendix 1. Pressures and deficits within LGSS Operational budgets are the responsibility of the Joint Committee. Formal risk sharing arrangements are in place such that changes in service or financing impacting one partner are isolated from impacting other partners. In practice, this means that where there is risk (or additional requirements for) in-year savings for back-office services shared with or facing Northamptonshire County Council or Milton Keynes Council, these do not impact on the service received by Cambridgeshire County Council or impact any overspend to be handled by CCC.

Further analysis of the results can be found in CS appendix 2 and LGSS appendix 2

The appendices are published online only and not printed for Committee.



2.1.1 Significant Issues – Customer & Digital Services

Corporate and Customer Services budgets are currently predicting an underspend of £81k, which is the same as last the last month. This is mainly due to savings from vacancies in the directorate.

There are no new exceptions to report this month.

2.1.2 Significant Issues – Corporate Savings and Funding

Corporate Savings and Funding budgets are currently predicting an underspend of £255k, which is a decrease of £8k from the previous forecast.

The PCC Shared Services savings target is forecast to underachieve by £400k, which is an increase of £100k from the previous forecast. £311k of savings against this target have been identified mainly across Customer & Digital Services. These savings are firm based on indications of funding from Peterborough until year-end. Given lead in times for further shared proposals and priorities in Peterborough there is expected to be a £400k shortfall on the target.

2.1.3 Significant Issues – Business Improvement & Development

Business Improvement & Development budgets are currently predicting a balanced position, which is the same as the last month.

There are no new exceptions to report this month.

2.1.4 Significant Issues – Deputy Chief Executive

Deputy Chief Executive budgets are currently predicting a balanced position, which is the same as the last month.

There are no new exceptions to report this month.

2.1.5 Significance Issues- Legal and Governance

The Legal and Governance budget is currently predicting a balanced position, which is the same as the last month.

There are no new exceptions to report this month.

2.1.6 Significant Issues – LGSS Managed

LGSS Managed budgets are currently predicting an overspend of 60k, which is an increase of £7k from the previous forecast. This is due to an overspend in IT Managed.

There are no new exceptions to report this month.

2.1.7 Significant Issues – Financing Costs

The Financing Costs budget is currently predicting an underspend of £534k. This is mainly due to savings generated through revenue charge (the Minimum Revenue Charge – MRP).

The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP). Following analysis of capital schemes completed in 2018/19 and how they were funded, the MRP payment for 2019/20 has been recalculated and is forecast to be underspent by £1,031k. Off-setting this, the Interest Payable budget is forecast to overspend by £497k due to refinancing £100m of borrowing at slightly higher rates than originally forecast for 2019-20. These rates, however, are now fixed for up to 50 years at historically very low PWLB rates, providing a long-term benefit of overall lower rates.

2.1.8 Significant Issues – LGSS Cambridge Office

LGSS Cambridge Office budgets are currently predicting an overspend of £505k, which is a decrease of £58k from the previous forecast. This is mainly due to savings from vacancies across LGSS Operational directorates.

There are no new exceptions to report this month.

3. CAPITAL PROGRAMME

3.1 Capital Expenditure and Funding

Expenditure

- Corporate Services and Transformation schemes have a capital budget of £7.5m in 2019/20 and there is expenditure of £1.6m to date. In-year, an underspend of £40k is forecast. The total scheme forecast is on budget.

  There are no new material exceptions to report this month.

- LGSS Managed had a capital budget of £2.3m in 2019/20 and there is expenditure of £0.5m to date. In-year, an overspend of £40k is predicted. The total scheme forecast is on budget.

  There are no new material exceptions to report this month.

Funding

- There are no new material exceptions to report this month.
- A detailed explanation of the position for Corporate Services and LGSS Managed can be found in CS appendix 3.

4. TECHNICAL NOTE

Technical financial information for corporate directorates covering grants, reserves and budget virements is included as CS Appendix 4.

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

Agenda Item No.5

INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 31ST AUGUST 2019

To:	**General Purposes Committee**		
Date:	**22 October 2019**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**2019/012**	*Key decision:*	**Yes**

Purpose: **To present financial information to assess progress in delivering the Council's Business Plan.**

Recommendations: **General Purposes Committee (GPC) is recommended to:**

a) Note the transfer in budget responsibility and reporting for commercial scheme debt charges from Debt Charges within Corporate Services (CS) Financing to Commercial and Investment (C&I), as set out in section 5.2;

b) Note the reduction in prudential borrowing of -£5,198k in relation to the multi-agency One Public Estate Highways Depot Project, as set out in section 6.7;

c) Note the additional prudential borrowing for the Cambs 2020 Spokes disposals/acquisitions and adaptations subject to a separate report to this meeting;

d) Approve additional prudential borrowing of £920,000 in 2020/21 for the Cromwell Community College scheme, as set out in section 6.8.

	Officer contact:		*Member contacts:*
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703599	Tel:	01223 706398

1. PURPOSE

1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

2. OVERVIEW

2.1 The following summary provides the Authority's forecast financial position at year-end and its key activity data for care budgets.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£0.82m (+0.2%); this is largely within People & Communities (P&C) (£3.0m pressure) and LGSS Operational (£0.5m pressure), partially offset by forecast underspends of -£1.9m in Place & Economy, -£0.5m in CS Financing and -£0.3m in Corporate Services. See section 3 for details.

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

3. REVENUE BUDGET

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

Key to abbreviations

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

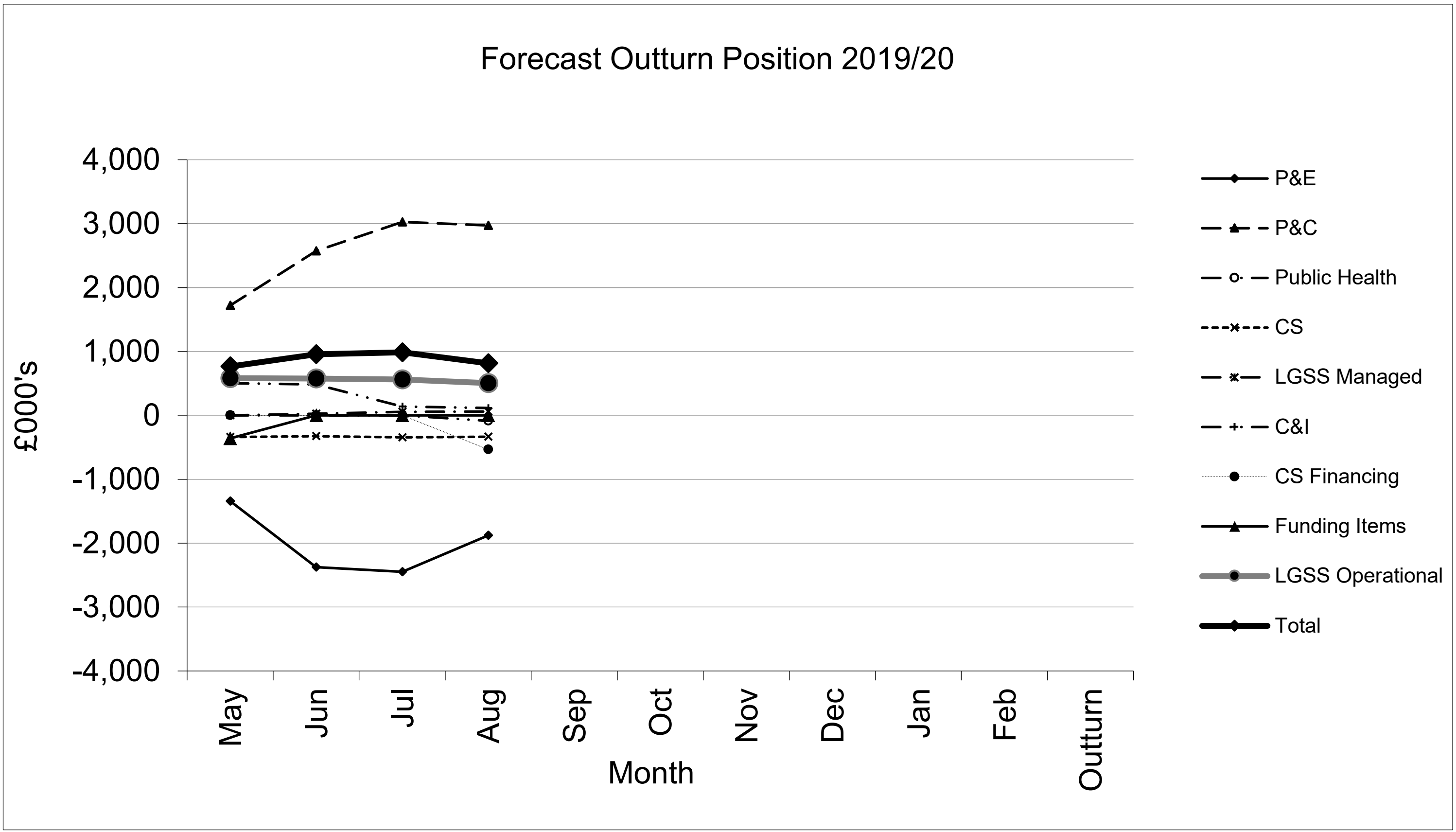
Original Budget as per Business Plan £000	Forecast Variance (July) £000	Service	Current Budget for 2019/20 £000	Actual (Aug) £000	Forecast Variance (Aug) £000	Forecast Variance (Aug) %	Overall Status	DoT
57,504	-2,448	Place & Economy	52,101	13,596	-1,879	-3.6%	Green	↓
254,936	3,027	People & Communities	262,728	111,487	2,972	1.1%	Red	↑
390	0	Public Health	390	-7,785	-86	-	Green	↑
10,221	-344	Corporate Services	9,095	4,262	-336	-3.7%	Green	↓
14,048	53	LGSS Managed	14,202	9,771	60	0.4%	Green	↓
-9,502	136	Commercial & Investment	-8,768	2,285	115	-	Amber	↑
28,161	0	CS Financing	27,558	2,653	-534	-1.9%	Green	↑
355,758	**424**	**Service Net Spending**	**357,306**	**136,269**	**312**	**0.1%**	**Red**	↑
20,357	0	Funding Items	18,447	9,709	0	0.0%	Green	↔
376,115	**424**	**Subtotal Net Spending**	**375,753**	**145,978**	**312**	**0.1%**	**Red**	↑
		Memorandum items:						
8,161	563	LGSS Operational	8,119	4,745	505	6.2%	Amber	↑
	987	**Grand Total Net Spending**	**383,872**	**150,723**	**817**	**0.2%**	**Red**	↑
170,024		Schools	170,024					
554,300		**Total Spending 2019/20**	**553,896**					

1 The budget figures in this table are net.

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

3 The budget of £390k stated for Public Health is cash limit budget. In addition to this, Public Health has a budget of £24.7m from ring-fenced public health grant, which makes up its gross budget.

4 The 'Funding Items' budget comprises the £8.7m Combined Authority Levy, the £407k Flood Authority Levy and £9.3m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£1.879m (-3.6%) underspend is forecast at year-end.

	£m	%
Winter Maintenance – a +£0.463m pressure is forecast. The costs for delivering the winter service have increased predominantly due to the change in type of highway service contract that is now in place. Under the old contract, which was tendered back in 2005, winter maintenance was paid for under a schedule of rates which increased by inflation each year. Significantly, overheads were applied across the contract as a whole rather than to individual orders, therefore masking the true cost for delivering the winter service. Under the new contract (tendered in 2016) winter is paid for on an actual cost basis, with overheads and fees applied to each individual order. This means that it is much clearer what the cost of delivering the service is and allows for far more informed budget planning.	+0.463	(+22%)

- Unfortunately the increased cost for delivering winter services was not picked up earlier because the first winter (17/18) under the new contract was exceptionally harsh and the high number of gritting runs masked the fact that the actual cost of delivering the service had increased. The mild winter in 18/19 resulted in a very low number of gritting runs and although overspent the overspend was relatively small and was attributed to one-off costs rather than a fundamental increase in the actual service cost.

- A combination of more minor variances sum with the above to lead to an overall outturn of -£1.879m. For full and previously reported details see the [P&E Finance Monitoring Report](http://tiny.cc/mg6cez), (http://tiny.cc/mg6cez).

3.2.2 **People & Communities:** +£2.972m (+1.1%) pressure is forecast at year-end. There are no exceptions to report this month; for full details see the P&C Finance Monitoring Report, (http://tiny.cc/cn6cez).

3.2.3 **Public Health:** -£0.086m (-%) underspend is forecast for year-end. There are no exceptions to report this month; for full details see the PH Finance Monitoring Report, (http://tiny.cc/z06cez).

3.2.4 **Corporate Services:** -£0.336m (-3.7%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (http://tiny.cc/ec7cez).

3.2.5 **LGSS Managed:** +£0.060m (+0.4%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (http://tiny.cc/ec7cez).

3.2.6 **CS Financing:** -£0.534m (-1.9%) underspend is forecast for year-end.

	£m	%
• **Minimum Revenue Provision (MRP) and Interest Payable–** An underspend of -£534k is forecast across Minimum Revenue Provision and Interest Payable budgets. The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP). Following analysis of capital schemes completed in 2018/19 and how they were funded, the MRP payment for 2019/20 has been recalculated and is forecast to underspend by -£1,031k. Off-setting this, the Interest Payable budget is forecast to overspend by £497k due to refinancing £100m of borrowing at slightly higher rates than originally forecast for 2019-20; however these rates are now fixed for up to 50 years at historically very low Public Works Loan Board (PWLB) rates, providing a long-term benefit of overall lower rates.	-0.534	(-2%)

- For full and previously reported details see the CS & LGSS Finance Monitoring Report, (http://tiny.cc/ec7cez).

3.2.7 **Commercial & Investment**: +£0.115m (-%) pressure is forecast at year-end.

	£m	%
• **Shareholder Company Dividends** – a -£0.250m underspend is forecast. The Shareholder Company Dividends budget is forecast to overachieve by £250k in 2019/20 due to the estimate for the dividend to be received from ESPO (the Council's joint purchasing consortium, Eastern Shires Purchasing Organisation), which is higher than the budget.	-0.250	(-121%)

- A combination of more minor variances sum with the above to lead to an overall outturn of +£0.115m. For full and previously reported details see the C&I Finance Monitoring Report, (http://tiny.cc/mj7cez).

3.2.8 **Funding Items:** a balanced budget is forecast at year-end. There are no exceptions to report this month.

3.2.9 **LGSS Operational:** +£0.505m (+6.2%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (http://tiny.cc/ec7cez).

Note: *exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.*

4. KEY ACTIVITY DATA

4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest P&C Finance Monitoring Report, (http://tiny.cc/cn6cez) (section 2.5).

5. FUNDING CHANGES

5.1 Where a virement of over £175k in 2019/20 revenue budget is requested between main budget headings compared to that budgeted in the Business Plan (BP), this will require approval by General Purposes Committee (GPC).

5.2 Although the following change in budget responsibility is about management responsibility only and does not constitute a virement as there is no change in purpose or outcomes, this is recorded in this report for the Committee to note.

Virement of commercial scheme debt charges

Previously, Housing Investment was the only area where the estimated debt charges (revenue costs of financing capital) related to the scheme were recharged from the overall debt charges budget (this sits within Corporate Services under General Purposes Committee) in order to provide a true net return figure within Commercial & Investment. It is not possible to split out the debt charges budget fully across all capital schemes, however it is felt that it would be beneficial to do this for all commercial schemes in order to aid transparency and report a net return within Commercial Activity. To date the only scheme that has completed and to which this applies is the Triangle Solar Farm. The budgets relating to remaining relevant schemes will be dealt with as part of the 2020-21 Business Planning process.

As a result the budget for commercial scheme debt charges (£603k) has transferred from Debt Charges to the C&I Committee.

General Purposes Committee is asked to note the transfer in budget responsibility and reporting for commercial scheme debt charges from Debt Charges within CS Financing to C&I.

6. CAPITAL PROGRAMME

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

2019-20								TOTAL SCHEME	
Original 2019/20 Budget as per Business Plan £000	Forecast Variance - Outturn (July) £000	Service	Revised Budget for 2019/20 £000	Actual-Year to Date (Aug) £000	Forecast Variance - Outturn (Aug) £000	Forecast Variance - Outturn (Aug) %		Total Scheme Revised Budget (Aug) £000	Total Scheme Forecast Variance (Aug) £000
43,908	-5,064	P&E	58,672	7,120	-5,111	-8.7%		410,602	-
129,267	0	P&C	101,166	41,027	-0	0.0%		677,339	-2,171
3,457	-40	CS	7,463	1,613	-40	-0.5%		24,677	-
2,827	40	LGSS Managed	2,339	501	40	1.7%		6,785	-
90,443	-	C&I	100,474	84,706	-	0.0%		299,313	-
-	-	Outturn adjustment	-	-	5,111	-		-	-
269,902	**-5,064**	**Total Spending**	**270,114**	**134,968**	**-0**	**0.0%**		**1,418,716**	**-2,171**

Notes:

1. The ‘Revised Budget’ incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.

2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2019/20 of £30.8m and is currently forecasting an in-year pressure of £0.8m at year-end.

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

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

2019-20					
Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (Aug) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Aug) £000
P&E	-13,505	-18,616	13,505	100.00%	-5,111
P&C	-13,399	-6,888	6,888	51.41%	-0
CS	-1,431	-68	68	4.75%	-40
LGSS Managed	-585	0	0	0.00%	40
C&I	-26,312	-6,706	6,706	25.49%	0
Outturn adjustment	-	-	5,111	-	5,111
Total Spending	**-55,232**	**-32,278**	**32,278**	**58.44%**	**-0**

6.3 As at the end of August 2019, Place & Economy schemes have exceeded the capital variations budget allocated to them, forecasting an in-year underspend of -£5.1m. At this stage of the financial year it is not thought that the position across the whole programme will be an underspend; however, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

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

6.4.1 **Place & Economy:** a -£5.1m (-8.7%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the P&E Finance Monitoring Report, (http://tiny.cc/mg6cez).

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

Revised Budget for 2019/20	Forecast Spend - Outturn (Aug)	Forecast Spend - Outturn Variance (Aug)	Variance Last Month (July)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic Need - Primary						
34,294	33,737	-557	1,129	-1,686	-1,122	565
An in-year underspend of -£0.6m is forecast across Basic Need – Primary schemes. This is a change of -£1.7m on the position reported last month and is primarily due to changes on the Chatteris New School scheme as outlined below:						
Chatteris New School						
4,600	3,000	-1,600	0	-1,600	0	-1,600
£1.6m rephasing is anticipated in 2019/20 due to issues around Highways and planning permission. This is a combined project with Cromwell Community College.						
Basic Need - Secondary						
51,096	45,043	-6,052	-4,452	-1,600	-52	-6,000
An in-year underspend of -£6.1m is forecast across Basic Need – Secondary schemes. This is a change of -£1.6m on the position reported last month and is primarily due to changes on the Cromwell Community College schemes as outlined below:						
Cromwell Community College						
5,500	4,000	-1,500	0	-1,500	0	-1,500
£1.5m rephasing is anticipated in 2019/20 due to issues around Highways and planning permission. This is a combined project with Chatteris New School.						
P&C Capital Variation						
-13,399	-6,511	6,888	3,426	3,462	0	6,888
As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £6.9m underspend is balanced by use of the capital variations budget; this relates primarily to the underspends on Basic Need – Primary and Basic Need – Secondary as reported above, together with more minor variances.						

- For full and previously reported details see the P&C Finance Monitoring Report, (http://tiny.cc/cn6cez).

6.4.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (http://tiny.cc/ec7cez).

6.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (http://tiny.cc/ec7cez).

6.4.5 **Commercial & Investment**: a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the C&I Finance Monitoring Report, (http://tiny.cc/mj7cez).

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

6.5.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the P&E Finance Monitoring Report, (http://tiny.cc/mg6cez).

6.5.2 **People & Communities:** a -£2.171m (-0.3%) total scheme underspend is forecast.

Total Scheme Revised Budget	Total Scheme Forecast Spend - Outturn (Aug)	Total Scheme Forecast Spend - Outturn Variance (Aug)	Variance Last Month (July)	Movement
£'000	£'000	£'000	£'000	£'000
Basic Need - Primary				
273,607	271,541	-2,066	-1,277	-789
A total scheme underspend of -£2.1m is forecast across Basic Need – Primary schemes. This is a change of -£0.8m on the position reported last month and is mainly due to forecast savings on completion of the schemes outlined below:				
Sawston Primary				
2,460	2,160	-300	0	-300
Savings made on contingency and risk as project nears completion.				
St Neots, Wintringham Park				
14,236	13,975	-261	0	-261
Savings made through the design and tender process to be released in future years.				

- For full and previously reported details see the P&C Finance Monitoring Report, (http://tiny.cc/cn6cez).

6.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (http://tiny.cc/ec7cez).

6.5.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (http://tiny.cc/ec7cez).

6.5.5 **Commercial & Investment**: a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance Monitoring Report, (http://tiny.cc/mj7cez).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	16.0	0.5	-0.3	1.4	**17.6**	19.3	1.7
Basic Need Grant	6.9	-	-	-	**6.9**	6.9	-
Capital Maintenance Grant	4.7	-	-	-1.1	**3.5**	3.5	-
Devolved Formula Capital	1.0	2.0	-	-0.2	**2.8**	2.8	-
Specific Grants	8.4	0.0	-	0.7	**9.1**	7.4	-1.8
S106 Contributions & Community Infrastructure Levy	19.4	3.3	-12.8	0.4	**10.3**	10.3	-0.0
Capital Receipts	45.4	10.4	-10.5	-	**45.3**	45.3	-
Other Contributions	24.6	3.3	-	4.4	**32.2**	17.5	-14.7
Revenue Contributions	10.1	-	-	-	**10.1**	10.1	-
Prudential Borrowing	133.4	19.8	-13.4	-7.7	**132.2**	141.9	9.7
TOTAL	**269.9**	**39.3**	**-37.0**	**-2.1**	**270.1**	**265.0**	**-5.1**

1 Reflects the difference between the anticipated 2018/19 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2019/20 Business Plan, and the actual 2018/19 year end position.

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

Funding	**Service**	**Amount (£m)**	**Reason for Change**
Addition/Reduction in Funding – Prudential borrowing	C&I	-£5.2	A reduction in prudential borrowing of £5,198k is expected in relation to the multi-agency One Public Estate Highways Depot Project in 2019/20. This project is being re-scoped, and a revised budget will be allocated based on the new requirements. A revised timescale for delivery will be produced as part of the full business case. This will go through the capital budget process. The intention is that this project will still be delivered, however further scoping of the service/build requirements is needed with Highways England, the main partner, and it is considered sensible to remove this from the current year plans as there is no realistic prospect of requiring prudential

			borrowing this year. Collaboration with blue light services will also be further explored as the scheme is re-scoped. **General Purposes Committee is asked to note the reduction in prudential borrowing of -£5,198k in 2019/20 in relation to the multi-agency One Public Estate Highways Depot Project.**

6.8 In the August P&C Finance Monitoring Report, Children and Young People (CYP) Committee is recommending to General Purposes Committee (GPC) the approval of a £920k increase in the overall scheme budget of Cromwell Community College to be funded by prudential borrowing (as set out in section 2.4.2 of the P&C covering report). Archaeological and Highways issues have caused delays over the summer period resulting in increased costs to ensure that the scheme is completed in time. This increase is estimated at £920k and GPC is requested to approve an increase in budget of this amount, to be funded through prudential borrowing. Officers will bring a detailed update to a later Children and Young People (CYP) Committee, outlining areas where efficiencies have been made on this scheme, as well as further areas that are being looked into which may result in the full £920k not being required. The scheme will be funded by borrowing; the annual cost of the total borrowing for this scheme will start in 2022/23 estimated at £460k, and decreases each year thereafter.

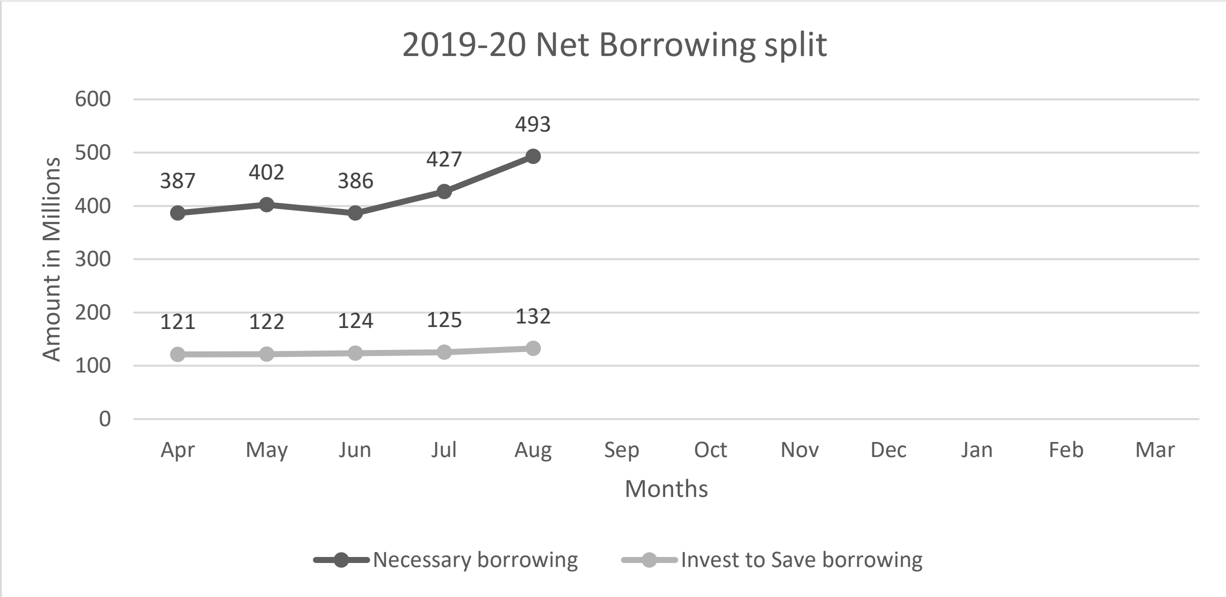
General Purposes Committee is asked to approve additional prudential borrowing of £920,000 in 2020/21 for the Cromwell Community College scheme.

7. BALANCE SHEET

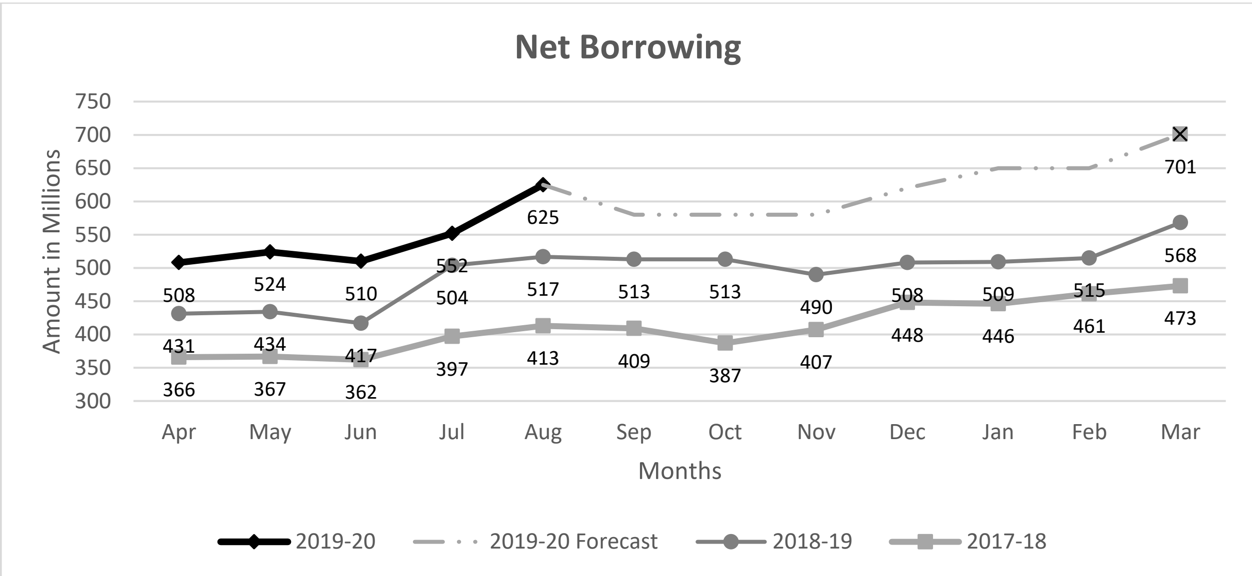
7.1 A more detailed analysis of balance sheet health issues is included below:

Measure		**Year End Target**	**Actual as at the end of Aug 2019**
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£9.30m
	Sundry	£1.71m	£4.62m

7.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2019-20, it is estimated that £132m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



7.3 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of August 2019, investments held totalled £43m (excluding 3rd party loans) and gross borrowing totalled £668m, equating to a net borrowing position of £625m.



7.4 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc). As illustrated by the comparative 2017-18 and 2018-19 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend. The 2019-20 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

7.5 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2019-20 TMSS was set in February 2019, it anticipated that net borrowing would reach £732.1m by the end of this financial year. Based on the 2018-19 outturn position and subsequent revisions to the capital programme is, this is now forecast to be £700.5m by the end of this financial year.

7.6 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Councils exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer term borrowing should underlying interest rates be forecast to rise in a sustained manner.

7.7 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.

7.8 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report, (http://tiny.cc/3by0cz).

7.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in Appendix 2.

8. ALIGNMENT WITH CORPORATE PRIORITIES

8.1 A good quality of life for everyone

There are no significant implications for this priority.

8.2 Thriving places for people to live

There are no significant implications for this priority.

8.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

9. SIGNIFICANT IMPLICATIONS

9.1 Resource Implications

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

9.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

9.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

9.4 Equality and Diversity Implications

There are no significant implications within this category.

9.5 **Engagement and Consultation Implications**

No public engagement or consultation is required for the purpose of this report.

9.6 **Localism and Local Member Involvement**

There are no significant implications within this category.

9.7 **Public Health Implications**

There are no significant implications within this category.

Implications	**Officer Clearance**
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	No Name of Legal Officer: Not applicable
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	No Name of Legal Officer: Not applicable
Have the equality and diversity implications been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any engagement and communication implications been cleared by Communications?	No Name of Officer: Not applicable
Have any localism and Local Member involvement issues been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any Public Health implications been cleared by Public Health	No Name of Officer: Not applicable

Source Documents	**Location**
P&E Finance Monitoring Report (August 19) P&C Finance Monitoring Report (August 19) PH Finance Monitoring Report (August 19) CS and LGSS Cambridge Office Finance Monitoring Report (August 19) C&I Finance Monitoring Report (August 19) Capital Monitoring Report (August 19) Report on Debt Outstanding (August 19)	1st Floor, Octagon, Shire Hall, Cambridge

APPENDIX 1 – transfers between Services throughout the year (only virements of £1k and above (total value) are shown below)

	P&C	Public Health	P&E	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Opening Cash Limits as per Business Plan	254,936	390	57,504	28,161	10,221	14,048	-9,502	8,161	20,357
Greater Cambridge Partnership budgets not reported in CCC budget					-602				
Budget Build correction- Impact of Local Government Pay offer on CCC Employee Costs					-430	430			
External audit fees budget transfer					27	-27			
19/20 Council tax income generation proposal to precept income codes					200				
Transfer of Cultural & Community Services from P&E to P&C	4,721		-4,721						
Movement of Contract Efficiency saving target from Corporate Services					49		-49		
Inflation allocation adjustment for Children's Services Legal from CS	30				-30				
Remove Traded Services Central income target from Central Services Risks budget.					-58		58		
Correction of apprenticeship levy					-7	7			
Correction of staffing budget					48			-48	
Community & Safety – Trading Standards moving from P&E to P&C	694		-694						
Review of 2019-20 budget as approved by GPC at 16th July 2019 meeting, Agenda item 5a	2,360				-322	-250	122		-1,910
Transfer Concessionary Fares budget to P&E	-12		12						
Adjustment to match revised LGSS Law SLA						-5		5	
Transfer of commercial scheme debt charges budget				-603			603		
Current budget	**262,728**	**390**	**52,102**	**27,558**	**9,096**	**14,203**	**-8,768**	**8,119**	**18,447**
Rounding	0	0	0	0	1	1	0	-1	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 31 Aug 2019		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	12,850	4,699	17,549	16,732	
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	112	0	112	0	
subtotal	12,962	4,699	17,661	16,732	
Earmarked					
- Specific Reserves					
5 Insurance	4,060	-545	3,515	3,515	
subtotal	4,060	-545	3,515	3,515	
- Equipment Reserves					
6 P&C	8	0	8	8	
7 P&E	0	0	0	0	
8 CS	3	0	3	3	
9 C&I	56	0	56	0	
subtotal	67	0	67	11	
Other Earmarked Funds					
10 P&C	286	0	286	286	
11 PH	2,886	0	2,886	2,586	
12 P&E	5,571	-947	4,624	3,437	Includes liquidated damages in respect of the Guided Busway
13 CS	3,193	297	3,490	3,498	
14 LGSS Managed	63	0	63	0	
15 C&I	600	0	600	679	
16 Transformation Fund	24,504	4,567	29,071	20,706	Savings realised through change in MRP policy.
17 Innovate & Cultivate Fund	1,561	-196	1,365	997	
subtotal	38,664	3,721	42,385	32,189	
SUB TOTAL	**55,753**	**7,875**	**63,628**	**52,447**	
Capital Reserves					
- Services					
18 P&C	29,463	0	29,463	29,463	
19 P&E	6,069	841	6,910	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	20,415	13,208	33,623	0	
22 Corporate	54,694	10,972	65,666	55,935	Section 106 and Community Infrastructure Levy balances.
subtotal	110,641	25,021	135,662	86,398	
GRAND TOTAL	**166,394**	**32,896**	**199,290**	**138,845**	

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 31 Aug 2019		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	0	0	0	0	
2 P&C	200	0	200	200	
3 CS	0	0	0	0	
4 LGSS Managed	3,460	0	3,460	3,460	
5 C&I	0	0	0	0	
subtotal	3,660	0	3,660	3,660	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	**7,273**	**0**	**7,273**	**7,273**	

Agenda Item No:6

MEDIUM TERM FINANCIAL STRATEGY

To:	**General Purposes Committee**
Meeting Date:	**22nd October 2019**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**This report sets out the Council's draft Medium Term Financial Strategy for the next five years. The strategy is updated annually at the commencement of the business planning process but is refined during the process as the financial climate and the Council's approach to its finances gain greater clarity. The final Strategy is adopted at the Council meeting in February that agrees the Business Plan and the revenue and capital budgets. Its core purpose is to provide a financial framework within which individual service proposals can develop before Council approves the budget and the Business Plan in February.**
Recommendation:	**It is recommended that General Purposes Committee considers the Draft Medium Term Financial Strategy for 2020-25.**

	Officer contact:		***Member contacts:***
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Tel:	01223 699796	Tel:	01223 706398

1. BACKGROUND

1.1 For a number of years the Council has adopted an integrated approach to service planning and budget setting. It does this through the business planning process that culminates annually with the Council agreeing the Business Plan in February.

1.2 The Business Plan covers a five year timeline and integrates policy objectives, resource allocations, and performance targets. The General Purposes Committee has a responsibility in owning and overseeing this process (as well as being the Service Committee on behalf of Corporate and LGSS Managed Services).

1.3 The Council has seen a £47m reduction in funding from Central Government from £195m in 2013-14 to £148m in 2019-20, a real terms reduction of over 40%. Within this time period, Cambridgeshire has been one of the fastest growing counties which has placed increasing pressure on the Council due to rising demand for services. In addition to growth in the general population, the needs of those requiring care packages have become more complex and therefore costly. This increase in demand, along with continuing reductions in grants and inflation, has resulted in the Council needing to make savings of £226m since 2013-14.

1.4 To face this challenge, the Council is continuing the transformation programme, which commenced in 2016 and has, including current plans, invested £19m in improving service efficiency. This programme is re-shaping the Council in to one that is leaner, more cost effective, more cross cutting, and focused on outcomes.

1.5 In the 2018 Autumn Budget, following a period of sustained pressure from Local Authorities and Councillors, Government announced that negative Revenue Support Grant (RSG) would be fully funded in 2019-20. In the 2019 Spending Round, Government confirmed that negative RSG will continue to be funded in 2020-21, making this the first year since 2012-13 in which the Council has not seen its core funding reduced.

1.6 The 2015 Spending Review confirmed that the reduction in public spending would be phased over a longer period than was originally planned, and the deadline for UK public finances to be in a surplus position was pushed back beyond the 2020 scope of the review. This recent trend of loosening fiscal constraints appears set to continue given the additional spending pledges announced by Government in the 2019 Spending Review, however this may yet be impacted by continued uncertainty surrounding the terms of the UK's exit from the European Union.

1.7 The Council's scope to make wholesale service reductions is constrained by the statutory responsibility it has to deliver some services. The key areas where budgets face rising demand pressures are Adults and Older People's care packages, Children with special educational needs (SEN) and looked after children (LAC). We do not have the option to simply stop providing services in these areas and must meet statutory requirements. The users of these services are vulnerable people and we cannot relinquish our responsibilities for their care.

1.8 As sustained resource pressures on Local Authorities have continued, the number of potential service reduction options available to the Council has become increasingly limited. The Council has therefore pursued a range of alternative approaches centred around improving demand management and contract efficiency, particularly in those areas of highest spend. This means a combination of preventing the need for Council support in the first place and ensuring that the support provided delivers maximum value for money. The Council is continually pushing the boundaries to ensure that, as far as possible, the service outcomes that residents receive remain unaffected.

1.9 A key component of the Business Plan is the Medium Term Financial Strategy (MTFS) which sets the financial framework that services should adopt in the construction of their budget proposals at the start of the business planning process. The MTFS and the Business Plan are the responsibility of Full Council and cannot be delegated. GPC recommends budget proposals to Council which Council must agree, or not, as part of the budget setting decision making process. The draft 2020-25 MTFS can be found in **Appendix A**. The financial estimates underpinning the draft MTFS, including inflation, demand, pressures and funding forecasts, are provisional and will be refined during this year's business planning process prior to consideration by Council in February.

2. PURPOSE AND KEY DEVELOPMENTS

2.1 One of the major functions of the MTFS is to set out the Council's projected resources for the next five financial years. It also sets out the financial picture facing the Council and the Council's strategy for managing its resources effectively in response to the economic climate. The strategy does not set out detailed budgets and individual savings proposals as these are contained elsewhere in the Business Plan. These proposals will be considered by service committees throughout the Autumn and Winter before being finally approved by Council in February.

2.2 The MTFS provides a guide and a context to support services in developing their budgets and agrees a number of corporate methodologies for this process.

2.3 At this point in the business planning process budget allocations should be regarded as provisional as there will be a number of factors that affect the final allocations. Such changes will arise from flexing to reflect the proposals brought forward through the transformation programme, as well as changes that could arise from the next Spending Review, changes to legislation, or unforeseen service pressures.

2.4 The transformation programme, whilst providing a more realistic opportunity for producing a balanced budget in the medium term, cannot be seen as a panacea to the challenges. The Council will still have to make difficult decisions over service levels, income generation and asset utilisation. These decisions will affect people and communities and the Council needs to review its overall structure in order to achieve radical ways of delivering services.

2.5 The 2020-25 MTFS has been developed during a period of considerably uncertainty surrounding the UK's public finances. Key funding reforms impacting the assessment of Local Authorities' resource requirements and allocation of business rates income have been delayed until 2021-22. Furthermore, levels of public spending may be impacted by the Government's policy response to the UK's exit from the European Union. The financial impact of Government policies currently in development will be taken into account within the Business Plan as the implications become clearer. The current draft MTFS has assumed a neutral position over the medium term which would see the Council's funding continue at current levels.

3. SAVING/INCOME TARGETS

3.1 Saving/Income targets are agreed as part of the Business Plan on a five year rolling basis and are updated to take account of changes to funding and expenditure, including projections on demand, inflation, and service pressures.

3.2 It is important that the Business Plan provides a realistic assessment of likely changes in costs as this ensures that the Council considers how it will realistically balance its budget, setting out a clear plan to achieve this through saving and income proposals.

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

Reason for Savings	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Total £000
Loss (+) / Gain (-) of funding	-12,423	-18,363	-13,831	-14,118	-14,670	**-73,405**
Inflation	8,800	9,190	7,827	7,578	7,775	**41,170**
Demand	10,970	11,477	12,990	13,487	13,210	**62,134**
Pressures and investments	7,675	5,565	4,648	4,100	3,042	**25,030**
Capital	5,898	4,192	1,392	2,048	241	**13,771**
Reserves	-5,100	2,861	-571	-398	-548	**-3,756**
Other	8,666	-106	-	-	-	**8,560**
Total	**24,486**	**14,816**	**12,455**	**12,697**	**9,050**	**73,504**

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

3.5 These saving/income targets are treated as an overall requirement for the Council, rather than being allocated to services, and the Transformation Programme continues to bring through projects from across all services to meet this challenge.

3.6 The draft 2020-25 Business Plan contains a significant proportion of unidentified savings/incomes. As part of this year's business planning process Services have reviewed existing 2019-24 Business Plan proposals to allow quantification of the scale of the savings/incomes yet to be identified.

3.7 The following table sets out the current saving/income requirement for the Council and indicates the level of saving/income yet to be identified. Identified savings and incomes exclude all proposals generated through the transformation programme in 2019-20.

	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Total £000
Identified savings	11,921	4,381	2,797	159	-691	**18,567**
Unidentified savings	12,565	10,435	9,658	12,538	9,741	**54,937**
Total	**24,486**	**14,816**	**12,455**	**12,697**	**9,050**	**73,504**

3.8 As a result of the statutory obligations placed upon Local Authorities, the most pressing focus for the business planning process is to ensure that the Council has a balanced budget for the forthcoming year. However, the transformation programme approach has a strong focus on redesigning the Council's delivery of services, operating with a real terms reduction in resource. Consequently, this business planning process will seek to address unidentified savings across the full five years of the Business Plan by exploring a range of approaches to securing the longer term sustainability of Council services, although it is expected that the detail of proposals will be most fully developed for 2020-21.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 A good quality of life for everyone

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

4.2 Thriving places for people to live

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

4.3 The best start for Cambridgeshire's children

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

This report sets out the provisional revenue resource and a proposed capital programme for all service areas. The final resource allocation will be approved by Council as part of the Business Plan in February 2020.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no issues directly arising from this report

5.3 Statutory, Risk and Legal Implications

There are no issues directly arising from this report

5.4 Equality and Diversity Implications

There are no issues directly arising from this report

5.5 Engagement and Consultation Implications

There are no issues directly arising from this report.

5.6 Localism and Local Member Involvement

There are no issues directly arising from this report.

5.7 Public Health Implications

There are no issues directly arising from this report.

Implications	**Officer Clearance**
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	**Location**
Draft Medium Term Financial Strategy 2020-25 Council Business Plan 2019-24	https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans c/o Senior Finance Business Partners 1st Floor Octagon Shire Hall Cambridge

Section 2 – Medium Term Financial Strategy

DRAFT

Contents

1) Executive summary

This Strategy sets out the financial picture facing the Council over the coming five years, the resources available to the Council, and the Council's strategy for managing its resources effectively. The four year period of the 2015 Comprehensive Spending Review came to an end in 2019-20 and Government has yet to announce a new multi-year settlement. This has left Local Authorities facing considerable uncertainty around the level of resources available to them over the medium term. It is therefore essential that Councils continue to focus on delivering core services sustainably whilst maintaining the adaptability required to respond to changing levels of resources, ensuring that services deliver value for money.

There is a great deal of uncertainty surrounding the UK's public finances not least due to uncertainty around our future relationship with the European Union following Brexit. Potential impacts on economic growth, migration policy, and the cost of goods and services may influence levels of resources available to local authorities. In addition to the international uncertainty, there are a number of Central Government consultations currently underway, most notably those on technical aspects of Fair Funding and the Business Rates Retention Scheme, which are expected to affect the Council's funding. Local Authorities had expected these funding reforms to take effect from 2020-21 however Government has confirmed that these will now be deferred until 2021-22. The outcomes of these consultations will be taken into account within the Business Plan as they become available.

The Fair Funding Review will affect how funding is allocated and redistributed between local authorities from 2021 onwards. It will reset business rate baselines which set out expected business rate receipts, funding baselines which determine relative need, and the tier split of business rates between County Councils and District Councils. The Government's preferred option is for a per-capita foundation formula with seven service-specific funding formulae and an Area cost Adjustment to reflect the differences in the cost in delivering services in different areas of the country. Damping is expected to play a significant role in limiting reallocations of funding between local authorities. It is also likely that reallocations will be phased in so no local authority will face a cliff edge cut to their funding or a step change increase in their funding.

At Autumn Budget 2017 it was announced that business rates revaluations will take place every three years, rather than every five years, following the next revaluation. This increases the risk to local authorities of funding changes part way into the period of their medium term financial strategies making longer term planning more challenging. Spring Statement 2018 announced that the next revaluation, which was due in 2022, will be brought forward to 2021. This will further increase the potential risk of significant changes to local authority funding allocations when the new model of 75% business rates retention is introduced in 2021-22.

The Council has developed a strategic approach to the creation of transformation and innovation proposals. This has helped to ensure that proposals and ideas are captured and turned from suggestions into realities. In order to support the continuation of this strategic approach, the Council previously established a Transformation

Fund currently held at around £20m ensuring that finance is not a barrier to transformation. This has supported Adult's and Children's services in particular to transform the current models of delivery and in doing so sustain higher levels of service than could have been afforded without the transformation funding.

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

Some service reductions are inevitable, these will be far less than otherwise would have been the case had the Council not embarked upon this journey, and we will always focus on transforming rather than cutting services within this approach. The Council will continue to seek to shape proposals so that the most vulnerable are the least affected. The Council has a statutory responsibility to set a balanced budget each financial year and the proposals that are already within the Business Plan for 2020-21 do contain some proposals, the delivery of which, will be challenging.
This strategy sets out the issues and challenges for the next five financial years and creates a framework within which the detailed budgets will be constructed.

Cambridgeshire has one of the fastest growing populations in the country and, as such, we are under particular pressure as the number of people accessing our services increases. The general population is also aging due to increasing life expectancies which is putting pressure on the ability of service users to contribute to the long term costs of their care. In addition to this background population growth the needs of those requiring care packages are becoming more complex and therefore costly. As a result, the Council will work increasingly across service, organisation, and sector boundaries to find ways in which the resources of the wider public sector and the community can be best used to achieve the outcomes we strive for in the context of a rapidly increasing number and need of local population.

The key elements of this Strategy, on which basis the Business Plan is predicated, are set out below. A key point to note is that general Council tax is not expected to increase for the five years included in the Strategy, but the Adult Social Care precept is assumed to increase by 2% in all five years. As yet there is no confirmation the precept will be available beyond 2020-21.

- No increases in general council tax from 2020-21 until 2024-25 (a 1% increase in the Council tax generates £2.9m)
- An increase in the Adult Social Care Precept of 2% for all five years of the Strategy;
- The strategic approach to developing savings and transformation proposals that support the Business Plan continue to evolve through a focus on demand management, (this entails employing a place based approach that builds on communities natural resources) efficiency, accountability, partnership and co-production;
- For the financial year 2020-21 the base budget will use the budget allocations built into the existing Business Plan but any variations will be managed, where possible, through the transformation work-streams that will bring forward cross-Council and multi-agency proposals;

- Funding for invest to save schemes will continue to be made available via the Transformation Fund as part of the Business Planning process, or from the Council's General Reserve, subject to robust business cases;
- The Council will continue to adopt a more commercial focus in the use of its assets (both human and infrastructure) looking for opportunities to generate income in order to protect frontline services;
- The General Reserve will be held at (and if necessary restored to) approximately 3% of expenditure (excluding schools expenditure and Combined Authority levy);
- Staff pay inflation has been budgeted at 2% for 2020-21 and 2021-22
- Fees and charges will be reviewed annually in line with the Council's fees and charges policy;
- The capital programme will be developed in line with the framework set out in the Capital Strategy where prudential borrowing will be restricted and any additional net revenue borrowing costs would need Council approval;
- All savings proposals will be developed against the backdrop of the Council's outcome-based approach to Business Planning, recognising the need to embrace change and innovation;
- All opportunities for cross-sector and organisational working that drive end to end efficiencies and/or improvements in service delivery will be pursued;
- Business rates pooling will be fully explored with district councils and the Combined Authority where there is a mutual financial benefit to do so;
- The Council Tax assumption and forecasts are reviewed annually
- The Council will continue to lobby central government for fair funding leading into the national replacement of the current funding formula in 2021-22.

2) National and local context

The Council's business planning takes place within the context of both the national and local economic environments, as well as government's public expenditure plans. This chapter of the Medium Term Financial Strategy explores that backdrop.

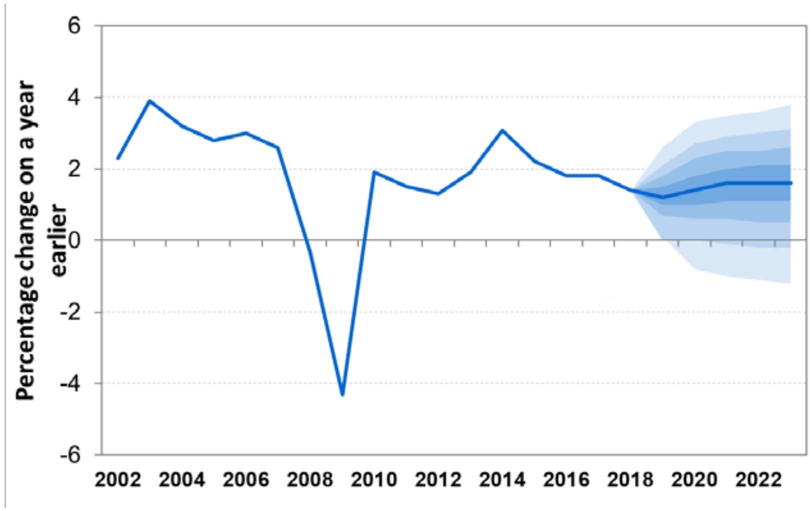
National economic outlook

UK GDP growth has fallen steadily for the past six years from 2.9% in 2014 to just 1.2% in 2019. In 2014 the UK economy was the fastest growing in the G7 and has since fallen to among the slowest growing. GDP growth is expected to remain relatively flat at around 1.5% over the next four years however this is subject to significant uncertainty due to the potential impact of Brexit on the UK economy. However, income tax receipts are performing above forecast levels and market interest rates are lower than projected, counteracting the impact of weak economic growth. These trends are expected to continue into the medium term, delivering a modest improvement in public finances.

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

Labour productivity remains a key weakness for the UK, with the International Monetary Fund warning that it is a key risk the UK's future economic health. The Office of Budget Responsibility is forecasting a gradual rise in productivity over the next four years as Brexit uncertainty begins to dissipate. However productivity is still 4.5 percentage points below the level in 2008 and growth is set to remain significantly lower than its pre-crisis rate. The ONS estimates that if productivity had continued to grow in line with the pre-crisis trend, average wages would have been over £5,000 higher in 2018 than were observed in reality.

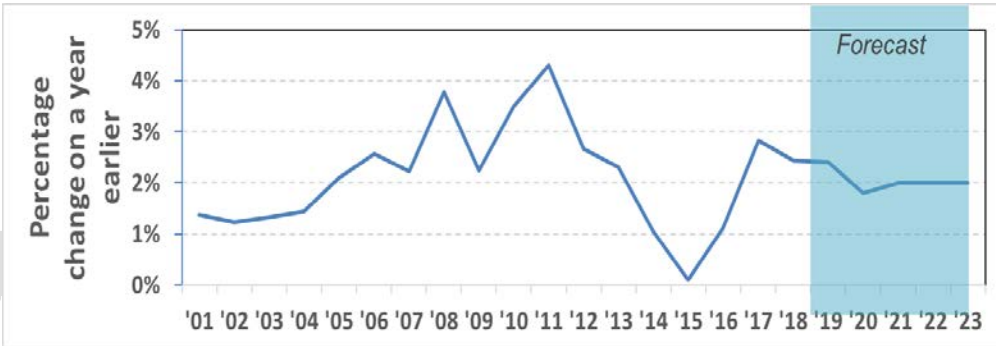
Figure 2.1: GDP Growth (Source: OBR, March 2019)



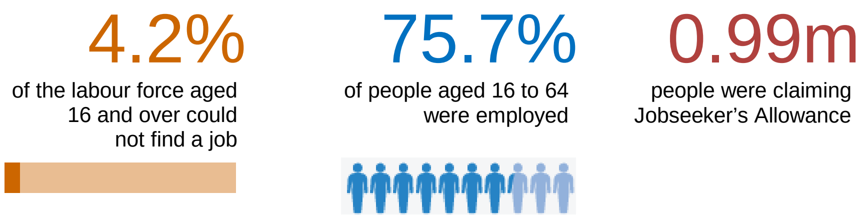
The downturn in the housing and property market after the credit crunch initially caused development to slow and land values have subsequently been struggling to recover. In previous years this has negatively affected the ability of the Council to fund capital investment through the sale of surplus land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

The government has set a target of 2% for the underlying rate of inflation as measured by the Consumer Price Index. During 2014 inflation fell below this level for the first time since late 2009. Since then CPI inflation has risen sharply, recently driven by the depreciation in sterling after the EU referendum and rising global commodity and energy prices. CPI inflation peaked at 3% in the final quarter of 2017 but has fallen back to around the 2% target in 2019 where it is projected to remain across the MTFS period.

Figure 2.2: CPI Inflation (Source: OBR, March 2019)



Unemployment has continued to fall, with the OBR revising the level of sustainable unemployment from 5% to 4.0% - the latest figures from the Office for National Statistics put the unemployment rate at 4.0%; with 1.36m people aged 16 to 64 not employed but seeking work. This figure is expected to rise marginally to 4.1% in 2019 as output falls below potential before falling back to the equilibrium rate of 4% by late 2022. As at November 2018, the number of people claiming Jobseekers Allowance was 0.99m. In total, 32.5m people were in employment (75.7% of the population aged 16-64).



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

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

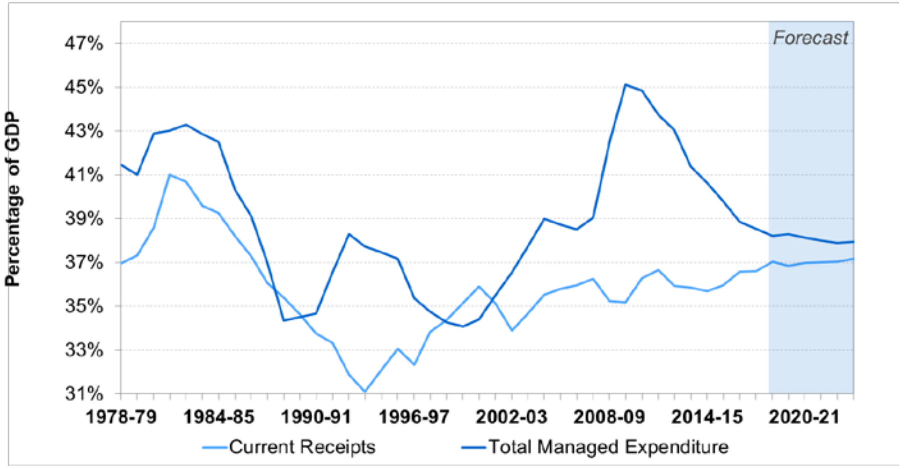
Public Sector spending

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

Whilst the 5-year settlement for the NHS announced in June 2018 and the increases in public spending announced in the Autumn Budget have resulted in a short term projected increase in the deficit, the OBR still expects the Government to meet their 2% target by 2020-21.

Public sector net debt peaked at 85.2% of GDP in 2016-17 but is expected to reduce to 75.0% by 2022-23. At its peak, debt will have increased by over 40% of GDP since 2007-08 – a figure that highlights the long-term challenge, facing this and future governments, of returning the UK's public finances to a sustainable position.

Figure 2.3: Total public sector spending and receipts (Source: OBR, October 2018)

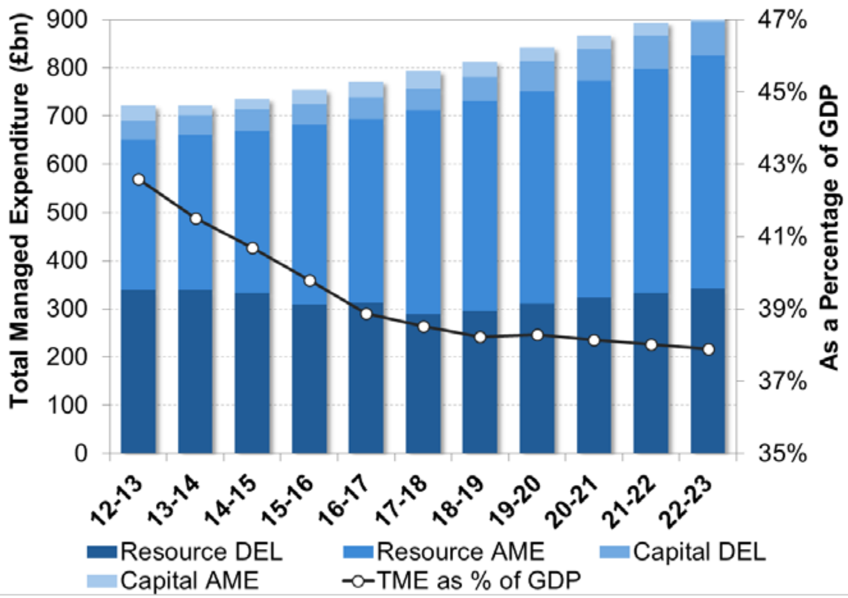


The government plans to eliminate the deficit by a mixture of spending and fiscal consolidation. Current estimates indicate that Total Managed Expenditure will be reduced from 38.3 % of GDP in 2019-10 to 37.9% of GDP by 2023-24.

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

AME covers spending on areas such as welfare, pensions and debt interest.
HM Treasury's forecast for TME over the next five years, as shown in Figure 2.4, indicates a 3% year on year increase, in revenue Departmental Expenditure Limits until 2023-24 to match forecast long term inflation targets, alongside a similar increase in AME. These forecasts are subject to considerable uncertainty due to the ongoing Brexit process. It has been suggested that the Chancellor's Spring Statement may be upgraded to a major fiscal event should the terms of the UK's withdrawl from the EU differ significantly from those anticipated at the time of the Autumn Budget.

Figure 2.4: Total Managed Expenditure (Source: OBR, October 2018)



Detailed government spending plans for individual departments were announced in the 2015 Spending Review, and departments will continue to deliver these plans. The latest spending review, in 2019, is for one financial year only, meaning that DELs have not been set beyond 2020-21.

By far the majority of the Ministry of Housing, Communities and Local Government's DEL is allocated to individual local authorities. The Government has launched a Fair Funding review which will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The new model of funding could bring about significant changes in distribution of funding between Local Authorities from 2021-22.

Our internal modelling is currently based on the existing system of 50% business rates retention with Government grants assumed to continue on a cash flat basis. During 2020/21 we will develop a revised model based on 75% local retention of business rates, incorporating new developments in methodology which will emerge as the consultation process progresses.

Local economic outlook

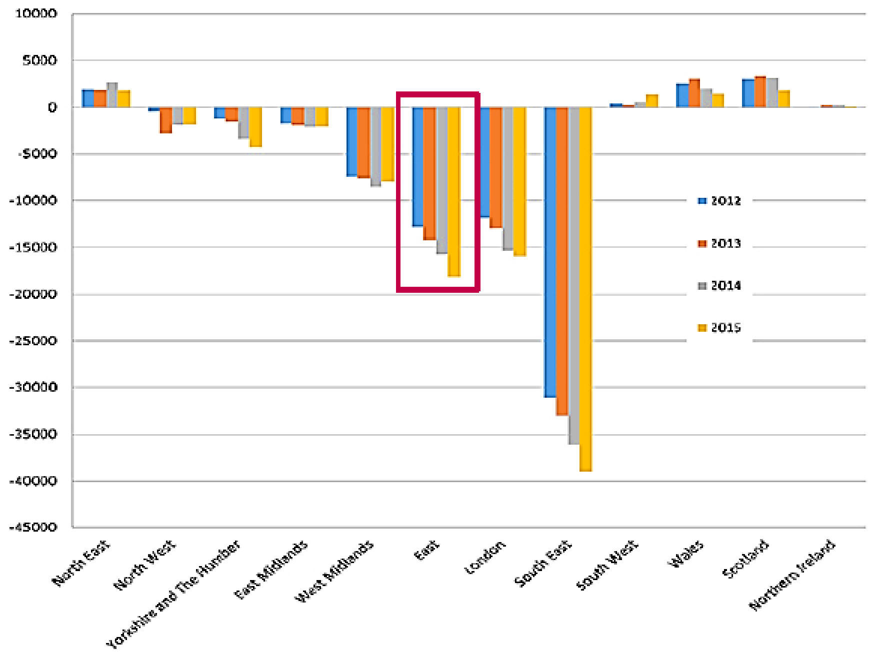
To be updated

The Cambridgeshire economy has been relatively, compared to the national picture, as demonstrated by its above average levels of job creation between 2001 and 2011. In the aftermath of the financial crisis increases in hi-tech firm size were evident between 2008 and 2010. The East of England remained the third-highest exporting region by value in 2012, with a particularly strong pharmaceutical industry – significantly bolstered by the move of the AstraZeneca headquarters to Cambridge in 2013.

The principal risks to the East of England economy as a result of Brexit are those associated with trade and labour. Over 7% of Eastern workers are EU nationals; the highest proportion of any English region outside of London. Tighter immigration expectations around EU migration could have a significant impact on the Adult Social Care market where 15% of the workforce in Cambridgeshire are EU nationals. Additionally, the East was the second highest net importer of European goods and services in 2015 behind the South East. A reduction in the availability of EU workers or the introduction of trade tariffs impacting the cost of imported goods and services could therefore have an adverse effect on the Eastern economy.

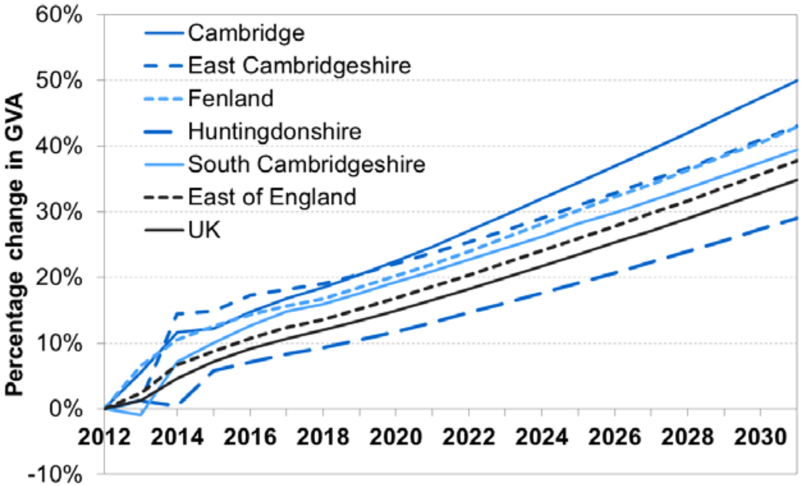
Proportion of EU workers by region and employment sector

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



Economic productivity is measured by Gross Value Added (GVA). Calculated on a workplace basis, Cambridgeshire's GVA was £19.235 million in 2017, a 5.9% increase from 2014. Per head of population, GVA was £28,932 in 2017, 21% above the East of England average of £23,904 per head, and 13% above the England average of £25,673 per head.

Figure 2.5: GVA growth forecasts for Cambridgeshire by district

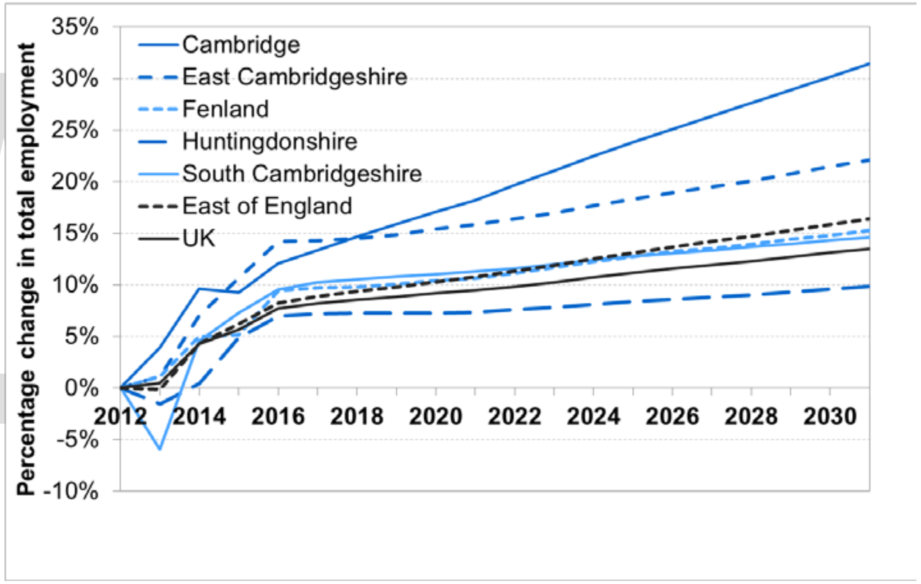


Source: Cambridge Econometrics

Cambridgeshire's GVA per head of population is above the regional and national averages, predominantly due to high value added activity in South Cambridgeshire and a high jobs density in Cambridge City, which push up the county average. Productivity is highest in South Cambridgeshire, reflecting the concentration of high value industry in this district.

Cambridgeshire's GVA is forecast to grow by 7.9% over the term of the MTFS, with the most significant increase in Cambridge City, where GVA is expected to increase by £558m. Enterprise births relative to population is still below the regional and national averages rate. Cambridgeshire as a whole saw an increase in the number of business start-ups in 2016 compared to 2015 however numbers of new start-ups fell in 2017 both in Cambridgeshire and across the East of England. However Retail growth in most district town centres continues to provide an important source of employment to support the broader market town business base.

Figure 2.6: Employment growth forecasts for Cambridgeshire by district



The forecast continued employment growth across all districts presents a key opportunity for the county. Cambridgeshire has seen a 3.2% rise in the number of private sector jobs from 2015 to 2016. From an historical perspective, job creation has previously been uneven, with Fenland and Cambridge only seeing limited growth between 2001 and 2011; however Fenland and Cambridge have seen jobs growth of 3.7% and 2.4% respectively from 2010 to 2016. A significant proportion of jobs in Cambridge and South Cambridgeshire are in manufacturing, healthcare and education. In

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

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

Cambridge City is seeing rising demand for skilled workers in manufacturing and production sectors due to a rise in orders, although there is a noticeable skills gap developing for the increasing number of vacancies. The low proportion of Cambridgeshire residents qualified to an intermediate skills level (NVQ Level 3) despite the high demand for people with these skills levels within the county is another key employment issue.

To be updated

The free Wi-Fi network covering central Cambridge is continuing to expand under the Connecting Cambridgeshire programme, as the first step in improving public access to Wi-Fi across the county. Better connectivity is expected to improve productivity. In March 2017, the Council approved the Cambridgeshire digital connectivity blueprint for 2017-2020 (£13.2m) with associated targets for broadband access, mobile coverage and public Wi-Fi access. In March 2018 the Chancellor announced up to £4m of additional funding to help to bring full fibre broadband connectivity to Cambridgeshire and Peterborough.

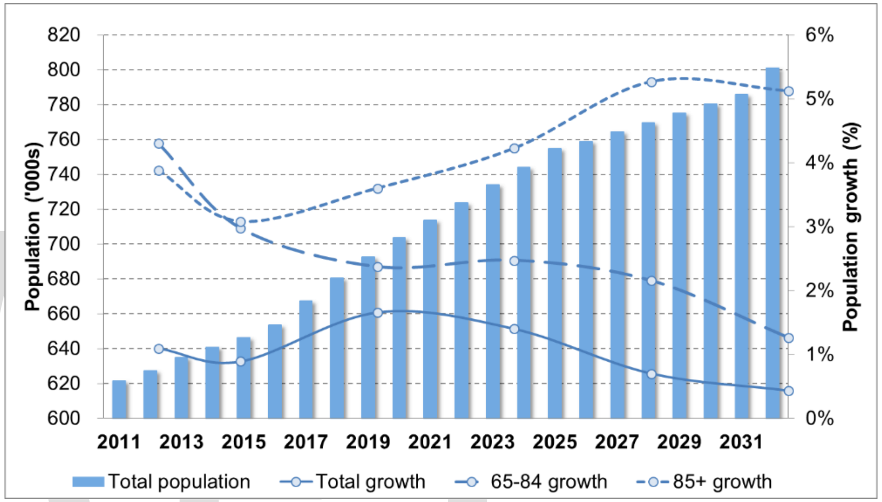
As part of the Budget 2014, Central Government announced their agreement for a Greater Cambridge City Deal (Greater Cambridge Partnership) which will deliver a step change in investment capability; an increase in jobs and homes with benefits for the whole County and the wider Local Enterprise Partnership area. The agreement provides a grant of up to £500 million for new transport schemes. However, only £100 million of funding has initially been guaranteed with the remaining funding dependent on the achievement of certain triggers. The deal has resulted in a changed set of governance arrangements for Greater Cambridge, allowing the County, Cambridge City Council and South Cambridgeshire District Council to pool funding and powers through a Joint Executive. This is helping to deliver a more joined-up and efficient approach to the key economic issues facing this rapidly-growing city region.

Cambridgeshire's growing population

Cambridgeshire County Council's population estimates show that Cambridgeshire's population has continued to grow since the Census 2011, rising by 4% to 648,300 by mid-2015. At the time of the 2011 census, Cambridgeshire was the fastest growing county in the UK with the county's population having increased by 68,500 between 2001 and 2011 to 621,200 - a growth rate of 12% over the ten year period. A growing county provides many opportunities for development and is a general sign of economic success. However, it also brings with it significant additional demand for services which is compounded by an increasing proportion of the population in the 60+ age group. When this is combined with the Government's austerity drive it creates what has been described as the "perfect storm". Being able to balance our budget will become increasingly more challenging as we progress through the period of this strategy.

Our forecasts show that the county's population is expected to grow by 23% between 2016 and 2036. The pattern of growth will not be evenly spread, with over half of it occurring in Huntingdonshire and South Cambridgeshire. As well as increased numbers of people living in the area, the population structure is also changing. The number of people aged 65 and over is forecast to continue to increase over the next 20 years, from 123,200 in 2018 to 181,800 in 2038, and forecast to account for 26% of the total population in 2036 compared to 16% at the 2011 Census, placing unprecedented demand on social care services for the elderly. It is also anticipated that there will be more people with care needs such as learning disabilities within the population.

Figure 2.7: Population forecasts for Cambridgeshire



3) Transformation

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

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

The Transformation Programme is now integrated into the Business Planning process with our programme of investments and savings reflecting the transformational changes we are planning for 2020-21 and beyond.

The key principles driving our thinking are;

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

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

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

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

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

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

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

Transformation Fund

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

4) Strategic financial framework

The Council's strategic financial framework is comprised of three distinct, but interdependent, strategies set out within this Business Plan:

- Medium Term Financial Strategy (Section 2)
- Capital Strategy (Section 6)
- Treasury Management Strategy (Section 7)

As well as outlining the Council's revenue strategy, this Medium Term Financial Strategy includes the organisation's Fees and Charges Policy (see chapter 5) and Reserves Policy (see chapter 8).

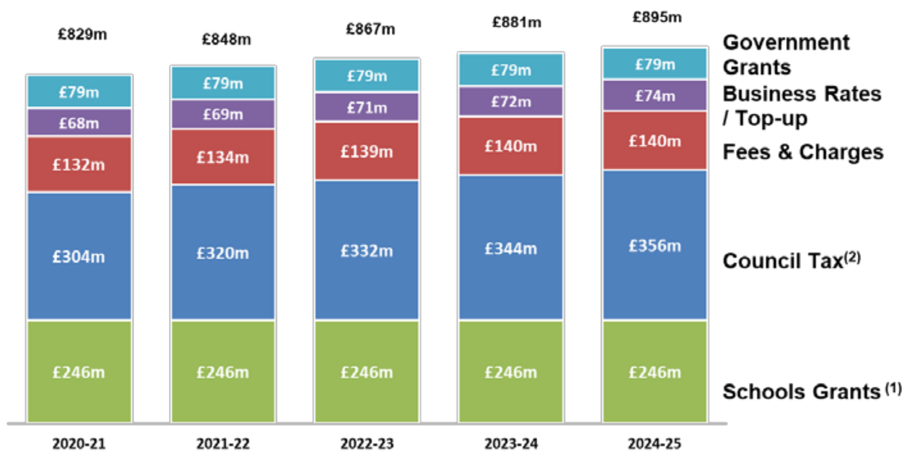
The Council's revenue spending is shaped by our Transformation Programme, influenced by levels of demand and the cost of service provision, and constrained by available funding.

Funding forecast

Forecasting our financial resources over the medium term is a key aspect of the revenue strategy, allowing us to understand the context in which the Council must operate. We have carried out a detailed examination of the revenue resources that are available to the Council. Revenue funding comes from a variety of national and local sources, including grants from Central Government and other public agencies, Council Tax, Business Rates and other locally generated income.

In 2020-21, Cambridgeshire is expected to receive £583m of funding excluding grants retained by its schools. The key sources of funding are Council Tax, for which an increase of 0% on the general council tax rate and 2% for the Adult Social Care precept has been assumed, and Central Government funding (excluding grants to schools).

Figure 4.1: Medium term funding forecast



(1) This includes Schedule 2 Dedicated Schools Grant, retained by the County Council under regulation to support schools and education functions, and grant funding used to purchase traded services from the County Council
(2) This includes Adult Social Care Precept funding with a provisional increase of 2% per year

As is evident from Figure 4.1, the Council will continue to face a challenging funding environment over the medium term. The

Council will see an overall increase in funding (excluding schools grants) of 11.4% to 2024-25, primarily due to increases in Council tax. However inflationary pressures, population growth and increased demand for services are expected to result in additional budget pressures of 21.1% of gross budget over the same period. This leaves a residual unfunded pressure of £74m (see figure 4.2). The council will therefore seek to make further improvements to the efficiency of service provision in order to ensure long term financial sustainability.

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

Table 4.1: Parameters used in modelling future funding

Funding Source	Parameters
Business Rates	• Cambridgeshire Rateable Value (prudent assumption of zero real growth) • National CPI inflation (1.8% in 2020-21, rising to 2% by 2024-25, as per OBR forecasts)
Top-up	• National CPI inflation (1.8% in 2020-21, rising to 2% by 2024-25, as per OBR forecasts)
General Council Tax	• Level set by Council (0% in 20-21 and 21-22) • Occupied Cambridgeshire housing stock (1.6%-1.7% annual increase, as per District Council forecasts)
Adult Social Care Precept	• Level set by Council (2% assumed until 2024-25)
Other grants	• Grants allocated by individual government departments overall decrease of -0.4% by 2024-25)
Fees & charges	• Charges set by Council (6.8% increase over MTFS period)

Our analysis of revenue resources is subject to a significant degree of uncertainty due to as yet unknown implications of a number of government policies designed to shape the local authority funding environment. Income from government grants has fallen sharply for a number of years but has recently begun to stabilise, acknowledging the acute pressures faced by the social care system and reduction of the national budget deficit. We are therefore projecting a prudent 'cash-flat' grant position across the MTFS period. Despite the improving outlook for grant funding, the Council continues to place increasing reliance on locally generated forms of revenue such as council tax and fees & charges. The Revenue Support Grant, worth more than £50m a year as recently as 2015-16, is now no longer received by the council. Although additional funding for social care has recently been forthcoming, this will not fully replace the grant funding withdrawn from Local Government over the past decade.

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

In his April 2015 Budget, the former Chancellor announced a pilot scheme allowing a small number of authorities, including the Council, to retain 100% of additional growth in business rates. The scheme was intended to incentivise local authorities to encourage business growth and allowed County Councils to retain an additional 9% of any growth in business rates above an agreed "stretch target".

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

The Revenue Support Grant was intended to track changes in relative need between local authorities, compensating those in need of additional funding. However the grant has been used as a means for implementing the government's austerity policy and as a result has been gradually withdrawn since 2013/14. This has created a financial disincentive towards population growth and has an adverse effect on growing counties like Cambridgeshire, which as far as RSG allocations are concerned, had a population of 635,900 in 2018-19, rather than 680,500.

The New Homes Bonus was also subject to consultation, the results of which were to introduce a baseline growth rate of 0.4% below which no bonus is paid, and to use the funding this freed up to create a £240m Adult Social Care Grant. Additional one-off funding for social care was also provided in 2018/19 and 2019/20 totalling £8.6m for Cambridgeshire. It is acknowledged that upper tier authorities face unsustainable pressures in the delivery of social care services, a key issue which is expected to be addressed in the 2020/21 Fair Funding Review.

The government limited the general increase in Council Tax in 2019-20 to 3% per year, but provided additional flexibility for local authorities with Adult Social Care responsibilities to raise Council Tax by an additional precept. In the 2019 spending review, the government confirmed that a 2% Adult Social Care precept will be made available again in 2020-21.

The availability of the Adult Social Care precept has not been confirmed beyond 2020-21, however the budget assumes the precept will be available beyond this point and will be levied at a rate of 2% in each year of the Business Plan.

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

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

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

Spending forecast

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

Inflationary pressures

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

There is not a direct link between the inflation we face and nationally published inflation indicators such as the Consumer Price Index (CPI) due to the more specific nature of the goods and services that we have to purchase. Estimates of inflation have been based on indices and trends, and include specific pressures such as inflationary increases built into contracts. Our medium term plans assume inflation will run at around 1.7%, having taken account of the mix of goods and services we purchase. Staff pay inflation has been budgeted at 2% for 2020-21 and 2021-22. The table below shows expected overall inflation levels for the Council:

Table 4.2: Inflationary pressures

	2020-21	2021-22	2022-23	2023-24	2024-25
Inflationary cost increase (£000)	8,800	9,190	7,827	7,578	7,775
Inflationary cost increase (%)	1.7%	1.8%	1.5%	1.4%	1.4%

Demand pressures

Demand change can result from changes in population numbers and changes in population need. The underlying general population growth in Cambridgeshire is forecast to be around 1.8% per year in 2020-21 and 2021-22, falling to around 1.4% per year, for the remainder of the MTFS period. The demographic pressures set out in the table below relate to circumstances where;

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

Table 4.3: Demographic pressures

	2020-21	2021-22	2022-23	2023-24	2024-25
Total demographic cost increase (£000)	10,970	11,477	12,990	13,487	13,210
Total demographic cost increase (%)	2.1%	2.2%	2.5%	2.5%	2.4%

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

Other pressures

We recognise that there are some unavoidable cost pressures that we will have to meet. Where possible services are required to manage pressures, if necessary being met though the achievement of additional savings or income. If this is not possible, particularly if the pressure is caused by a legislative change, pressures are funded corporately, increasing the level of savings that are required across all Council services.

Investments

The Council recognises that effective transformation often requires up-front investment and has considered both existing and new investment proposals during the development of this Business Plan. To this end, a Transformation Fund has been created through a revision to the calculation of the Council's minimum revenue provision (MRP). The Transformation Fund acts as a pump priming resource; any permanent investment requirements continue to be funded through additonal savings across all Council services.

Financing of capital spend

All capital schemes have a potential two-fold impact on the revenue position, due to costs of borrowing and the ongoing revenue impact (pressures, or savings / additional income). Therefore to ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the revenue budget planning process. Both the borrowing costs and ongoing revenue costs and savings of a scheme are taken into account as part of a scheme's Investment Appraisal and, therefore, the process for prioritising schemes against their ability to deliver outcomes.

In addition, the Council is required by CIPFA's Prudential Code for Capital Finance in Local Authorities 2017 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, at the start of each Business Planning Process the Council determines what proportion of revenue budget is spent on services and the corresponding maximum amount to be spent on financing borrowing. This is achieved by setting an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. This in turn can be translated into a limit on the level of borrowing included within the Capital Programme (this limit excludes ultimately self-funded schemes).

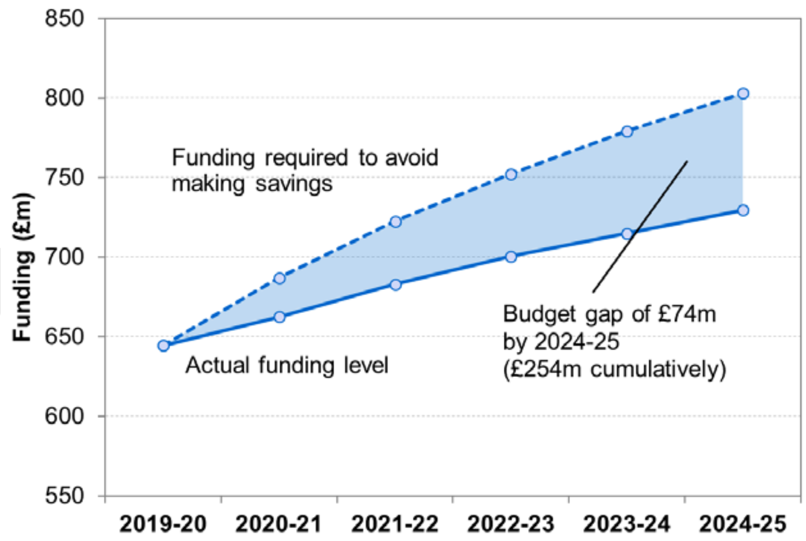
Once the service programmes have been refined, if the amalgamated level of borrowing and thus debt charges breaches the advisory limit, schemes will either be re-worked in order to reduce borrowing levels, or the number of schemes included will be limited according to the ranking of schemes within the prioritisation analysis. As part of the 2019-20 and 2020-21 business planning process, the Council has undertaken a more focused review of the Capital Programme in order to minimise the cost to the taxpayer of financing debt charges for capital schemes. The review has focused on re-prioritising and re-programming capital schemes according to need to ensure that the Council makes the best use of the capital funding available and minimises the revenue impact of capital projects.

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

Allocating our resources to address the shortfall

Inevitably, cost pressures are forecast to outstrip available resources, given the rising costs caused by inflation, growth and associated demographic pressures combined with significantly reduced levels of funding. Consequently, we will need to make significant savings to close the budget gap.

Figure 4.2: Budget gap



Achieving these £74m of savings over the next five years will mean making tough decisions on which services to prioritise. During the last few years services have made significant savings through increasing efficiency and targeting areas that are not our highest priority with the aim of minimising the impact on our service users. With no respite from the continuing cuts to our funding, we are now in an environment where any efficiencies to be made are minimal. We must therefore focus on driving real transformation across the Council as well as on early intervention in order to manage demand.

In some cases services have opted to increase generated income instead of cutting expenditure by making savings. For the purpose of balancing the budget these two options have the same effect and are treated interchangeably.

Capital

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

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

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

Capital funding

In recent years, developer contributions have been affected by the level of uncertainty facing the market associated with Brexit, and the introduction of Community Infrastructure Levies (CIL). CIL is designed to create a more consistent charging mechanism but complicates the ability of the Council to fund the necessary infrastructure requirements created by new development due to the changes in process and the involvement of the city and district councils who have exclusive legal responsibility for determining expenditure. The Council also expects that a much lower proportion of the cost of infrastructure requirements will be met by CIL contributions. In addition, since April 2015 it is no longer to possible to pool more than five developer contributions together on any one scheme, further reducing funding flexibility.

Central Government and external capital grants have also been heavily impacted during the last few years, as the Government has strived to deliver its programme of austerity. However, the Government reconfirmed its commitment to prioritise capital investment over day-to-day spending for the next few years, in line with the policy of capital investment to aid the economic recovery by publishing the National Infrastructure Delivery Plan 2016-2021, which aims to spend £12 billion over the 5-year period. The Autumn Statement 2016 also announced a National Productivity Investment Fund, which will provide an additional £1.1 billion of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks.

The Autumn Budget 2017 announced a new £1.7bn Transforming Cities Fund that will target projects that drive productivity by improving connectivity, reducing congestion and utilising mobility services and technology. As such the Business Plan anticipates as a general principle that overall capital grant allocations will remain constant from 2020-21 onwards.

In 2014-15, the Department for Education developed new methodology in order to distribute funding for additional school places, as well as to address the condition of schools. Unfortunately, the new methodology used to distribute Basic Need funding did not initially reflect the Government's commitment to supply funding sufficient to enable authorities to provide enough school places for every child who needs one and the allocation of £4.4m for 2015-16 and 2016-17 was £32m less than the Council had estimated to receive for those years according to our need.

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

In addition to lobbying the DfE, the Council has also sought in the meantime to maximise its Basic Need funding by establishing how the funding allocation model works and providing data to the DfE in such a way as to maximise our allocation. The allocations were £25.0m for 2018-19, £6.9m for 2019-20, and £20.6m for 2020-21. This goes some way to reduce the Council's shortfall, but still does not come close to covering the costs of all of the Council's Basic Need schemes. Due to the one-year Spending Review announced in September 2019 only focusing on 2020-21 funding allocations, no further allocations for Basic Need funding are being announced until the next multi-year spending review takes place in 2020. This obviously adds a level of uncertainty to the Council's capital planning.

The National Infrastructure Delivery Plan commits to investment of £23bn over the period 2016 to 2021 to deliver 500 new free schools, over 600,000 additional school places, rebuild and refurbish over 500 schools and address essential maintenance needs. To date, the Government has given approval to 8 new free schools in Cambridgeshire to pre-implementation stage. Not all of these, however, are in areas where the Council has an identified basic need requirement. The application process for the new Wave 13 closed in November 2018; there were a further 12 bids for Cambridgeshire, however there was much stricter criteria in place around this wave and none of the bids were successful. The application process for Wave 14 is due to close in November 2019.

The Council is committed to working with partners in the development of the County and the services within it. There are various mechanisms in place that provide opportunities to enhance the investment potential of the Council with support and contributions from other third parties and local strategic partners. One of the most significant partnerships is between the Council, Cambridgeshire's city and district councils, Peterborough City Council and the Greater Cambridge / Greater Peterborough Local Enterprise Partnership (LEP) – now relaunched as the Business Board – to set up a Combined Authority for Cambridgeshire and

Peterborough in order to deliver the region's devolution deal; this was agreed by all member authorities in November 2016. The proposal included;

- A new £20m annual fund for the next 30 years to support economic growth, development of local infrastructure and jobs,
- A £100m housing fund, and
- A new £70m fund to be used to build more council-rented homes in Cambridge.

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

The Autumn Budget 2018 announced a further £420m of funding in 2018-19 for local authorities to tackle potholes, repair damaged roads, and invest in keeping bridges open and safe; the Council's share of this funding was £6.7m. To date, the Council hasn't received any confirmation on whether there will be a similar allocation for 2019-20.

Capital expenditure

The Council operates a ten year rolling capital programme. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.

New schemes for inclusion in the Programme are developed by Services (in conjunction with Finance) in line with the priority outcomes outlined in the Corporate Strategy. At the same time, all schemes from previous planning periods are reviewed and updated as required. An Investment Appraisal of each capital scheme (excluding schemes with 100% ringfenced funding) is undertaken / revised, which allows the scheme to be scored against a weighted set of criteria such as strategic fit, business continuity, joint working, investment payback and resource use. This process allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its targeted priority outcomes.

The Capital Programme Board scrutinises the programme and prioritisation analysis, and asks officers to undertake any reworking and/or rephasing of schemes as required to ensure the most efficient and effective use of resources deployed. The Capital Programme Board then recommends the programme to Service Committees; it is then subsequently agreed by General Purposes Committee (GPC), who recommend it to Full Council as part of the overarching Business Plan.

A summary of the Capital Programme can be found in chapter 6 of this Section, with further detail provided by each Service within their individual finance tables (Section 3).

5) Fees and charges policy

Fees and charges are a very important source of income to the council, enabling important services to be sustained and provided. As the overall cost of service provision reduces, the proportion of costs that are recovered through fees and charges is likely to grow. Indeed to sustain the delivery of some services in the future this revenue could become essential.

This policy has been revised following a corporate review of fees and charges across the Council and is supported by Best Practice Guidance, provided in Appendix 1. The policy and Best Practice Guidance set out the approach to be taken to fees and charges where the Council has discretion over the amounts charged for services provided and for trading activities.

The purpose of this policy is to provide a consistent approach in setting, monitoring and reviewing fees and charges across the authority. This will ensure that fees and charges support Council objectives and are set at a level that maximises income generation in accordance with the Transformation Strategy. The policy incorporates the following Charging Principles:

1. **Council Priorities**
   A Schedule of Fees and Charges shall be maintained for all charges where the Council has discretion over the amounts charged for services provided and for trading activities. All decisions on charges for services and trading activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.

2. **Charge Setting**
   In setting charges, any relevant government guidance will be followed. Stakeholder engagement and comparative data will be used where appropriate to ensure that charges do not adversely affect the take up of services or restrict access to services. Full consideration will be given to the costs of administration and the opportunities for improving efficiency and reducing bureaucracy.

3. **Subsidy**
   In general, fees and charges will aim to recover the full cost of services except where this is prevented by legislation, market conditions or where alternative arrangements have been expressly approved by the relevant Director. A proportionate business case should be created for all charges that a subsidised by the Council. Approval for the level of subsidy should be obtained from the relevant Service Director, in consultation with the Chief Finance Officer.

4. **Charging Levels**
   A number of factors should be considered when determining the charge and these are documented in the accompanying Best Practice Guidance.

5. **Charging Exemptions**
   All services provided by the Council will be charged for unless prevented by statute, detailed as exempt in the Best Practice Guidance or under exceptional circumstances agreed exempt

by the relevant Director, in consultation with the Chief Finance Officer.

6. **Concessions**
Concessions to priority and target groups will be considered where appropriate, in accordance with any relevant government guidance and will take account of the user's ability to pay. All concessions should be fully justified in terms of achieving the Council's priorities. Wherever possible we will aim to provide concessions consistently across the Authority, in line with the Best Practice Guidance.

7. **Review of Charges**
All charges and the scope for charging will be reviewed at least annually within the service area, though charges within the same service area may need reviewing at separate times in the year. The review will include those services which could be charged for but which are currently provided free of charge. The annual review will be undertaken in accordance with the Best Practice Guidance.

The Council receives revenue income for the provision of services from a very diverse range of users. These range from large corporate organisations to individual residents. Some charges are set at the total discretion of the Council whereas other charges are set within a strict national framework.

Overall, however, fees and charges income is both an invaluable contribution to the running costs of individual services and a tool for assisting the delivery of specific service objectives. Either way, it is important for the level of charges to be reviewed on an annual basis. This will not necessarily result in an increase but to not do so should be as result of a conscious decision rather than as an oversight. Detailed schedules of fees and charges have been reviewed by relevant services during 2019/20:

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

For business planning purposes the standard assumption is that all fees and charges will be increased in line with RPI (retail price index), which is around 3% for each of the years covered by the Business Plan. Therefore, if a decision is taken to not increase some fees and charges the budget shortfall that this creates will need to be bridged through other operational savings. Conversely, if charges are increased above inflation this can contribute to departmental savings targets.

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

6) Financial overview

Funding summary

The Council's revenue spending is funded from a range of sources, both national and local. A summary of forecast funding levels over the next five years is set out in Table 6.1 below.

Table 6.1: Total funding 2020-21 to 2024-25

	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000
Business Rates plus Top-up	67,704	69,131	70,587	72,073	73,591
Council Tax	304,452	320,269	331,950	343,945	356,376
Revenue Support Grant	0	0	0	0	0
Other Unringfenced Grants	37,335	37,731	37,717	37,632	37,619
Dedicated Schools Grant (DSG)	232,219	232,219	232,219	232,219	232,219
Other grants to schools	13,434	13,434	13,434	13,434	13,434
Better Care Funding	16,434	16,434	16,434	16,434	16,434
Other Ringfenced Grants	24,981	24,981	24,981	24,981	24,981
Fees & Charges	131,505	134,453	138,703	139,790	140,391
Total gross budget	**828,064**	**848,652**	**866,025**	**880,508**	**895,045**
Less grants to schools (1)	-245,653	-245,653	-245,653	-245,653	-245,653
Schedule 2 DSG plus income from schools for traded services to schools	80,031	80,031	80,031	80,031	80,031
Total gross budget excluding schools	**662,442**	**683,030**	**700,403**	**714,886**	**729,423**
Less Fees, Charges & Ringfenced Grants	-278,511	-255,899	-260,149	-261,236	-261,837
Total net budget	**383,931**	**427,131**	**440,254**	**453,650**	**467,586**

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

Local Government Finance Settlement

In September 2019 the Government announced a Spending Review covering 2020-21. The financial implications of the headline funding announcements for individual local authorities will be set out in the Local Government Finance Settlement, expected to be published by the Government in December 2019.

Government announced that there would not be any further cuts in local authorities' settlement funding assessments in 2020-21, imposed in previous years through reductions in Revenue Support Grant. Government confirmed that the Social Care Support and Winter Pressures Grants announced for 2019-20 would continue in 2020-21. An additional £1bn grant funding for social care was also announced. The methodology for allocating this funding to local authorities has not yet been confirmed and no estimate of this grant has yet been included in the MTFS.

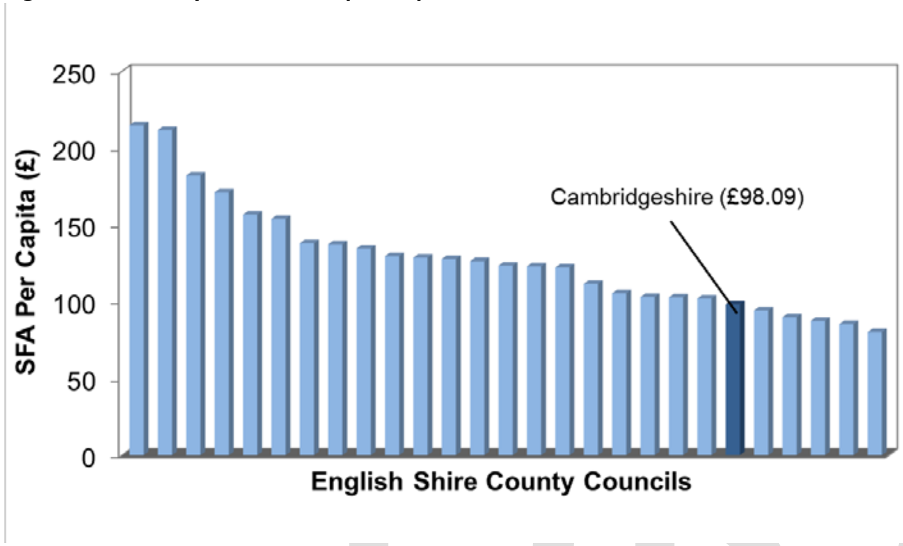
The headline position for 2019-20, as confirmed by the 2019-20 Local Government Finance Settlement for Cambridgeshire County Council, was a 4.3% reduction in the Settlement Funding Assessment per capita from government in 2019-20. The overall change in government funding when specific grants are included was an increase of 2.7%. The MTFS currently assumes that the Council's 2020-21 funding settlement will be approximately in line with the 2019-20 settlement with inflationary uplifts in the Business Rates Top-up and Better Care Funding.

Table 6.2: Comparison of Cambridgeshire's overall Government funding 2014-15 – 2019-20

	2014-15 £000	**2015-16 £000**	**2016-17 £000**	**2017-18 £000**	**2018-19 £000**	**2019-20 £000**
Business Rates plus Top-up	57,927	58,705	60,190	62,133	65,732	67,234
Revenue Support Grant	72,017	53,669	33,347	15,312	3,915	0
Other Unringfenced Grants	12,960	11,770	11,214	8,380	11,305	14,645
Better Care Funding	10,652	13,148	13,148	21,487	24,744	26,487
Other Ringfenced Grants	34,098	44,693	42,947	40,208	38,312	39,507
Government Revenue Funding (excl. schools)	**187,654**	**181,985**	**160,846**	**147,520**	**144,008**	**147,873**
Difference	**-7,073**	**-5,669**	**-21,139**	**-13,326**	**-3,512**	**3,865**
Percentage Increase	-3.6%	-3.0%	-11.6%	-8.3%	-2.4%	2.7%

The Council's core government revenue funding is described as its Settlement Funding Assessment (SFA) and comprises Business Rates, Top-up grant and Revenue Support Grant received by the Council until 2019-20. **For 2019-20 Cambridgeshire's SFA award per head of population was the seventh lowest of all shire county councils, at only £98.09 compared to the average of £127.35.**

Figure 6.2: County Council SFA per Capita 2019-20



Revenue Support Grant

The Revenue Support Grant (RSG), formally received by the Council as part of the Settlement Funding Assessment, has reduced from £86m in 2013-14 to zero in 2019-20 and 2020-21. The Government announced in the 2019/20 provisional settlement that Cambridgeshire's allocation of £7.2m negative RSG would be improved to zero grant instead. Negative RSG would have effectively required the Council to pay an additional £7.2m of locally generated business rates over to central Government. From 2021/22 onwards, RSG will be replaced by a new system of 75% business rates retention, allowing Local Authorities to retain a further 25% of local business rates as set out below.

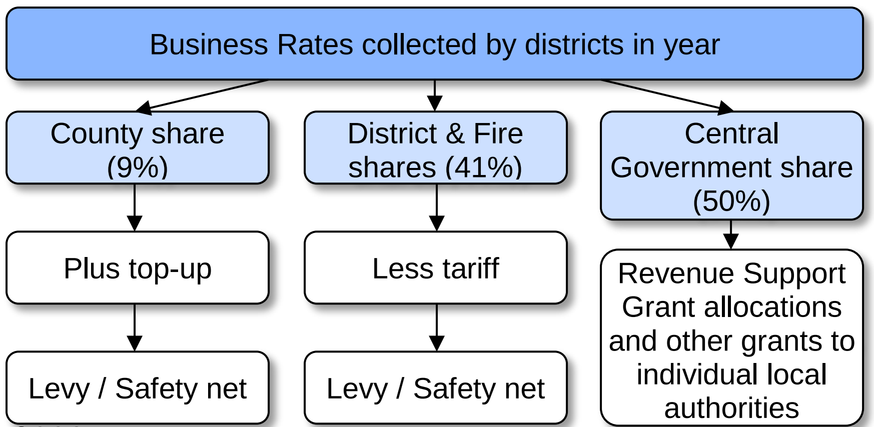
Business Rates Retention Scheme

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

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

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

Figure 6.3: Business Rates Retention Scheme



On top of their set share, each authority pays a tariff or receives a top-up to redistribute business rates more evenly across authorities. The current system of fixed top-ups and tariffs set at the beginning of a spending review period, is expected to be replaced by a system of floating top-ups and tariffs. This will use Local Authorities' own annual estimates of business rates income to calculate the redistribution between Authorities. A levy and 'safety net' system also operates to ensure that a 1% increase in business rates is limited to a 1% increase in retained income, with the surplus funding any authority whose income drops by more than 7.5% below their baseline funding. It is proposed to increase the levy threshold to capture only 'extraordinary growth', which is likely to benefit Cambridgeshire as a high growth county, allowing us to retain a greater proportion of business rates growth. A separate baseline could also be introduced to provide a benchmark against which to measure growth. This baseline will be derived from an Authority's year-end business rates return to Government setting out the actual level of income achieved during the year.

These changes indicate a shift towards a more dynamic system for rewarding local economic growth. This is likely to reduce the certainty with which the Council can estimate the total funding available over the MTFS period however it will also provide greater opportunity to increase Council funding through promoting business growth in Cambridgeshire.

Fair Funding Model

The current tariffs and top-ups were set in 2013-14 based on the previous 'Four Block Model' distribution and increased annually by September CPI inflation. Cambridgeshire County Council has long been concerned about the use of the Four Block Model, particularly in reflecting accurately the costs and benefits of growth as well as the relative efficiency of local authorities and the pockets of deprivation in some areas of Cambridgeshire. The consultation regarding the replacement of the current funding model is currently open and will feed into the system which is due to be rolled out in 2021-22 – Cambridgeshire County Council Members have already initiated positive steps to ensure our voice is heard in this critical forum.

A consultation on the review of Local Authorities' relative needs and resources was released as part of the 2019/20 provisional settlement. The Government is minded to implement a per capita foundation formula alongside seven service-specific funding formulas covering key areas of spending such as Adult Social Care and Highways Maintenance. An Area Cost Adjustment will adjust for differences in labour and business rates costs between Local Authority Areas and will also assess the impact of remoteness and accessibility of services.

It is likely that a notional Council tax level will be used to account for the relative resources of Local Authorities and to adjust reallocated income accordingly. Shire Counties stand to benefit from this adjustment as they levy relatively high levels of Council tax and will therefore lose a smaller proportion of their funding via an adjustment set at an average level.

The tier split of business rates between upper and lower tier authorities is one of the most contentious issues to be addressed during the consultation. Shire Counties have long argued for a larger proportion of business rates income however any change in the current allocations will be limited by the financial sustainability for District Councils. Transitional arrangements and damping adjustments will limit any significant short term changes to Local Authority funding. Additionally, as Cambridgeshire has historically ranked relatively close to average in terms of relative need and relative resources, any changes in funding allocation are unlikely to substantially impact the deliverability of the business plan over the medium term.

Council Tax

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

The referendum threshold for increases to basic Council tax has not yet been confirmed for 2020-21 [the provisional consultation suggests 2%], however the threshold does not impact the current MTFS which assumes a 0% increase in basic Council tax. Cambridgeshire County Council starts the Business Planning Process with a Council Tax rate below the average for all counties. This follows increases in basic Council tax of 2.99% in 2018-19 and 2019-20, responding to the need to protect vital services and put the Council’s finances on a firm footing. Prior to 2018-19, Council tax had not been increased in three years.

Adult Social Care Precept

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

The 2017-18 settlement announcement extended the flexibility of the Adult Social Care precept, providing upper-tier authorities with the ability to increase the precept by a maximum of 6% over the three years to 2019-20 and by up to 3% per year.

The Council chose not to use this additional flexibility, levying a 2% precept for 2018-19 and 2019-20 and projecting this to continue for all five years of the Medium Term Strategy. It should be noted that the availability of the Adult Social Care precept beyond 2020-21 has not yet been confirmed by Government and this assumption will be revisited annually and updated as required.

Council Tax Requirement

The current Council Tax Requirement (and all other factors) gives rise to a 'Band D' Council Tax of £1,338.30. This is an increase of 2% on the actual 2019-20 level due to levying the Adult Social Care Precept. This figure reflects information from the districts on the final precept and collection fund.

Table 6.3: Build-up of recommended Council Tax Requirement and derivation of Council Tax precept 2020-21

	2020-21 £000	% Rev. Base
Adjusted base budget	**811,810**	
Transfer of function	0	
Revised base budget	**811,810**	
Inflation	8,800	1.1%
Demography	10,970	1.4%
Pressures	9,494	1.2%
Investments	4,079	0.5%
Savings	-23,276	-2.9%
Change in reserves/one-off items	6,187	0.8%
Total budget	**828,064**	**102.1%**
Less funding:		
Business Rates plus Top-up	67,704	8.3%
Revenue Support Grant	0	0.0%
Dedicated Schools Grant	232,219	28.6%
Unringfenced Grants (including schools)	25,209	3.1%
Ringfenced Grants	66,975	8.3%
Fees & Charges	131,505	16.2%
Surplus/deficit on collection fund	-4,416	-0.4%
Council Tax requirement	**308,868**	38.0%
District taxbase	230,792	
Band D	**1,338.30**	

Taxes for the other bands are derived by applying the ratios found in Table 6.4. For example, the Band A tax is 6/9 of the Band D tax.

Table 6.4: Ratios and amounts of Council Tax for properties in different bands

Band	Ratio	Amount £	Increase on 2019-20 £
A	6/9	892.20	17.46
B	7/9	1,040.90	20.37
C	8/9	1,189.60	23.28
D	**9/9**	**1,338.30**	**26.19**
E	11/9	1,635.70	32.01
F	13/9	1,933.10	37.83
G	15/9	2,230.50	43.65
H	18/9	2,676.60	52.38

Unringfenced grants

The MTFS is currently predicated on the assumption that the Council will receive £14.645m in unringfenced grants in 2020-21, excluding school's grants, the same level of grant funding as for 2019-20. An additional £3.97m funding for Social Care was announced in the 2018 Autumn budget and Government confirmed in the 2019 spending review that this grant would continue to be provided in 2020-21. Government also confirmed that the Public Health Grant would remain ringfenced until 2021-22, at which point it will be rolled into the shift to 75% business rates retention. This has resulted in a shift in savings ask to Public Health Grant funded expenditure in order match the level of grant funding available. Planning collaboratively across directorates on an outcomes basis should enable the Council to reach a position where the presence or absence of the ringfence becomes less important. However there may be a risk that when the ringfence is removed, Public Health England will require achievement of performance and activity targets which require more funding to deliver than we are currently allocating.

Table 6.5: Unringfenced grants for Cambridgeshire 2020-21

	2019-20 £000
New Homes Bonus	2,970
Education Services Grant	1,511
Social Care Support Grant	3,970
Other	6,194
Total unringfenced grants	**14,645**

Ringfenced grants

The Council receives a number of government grants designated to be used for particular purposes. This funding is managed by the appropriate Service Area and the Council's ringfenced grants are set out within part 7 of Table 3 of the relevant Service Area in Section 3 of the Business Plan.

Major sources of ringfenced funding include the Better Care Fund. This pooled fund of £3.8bn nationally took full effect in 2015-16, and is intended to allow health and social care services to work more closely in local areas. The improved Better Care Fund announced in the Spring 2017 budget, is worth £12.4m in 2020-21. The Winter Pressure Grant announced in the Autumn 2018 budget, is worth £2.3m in 2020-21. All ringfenced grants are expected to continue at their 2019-20 levels for the duration of the MTFS period.

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

Fees and charges

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

Dedicated Schools Grant

The Council receives the Dedicated Schools Grant (DSG) from the Government and it is therefore included in our gross budget figures in table 6.1. However, this grant is ringfenced to pass directly on to schools, other education providers and services. This plan therefore uses the figure for “total budget excluding grants to schools”.

The Council saw a total DSG overspend across SEND services of £8.7m in 2018-19 which, combined with underspends on other DSG budgets, led to a deficit of £7.2m carried forward into 2019-20. As a result of continuing increases in the numbers of pupils with Education Health & Care Plans, the Council anticipates a similar overspend in 2019-20, bringing the total DSG deficit carried forward into 2020-21 to £14m. Local Authorities are permitted to carry deficits in their DSG funding between financial years however this remains a serious issue for the Council. A deficit recovery plan has been submitted to the Department for Education and it is anticipated that this will significantly reduce the DSG deficit carried forward over the medium term.

In the 2019 Spending Round Government committed to a £7.1bn increase in funding for schools by 2022-23. For 2020-21, the government will ensure that per pupil funding will rise in line with inflation and the minimum per pupil amount will increase to £3,750 for primary schools and £5,000 for secondary schools, rising to £4,000 for primary schools in 2021-22. The additional schools funding includes an additional £700m across the country for the high needs block in 2020-21.

Capital programme spending

The 2020-21 ten year capital programme worth £649m is currently estimated to be funded through £612m of external grants and contributions, £12m of capital receipts and £26m of borrowing (Table 6.6). This is in addition to previous spend of £806m on some of these schemes creating a total Capital Programme value of £1.5 billion. The related revenue impact of prudential borrowing is due to increase from £29.1m in 2020-21, to £42.1m by 2024-25. However, this will in part be offset by the forecast income from the various Invest to Earn schemes.

Table 6.6: Funding the capital programme 2020-21 to 2029-30

	Prev. years £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Later years £000	Total £000
Grants	190,296	51,544	37,652	31,603	28,607	32,570	58,332	**430,604**
Contributions	83,207	12,713	39,880	47,005	36,403	22,235	213,029	**454,472**
General capital receipts	106,778	5,773	3,231	500	500	500	1,500	**118,782**
Prudential borrowing	287,935	44,600	52,717	26,237	27,880	11,813	389	**451,571**
Prudential borrowing (repayable)	138,104	42,759	30,885	-5,390	-250	-3,260	-202,849	**-1**
Total funding	**806,320**	**157,389**	**164,365**	**99,955**	**93,140**	**63,858**	**70,401**	**1,455,428**

Section 3 later in the Business Plan sets out the detail of the 2020-21 to 2029-30 capital schemes which are summarised in the tables below. Total expenditure on major new investments underway or planned includes:

Table 6.7 summarises schemes according to start date, whereas Table 6.8 summarises capital expenditure by service. These tables include schemes that were committed in previous years but are scheduled to complete from 2020-21 onwards.

- Providing for demographic pressures regarding new and improved schools and children's centres (£595m)

- Housing Provision (£223m)
- Commercial Investment Portfolio (£92m)
- Major road maintenance (£79m)
- Rolling out superfast broadband (£41m)
- King's Dyke Crossing [redacted]
- A14 Upgrade (£25m)
- North Angle Solar Farm, Soham [redacted]
- Shire Hall Relocation (£18m)
- Transformation Activity (£16m)
- Integrated Community Equipment Service (£17m)
- Babraham Smart Energy Grid [redacted]
- Stanground Closed Landfill Energy Project [redacted]
- Waste Facilities – Cambridge Area [redacted]
- Trumpington Smart Energy Grid [redacted]
- Cambs 2020 Spokes Asset Review (£6m)
- Data Centre Relocation [redacted]
- Development of Archive Centre premises (£5m)

Table 6.7: Capital programme for 2020-21 to 2029-30

	Prev. years £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Later years £000	Total £000
Ongoing	187,733	4,805	3,179	13,000	14,904	18,359	38,580	**280,560**
Commitments	596,529	97,872	86,422	51,024	19,023	3,044	20,001	**873,915**
New starts:								
2018-19	1,955	23,741	28,427	7,752	27,413	12,930	530	**102,748**
2019-20	20,102	28,771	41,817	18,874	5,970	290	-	**115,824**
2020-21	-	2,200	4,000	1,800	60	-	-	**8,060**
2021-22	-	-	-	410	8,000	3,000	180	**11,590**
2022-23	1	-	520	6,685	9,270	6,735	4,130	**27,341**
2023-24	-	-	-	410	8,000	3,000	180	**11,590**
2024-25	-	-	-	-	500	16,500	6,800	**23,800**
2025-26	-	-	-	-	-	-	-	**-**
Total spend	**806,320**	**157,389**	**164,365**	**99,955**	**93,140**	**63,858**	**70,401**	**1,455,428**

Table 6.8: Services' capital programme for 2020-21 to 2029-30

Scheme	Prev. years £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Later years £000	Total £000
P&C	234,952	56,757	73,830	72,426	77,315	48,033	50,401	**613,714**
P&E	315,419	25,998	32,338	21,330	15,025	15,025	16,000	**441,135**
CS & Managed	12,056	8,026	2,890	-	-	-	-	**22,972**
C&I	243,893	66,608	55,307	6,199	800	800	4,000	**377,607**
LGSS	-	-	-	-	-	-	-	**-**
Total	**806,320**	**157,389**	**164,365**	**99,955**	**93,140**	**63,858**	**70,401**	**1,455,428**

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

Table 6.9: Invest to Save / Earn schemes for 2020-21 to 2029-30

Scheme	Total Investment (£m)	Total Net Return* (£m)
Energy Efficiency Fund	1.0	0.6
Commercial Investments	91.9	159.0
Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	[redacted]	1.6
Babraham Smart Energy Grid	[redacted]	24.3
Trumpington Smart Energy Grid	[redacted]	7.0
Stanground Closed Landfill Energy Project	[redacted]	36.9
Woodston Closed Landfill Energy Project	[redacted]	9.0
North Angle Solar Farm, Soham	[redacted]	43.5
Housing schemes	223.4	123.3
County Farms investment (Viability)	3.0	7.4
Shire Hall Relocation	18.3	45.0
TOTAL	**395.2**	**457.6**

*The net return accounts for the cost of financing the capital expenditure and the ongoing revenue costs associated with the investment (therefore a zero net return indicates that the project has broken even).

7) Balancing the budget

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

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

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

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

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

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

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

Detailed spending plans for 2020-21, and outline plans for later years, are set out within Section 3 of the Business Plan.

The Council adopts a set of eight guiding principles for the development of a balanced and sustainable budget across the MTFS period:

1. Utilising sustainable revenue streams to reduce reliance on one-off sources of funding
2. Ensuring that the potential longer term impact of emerging pressures and rising demands are recognised
3. Ensuring that the Council provides efficient and well managed services with benchmarked unit costs
4. Driving effective investment in services to enable long term evidence-led reform
5. Utilising the Council’s assets to generate an ongoing return rather than short term capital receipts
6. Ensuring the MTFS includes realistic but prudent assumptions around central government funding
7. Ensuring that the Council is well prepared to manage partnership risks
8. Maintaining a multi-year focus on longer term strategic planning

8) Reserves policy and position

Need for reserves

We need reserves to protect and enhance our financial viability. In particular, they are necessary to:

- maintain a degree of in-year financial flexibility
- enable us to deal with unforeseen circumstances and incidents
- set aside monies to fund major developments in future years
- enable us to invest to transform and improve service effectiveness and efficiency
- set aside sums for known and predicted liabilities
- provide operational contingency at service level
- provide operational contingency at school level

Reserve types

The Council maintains the following types of reserve:

- **General reserve** – a working balance to cushion the impact of uneven cash flows. The reserve also acts as a contingency that we can use in-year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or in the Council's control. The reserve also provides coverage for grant and income risk.
- **Earmarked reserves** – reserves we have set aside to meet known or predicted liabilities e.g. insurance claims, or that we set aside for specific and designated purposes.
- **Schools reserves** – we encourage schools to hold general contingency reserves within advisory limits.
- **Transformation Fund** – an earmarked reserve created as a result of changes to the Minimum Revenue Provision, set aside to support innovative projects across the Council that will deliver savings in future years.
- **Innovate & Cultivate Fund** – Initially worth £1 million, the fund is to help community organisations with big ideas for transformative preventative work that will make a positive impact on Council expenditure. Applications are invited for funding for projects which demonstrably make an impact on County Council priority outcomes – particularly in relation to working with vulnerable people, thereby diverting children and adults from needing high-cost Council services. The Council's General Purposes Committee approved an additional £1m investment in the Innovate & Cultivate Fund in January 2019.

Level of reserves

We need to consider the general economic conditions, the certainty of these conditions, and the probability and financial impact of service and business risks specific to the Council in order to calculate the level of reserves we need to hold.

There are risks associated with price and demand fluctuations during the planning period. There is also continued, albeit reducing, uncertainty about the financial impact of major developments currently in progress.

At the operational level, we have put effort into reducing risk by improving the robustness of savings plans to generate the required level of cash-releasing efficiencies and other savings.

Table 8.1: Estimated level of reserves by type 2020-21 to 2024-25

Balance as at:	**31 March 2020 £m**	**31 March 2021 £m**	**31 March 2022 £m**	**31 March 2023 £m**	**31 March 2024 £m**	**31 March 2025 £m**
General reserve	16.9	17.7	18.5	19.3	20.1	20.9
Earmarked reserves	29.3	28.1	32.6	36.8	41.2	45.5
Schools reserves	-0.1	-3.1	-1.0	0	1	2
Transformation & Innovation Funds*	23.5	25	28.9	32.3	35.1	37.4
Total	**69.6**	**67.7**	**79**	**88.4**	**97.4**	**105.8**
General reserve as % of gross non-school budget	2.9%	3.0%	3.0%	3.1%	3.1%	3.2%

*The Transformation and Innovation Funds have been created as a result of a revision to the calculation of the Council's minimum revenue provision (MRP) and only accounts for transformation bids approved by GPC. Whilst the balance appears to increase year on year, it is anticipated that as schemes come forward they are included in the strategy which will draw down funds once identified.

Adequacy of the general reserve

Greater uncertainties in the Local Government funding environment, such as arise from the Business Rates Retention Scheme and localisation of Council Tax Benefit, increase the levels of financial risk for the Council. As a result of these developments we reviewed the level of our **general reserve** and have set a target for the underlying balance of no less than 3% of gross non-school spending in 2020-21, this level will be maintained for the whole of the MTFS period.

We have paid specific attention to current economic uncertainties and the cost consequences of potential Government legislation in order to determine the appropriate balance of this reserve. The table below sets out some of the known risks presenting themselves to the Council. There will inevitably be other, unidentified, risks and we have made some provision for these as well.

We consider this level to be sufficient based on the following factors:

- Central Government will meet most of the costs arising from major incidents; the residual risk to the Council is just £1m if a major incident occurred.
- We have identified all efficiency and other savings required to produce a balanced budget and have included these in the budgets.

Table 8.2: Target general reserve balance for 2020-21 to 2024-25

Risk	Source of risk	Value £m
Inflation	0.5% variation on Council inflation forecasts.	0.8
Demography	0.5% variation on Council demography forecasts.	0.8
Interest rate change	0.5% variation in the Bank of England Base Rate.	0.1
Council Tax	Inaccuracy in District tax base forecasts and collection levels.	4.6
Business Rates	Inaccuracy in District taxbase forecasts of County share of Business Rates to the value which triggers the Safety Net.	0.4
Business Rates payable	Impact of revaluation on Business Rates payable.	0.5
Unconfirmed specific grant allocations	Value of as yet unannounced specific grants different to budgeted figures.	1.3
Deliverability of savings against forecast timescales	Savings to deliver Business Plan not achieved.	2.4
Non-compliance with regulatory standards	E.g., Information Commissioner fines.	0.5
Major contract risk	E.g., contractor viability, mis-specification, non-delivery.	2.1
Unidentified risks	Unknown	4.2
Balance		**17.7**

9) Business Plan roles and responsibilities

The Business Plan is developed through the Council's committee structure. It is therefore beneficial to clarify the respective roles and responsibilities of committees within this process. These are defined in the Constitution but are set out below in order.

Full Council

Council is the only body that can agree the Council's budget and the associated Council Tax to support the delivery of that budget. It discharges this responsibility by agreeing the Business Plan in February each year. In agreeing the Business Plan the Council formally agrees the budget allocations for the service blocks (currently based on a departmental structure). The Business Plan includes both revenue and capital proposals and needs to be a 'balanced' budget. The following is set out within Part 3 of the Constitution – Responsibility for Functions.

Council is responsible for:

"(b) Approving or adopting the Policy Framework and the Budget

(c) Subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 4 of this Constitution, making decisions about any matter in the discharge of a committee function which is covered by the Policy Framework or the Budget where the decision-making body is minded to make it in a manner which would be contrary to the Policy Framework or contrary to, or not wholly in accordance with, the Budget

(d) Approving changes to any plan or strategy which form part of the Council's Policy Framework, unless:

i. that change is required by the Secretary of State or any Government Minister where the plan or strategy has been submitted to him for approval, or

ii. Full Council specifically delegated authority in relation to these functions when it approved or adopted the plan or strategy"

General Purposes Committee

GPC has the responsibility for the delivery of the Business Plan as agreed by Council. It discharges this responsibility through the service committees. In order to ensure that the budget proposals that are agreed by service committees have an opportunity to be considered in detail outside of the Council Chamber, those proposals will be co-ordinated through GPC, though Full Council remains responsible for setting a budget. GPC does not have the delegated authority to agree any changes to the budget allocations agreed by Council save for any virement delegations that are set out in the Constitution.

The following is set out within Part 3 of the Constitution – Responsibility for Functions.

"The General Purposes Committee (GPC) is authorised by Full Council to co-ordinate the development and recommendation to Full Council of the Budget and Policy Framework, as described in Article 4 of the Constitution, including in-year adjustments."

"Authority to lead the development of the Council's draft Business Plan (budget), to consider responses to consultation on it, and recommend a final draft for approval by Full Council. In consultation with relevant Service Committees"

"Authority for monitoring and reviewing the overall performance of the Council against its Business Plan"

"Authority for monitoring and ensuring that Service Committees operate within the policy direction of the County Council and making any appropriate recommendations"

GPC is also a service committee in its own right and, therefore, also has to act as a service committee in considering proposals on how it is to utilise the budget allocation given to it for the delivery of services within its responsibility.

Service Committees

Service committees have the responsibility for the operational delivery of the Business Plan as agreed by Council within the financial resources allocated for that purpose by Council. The specific functions covered by the committee are set out in the Constitution but the generic responsibility that falls to all is set out below:

"This committee has delegated authority to exercise all the Council's functions, save those reserved to Full Council, relating to the delivery, by or on behalf of, the County Council, of services relating to…"

10) Risks

In providing budget estimates, we have carefully considered financial and operational risks. The key areas of risk, and the basic response to these risks, are as follows:

- **Containing inflation to funded levels** – we will achieve this by closely managing budgets and contracts, and further improving our control of the supply chain.
- **Managing service demand to funded levels** – we will achieve this through clearer modelling of service demand patterns using numerous datasets that are available to our internal Research Team and supplemented with service knowledge. A number of the proposals in the Business Plan are predicated on averting or suppressing the demand for services.
- **Delivering savings to planned levels** – we will achieve this through SMART (specific, measurable, achievable, relevant and timely) action plans and detailed review. All savings – efficiencies or service reductions – need to be recurrent. We have built savings requirements into the base budget and we monitor these monthly as part of budgetary control.
- **Containing the revenue consequences of capital schemes to planned levels** – capital investments sometimes have revenue implications, either operational or capital financing costs. We will manage these by ensuring capital projects do not start without a tested and approved business case, incorporating the cost of the whole life cycle.
- **Responding to the uncertainties of the UKs exit from the European Union** – we have fully reviewed our financial strategy in light of the most recent economic forecasts and continue to develop plans in response to emerging risks and opportunities presented as a result of Brexit.
- **Future funding changes** – our plans have been developed against the backcloth of continued uncertainty due to delays in the introduction of significant reforms to Local Government funding.

Uncertainties remain throughout the planning period in relation to the above risks. In line with good practice, we intend to reserve funds that we can use throughout and beyond the planning period. Together with a better understanding of risk and the emerging costs of future development proposals, this will help us to meet such pressures.

Appendix 1 – Fees and Charges Best Practice Guidance

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

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

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

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

PURPOSE OF THE GUIDANCE

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

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

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

ASSESSMENT OF CHARGING LEVELS – THE STANDARD CHARGE

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

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

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

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

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

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

LEVEL OF SUBSIDY

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

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

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

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

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

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

CONCESSIONS

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

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

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

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

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

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

CHARGING EXEMPTIONS

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

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

PROCESSES AND FREQUENCIES

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

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

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

COLLECTION OF CHARGES AND OUTSTANDING DEBTS

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

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

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

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

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

APPROVALS

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

MONITORING AND IMPROVEMENT

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

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

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

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

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

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

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

UNDER/OVERACHIEVEMENT OF FEES AND CHARGES.

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

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

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

FEES AND CHARGES: CONCESSIONS

Have the Standard Charges for this service been set in accordance with the Fees and Charges Policy and Best Practice Guidance?

Yes

No

Would the provision of concessions support Council priorities and objectives and/or satisfy legislative requirements?

SET CHARGES IN ACCORDANCE WITH THE POLICY AND BEST PRACTICE GUIDANCE

No

Yes

DOCUMENT THAT CONCESSIONS HAVE BEEN CONSIDERED AND REJECTED, OBTAIN APPROPRIATE APPROVAL AND REVIEW ANNUALLY

No

Would the provision of concessions achieve one or more of the following:

- *increase participation of target groups;*
- allow continued access to a service by people who are financially disadvantaged;
- reflect different levels of need for the service amongst users?

Yes

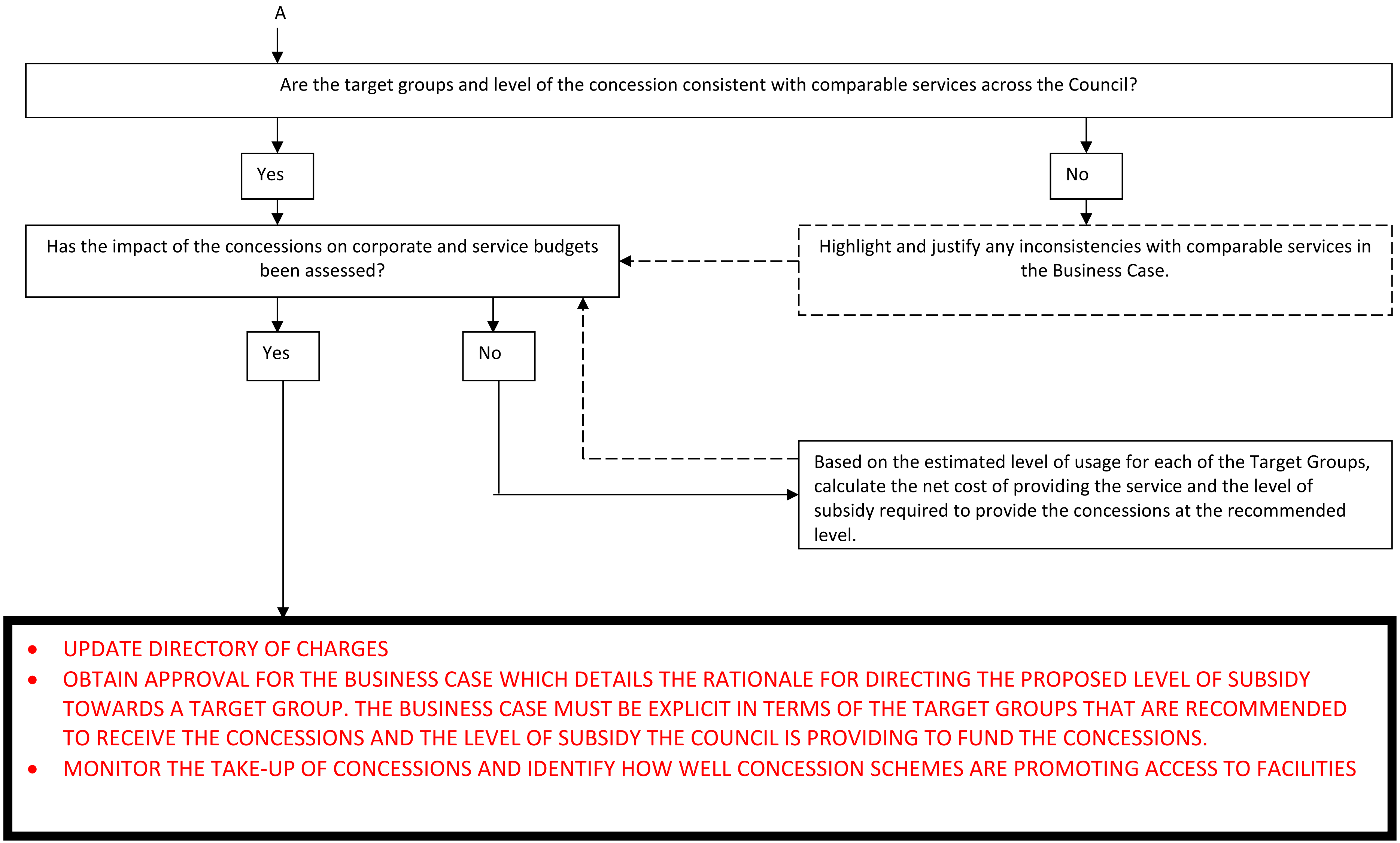
Have relevant stakeholders been consulted to ascertain the most appropriate Target Groups for the service and the level of the concession?

No

Consult with relevant stakeholders to determine which Target Groups are appropriate and the level of concession.

Yes

Go to A


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

SERVICE COMMITTEE REVIEW OF DRAFT REVENUE BUSINESS PLANNING PROPOSALS FOR 2020-21 TO 2024-25

To:	**General Purposes Committee**
Meeting Date:	**22 October 2019**
From:	**Gillian Beasley, Chief Executive** **Chris Malyon, Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**This report provides the Committee with an overview of the draft Business Plan Revenue Proposals for services that are within the remit of the General Purpose Committee.**
Recommendation:	**The Committee is asked to:**

a) note the overview and context provided for the 2020-21 to 2024-25 Business Plan revenue proposals for the Service; and

b) comment on the draft revenue proposals that are within the remit of the General Purposes Committee for 2020-21 to 2024-25.

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1. OVERVIEW

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 priority outcomes we want for people.

Priority Outcomes for Cambridgeshire Citizens		
A good quality of life for everyone	Thriving places for people to live	The best start for Cambridgeshire's children
• Keeping vulnerable people safe in a way that draws on their own strengths and those of their communities. • Nurturing healthily communities that have access to resources that enable them to support themselves, connect with others and become sustainable. • Improving social and economic equality so that life expectancy, opportunity and social mobility are not determined by wealth or background. • Encouraging and supporting people to choose healthy lifestyles to prevent problems in later life - focusing our help on those communities most at risk of poor health outcomes. • Using our public assets wisely and raising money in a fair and businesslike way to generate social return for all citizens of Cambridgeshire.	• Growing financial and social capital place-by-place by stewarding local resources including public, private and voluntary contribution. • Continuing to invest in the environment, infrastructure and services that are a vital part of everyday life for everyone in the county and for a thriving local economy. • Putting more choice and more independence directly into the hands of individuals and communities. • Working with District and Parish Councils, Public Sector Partners and other community organisations to provide local services which build supportive, resilient communities and great places to live.	• Focusing on what happens to children in their earliest years as the key to influencing positive outcomes in adult life. • Working with children, their families and carers to develop positive attitudes to learning and health and wellbeing. • Joining services across health, education and social care to address social inequalities in our most deprived communities. • Intervening early and effectively to support and safeguard vulnerable children, young people and their families. • Increasing stability in placements for children in care. • Providing ongoing support for care leavers to help achieve positive educational outcomes and access to quality work opportunities.

1.2 To ensure we deliver our agenda, the focus will continue to be on getting the maximum possible value for residents from every pound of public money we spend, and doing things differently to respond to changing needs and new opportunities. The Business Plan therefore sets out how we aim to provide good public services and achieve better outcomes for communities, whilst also responding to the challenge of reducing resources.

1.3 Like many Councils across the country, we are facing a major financial challenge. Demand is increasing and funding is reducing at a time when the cost of providing services continues to rise significantly due to inflationary and demographic pressures. Through our FairDeal4Cambs campaign we are currently linking with the 36 Shire County areas who make up membership of the County Councils Network and who are raising the issue of historic underfunding of Shire Counties with our MPs and through them with Government. As one of the fastest growing Counties in the country, this financial challenge is greater in Cambridgeshire than elsewhere. We have already delivered £178m of savings over the last five years and have a strong track record of value for money improvements which protect front line services to the greatest possible extent. However, we know that there will be diminishing returns from existing improvement schemes and that the substantial pressure on public finances remains. It is therefore clear that we need to continue to work alongside local communities to build independence and co-produce solutions at pace.

1.4 We recognise the scale of change needed and propose a significant programme of change across our services, with our partners and, crucially, with our communities. To support this we have a dedicated transformation fund as part of the Business Plan, providing the resource needed in the short term to drive the change we need for the future.

1.5 As the scope for traditional efficiencies diminishes, our plan is increasingly focused on a range of more fundamental changes to the way we work. Some of the key themes driving our thinking are;

- Income and Commercialisation - identifying opportunities to bring in new sources of income which can fund crucial public services without raising taxes significantly and to take a more business-like approach to the way we do things in the council.

- Strategic Partnerships – acting as ‘one public service’ with our partner organisations in the public sector and forming new and deeper partnerships with communities, the voluntary sector and businesses. The aim being to cut out duplication and make sure every contact with people in Cambridgeshire delivers what they need now and might need in the future.

- Demand Management – this is fundamentally about supporting people to remain as healthy and as independent as possible, for as long as possible. It is about working with people to help them help themselves or the person they care for e.g. access to advice and information about local support and access to assistive technology. Where public services are needed, it is about ensuring support is made available early so that people’s needs don’t escalate to the point where they need to rely heavily on public sector support in the long term.

- Commissioning – ensuring all services that are commissioned to deliver the outcomes people want at the best possible price – getting value for money in every instance.

- Modernisation – ensuring the organisation is as efficient as possible and as much of the Council’s budget as possible is spent on front line services and not back office functions, taking advantage of the latest technologies and most creative and dynamic ways of working to deliver the most value for the least cost.

1.6 The Council continues to undertake financial planning of its revenue budget over a five year period which creates links with its longer term financial modelling and planning for growth. This paper presents an overview of the proposals being put forward as part of the Council’s draft revenue budget, with a focus on those which are relevant to this Committee. Increasingly the emerging proposals reflect joint proposals between different directorate areas and more creative joined up thinking that recognise children live in families and families live in communities, so some proposals will go before multiple Committees to ensure appropriate oversight from all perspectives.

1.7 Funding projections have been updated based on the latest available information to provide a current picture of the total resource available to the Council. At this stage in the year, however, projections remain fluid and will be reviewed as more accurate data becomes available.

1.8 Equally, as our proposals become more ambitious and innovative, in many instances they become less certain. Some proposals will deliver more or less than anticipated, equally some may encounter issues and delays and others might be accelerated if early results are promising. We have adapted our approach to business planning in order to manage these risks, specifically;

- Through the development of proposals which exceed the total savings/income requirement – so that where some schemes fall short they can be mitigated by others and we can manage the whole programme against a bottom-line position
- By establishing a continual flow of new proposals into the change programme – moving away from a fixed cycle to a more dynamic view of new thinking coming in and existing schemes and estimates being refined
- Taking a managed approach to risk – with clarity for members about which proposals have high confidence and certainty and which represent a more uncertain impact

1.9 The Committee is asked to comment on these initial proposals for consideration as part of the Council's development of the Business Plan for the next five years. Draft proposals across all Committees will continue to be developed over the next few months to ensure a robust plan and to allow as much mitigation as possible against the impact of these savings. Therefore these proposals may change as they are developed or alternatives found.

1.10 Committees will receive an update to the revenue business planning proposals in December at which point they will be asked to endorse the proposals to GPC as part of the consideration for the Council's overall Business Plan.

2. BUILDING THE REVENUE BUDGET

2.1 Changes to the previous year's budget are put forward as individual proposals for consideration by committees, General Purposes Committee and ultimately Full Council. Proposals are classified according to their type, as outlined in the attached Table 3, accounting for the forecasts of inflation, demand pressures and service pressures, such as new legislative requirements that have resource implications, as well as savings and investments.

2.2 The process of building the budget begins by identifying the cost of providing a similar level of service to the previous year. The previous year's budget is adjusted for the Council's best forecasts of the cost of inflation, the cost of changes in the number and level of need of service users (demand) and proposed investments. Should services have pressures, these are expected to be managed within that service where possible, if necessary being met through the achievement of additional savings or income. If this is not possible, particularly if the pressure is caused by legislative change, pressures are considered corporately. It should be noted, however, that there are no additional resources and therefore this results in an increase in the level of savings that are required to be found across all Council Services. The total expenditure level is compared to the available funding and, where this is insufficient to cover expenditure, the difference is the savings or income requirement to be met through transformational change and/or savings projects in order to achieve a set of balanced proposals.

2.3 The budget proposals being put forward include revised forecasts of the expected cost of inflation following a detailed review of inflation across all services at an individual budget line level. Inflation indices have been updated using the latest available forecasts and applied to the appropriate budget lines. Inflation can be broadly split into pay, which accounts for inflationary costs applied to employee salary budgets, and non-pay, which covers a range of budgets, such as energy, waste, etc. as well as a standard level of inflation based on government Consumer Price Index (CPI) forecasts. All inflationary uplifts require robust justification and as such general inflation is assumed to be 0%. Key inflation indices applied to budgets are outlined in the following table:

Inflation Range	2020-21	2021-22	2022-23	2023-24	2024-25
Non-pay inflation (average of multiple rates) where applicable	3.6%	2.7%	2.8%	2.7%	2.7%
Pay (admin band)	2%	2%	1%	1%	1%
Pay (management band)	2%	2%	1%	1%	1%

2.4 Forecast inflation, based on the above indices, is as follows:

Service Block	2020-21	2021-22	2022-23	2023-24	2024-25
People and Communities (P&C)	5,665	5,748	4,475	4,171	4,251
Place and Economy (P&E)	1,961	2,053	2,222	2,259	2,361
Commercial and Investments (C&I)	238	147	138	141	143
Public Health	51	51	24	24	24
Corporate and Managed Services	-275*	174	103	104	104
LGSS Operational	277	277	139	139	139
Total	**7,917**	**8,450**	**7,101**	**6,838**	**7,022**

*Includes reduction of additional pension contribution in relation to vacancies to be apportioned between Service Blocks

2.5 A review of demand pressures facing the Council has been undertaken. The term demand is used to describe all anticipated demand changes arising from increased numbers (e.g. as a result of an ageing population, or due to increased road kilometres) and increased complexity (e.g. more intensive packages of care as clients age). The demand pressures calculated are:

Service Block	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
People and Communities (P&C)	10,771	11,252	12,811	13,295	13,008
Place & Economy (P&E)	199	225	179	192	202
Total	**10,970**	**11,477**	**12,990**	**13,487**	**13,210**

2.6 The Council is facing some cost pressures that cannot be absorbed within the base funding of services. Some of the pressures relate to costs that are associated with the introduction of new legislation and others as a direct result of contractual commitments. These costs are included within the revenue tables considered by service committees alongside other savings proposals and priorities:

Service Block / Description	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
New Pressures Arising in 20-21					
P&C: Increase in Older People's placement costs	4,458				
P&C: Home to School Transport - Special	800				
P&C: SEND Specialist Services – loss of grant	300				
P&C: SEND Specialist Service – underlying pressures	201				
C&I: East Barnwell Community Centre		100			
Existing Pressures Brought Forward					
P&C: Impact of National Living Wage on Contracts	3,367	3,091	3,015	3,015	3,015
P&C: Potential Impact of Changing Schools Funding Formula	1,579	1,500			
P&C: Libraries to serve new developments		49			
P&C: Supervised contact (numbers of children)	-35				
P&C: Independent reviewing officers (numbers of children)		-85			
P&E: Minerals and Waste Local Plan	-54	-54			
P&E: Guided Busway Defects	-1,300				
C&I: Renewable energy – Soham	4	5	40		
C&I: LGSS Law dividend expectation		-96			
Impact of Local Government Pay offer on CCC Employee Costs (combined)	174	174			
Total	**9,494**	**4,684**	**3,055**	**3,015**	**3,015**

3. SUMMARY OF THE DRAFT REVENUE BUDGET

3.1 In order to balance the budget in light of the cost increases set out in the previous section and reduced Government funding, savings or additional income of £24.6m are required for 2020-21, and a total of £74m across the full five years of the Business Plan. The following table shows the total level of savings necessary for each of the next five years, the amount of savings attributed from identified savings and the residual gap for which saving or income has still to be found:

Service Block	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
Total Saving Requirement	24,561	14,916	12,280	12,697	9,050
Identified Savings	-10,711	-2,256	920	206	558
Identified additional Income Generation	-1,285	-2,225	-3,542	-365	133
Residual Savings to be identified	**12,565**	**10,435**	**9,658**	**12,538**	**9,741**

3.2 As the table above shows, there is still a significant level of savings or income to be found in order to produce a balanced budget for 2020-21. While actions are being taken to close the funding gap, as detailed below, it must be acknowledged that the proposals already identified are those with the lower risk and impact profiles and the further options being considered are those considered less certain, or with greater impact.

3.3 The actions currently being undertaken to close the gap are:

- Reviewing all the existing proposals to identify any which could be pushed further – in particular where additional investment could unlock additional savings

- Identifying whether any longer-term savings can be brought forward

- Reviewing the full list of in-year and 2020-21 pressures – developing mitigation plans wherever possible to reduce the impact of pressures on the savings requirement

- Bringing more ideas into the Transformation Pipeline – this work will continue to be led across service areas with support from the Transformation team – recognising that it is the responsibility of all areas of the Council to keep generating new proposals which help meet this challenge.

3.4 There are also a number of additional risks and assumptions with potential impacts on the numbers above and accompanying tables. These will be monitored closely and updated as the Business Plan is developed to ensure that any financial impacts are accurately reflected in Council budgets:

- The Business Plan includes a 2% inflationary uplift for administrative and management band staff pay. The National Joint Council pay scales have not been confirmed for 2020-21 onwards and it is possible than an uplift of greater than 2% will be agreed. A number of other groups of public sector workers including teachers, armed forces and police officers are expected to receive pay increases in excess of 2% in 2020-21.

- The result of schools funding reforms, in particular the control of the Dedicated Schools Grant shifting further toward individual schools, potential additional funding to be announced by government, and the local situation with a deficit held within the high needs block is still under discussion and the significant current pressure will be updated as the outcome of this discussion becomes clear.

- Movement in current year pressures – Work is ongoing to manage our in-year pressures downwards however any change to the out-turn position of the

Council will impact the savings requirement in 2020-21. This is particularly relevant to demand led budgets such as children in care or adult social care provision.

- The inflationary cost increases set out in section 2.4 assume that inflation on the cost of bed-based care within Adults & Older People's Services will continue to be higher than general inflation in 2020-21. Additionally, the pressures within Older People's services included in section 2.6 assume that the local NHS continues to contribute funding to joint health and social care initiatives at current levels in 2020-21.

- The Government has confirmed that the introduction of 75% business rates retention and the review of relative needs and resources (fair funding review) will be delayed until 2021 to coincide with the next multi-year spending review. There is therefore a significant level of uncertainty around the accuracy of our funding assumptions from 2021/22 onwards.

- The Council has worked closely with local MPs in campaigning for a fairer funding deal for Cambridgeshire. The Chancellor announced the Government's spending plans for 2020-21 on 4th September, which included an additional £1bn of grant funding for social care. The financial implications for the Council are still as yet unclear as individual local authority allocations are yet to be announced. Notwithstanding any additional funding the Council may receive, it is expected that significant savings are required to balance the budget for 2020-21 and services continue to develop plans at pace.

- The Government has confirmed that The Winter Pressures and Social Care Support Grants, announced for the first time in 2019-20, will continue in 2020-21. These grants now support £4.4m of permanent spending across Adults and Children's Services as well as contributing £1.9m to the 2020-21 budget gap. We have assumed, in line with other Shire Counties that these grants continue at their current levels throughout the period of the current Medium Term Financial Strategy (2020-21 – 2024-25). However, the Council will continue to develop options for further savings which will allow the authority to operate on a sustainable basis should this funding not be forthcoming in future years. The figures presented in this report take no account of the further funding announced for social care in September's one year spending review.

3.5 In some cases, services have planned to increase income to prevent a reduction in service delivery. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.

3.6 This report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue and capital proposals in line with new savings targets. New proposals are developed across Council to meet any additional savings requirement and all existing schemes are reviewed and updated before being presented to service committees for further review during December.

3.7 The level of savings required is based on a 2% increase in the Adults Social Care precept and a 0% increase in Council tax. The Government has confirmed that Local Authorities will be granted the continued flexibility to levy the ASC precept in 2020-21, however the Government has not yet announced the Council tax referendum limit for 2020-21. Local Authorities were permitted to increase general Council tax by a maximum of 2.99% in 2018-19 and 2019-20 without the requirement for approval from residents through a positive vote in a local referendum. It is likely, although not confirmed, that the Council will be presented with the option to increase Council tax by up to a further 2.99% in 2020-21. It is estimated that the cost of holding a referendum for increases deemed to be excessive would be around £100k, rising to as much as £500k should the public reject the proposed tax increase (as new bills would need to be issued).

3.9 Following October and December service committees, GPC will review the overall programme, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.

4. OVERVIEW OF GENERAL PURPOSES COMMITTEE'S DRAFT REVENUE PROGRAMME

4.1 As well as providing overall oversight of the whole of the County Council's business plan, General Purposes Committee acts as the service committee for the Council's corporate services and any business planning proposals relating to our Local Government Shared Services (LGSS) arrangement. The future shape of the partnership is currently under review by the Joint Committee in light of both the continuing financial challenges within Northamptonshire and the new democratic structures that will operate in that County from April 2021. It has already been agreed, subject to ratification from General Purposes Committee, that both Democratic Services and Professional Finance will be 'repatriated' in October 2019.

4.2 Continued investment through the Transformation Fund will be required to deliver the programme of savings identified to date, and to deliver further transformation at scale in the medium to longer term, in order to achieve our ambitions. Service transformation often requires lead-in time, especially when they involve service redesign or consultation, and work is underway on concurrent planning for immediate and medium term. Although the programme does not contain as many individual projects as it once did, projects that now come forward tend to require greater funding. It is however important to review the level of funds held for this purpose as part of the annual business planning process and therefore a report will be prepared for General Purposes Committee detailing the additional resource requirements, the associated savings and therefore the return on investment in November. Detail of specific proposals will be considered by the relevant service committee in October and December.

4.3 The list below provides an overview of the draft 2020/21 business planning proposals within the remit of the General Purposes Committee. In each case the reference to the business planning table is included along with the anticipated level of financial saving or additional income. It is important for the Committee to note that the proposals and figures are draft at this stage and that work on the business cases is ongoing. Updated proposals will be presented to Committee again in December at which point business cases and the associated impact assessments will be final for the Committee to endorse.

5. SUMMARY OF PROPOSALS:

5.1 **C/R.7.101 Council tax collection: Counter fraud and compliance (-450k)**

6. LONGER TERM TRANSFORMATION TO CREATE A SUSTAINABLE SERVICE MODEL

6.1 This programme of work includes innovative approaches that will improve outcomes whilst continuing to deliver a further level of efficiency and significant savings.

6.2 A Transformation resource was established in 2016 to enable investment in longer term initiatives, identifying opportunities where better outcomes can be delivered at reduced cost and demand for services can be reduced. To date, savings of £23.8m have been released as a result of services using this resource.

7. NEXT STEPS

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

December	Updated business cases and any additional business cases go to committees
January	General Purposes 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

8.1 **A good quality of life for everyone**
There are no significant implications for this priority.

8.2 **Thriving places for people to live**
The impact of these proposals is summarised in the community impact assessments, attached as an **appendix**.

8.3 **The best start for Cambridgeshire's children**
The impact of these proposals is summarised in the community impact assessments, attached as an **appendix**.

9. SIGNIFICANT IMPLICATIONS

9.1 **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 is described in the financial tables of the business plan, attached as an **appendix**. The proposals 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.

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 citizens.

9.4 **Equality and Diversity Implications**
The Equality Impact Assessments describe the impact of each proposal, in particular any disproportionate impact on vulnerable, minority and protected groups.

9.5 **Engagement and Consultation Implications**
Our Business Planning proposals are informed by the CCC public consultation on the Business Plan 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.

Draft Equality Impact Assessments (EIAs) for the savings proposals are attached to this paper as part of the business cases (within **Appendix 1**) for consideration by the Committee, and where applicable these will be developed based on consultation with service users and stakeholders.

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

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes T Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Gus De Silva
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Monitoring Officer: Fiona McMillan,
Are there any Equality and Diversity implications?	Covered in business case impact assessment Julia Turner
Have any engagement and communication implications been cleared by Communications?	Yes Christine Birchall / Sarah Silk
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Julia Turner
Have any Public Health implications been cleared by Public Health	Yes Tess Campbell

Source Documents	Location
Strategic Framework	https://ccc-live.storage.googleapis.com/upload/www.cambridgeshire.gov.uk/council/finance-and-budget/Section%201%20-%20Strategic%20Framework%20-%2019-20.pdf?inline=true

Business Case

C/R.7.101 - Council Tax: Counter Fraud & Compliance

Project Overview			
Project Title	C/R.7.101 - Council Tax: Counter Fraud & Compliance		
Project Code	TR001404	**Business Planning Reference**	C/R.7.101
Business Planning Brief Description	A project delivered in collaboration with Cambridgeshire Billing Authorities to invest in counter fraud and compliance activity to increase Council tax income.		
Senior Responsible Officer	Chris Malyon		

Project Approach

Background

Why do we need to undertake this project?

Council tax income is the most significant source of revenue funding for the Council comprising around 78% of the total net budget. Collection rates in Cambridgeshire are above the national average, averaging in excess of 98% across the County. However, we believe there is scope to improve collection rates further by investing in counter fraud and compliance activity. A modest improvement in collection rates would generate a significant level of additional income for Local Authorities in Cambridgeshire, helping to support frontline services.

What would happen if we did not complete this project?

Council tax collection rates would likely remain at current levels as Cambridgeshire Billing Authorities would not have the necessary resources to implement additional counter fraud and compliance measures.

Approach

Aims / Objectives

Aim: To further increase the Council tax collection rates achieved by Cambridgeshire Billing Authorities. The Council tax collected in Cambridgeshire is split approximately 80/20 between the County Council and District Councils respectively in its allocation.

Objectives:
- To ensure that fewer Cambridgeshire residents are paying less Council tax than they should be.
- To make it easier for people who genuinely cannot pay their Council tax to be able to do so.

Project Overview - What are we doing

- Working with Cambridgeshire Billing Authorities to develop a joint action plan to increase the Council tax collected in Cambridgeshire.
- Investing in more effective identification of fraudulent or incorrectly claimed Council tax discounts and in compliance activity to ensure residents are paying the correct levels of Council tax
- Establishing of a gain sharing mechanism to ensure that extra income generated as a result of the scheme is shared fairly between Billing Authorities and the County Council

What assumptions have you made?

We have assumed that there is potential for further activity to effectively identify, contact and seek funding from residents who may not be paying the correct amount of Council Tax.

We assume that we will be able to find a delivery mechanism for this work in collaboration with Billing Authorities.

What constraints does the project face?

Delivery Options

Has an options and feasibility study been undertaken?

We are engaging with Billing Authorities to assess the suitability of a range of potential approaches taking into account the resource requirements and probability of success based on local circumstances in each District. The Council intends to establish a joint investment and gain sharing agreement based on a model which has been successfully implemented by Local Authorities in Essex.

Potential areas for investment are expected to include:
- Implementation of a software solution to enable cross-county data sharing and matching to identify potential cases of fraudulently or incorrectly claimed Council tax discounts and exemptions
- Providing additional resources for compliance activity undertaken by Billing Authorities
- Introduce a publicity campaign to remind people to report changes in circumstances and emphasise the Council's zero tolerance approach to Council tax fraud
- Establishment of a gain sharing mechanism whereby Billing Authorities receive an additional share of the extra income generated as a result of the project to support continued investment in collection activity as well as supporting front line service delivery

Scope / Interdependencies

Scope

What is within scope?

Residents either not paying their Council Tax or not paying the correct levels of tax e.g. claiming discounts to which they are not entitled.

What is outside of scope?

Residents already paying their Council Tax at the correct rate.

Project Dependencies

Title
Reliance on the availability and accessibility of information to enable Billing Authorities to identify residents who may not be paying the correct amounts of Council tax
Reliance on co-investment in additional resources to enable Billing Authorities to increase Council tax collection rates

Cost and Savings

See accompanying financial information in Table 3

Non Financial Benefits

Non Financial Benefits Summary

Residents will be less likely to claim discounts fraudulently or otherwise avoid paying Council tax
Increased partnership working between Local Authorities across Cambridgeshire

Title
Increase in Council tax yield

Risks

Title
Counter fraud and compliance activity is less effective than anticipated
Project does not become self-funding due to underachievement of income targets
Limited data available for analysis due to data protection restrictions

Project Impact

Equality Impact Assessment

Who will be affected by this proposal?

Cambridgeshire residents who do not pay the correct amount of Council Tax.

What positive impacts are anticipated from this proposal?

Cambridgeshire Local Authorities will receive additional Council tax contributions as a result of reducing the number of fraudulently or incorrectly claimed Council tax discounts, providing additional funding for local services.

The proposal will have no adverse impact on residents who are not paying their Council tax contributions due to issues of debt or poverty and will reduce the likelihood of residents claiming discounts fraudulently through more effective detection and enforcement activity.

What negative impacts are anticipated from this proposal?

Residents who are either intentionally or unintentionally paying the wrong levels of Council Tax will have their bills adjusted so that they pay the correct amount of Council tax based on their circumstances.

Are there other impacts which are more neutral?

The impact to residents who are paying the correct amount of Council Tax is neutral

Disproportionate impacts on specific groups with protected characteristics

Details of Disproportionate Impacts on protected characteristics and how these will be addressed

The impacts of the proposal on groups of people with protected characteristics have been considered and no foreseeable risks of negative impacts have been identified.

Section 3 - C: Corporate and Managed Services
Table 3: Revenue - Overview
Budget Period: 2020-21 to 2024-25

		Detailed Plans	Outline Plans					
Ref	**Title**	**2020-21 £000**	**2021-22 £000**	**2022-23 £000**	**2023-24 £000**	**2024-25 £000**	**Description**	**Committee**
1	**OPENING GROSS EXPENDITURE**	**29,172**	**10,822**	**-873**	**-10,417**	**-22,840**		
C/R.1.001	Base Adjustments	-999	-	-	-	-	Adjustment for permanent changes to base budget from decisions made in 2019-20.	GPC
1.999	**REVISED OPENING GROSS EXPENDITURE**	**28,173**	**10,822**	**-873**	**-10,417**	**-22,840**		
2	**INFLATION**							
C/R.2.001	Inflation	217	186	114	115	115	Some services have higher rates of inflation than the national level. For example, this is due to factors such as increasing running costs of Council properties. This overall figure comes from an assessment of likely inflation in all Corporate services. Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.	GPC
C/R.2.003	Reduction of additional pension contribution in relation to vacancies	-480	-	-	-	-	Reduction of additional pension contribution in relation to vacancies	GPC
2.999	**Subtotal Inflation**	**-263**	**186**	**114**	**115**	**115**		
3	**DEMOGRAPHY AND DEMAND**							
3.999	**Subtotal Demography and Demand**	**-**	**-**	**-**	**-**	**-**		
4	**PRESSURES**							
C/R.4.010	Impact of Local Government Pay offer on CCC Employee Costs	4	4	-	-	-	The cost impact of the 2019/20 local government pay offer which covers all CCC staff below Professional band.	GPC
4.999	**Subtotal Pressures**	**4**	**4**	**-**	**-**	**-**		
5	**INVESTMENTS**							
C/R.5.001	Cambridgeshire IT Service - Desktop and Application Support	175	-	-	-	-	Investment in the IT Service Desk and Desktop Support Service to support the implementation of new software systems, and roll out of laptops and mobile devices.	GPC
C/R.5.900	Reversal of 17-18 Transformation Fund Investments	-38	-	-	-	-	Transformation funded projects are provided with investments for 1-3 years in order to deliver ongoing savings. This is the reversal of the investment for schemes funded in 2017-18.	GPC
C/R.5.901	Reversal of 18-19 Transformation Fund Investments	-50	-	-	-	-	Transformation funded projects are provided with investments for 1-3 years in order to deliver ongoing savings. This is the reversal of the investment for schemes funded in 2018-19. It is anticipated that further transformation funds will come through for funding in 2019-20.	GPC
C/R.5.902	Removal of 19-20 Transformation Fund Investments	-4,776	-1,564	-	-	-	Transformation funded projects are provided with investments for 1-3 years in order to deliver ongoing savings. This is the reversal of the investment for schemes funded in 2019-20. It is anticipated that further transformation funds will come through for funding in 2020-21.	GPC
C/R.5.953	Greater Cambridge Partnership's Revenue Costs	-113	114	-	-	-	The Council's contribution to the Greater Cambridge Partnership's revenue costs funded by the growth in New Homes Bonus, revised following a reduction in the number of payment years.	GPC
5.999	**Subtotal Investments**	**-4,802**	**-1,450**	**-**	**-**	**-**		

Section 3 - C: Corporate and Managed Services
Table 3: Revenue - Overview
Budget Period: 2020-21 to 2024-25

Ref	Title	2020-21 £000 (Detailed Plans)	2021-22 £000 (Outline Plans)	2022-23 £000	2023-24 £000	2024-25 £000	Description	Committee
6	**SAVINGS**							
	GPC							
C/R.6.101	Sharing with other Councils	300	-	-	-	-	Reduction in the expected saving to be made from sharing with Peterborough City Council. The focus of the sharing arrangements has shifted from making direct savings to improving service provision and resilience across both councils.	GPC
C/R.6.103	External Auditor fee	-15	-	-	-	-	External Auditor fee	GPC
C/R.6.106	Reduction in costs on Redundancy, Pensions & Injury budget	-10	-	-	-	-	Reduction in costs on Redundancy, Pensions & Injury budget, held within Corporate Services.	GPC
6.999	**Subtotal Savings**	**275**	**-**	**-**	**-**	**-**		
	UNIDENTIFIED SAVINGS TO BALANCE BUDGET	**-12,565**	**-10,435**	**-9,658**	**-12,538**	**-9,741**		
	TOTAL GROSS EXPENDITURE	**10,822**	**-873**	**-10,417**	**-22,840**	**-32,466**		
7	**FEES, CHARGES & RING-FENCED GRANTS**							
C/R.7.001	Previous year's fees, charges & ring-fenced grants	-4,904	-4,363	-4,174	-4,185	-4,196	Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward.	GPC
C/R.7.002	Changes to fees, charges & ring-fenced grants	1,003	-	-	-	-	Adjustment for changes to fees, charges & ring-fenced grants reflecting decisions made in 2019-20.	GPC
C/R.7.003	Fees and charges inflation	-12	-12	-11	-11	-11	Uplift in external charges to reflect inflation pressures on the costs of services.	GPC
	Changes to fees & charges							
C/R.7.101	Council Tax: Counter Fraud & Compliance	-450	-	-	-	-	We will seek to work with Cambridgeshire District Councils to develop a joint action plan to increase the Council tax collected in Cambridgeshire. We will invest in more effective identification of fraudulent or incorrectly claimed Council tax discounts and in compliance activity to ensure residents are paying the correct levels of Council tax. We will establish a gain sharing mechanism to ensure that extra income generated as a result of the scheme is shared fairly between District Councils and the County Council.	GPC
	Changes to ring-fenced grants							
C/R.7.201	Change in Public Health Grant	-	201	-	-	-	Change in ring-fenced Public Health grant to reflect treatment as a corporate grant from 2021-22 due to removal of ring-fence.	GPC
7.999	**Subtotal Fees, Charges & Ring-fenced Grants**	**-4,363**	**-4,174**	**-4,185**	**-4,196**	**-4,207**		
	TOTAL NET EXPENDITURE	**6,459**	**-5,047**	**-14,602**	**-27,036**	**-36,673**		

Section 3 - C: Corporate and Managed Services
Table 3: Revenue - Overview
Budget Period: 2020-21 to 2024-25

Ref	Title	Detailed Plans 2020-21 £000	Outline Plans 2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	Description	Committee
FUNDING SOURCES								
8	**FUNDING OF GROSS EXPENDITURE**							
C/R.8.001	Budget Allocation	-6,459	5,047	14,602	27,036	36,673	Net spend funded from general grants, business rates and Council Tax.	GPC
C/R.8.002	Public Health Grant	-201	-	-	-	-	Funding transferred to Service areas where the management of Public Health functions will be undertaken by other County Council officers, rather than directly by the Public Health Team.	GPC
C/R.8.003	Fees & Charges	-4,162	-4,174	-4,185	-4,196	-4,207	Fees and charges for the provision of services.	GPC
8.999	**TOTAL FUNDING OF GROSS EXPENDITURE**	**-10,822**	**873**	**10,417**	**22,840**	**32,466**		

Agenda Item No: 8

CAPITAL STRATEGY

To:	**General Purposes Committee**		
Meeting Date:	**22nd October 2019**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**Not applicable**	*Key decision:*	**No**

Purpose: **The Council's Capital Strategy details all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding. However, all capital schemes can potentially also impact on revenue.**

Recommendation: **General Purposes Committee is asked to review and comment on:**

a) The revised Capital Strategy

b) That the advisory limit on the level of debt charges (and therefore prudential borrowing) should be kept at existing levels.

c) That borrowing related to Invest to Save/Earn schemes should continue to be excluded from the advisory debt charges limit.

	Officer contact:		*Member contacts:*
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1. BACKGROUND

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

2. APPROACH TO CAPITAL

2.1 The Council will continue to follow the approach utilised in previous years. Any Invest to Save/Earn schemes generated through transformational work in order to deliver revenue savings or ongoing income streams will continue to be reviewed and assessed through the existing approach for developing and prioritising capital schemes. General Purpose Committee (GPC) will see the detailed results of this prioritisation process in November.

2.2 In light of the Council's increasingly challenging financial position, the work started as part of the 19-20 planning process to review the programme more thoroughly has continued as part of the 20-21 process in order to ensure that the programme is not placing undue pressure on the tightly controlled revenue position. The results of this work will also be reported back to GPC in November as part of the Capital Prioritisation Report, following the first review of draft service programmes by committees in October.

3. SETTING CAPITAL FINANCING LEVELS

3.1 In its role of recommending the final budget to Council, GPC is responsible for ensuring that the level of borrowing arising from the capital programmes proposed by service committees is prudential. Ultimately, if GPC does not consider borrowing levels to be affordable and sustainable it has the option not to recommend the Business Plan to Council.

3.2 In 2014 GPC recommended the introduction of an advisory debt charges limit to effect greater control over the Council's borrowing costs. GPC agreed that it should be reviewed annually towards the beginning of the business planning process, and should be amended if required.

3.3 Acknowledging the Council's strategic role in stimulating economic growth across the County, e.g., through infrastructure investment, it is recommended that any new, or changes to existing, capital proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement continue to be excluded from contributing towards the advisory limit. Any capital proposals generated through transformation work will be on an Invest to Save/Earn basis and therefore meet this criterion. In line with the approach set out in the Capital Strategy, GPC will still need to review the timing of the repayment, in conjunction with the overall total level of debt charges when determining affordability.

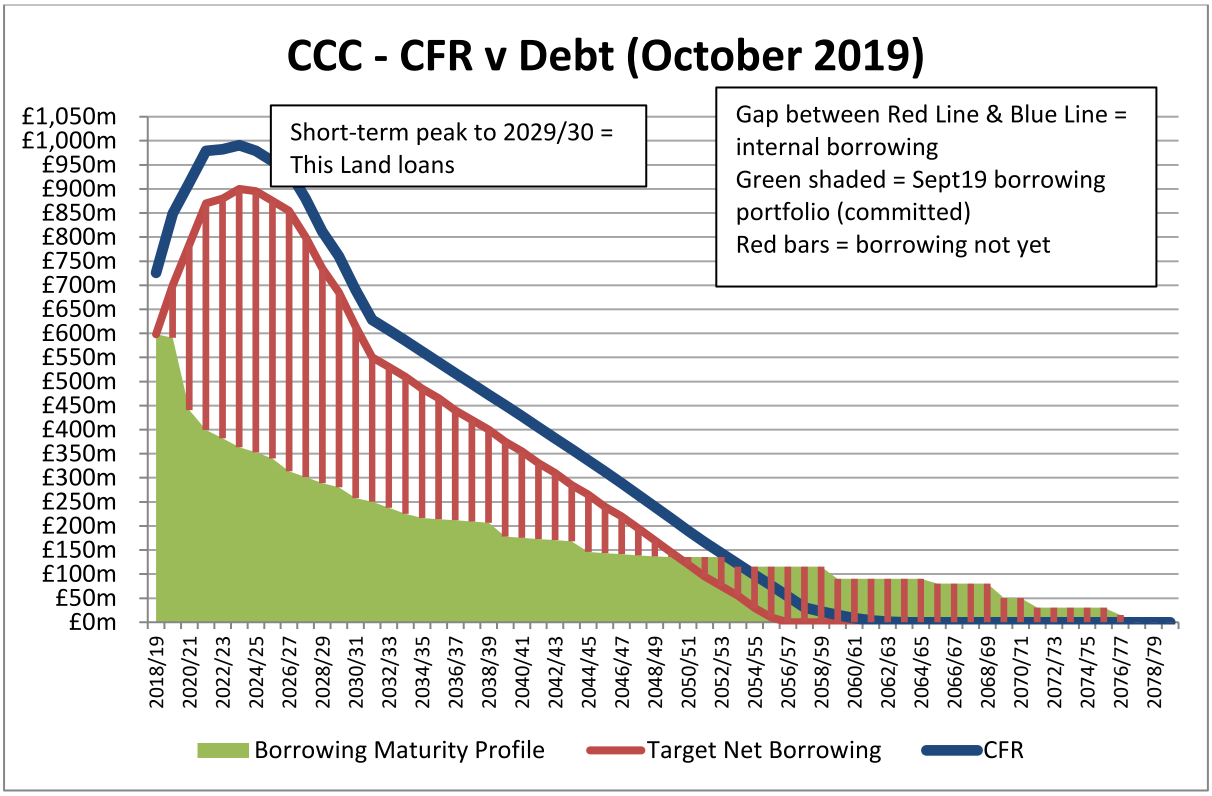
3.4 The table below sets out the current advisory limit on debt charges (restated for the change in Minimum Revenue Provision (MRP) policy agreed by GPC in January 2016) that GPC is asked to review and confirm whether it is still appropriate. This level is higher than the overall level of revised debt charges based on the draft 2020-21 Business Plan for the first four years, but slightly lower in the last two. However, these draft debt charges include Invest to Save/Earn schemes – if the impact of this was removed, it is anticipated that the forecast debt charges would be lower than the limit. It is also worth noting that whilst the early years provide firm forecasts, later years are indicative and subject to ongoing review and refresh of the Council's Capital Programme.

	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Restated advisory limit	39.2	39.7	40.3	40.8	41.4
Draft 2020-21 debt charges (including Invest to Save/ Earn schemes)	29.1	34.0	36.6	39.2	42.1
Headroom between advisory limit and 2019-20 debt charges	**10.0**	**5.7**	**3.7**	**1.6**	**-0.7**

3.5 Commercial & Investment Committee and General Purpose Committee agreed in September 2019 that the revenue cost of financing capital for commercial activity schemes should be recharged from the debt charges budget to individual schemes in order to be able to easily report the net revenue benefit of this activity. The Council is therefore in the process of undertaking an exercise to move budget between debt charges and commercial activity. As part of this work, the revenue impact of previous Invest to Save/Earn borrowing will also be split out, in order to be able to make a proper comparison of debt charges excluding Invest to Save/Earn schemes and the recommended debt charges limit. This work will be completed over the next month and will be fed back to committee in November as part of the Capital Prioritisation Report, however it is expected to bring the debt charge figures within the overall limits.

3.6 Whilst it is anticipated that debt charges will be brought within these limits as a result of this work, GPC still has an obligation to ensure that the overall total level of debt remains affordable. The following table and chart show the proportion of net budget (excluding schools) that is forecast to be spent on debt charges, and the estimated increase in borrowing levels over the period of the 2019-20 plan:

	2020-21	2021-22	2022-23	2023-24	2024-25
Debt charges as a percentage of Net Service Expenditure	7.6%	8.0%	8.3%	8.6%	9.0%



4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

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

Reducing the advisory limit on debt charges would inevitably have an impact on the Council's ability to drive forward investment in the local economy. However, it is recommended that any capital proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement are excluded from contributing towards the advisory limit.

4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

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

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

5.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

5.4 Equality and Diversity Implications

There are no significant implications within this category.

5.5 Engagement and Consultation Implications

There are no significant implications within this category.

5.6 Localism and Local Member Involvement

There are no significant implications within this category.

5.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Eleanor Tod
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
Draft Capital Strategy 2020-21	Octagon First Floor Shire Hall Cambridge
Council Business Plan 2019-24	https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/

Section 6 – Capital Strategy

Contents

1: Introduction

This Capital Strategy describes how the Council's investment of capital resources in the medium term will optimise the ability of the authority to achieve its overriding vision and priority outcomes. It represents an essential element of the Council's overall Business Plan and is reviewed and updated each year as part of the Business Planning Process.

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

2: Vision and outcomes

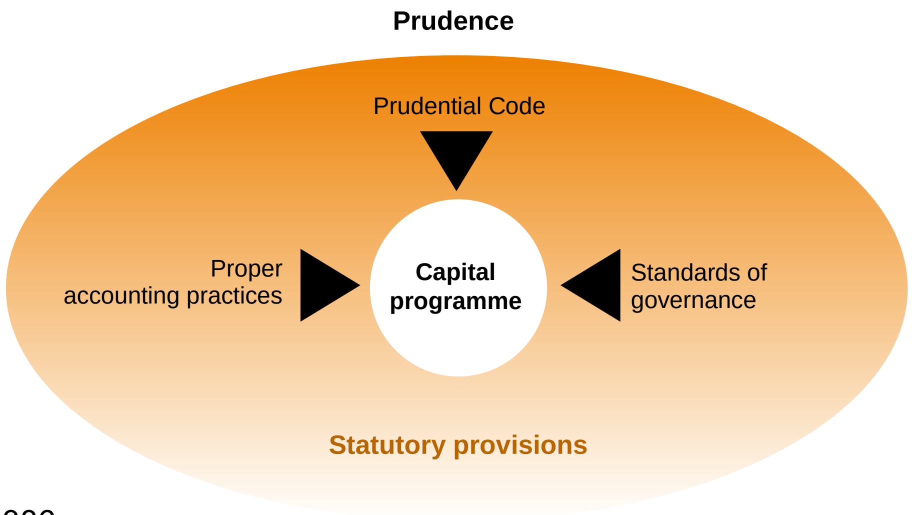
The Council achieves its vision of *"Making Cambridgeshire a great place to call home"* through delivery of its Business Plan which targets key priority outcomes. To assist in delivering the Plan the Council needs to provide, maintain and update long term assets (often referred to as 'fixed assets'),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

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

3: Operating framework

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

The framework is based on the following foundations:



4: Capital Expenditure

Capital expenditure, in accordance with proper practice (as defined by CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019-20) results in the acquisition, creation or enhancement of fixed assets with a long term value to the Council. If expenditure falls outside of this scope[1], it will instead be charged to revenue during the year that the expenditure is incurred. It is therefore crucial that expenditure is analysed against this definition before being included within the Capital Programme to avoid unexpected revenue charges within the year. A guide to what can and cannot be included within the definition of capital expenditure is provided in Appendix 1.

The Council applies a self-determined de minimis limit of £10,000 for capital expenditure. Expenditure below this limit should be charged to revenue in the year that it is incurred. However, as the de minimis is self-imposed, the Code does allow for it to be overridden if the Authority wishes to do so.

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

[1] In addition, expenditure can be classified as capital in the unlikely scenario that:
- It meets one of the definitions specified in regulations made under the 2003 Local Government Act;
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

5: Capital funding

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

Earmarked Funding	Central Government and external grants
	Section 106 (S106), Community Infrastructure Levy (CIL) and external contributions
	Private Finance Initiative (PFI) / Public Private Partnerships (PPP)[2]
Discretionary Funding	Central Government and external grants
	Prudential borrowing
	Capital receipts
	Revenue funding

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

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

[2] This source of funding is no longer available for new schemes

this, the Council will re-invest 100% of all capital receipts received (after funding costs of disposal up to the allowable limit of 4% of receipt) back into the Capital Programme, focusing these on schemes that generate an ongoing revenue return.

6: External environment

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

Developer Contributions

Whilst the housing and property market across the County has recovered since the economic crisis of 2008, with strong growth particularly in the City of Cambridge where values have risen over and above pre-credit crunch levels, the market as a whole is facing a new level of uncertainty with the prospect of the United Kingdom (UK) leaving the European Union on 31st October 2019. This is one of the most significant economic events for the UK and is subject to unprecedented levels of uncertainty, with the full range of possible effects unknown. It has recently been reported that the pattern of growth across the country generally has become more varied and disparate. Slow growth is mostly confined to places in the North, whilst prices fell annually mostly across the South and South East of England. In Cambridgeshire notable, contrasts between neighbouring locations have been reported; South Cambridgeshire showed 1.7% growth whilst prices fell by 0.3% in Cambridge itself. It is therefore unclear at the moment whether the current uncertainty will negatively affect the ability of the Council to fund capital investment through the sale of surplus land and buildings, or from contributions by developers.

Developer contributions have also been affected by the introduction of Community Infrastructure Levies (CIL). CIL works by levying a charge per net additional floorspace created on all small-scale developments, instead of requiring developers to pay specific contributions towards individual projects as per the current developer contribution process (Section 106, which is still in place for large developments). Although this is designed to create a more consistent charging mechanism, it also complicates the ability of the Council to fund the necessary infrastructure requirements created by new development due to the changes in process and the involvement of the city and district councils who have exclusive legal responsibility for determining expenditure. The Council also expects that a much lower proportion of the cost of infrastructure requirements will be met by CIL contributions.

Huntingdonshire and East Cambridgeshire District Councils are currently the only districts within Cambridgeshire to have adopted CIL – Cambridge City Council and South Cambridgeshire were originally due to implement in April 2014, but their draft schedules are currently being revised, with no new timescales announced as yet, and Fenland District Council has decided not to implement at present.

New legislation introduced on the 1st September 2019 has now removed the 'rule of five', where it was not possible to pool more than five developer contributions together on any one scheme; this therefore will have a positive impact on funding flexibility for the Council.

Government Grants

The Budget and Spending Review 2015 set out plans to increase Central Government capital spending by £12 billion over the following 5 years; how it intended to do this has been set out in the National Infrastructure Delivery Plan 2016-2021. This brought together for the first time the Government's plans for economic infrastructure with those to support delivery of housing and social infrastructure. It included a new Pothole Action Fund, for which the Council was allocated an additional £5.2m over the period 2016-17 to 2019-20, specific large-scale schemes such as up to £1.5bn to upgrade the A14 between Cambridge and Huntingdon, as well as potential development of both the A1 East of England and the Oxford to Cambridge Expressway. It also acknowledged the development of Northstowe as a major housing site.

As part of the National Infrastructure delivery Plan, a National Productivity Investment Fund (NPIF) has been created to provide an additional £1.1 billion of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks. In 2018-19 a £1.7bn Transforming Cities Fund was created out of the NPIF to target projects that drive productivity by improving connectivity, reducing congestion and utilising mobility services and technology; the Cambridgeshire and Peterborough Combined Authority (CPCA) was allocated £74m from this fund. Key measures in relation to the Cambridge-Milton Keynes-Oxford corridor have also been announced, including; a commitment to build up to 1m new homes in the area by 2050, £5m to develop the proposals for Cambridge South Station, and construction on key elements of the Expressway between Cambridge and Oxford, ready to be open by 2030. A new discounted interest rate was introduced in 2018, accessible to authorities for 3 years to support up to £1bn of infrastructure projects that are 'high value for money'. The Council submitted two bids in May 2019 to access this discounted interest rate for of a variety of energy investment schemes; the Council is waiting to hear on the results of these bids.

In addition to the Highways Maintenance formula allocation, the Department for Transport (DfT) have created a Challenge Fund and an Incentive Fund. The Challenge Fund is to enable local authorities to bid for major maintenance projects that are otherwise difficult to fund through the normal maintenance funding. The Incentive Fund is to help reward local highway authorities who can demonstrate they are delivering value for money in carrying out asset management to deliver cost effective improvements. Each authority has to score themselves against criteria that determines which of three bands they are allocated to (Band 3 being the highest performing). The Council successfully achieved Band 3 for 2017-18 and 2018-19, which provided the maximum available funding (£13.3m and £14.5m respectively).

The Autumn Budget 2018 also announced a further £420m of funding in 2018-19 for local authorities to tackle potholes, repair damaged roads, and invest in keeping bridges open and safe; the Council's share of this funding was £6.7m. To date, the Council has not received any confirmation on whether there will be a similar allocation for 2019-20.

No further detailed capital plans were announced in the one year Spending Review 2019, other than a total of £241m for the Towns

Fund in 2020-21 and £220m to transform bus services; further details will be announced in due course.

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

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

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

In addition to lobbying the DfE, the Council has also sought in the meantime to maximise its Basic Need funding by establishing how the funding allocation model works and providing data to the DfE in such a way as to maximise our allocation. The allocations were £25.0m for 2018-19, £6.9m for 2019-20, and £20.6m for 2020-21. This goes some way to reduce the Council's shortfall, but still does not come close to covering the costs of all of the Council's Basic Need schemes. Due to the one-year Spending Review announced in September 2019 only focusing on 2020-21 funding allocations, no further allocations for Basic Need funding are being announced until the next multi-year spending review takes place in 2020. This obviously adds a level of uncertainty to the Council's capital planning.

The DfE also revised the methodology used to distribute condition allocations, in order to target areas of highest condition need. A floor protection was put in place to ensure no authority received more than a 20% cut in the level of funding until 2018. The £1.2m reduction in allocation for Cambridgeshire for 2015-16 hit this floor; therefore it was anticipated that the Council's funding from this area would be reduced further once the protection was removed in 2019-20. However, the DfE have continued to include the protection worth £451k in 2019-20, but it is unclear whether this will continue moving forward.

The National Infrastructure Delivery Plan commits to investment of £23bn over the period 2016 to 2021 to deliver 500 new free schools, over 600,000 additional school places, rebuild and refurbish over 500 schools and address essential maintenance needs. To date, the Government has given approval to 8 new free schools in Cambridgeshire to pre-implementation stage. Not all of these, however, are in areas where the Council has an identified basic need requirement. The application process for the new Wave 13 closed in November 2018; there were a further 12 bids for Cambridgeshire, however there was much stricter criteria in place around this wave and none of the bids were successful. The application process for Wave 14 is due to close in November 2019.

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

As part of the Budget 2014, Central Government announced their agreement for a Greater Cambridge City Deal in order to deliver a step change in investment capability; an increase in jobs and homes with benefits for the whole County and the wider area. The agreement provides a grant of up to £500 million for new transport schemes. However, only £100 million of funding has initially been guaranteed with the remaining funding dependent on the achievement of certain triggers; a gateway review of progress is expected in early 2020.

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

7: Working in partnership

The Council is committed to working with partners in the development of the County and the services within it. There are various mechanisms in place that provide opportunities to enhance the investment potential of the Council with support and contributions from other third parties and local strategic partners. One of the most significant partnerships is between the Council, Cambridgeshire's city and district councils, Peterborough City Council and the Greater Cambridge / Greater Peterborough Local Enterprise Partnership (LEP) – now relaunched as the Business Board – to set up a Combined Authority for Cambridgeshire and Peterborough in order to deliver the region's devolution deal; this was agreed by all member authorities in November 2016. The proposal included;

- A new £20m annual fund for the next 30 years to support economic growth, development of local infrastructure and jobs,
- A £100m housing fund, and
- A new £70m fund to be used to build more council-rented homes in Cambridge.

The Mayoral Combined Authority is now in place, following Mayoral elections in May 2017.

The Council has also worked closely with Cambridge City Council, South Cambridgeshire District Council, the University of Cambridge and the LEP (now the Business Board) to negotiate the City Deal with Central Government. This has resulted in a changed set of governance arrangements for Greater Cambridge, allowing the County, Cambridge City Council and South Cambridgeshire District Council to pool a limited amount of funding and powers through a Joint Committee called the Greater Cambridge Partnership. This is helping to deliver a more joined-up and efficient approach to the key economic issues facing this rapidly-growing city region.

The Council continues to work with partners and stakeholders to secure commitment to delivery, as well as funding contributions for infrastructure improvements, in order to support continued economic prosperity. For example, the Council worked with the former Greater Cambridge / Greater Peterborough LEP (now the Business Board) plus the New Anglia LEP and the South East Midlands LEP, as well as neighbouring local authorities, the city and district councils and the DfT to agree a funding package for improvements to the A14 between Cambridge and Huntingdon, which was secured with work due to complete in December 2020. The Council will continue with this approach where infrastructure improvements are shown to have widespread benefits to our partners.

The One Public Estate (OPE) group allows partners, including the district councils, health partners and the emergency services, to effectively collaborate on strategic asset management and rationalise the combined operational property estate within the County. The One Public Estate programme has secured up to £0.5m in funding to bring forward major projects for joint asset rationalisation and land release.

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

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

The Council is in the fortunate position of continuing to be a major landowner in Cambridgeshire, and as such has established a company, This Land, which enables the Council to develop its own land rather than sell it to third parties. The company has developed an initial 10-year pipeline of sites, with the objective of delivering more than 1500 homes. The Council is the sole shareholder of This Land Limited (and the ultimate parent of its wholly owned subsidiaries).

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

- Rolling out and exploiting better broadband infrastructure across the County; with Peterborough City Council, the district councils, the Business Board, local businesses and the universities;
- Housing schemes, being delivered in conjunction with This Land; and
- OPE projects, being delivered in conjunction with OPE partners, including;
    - North Huntingdon Strategic Growth Partnership – Wyton redevelopment of 4,500 homes with Huntingdonshire DC
    - East Cambridge City Redevelopment, East Barnwell with Cambridge City
    - Think Communities Property workstream (previously the Community Hubs project)
    - Oaktree Health Centre Redevelopment, Oxmoor Estate with NHS CCS and Huntingdonshire DC
    - Ely Hospital redevelopment with NHS CCS
    - Wisbech Hospital redevelopment with NHS CCS
    - Joint Highways Depot move
    - Land Commission Board Workshops with CPCA

8: Non-financial Investment Strategy

Part of the Council's approach of dealing with the twinned pressures of reduced central government funding and growing demand for services has been to drive a more commercial approach within the organisation and to deliver better financial returns from property and asset holdings. In July 2016, the Commercial and Investments (C&I) Committee approved a Commercial Acquisitions Strategy to help develop a strategic approach to commercial acquisitions. This has subsequently been replaced by this Investment Strategy in order to reflect updated statutory guidance.

CIPFA's revised Prudential and Treasury Management Codes 2017 requires from 2019-20 onwards that all local authorities prepare an investment strategy, covering both financial and non-financial assets. The Investment Strategy for financial assets is included within the Treasury Management Strategy; for non-financial assets, it is included here and should provide (in addition to a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services):

- An overview of how the associated risk of non-financial investments is managed;
- The implications for future financial sustainability.

Any commercial acquisition carries with it a degree of risk and as this involves the investment of public funds, the rationale for engaging in such activity should be clear. The Council does not intend to invest in commercial activity for the sake of it but to mitigate against the implications of increasing budgetary pressures. The Council will not meet the financial challenges it faces through transforming services alone. The approach will require a mix of transformation, additional revenue sources, and a reduction in service levels. By focussing resources on the first two, the need to utilise the latter option will be minimised.

As with the rest of the Capital Strategy, all commercial activity will be undertaken in line with the Council's vision of 'making Cambridgeshire a great place to call home'. All commercial activity will therefore be undertaken in order to contribute to the following Priority Outcomes:

- Using our public assets wisely and raising money in a fair and business-like way to generate social return for all citizens of Cambridgeshire.
- Growing financial and social capital place-by-place by stewarding local resources including public, private and voluntary contribution.

This will be achieved through contribution to the following Corporate Strategy theme:

- Developing strength and depth in our commercial activity

Appendix 3 sets out the details of the Council's non-financial Investment Strategy.

9: Asset management

The Council's Capital Strategy inevitably has strong links to the Council's Asset Management Strategy, which provides detail on the framework for operational asset management; this includes defining the principles which guide asset management, its role in supporting service delivery, why property is retained, together with the policies, procedures and working arrangements relating to property assets.

The Council's Asset Management Strategy is currently under review and will be developed under the guidance of C&I Committee. The Strategy will continue to focus on the key objectives of:

- Reducing costs
- Co-locating front and/or back-office services
- Reducing carbon emissions
- Increasing returns on capital
- Opening up investment opportunities
- Improving service delivery to communities
- Taking advantage of lease breaks

This will be developed in line with the Cambs 2020 vision, which will see the Council move out of its current main base in Cambridge and adopt a Hub and Spokes model of office accommodation. There will also be a comprehensive review of existing policy and strategy, and in particular a strengthening of the Corporate Landlord model and its links into corporate strategies such as the Commercial Strategy, Think Communities and Older People's Accommodation.

Specific property initiatives include:

- The establishment of a wholly-owned housing company which has allowed the Council to become a developer of its own land, principally for housing. This requires significant capital investment through loans to the company for development purposes, but has generated ongoing revenue streams for the Council, as well as significant amounts of capital receipts that have been re-invested;

- Commercial investment, where the Council is developing a portfolio of strategic investments which provide ongoing revenue streams. These investments have been completed under the framework of the Council's Investment Strategy which is included as Appendix 3;

- The County Farms Estate Strategy is currently being review by a Member working group, which will feed into both the Asset Management Strategy and the Council's Commercial Activity programme;

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

The Capital Strategy also has strong links with the Council's Local Transport Plan (LTP), adopted in March 2011 and refreshed in 2014, covering the period 2011-2031. The Plan sets out the existing and future transport issues for the County, and how the Council will seek to address them.

The LTP demonstrates how the Council's policies and plans for transport contribute towards the vision of the Council, whilst setting a policy framework to ensure that planned, large-scale development can take place in the County in a sustainable way, as well as enabling the Council to take advantage of opportunities that may occur to bring in additional or alternative funding and resources.

The Plan highlights the following eight challenges for transport, as well as the strategy for addressing them:

- Improving the reliability of journey times by managing demand for road space, where appropriate and maximising the capacity and efficiency of the existing network
- Reducing the length of the commute and the need to travel by private car
- Making sustainable modes of transport a viable and attractive alternative to the private car
- Future-proofing the Council's maintenance strategy and new transport infrastructure to cope with the effects of climate change
- Ensuring people – especially those at risk of social exclusion – can access the services they need within reasonable time, cost and effort wherever they live in the County
- Addressing the main causes of road accidents in Cambridgeshire
- Protecting and enhancing the natural environment by minimising the environmental impact of transport
- Influencing national and local decisions on land-use and transport planning that impact on routes through Cambridgeshire

10: Delivering statutory obligations

The majority of the Education Capital Programme, which makes up a significant proportion of the Council's total Capital Programme, is generated in direct response to the statutory requirement to provide sufficient school and early years and childcare places to meet demand. There is, therefore, a limit to the amount of flexibility that can be used to curtail, or reduce the costs for these schemes.

The Education Organisation Plan is refreshed every year and sets out the What, How and Why in relation to planning and delivering the additional school capacity required to meet current and forecast need, including information on how the Education Programme is prioritised.

Although the Programme is largely driven by demographic changes, the Council still has an element of choice or influence over how it develops its Programme to meet those needs as follows:

- **General costs of construction**

The Council seeks to minimise construction costs on all projects and builds to the latest Government area guidelines that set out accommodation schedules. These detail the specification and size of building required for a given number of pupils. The Council's Design and Build Contractor Framework seeks best value for money and mini competition between framework partners helps to ensure this.

- **Quality of build**

In general, the Council aims to build at mid-point in terms of quality. This balances the need to ensure that the materials the Council uses are robust and fit for purpose in respect of both an adequate life cycle for the asset and also maintenance requirements that are not overly burdensome to the end user or operator, whilst at the same time providing Value for Money in terms of initial capital investment.

- **Future proofing**

The Council aims to build in the most efficient manner possible in order to minimise financial risk and also to avoid future disruption to schools. In some cases building a school or extension in phases may be the best option; in other situations where it is possible that the need for additional places will come forward in the foreseeable future, it can prove more cost effective overall to build in one phase (even if this costs more in the short term). Early during the review process for each scheme, a recommendation is made as to the most suitable solution; however the Council also tries to be flexible if circumstances change.

- **Temporary accommodation**

The Council uses temporary classroom accommodation when it is felt that this provides a suitable short-term solution in addressing a need. Such cases include meeting a temporary bulge in population, filling a gap prior to completion of a permanent solution or in an emergency.

- **Home to School Transport**

If the Council has some places available within the County overall, then it has the option of using Home to School Transport (funded by revenue) to transport children from oversubscribed areas to locations where schools do have capacity. The Council tries to minimise the use of this, as it is often an expensive solution. It is also not ideal to require children to travel longer distances to school, some distance from their local communities, and is not a sustainable option in the longer-term.

- **Location (within the geographical area of need)**

In many cases there may be a choice available between two or more schools in order to deliver the additional places for a certain geographical area of need. In these circumstances, a full appraisal is carried out, taking into consideration costs, the opinion and endorsement of the schools, pupil forecasts, and the premise and site constraints.

- **Type – extension or new build**

The type will be dependent on a full appraisal of the situation.

- **Planning stipulations**

National and local planning policies and high aspirations of local members, planners and schools – especially Academy Trusts – to provide a higher specification than is statutorily required can cause costs to increase. Cambridge City Council and South Cambridgeshire District Council also require public art which can add an additional cost of up to 1% of the construction budget. All new schools also have to go through the Design Quality Panel, which adds an additional step into the planning process and extends the design phase and is funded by the project. Finally, some of the requirements of a S106 can have an impact on the levels of external funding available – for example, an increased requirement for affordable housing will reduce the amount available to fund education schemes for a development.

11: Development of the Capital Programme

The Council operates a five year rolling revenue budget, and a ten year rolling capital programme. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council.

The Council follows a structured framework within which to develop the Capital Programme, which allows for factors such as the external environment and the Council's priority outcomes to be taken into account (see Appendix 4).

New schemes for inclusion in the Programme are developed by Services (in conjunction with Finance) in line with the priority outcomes outlined in the Corporate Strategy. As stated in the financial regulations, any new capital scheme costing more than £250,000 is appraised as to its financial, human resources, property and economic consequences. The justification and impacts, as well as the expenditure and funding details of these schemes are initially specified in an outline Capital Business Case, which becomes more detailed as the proposal develops. At the same time, all schemes from previous planning periods are reviewed and updated as required.

All schemes, whether existing or new, are scrutinised and challenged where appropriate by officers to verify the underlying costs and/or establish whether alternatives methods of delivery have been investigated in order to meet the relevant needs and outcomes of the Council.

An Investment Appraisal of each capital scheme (excluding schemes with 100% ring-fenced funding) is undertaken / revised as part of the Business Case, which allows the scheme to be scored against a weighted set of criteria such as strategic fit, business continuity, joint working, investment payback and resource use. This process allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its targeted priority outcomes.

Capital Programme Board (CPB) provides support and challenge with respect to both the creation of an initial budget for a capital scheme and also the deliverability and ongoing monitoring. The Terms of Reference require CPB to ensure that the following outcomes are delivered:

- Improved estimates for cost and time of capital projects;
- Improved project and programme management and governance;
- Improved post project evaluation; and
- Improved prioritisation process across the programme as a whole.

CPB scrutinises the programme before it is sent to Committees, and officers undertake any reworking and/or rephasing of schemes as required to ensure the most efficient and effective use of resources deployed. The Board also ensures that all schemes included within the Business Plan under an initial outline business case are further developed and reviewed before final recommendation is given to start the scheme.

Service Committees review the prioritisation analysis and the Capital Programme is subsequently agreed by General Purposes Committee (GPC), who recommends it to Full Council as part of the overarching Business Plan.

A summary of the Capital Programme can be found in the Medium Term Financial Strategy section of the Business Plan (Section 2), with further detail provided by each Service within their individual finance tables (Section 3).

12: Revenue implications

All capital schemes have a potential two-fold impact on the revenue position, due to:

- the cost of borrowing through interest payments and repayment of principal (called Minimum Revenue Provision), or through the loss of investment income; and

- the ongoing revenue impact of the scheme (such as staff salaries, utility bills, maintenance, administrative costs etc.), or revenue benefits (such as savings or additional income).

To ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the revenue budget planning process. Both the borrowing costs and ongoing revenue costs/savings of a scheme are taken into account as part of a scheme's Investment Appraisal, and therefore, the process for prioritising schemes against their ability to deliver outcomes.

In addition, the Council is required by CIPFA's Prudential Code for Capital Finance in Local Authorities 2017 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, towards the start of each Business Planning Process, GPC determines what proportion of revenue budget is spent on services and the corresponding maximum amount to be spent on financing borrowing. This is achieved by setting an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. This in turn can be translated into an indicative limit on the level of borrowing included within the Capital Programme (this limit excludes ultimately self-funded schemes).

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

Following the change in the Minimum Revenue Provision policy, agreed by Full Council in February 2016, the debt charge limits are as follows:

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

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

As part of the 2019-20 and 2020-21 business planning processes, the Council has undertaken a more focused review of the Capital Programme in order to minimise the cost to the taxpayer of financing debt charges for capital schemes. The review has focused on re-prioritising and re-programming capital schemes according to need to ensure that the Council makes the best use of the capital funding available and minimises the revenue impact of capital projects.

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

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

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

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government would allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects between 2016-17 and 2018-19. The Government then further extended this flexibility to cover a further 3 years until 2021-22. As part of the 2017-18 Business Plan, the Council decided to use this flexibility to fund transformational activity, and as a result, prudential borrowing undertaken by the Council for the years 2017-18 to 2021-22 will be between £2.3m and £3.3m higher in each respective year. This is expected to create additional Financing costs in the revenue budget of £150k to £200k each year. For further information, please see the Flexible Use of Capital Receipts Strategy contained within section 3 of the MTFS (Section 2).

The Council also includes the capitalisation of the cost of borrowing within all schemes; this has helped the Council to better reflect the cost of assets when they actually become operational. Although the capitalised interest cost budgets are initially held on an overall Service basis within the Capital Programme, the funding is ultimately moved to the appropriate schemes each year once exact figures have been calculated.

13: Managing the Capital Programme

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

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

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

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

In these situations, any supplementary capital request will be prepared in consultation with, and with the agreement of, the Chief Finance Officer. The report will, where possible, be reviewed by CPB before being taken to the Strategic Management Team by the relevant Director and the Chief Finance Officer, before any request for a supplementary estimate is put to GPC. As part of this report, in line with the Business Planning process, any new schemes costing more than £250,000 will be appraised as to the financial, human resources, property and economic consequences before detailed estimate provision is made.

New demands and pressures and changes to estimated costs and funding for ongoing schemes will also potentially result in the need for virements between schemes. All virements should be carried out in line with the limits set out in Appendix I of the Scheme of Financial Management, up to the upper limit of £250,000 by the Chief Finance Officer. Anything above this limit will be dealt with in line with the process for new schemes, and will be taken to GPC for approval as part of the monthly Integrated Finance Monitoring Report. Any over spends, whether in year or in relation to the whole scheme, once approved will be funded using applicable external sources and internal, non-borrowing sources first, before using borrowing as a last resort.

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

14: Summary of the 2020-21 Capital Programme

Total expenditure on major investments underway or planned includes:

- Providing for demographic pressures regarding new and improved schools and Child and Family Centres (£595m)

- Housing Provision (£223m)
- Commercial Investment Portfolio (£92m)
- Major road maintenance (£79m)
- Rolling out superfast broadband (£41m)
- King's Dyke Crossing [redacted]
- A14 Upgrade (£25m)
- North Angle Solar Farm, Soham [redacted]
- Shire Hall Relocation (£18m)
- Transformation Activity (£16m)
- Integrated Community Equipment Service (£17m)
- Babraham Smart Energy Grid [redacted]
- Stanground Closed Landfill Energy Project [redacted]
- Waste Facilities – Cambridge Area [redacted]
- Trumpington Smart Energy Grid [redacted]
- Cambs 2020 Spokes Asset Review (£6m)
- Data Centre Relocation [redacted]
- Development of Archive Centre premises (£5m)

The 2020-21 ten-year Programme, worth £649.1 million, is budgeted to be funded through £611.6 million of external grants and contributions, £12.0 million of capital receipts and £25.5 million of borrowing. This is in addition to an estimated previous spend of £806.3 million on some of these schemes, creating a total Capital Programme value of £1.5 billion. The related revenue budget to fund capital borrowing is forecast to spend £29.1 million in 2020-21, increasing to £42.1 million by 2024-25.

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

Scheme	Total Investment (£m)	Total Net Return* (£m)
Energy Efficiency Fund	1.0	0.6
Commercial Investments	91.9	159.0
Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	[redacted]	1.6
Babraham Smart Energy Grid		24.3
Trumpington Smart Energy Grid		7.0
Stanground Closed Landfill Energy Project		36.9
Woodston Closed Landfill Energy Project		9.0
North Angle Solar Farm, Soham		43.5
Housing schemes	223.4	123.3
County Farms investment (Viability)	3.0	7.4
Shire Hall Relocation	18.3	45.0
TOTAL	**395.2**	**457.6**

*The net return includes the cost of financing the capital expenditure and the ongoing revenue costs associated with the investment (therefore a zero net return indicates that the project has broken even).

Appendix 1: Allowable capital expenditure

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

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

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

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

Appendix 2: Sources of capital funding

Central Government and external grants

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

Capital receipts

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

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

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

Private Finance Initiative (PFI) / Public Private Partnerships (PPP)

The Council has previously made use of additional government support through PFI and PPP and has dedicated resource to manage schemes that are funded via this source. Previous schemes that have been funded this way include Waste, Street Lighting and Schools. However, due to increasing criticism around some high-profile, large-scale PFI projects failing to deliver Value for Money, the Government announced in October 2018 that this form of capital finance will be abolished. It is believed another model will be created to continue allowing the private sector to fund public infrastructure, but it is not yet clear what from this will take.

Borrowing (known as prudential borrowing)

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

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

Appendix 3: Investment Strategy for Non-financial Investments

Objectives

- Acquire properties that provide long-term investment to support the delivery of the Council's corporate objectives
- Deliver a portfolio which balances risk and rewards aligned to the Council's risk appetite
- Prioritise properties that yield optimal rental growth and stable income
- Protect capital invested in acquired properties

Legal Powers

Power to invest
Pursuant to the powers set out in s.12 Local Government Act 2003, the Council may invest either for *"any purpose relevant to the Council's functions under any enactment", (s. 12(a))* or *"the purposes of the prudent management of its financial affairs" (s. 12(b))*.

The power to invest given in s.12 should in principle include the power to invest in commercial property. However, the power to invest in commercial property must be used either for a purpose relevant to a function of the Council, for example the regeneration of an area, for economic development outcomes, or for the prudent management of the authority's financial affairs. Investing purely to create a return is not viewed as a function of an authority. It is therefore important that the primary objective of the strategy is to support the strategic objectives of the Council. It is also important to ensure that public funds are not exposed to unnecessary or unquantified risk.

In exercising the power to invest under s.12(b) the Council also has regard to the MHCLG Statutory Guidance on Local Government Investments. The Guidance advocates the preparation of an investment strategy which the Council will be expected to follow in its decision making process unless a sensible and cogent reason is articulated for departing from it.

Power to borrow
Section 1 of the Local Government Act 2003 gives each local authority a power to borrow money for:
(a) any purpose relevant to its functions under any enactment
(b) the purposes of prudent management of its financial affairs provided it does not exceed its affordable borrowing limit under s.3 Local Government Act 2003 (s.2(1) and 2(4))

These powers mirror those in s.12 Local Government Act 2003 referenced above. The powers within the LGA 2003 are not considered wide enough to permit local authorities to borrow to invest purely in order to benefit from a financial return, particularly in light of the revised guidance on Local Government Investments which clearly states that authorities 'must not borrow more than or in advance their needs purely in order to profit from the investment of the extra sums borrowed'. However, the Localism Act 2011 was drafted to encourage councils to develop new and innovative business models. This legislation gives councils the General Power of Competence, which means a local authority has powers to do anything that is "for the benefit of the authority, its area or persons resident or present in its area". The power does not enable an authority to carry out activities that were not permitted by legislation in force before the Localism Act 2011.

<u>The power to undertake an activity for a commercial purpose</u>
The General Power of Competence may allow the Council to invest in property for a return but this activity is likely to be characterised as an activity for a commercial purpose and cannot therefore be undertaken directly by the authority (s.4 Localism Act 2011). It may be pursued through a company formed for that purpose and being within the meaning of S.1(1) Companies Act 2006. There will be attendant corporation and income tax liabilities which will need to be addressed in a business case. The formation of a company requires the preparation of a thorough and detailed business case and these and other considerations such as the financing of the company and any state aid issues would need to be addressed in that document.

Governance Processes

The decision to invest public funds in commercial property is one that should not be taken lightly. Any investment carries with it a degree of risk and the level of returns are directly proportionate to the risk of the investment made. Whilst it is important to ensure that due and proportionate governance is followed, the market for commercial acquisitions is such that agile decision making is also important. This is particularly the case where the Council wishes to acquire commercial opportunities before they hit the market and thereby avoid bidder competition which tends to escalate the sales price.

There is a fine balance in ensuring appropriate due process has been undertaken whilst not restricting opportunities through overly burdensome governance requirements. As a consequence it will not always be possible for all acquisition proposals to be considered within the democratic cycle of meetings. The C&I Committee has agreed that in order for such proposals to be considered, evaluated and pursued within an agile, yet transparent and accountable, framework, it needs to delegate responsibility via a tiered decision-making process as follows:

Investment/Loan Value	Decision Making Arrangements
£10m or less	Deputy Chief Executive/Chief Finance Officer (CFO) in consultation with Chairman of C&I Committee
Greater than £10m but no more than £25m	C&I Committee Investment Group
Greater than £25m but no more than £50m	C&I Committee
Greater than £50m	GPC

The C&I Investment Group has been created to reflect the proportional representation of the Committee; there are 3 Conservatives Members, 1 Liberal Democrat Member, and 1 Labour Member. The meetings of this Group can also be undertaken virtually if necessary. At times, it may even be too difficult to convene this Group before an initial expression of interest needs to be placed; therefore in this scenario, the Deputy Chief Executive/CFO in consultation with the Chairman and Deputy Chairwoman of C&I Committee is delegated the responsibility to place an initial bid (with the information also circulated to other members of the Group). Any final bid, however, has to follow the delegation as set out above.

Where appropriate, the Council will work with a partner organisation to develop the portfolio in order to ensure the right skills are used and the necessary capacity is generated in order to access market opportunities. The Council has used several professional advisors to date, which has provided access to different opportunities across the market.

All opportunities are reviewed by the Investment Working Group using a robust appraisal process that assesses potential acquisitions for their location, tenancy strength, tenure, lease length, repairing terms and physical condition. This information is reviewed alongside strategic criteria and key ratios and forms the basis of a scorecard to indicate whether investment is worth pursing further. The Council has also contracted investment advisors Redington to provide support and advice to elected members and statutory officers, including delivery of training.

Managing Risk

The structure of the property portfolio has a significant bearing on the portfolios inherent risk and return profile. Therefore a key objective of the strategy is to create diversification within the portfolio in order to manage exposure to the risks of concentrating too much activity in any particular sector. Key risks in the portfolio can be categorised in a number of ways, as follows.

Income Risk

The main risk in a commercial portfolio is tenant vacancies and the resultant loss of income. The costs of holding a vacant property include non-domestic rates, insurance, utilities, security, inspections and management. In addition, there would be the cost of marketing the property, the agent's disposal fees and legal fees for completing the lease documentation for re-letting the premises.

Yield Risk

The aim of the majority of investments is to provide a secure return on income. The Council will manage its commercial property as a single portfolio, ensuring that the collective returns achieved on the investments meet the overall financial target that is set. It is therefore important that any purchasing decisions also contribute positively to the performance of the portfolio, both financially and in minimising the overall risks.

Concentration Risk

Concentration risk can be categorised into a number of constituent risks:

Sector Concentration: The main property sectors are retail, office, industrial and leisure/healthcare. The portfolio will aim to spread its investment across the sectors to limit exposure to any volatility in a particular area. Like geographic diversification, industry diversification must be sensitive to the diversification requirements of the overall portfolio. The value of industrial real estate holdings is sometimes adversely affected by changes in environmental legislation, and such holdings should probably be limited in overall investment portfolios.

Geographical Concentration: The strength of the investment opportunity will dictate the wider locations which may be considered outside of Cambridgeshire, as opposed to location being the driving force. It is important for the Council to understand the future economic viability of localities which will be influenced by a number of local and national economic factors. For example future major transport infrastructure investment could significantly influence the economic viability of an area and therefore the future value of investments in that locality. Engaging the services of an expert will therefore be an essential prerequisite of the strategy.

Property Concentration: Diversifying a real estate portfolio by property type is similar to diversifying a securities portfolio by industry. Different property types cater to different sectors of the economy. For example, office property generally responds to the needs of the financial and services-producing sectors; industrial property to the goods-producing sectors; retail property to the retail sector; and hotels to the travel and tourism sectors, employment growth, and the business cycle. Understanding the return and risk factors attendant to different property types requires understanding the factors affecting each property type's user groups.

Tenure Concentration: The portfolio will be managed to ensure that it contains a broad spread of tenants. This analysis can be driven by credit ratings, nature of business, lease length, and the value of the leaseholds. It is important to evaluate tenant credit ratings according to the senior corporate debt of the lessees. Leases can be compared with regard to their length (including renewal options), which may vary considerably, typically from ten to twenty years.

Due Diligence

The risks associated with a specific investment are mitigated by carrying out robust due diligence of the individual acquisition. This process includes the following activities:

- Valuation
- Market conditions
- Covenant strength
- Terms of leases
- Structural surveys
- Future costs
- Other issues

The Investment Strategy will provide continual evaluation of the investment portfolio to meet the Council's priority to ensure that the investment portfolio is fit for purpose. A larger and more balanced portfolio will help achieve the Council's aim of increasing income to support the delivery of services throughout the County, however a core portfolio of property assets will be sought with a view to diversification on individual assets by sector (industrial, offices and retail), location and risk.

Proportionality

The Council needs to consider the long-term sustainability risk implicit in becoming too dependent on commercial income or in taking out too much debt relative to net service expenditure.

Dependency on Commercial Income

As noted earlier in the strategy, the Council cannot meet the financial challenges it faces through transformation alone and therefore part of the strategy has to be to generate additional revenue resources. However, as mentioned above, there are inherent risks associated with commercial activity and as such the Council will be taking a measured risk approach towards supporting a proportion of its core activity with commercial income. The table below shows the forecast levels of commercial income as a percentage of net service expenditure:

	2019-20 Estimate %	**2020-21 Estimate %**	**2021-22 Estimate %**	**2022-23 Estimate %**	**2023-24 Estimate %**	**2024-25 Estimate %**
Commercial income* to net service expenditure	-4.1	-4.2	-4.0	-4.1	-4.0	-3.9

** Commercial income here includes both financial and non-financial income*

Debt relative to Service Expenditure

As part of the process for agreeing the Capital Strategy, GPC currently agrees a debt charges limit at the beginning of the business planning process as a mechanism to ensure that the Council does not overcommit its revenue resources to servicing debt (see Section 12). This could also be reviewed in terms of debt as a proportion of net service expenditure, which is forecast as follows:

	2019-20 Estimate %	**2020-21 Estimate %**	**2021-22 Estimate %**	**2022-23 Estimate %**	**2023-24 Estimate %**	**2024-25 Estimate %**
Financing costs to net service expenditure	7.1%	7.6%	8.0%	8.3%	8.6%	9.0%

However, the majority of these costs do not relate to borrowing incurred (or anticipated) for commercial investment, but rather to supporting the Council's service Capital Programme.

Developing the Portfolio

Financial investment options, such as investment in property funds and issuing commercial loans to other organisations are covered by the Treasury Management Strategy. There are two main methods by which the Council can deliver is non-financial investment – through acquisition of property, or through development of its own assets.

Acquisition
The Council is looking to acquire both freehold and long-term leasehold properties, engaging the services of commercial property experts in order to identify appropriate market opportunities. Where appropriate, the Council will also make use of advisors to undertake robust due diligence and complete sale documentation. Ongoing management arrangements for the Council's first acquisition have continued with the incumbent outsourced operator, who have expertise in student accommodation management and marketing. It is anticipated that facilities management and marketing arrangements for the other acquisitions will also be outsourced. The Council has acquired properties with relatively secure or straightforward tenures mitigating the scale of proactive management required and arrangements are overseen by the internal team of commercial property surveyors.

The benefits of this approach are:
- revenue is generated from the point of acquisition
- risks are mitigated with proper due diligence
- reasonable levels of liquidity
- management costs are relatively low.

However, the Cambridgeshire market generates relatively low returns due to competition and security of tenure which may mean looking further afield to generate higher returns. Initially, there was a concentration risk until the Council was able to develop a diverse portfolio across property type, sector and tenure; however, geographical concentration risk still exists as all purchase have been made in County.

As a relatively new investor in this area of activity, the Council has initially taken a relatively low risk approach to acquisitions in order to develop a sound real estate investment portfolio. This has reduced the level of return that can be generated initially; longer-term it is proposed to target an average portfolio yield of 6% by 2024-25. Where an individual opportunity does not deliver a 6% yield (either initially or longer-term) but it is felt to still have potential, the investment will still be reviewed by C&I Committee, taking into account any other supporting factors such as reduction of concentration risk. The types of investment in this area include:

- Best property for the sector in an ideal location, with long-term income from high quality tenants where yields are equal to or slightly above prime for the sector. Rental yield (financial return on the capital investment as a percentage) will be lower than the general market, but capital and rental growth should be steady and medium/long-term risk of void periods and tenant default is reduced.
- Properties similar to those above, but in slightly less favourable locations, with shorter leases and lesser tenant covenant strength, where returns will be appropriate for the sector and risk. Rental yields in this area will be slightly higher, reflecting the increase in risk.

The Committee's long-term aim is for around 75% of the overall acquisitions portfolio to be comprised of these lower-risk properties. The remaining 25% will be comprised of specialist sector investments such as hotels, public houses, student accommodation, and health care facilities; these will be considered on merit, but do not form part of the core search criteria. Given the depreciating specialist infrastructure and changes in trends, such assets may require substantial future capital expenditure in order to maintain the value of the interest; the risk from this will be fully explored and understood before purchase. Residential property provides a good income diversifier given its limited correlation to commercial property and returns have been stable over the long term, although the level of tenant and property management will be carefully considered and allowed for in all appraisals. The returns on this element of the portfolio will be varied, but should in principle be at the upper level or above the returns of the low risk acquisitions.

Development

The Council can either carry out development itself, such as with the Council's Commercial Energy Investments, or enter into an agreement with a developer to fund all or part of a development. This could be enacted as a direct commercial arrangement with a developer or could be delivered via a joint venture (JV) arrangement. This would require risk and reward arrangements to be established. In a JV scenario the level of risk would mirror the level of reward that each partner would derive; this would normally be 50:50, however other scenarios could also be developed. If the Council develops the investment itself and simply seeks a provider to construct to a defined specification, the provider does not share any of the benefits – but neither does it share any of the risks.

The benefits of this type of commercial arrangement are that the developer could bring skills that the Council does not hold internally. The investment should deliver a premium over and above straight investment, however it therefore carries with it proportionately greater risk. Selecting the right development partner is therefore essential for success.

Self-development would bring greater financial rewards and would ensure that the Council remains in control of the development. However the Council may need to invest to ensure that it has the right skills and capacity to manage such an investment programme, as these do not necessarily currently exist extensively within the Council.

The disadvantages are that revenues are only accrued once the development has been completed. Land acquisition and other costs will be incurred long before any revenue stream commences. There is very low liquidity during construction and diversification of portfolio would be low. The self-development route would expose the Council to procurement and construction risks which would need to be mitigated by the 'buying in' of the appropriate and necessary skills.

Delivery

The commercial investment portfolio will need to be developed over time to avoid the concentration risks set out earlier in this report. This will ultimately result in a balanced portfolio of investments across sectors and geographical locations. A core portfolio of property assets has been sought with a view to diversification on individual assets by sector (industrial, offices, retail and leisure), location and risk. The Council now owns four properties in four different sectors which has helped to mitigate against sector, property and tenure concentration risk, however geographical risk still remains, albeit the properties have been acquired from different locations around (or just outside) the County. In addition, the Council already has several energy schemes under development.

Funding

Section 5 and Appendix 2 of the main Capital Strategy detail how capital expenditure can generally be funded. Not all types of funding, however, can be used to fund non-financial investment; the main sources are revenue/reserves, capital receipts, borrowing, and occasionally, Government grants.

Revenue/Reserves

Given the Council's overall financial position, this would require further savings to be identified within the revenue budget to the same value as the charge; therefore this funding route is not a realistic option for the Council

Capital Receipts

The Council's current surplus asset policy is to repurpose non-operational property to generate a revenue return where possible, rather than dispose of the asset to generate a receipt. However, in the last 18 months the Council has set up its own housing company, This Land, to develop some of the Council's surplus estate, which in turn also generates capital receipts for the Council at the point where assets are sold to the company. The Council has therefore decided to use these specific receipts, currently forecast to generate around £113m, to fund the Council's commercial investment programme. These receipts could instead be used to fund the non-commercial investment aspects of the Council's Capital Programme; therefore there is an opportunity cost of using the receipts to fund commercial investment (which is equivalent to the revenue cost that would have been incurred should the commercial investment have been funded by borrowing).

Borrowing
As with borrowing for any capital project, both the interest cost and an MRP charge would need to be covered by revenue payments (see Section 12). However, there are additional restrictions in place with respect to borrowing to fund both financial and non-financial investment – MHCLGs Statutory Guidance on Local Government Investments states that authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums bowed. If an authority exceptionally choose to do so, then it needs to clearly explain why it has disregarded the guidance.

The Council anticipates that the core element of its commercial investment will be funded by capital receipts. However, it is likely that this will not be sufficient to support the Council's plans regarding expectation of the level of commercial income that will be used to support the Council's revenue budget over the medium term. Therefore, it may be necessary for the Council to take a measured risk towards using borrowing to fund some element of the Council's commercial investment, whilst also developing the Council's capital place-by-place.

Property Management

Management of Property
Properties with fully repairing and insuring leases shall be sought as a preference for investment, in order to minimise the cost of management and maintenance. Exceptions could be made for properties that are purchased for specific development or planning reasons. In order to minimise management overheads, use of an external property management firm would be considered to handle the day to day operational issues with the portfolio, particularly for properties which are outside the County.

Tenure
Assets acquired with tenants in place may be subject to sub-leases granted within the security of tenure provisions of the Landlord and Tenant Act 1954. This may be less attractive if assets are purchased for future development possibilities as ending the tenancies will require the

Council to satisfy one of the grounds under the Act to take back possession. Conditions of tenure will therefore be a further important consideration in any investment decision.

Realising the Investment

There may be a need in the future to dispose of property investments. This may happen because of the need to return the investment to cash for other purposes, or it could be due to poor financial performance of a particular property, etc. So, while it is likely that the majority of investments will be held for the medium to long-term in order to achieve the required return and to justify the cost of the acquisition, it is important to understand the opportunities to dispose of any investment at the outset. Therefore, as part of the investment decision, consideration must be given to the potential ways in which the Council could “exit” from the investment, such as sale to another investor, sale for redevelopment, etc. An investment would only proceed where there is a clear exit strategy, should it be required.

Current Portfolio

Acquisition:	Brunswick House	**Date of Acquisition:**	26/07/18
Service Objectives	Diversify and increase income streams to the county council, protecting frontline services notwithstanding reducing government grant and rising demand. Supporting sustainable and well managed student accommodation, held in local ownership in Cambridge, one of the world’s leading student cities. There is significant undersupply of purpose built student accommodation in the city with 44% of students unable to access purpose built accommodation.	**Assessment of Risks**	Constructed in 2012, the property was acquired in good condition, marketed to students under a higher/premium end. The principal financial risk relates to occupancy levels (demand for student housing). Demand for student accommodation in Cambridge is expected to remain strong. The nature of the student property market in Cambridge is that quality of student experience is a key aspect of the offer alongside, and indeed in many cases ahead of, pricing.

	Inward economic investment: directly and indirectly supportive to jobs in the education sector, a key industry in the County's economy.		At the point of acquisition there were additional risks arising from tenancy terms and correction of a construction deficiency at the property under warranty; these were outlined in Committee reports and have subsequently been mitigated or resolved through remedial works and novation arrangements.
Advisors / Market Research	Property Consultants, Carter Jonas, were engaged to appraise the investment opportunity – conducting market research and valuing the property in view of demand, planning conditions, future prospects and condition. Legal advisors, Birketts LLP, dealt with the conveyancing and transaction, providing advice on legal issues arising from Property, Construction, Tax, Commercial, Planning and Employment. Brunswick House is staffed on a day-to-day basis and marketed by HomesforStudents, who operate 15,000 student rooms across the country with a strong reputation for student experience, welfare and security. The property is managed for the Council by Homes for Students who handle all day to day management on a contract running to	**Liquidity / Exit Strategy**	There are no plans to sell currently. The acquisition was not funded by borrowing; however, if required, the property could be sold. There was an active market for the property when it was acquired, and the property market in Cambridgeshire has strong foundations and resilience. Should student accommodation become less viable the Council would investigate alternatives such as residential apartments or accommodation for elderly people.

	2021. Should this contract not be renewed an alternative manager would be procured to continue running Brunswick House as student accommodation.				
If funded by borrowing, why was this required?	N/A		**Explanation of why the Statutory Guidance on local Authority Investments and the Prudential Code have not been adhered to**	N/A	
Cost (£m)	**Funded by Borrowing (£m)**	**Total Interest Costs (£m)**	**Annual Income (£m)**	**Annual Costs (£m)**	**Annual Net Return (£m)**
39.5	-	-	2.4 initially	0.5 initially	1.9 initially
Payback Period (Yrs)	**Net Income Yield (%)**	**Return on Investment (%)**	**Total Return over 25 Years (£m)**	**Internal Rate of Return (%)**	**Net Present Value (£m)**
16.4	4.8 increasing to 6.1	69.6	66.9	4.4	8.3
Additional Investment (£m)	**Current Value (£m)**	**Gain (+) / Loss (-) (£m)**	**Revenue implications of reported loss / Mitigating action**		
The Council is looking to establish a sinking fund with at least 1%	39.5	N/A	Asset has not yet been valued at market value as this will be done in during the 2019/20 accounts process. Council policy means assets are not revalued until the year after acquisition.		

of net income in order to maintain and improve the property.			

Acquisition:	Cromwell Leisure Park	**Date of Acquisition:**	24/05/2019
Service Objectives	Diversify and increase income streams to the county council, protecting frontline services notwithstanding reducing government grant and rising demand. Inward economic investment: directly supportive to jobs in the leisure sector, supporting the local economy. This is the only cinema in Wisbech, creating both a significant draw into the town and leisure provision opportunity across the Fenland/west Norfolk/south Lincolnshire sub region. Provides geographic diversity to the portfolio by investment into the most deprived district in the County.	**Assessment of Risks**	Risks include the reliance on rent from the food and beverage market which has experienced a recent downturn. The investment market for leisure is also quiet at present so there may be a liquidity risk if the Council needed to sell the property. There is also poor drafting and potential shortfall for the two current restaurant leases which may result in some losses but this risk is time limited as new leases would be drafted correctly.
Advisors / Market Research	The Council commissioned Carter Jonas to produce a purchase report which examined the local area, cinema brands, food and	**Liquidity / Exit Strategy**	There are no plans to sell currently.

	beverage markets, the property itself and the relevant surveys and the current leases and service charges. Legal advice on the lease was also obtained from Mills and Reeve LLP.		There are 4 units, one of which is vacant. The existing tenants are the Light Cinema, who have a tenancy running to 2039 with a break at 2029; Prezzo Plc with a lease running to 2039 with a break at 2029 and the Restaurant Group (UK) Ltd with a lease running to 2039 and a break option at 2029. In the event of any of the tenants vacating new tenants would be sought. It is most likely that the cinema would remain a cinema given that it's fitted out for this purpose and given the lack of local competition. Other leisure uses would be the most likely alternatives to a cinema but would require fitting out. Similarly the restaurants are likely to remain as restaurants given the lack of local competition, the proximity of a cinema attraction and also the Tesco supermarket nearby. The Council also has the option to sell the property.
If funded by borrowing, why was this required?	The Investment Strategy is clear that the level of income generation being targeted by the Council is unlikely to be supported by capital receipt funded investment alone. The strong yield of this asset is likely to underpin	**Explanation of why the Statutory Guidance on local Authority Investments and the**	N/A This is an in county acquisition, supporting the leisure sector in Fenland.

	a funding approach which relies on borrowing.		**Prudential Code have not been adhered to**		
Cost (£m)	**Funded by Borrowing (£m)**	**Total Interest Costs (£m)**	**Annual Income (£m)**	**Annual Costs (£m)**	**Annual Net Return (£m)**
7.0	7.0	4.9	0.7 initially	0.2 initially	0.5 initially
Payback Period (Yrs)	**Net Income Yield (%)**	**Return on Investment (%)**	**Total Return over asset life (50 Years) (£m)**	**Internal Rate of Return (%)**	**Net Present Value (£m)**
17	10.1 falling to 7.8	206.0	29.1	6.0	5.3
Additional Investment (£m)	**Current Value (£m)**	**Gain (+) / Loss (-) (£m)**	**Revenue implications of reported loss / Mitigating action**		
0.4	7.0	N/A	Asset has not yet been valued at market value as this will be done during the 2020/21 accounts process. Council policy means assets are not revalued until the year after acquisition.		

Acquisition:	Superstore Site, Newmarket Road	**Date of Acquisition:**	15/08/2019
Service Objectives	Diversify and increase income streams to the county council, protecting frontline services notwithstanding reducing government grant and rising demand.	**Assessment of Risks**	Risks are reduced by having a single tenant who is financially sound and trading in a prime area of Cambridge. The BNP Paribas Acquisition Report identifies a potential risk in the lease where Tesco have a “Substitution Clause”. Tesco could serve

	Inward economic investment: directly supportive to jobs in the retail sector, supporting the local economy. Site provides the largest supermarket within 2 miles of the city centre and benefits from both considerable scale (e.g. extensive car parking) and diversification opportunities. It is a key selling point for both local residents and also college and university inhabitants and the prospering tourist market. Site is let on a number of continuous leases; the Council believes there is strong residual value in the event the tenant leaves and a replacement is needed, or there is opportunity to completely redevelop the site.		notice to replace the Newmarket Road property with another subject to the replacement complying with terms outlined in the BNP Paribas report (i.e. an investment of equivalent standing). BNP Paribas are of the view that due to the strong levels of trade enjoyed by Tesco at the property, the chances of a trigger event occurring are very low and accordingly don't feel the clause presents a risk to the long leasehold owner.
Advisors / Market Research	BNP Paribas Real Estate provided an acquisition report which included information about the location and accommodation, a lease and income overview and a market commentary and value assessment. The Council also commissioned Birketts LLP as legal advisors for this transaction and to consider in detail the terms of the leases.	**Liquidity / Exit Strategy**	There are no plans to sell currently. Tesco's current lease is due to expire in December 2029, however they do have the option to renew for further periods. There is a risk that Tesco may decide to not renew their lease in the future and stop trading from the Newmarket Road site. Whilst it is perceived unlikely in the short to medium term, if this decision was taken by Tesco in 2029, we would explore re-letting the

			property to another retailer who would be interested in leasing the whole site. Alternatively, we could explore reconfiguring the existing unit and site to create smaller individual units which could be rented out on a long-term basis. A third option would be to consider a residential led re-development of the site, given the option to purchase the freehold interest for a nominal amount. The Council also has the option to sell its interest in the property, particularly given the location and tenure on this site.
If funded by borrowing, why was this required?	TBC	**Explanation of why the Statutory Guidance on local Authority Investments and the Prudential Code have not been adhered to**	N/A

Cost (£m)	**Funded by Borrowing (£m)**	**Total Interest Costs (£m)**	**Annual Income (£m)**	**Annual Costs (£m)**	**Annual Net Return (£m)**
54.5	5.2	2.7	2.5 initially	0.1 initially	2.4 initially
Payback Period (Yrs)	**Net Income Yield (%)**	**Return on Investment (%)**	**Total Return over asset life (50 Years) (£m)**	**Internal Rate of Return (%)**	**Net Present Value (£m)**
20	4.6 rising to 5.6	167.9	150.8	4.8	35.4

Additional Investment (£m)	Current Value (£m)	Gain (+) / Loss (-) (£m)	Revenue implications of reported loss / Mitigating action
0	54.5	N/A	Asset has not yet been valued at market value as this will be done in during the 2020/21 accounts process. Council policy means assets are not revalued until the year after acquisition.

Acquisition:	Kingsbridge Centre, Peterborough	**Date of Acquisition:**	21/08/2019
Service Objectives	Diversify and increase income streams to the county council, protecting frontline services notwithstanding reducing government grant and rising demand. Inward economic investment: directly supportive to jobs in the industrial sector, supporting the local economy. Whilst this investment is out of County, it is very much located in an area that is intrinsically linked to the Cambridgeshire local economy. Investment also provides opportunity to diversify the portfolio into the industrial/manufacturing sector.	**Assessment of Risks**	Well specified, freehold, self-contained distribution warehouse; originally designed as 5 industrial units, enabling split up and flexibility upon re-letting. The building is extensively fitted out by both occupiers to suit operational needs. One of the tenants is wedded to the building, with significant sunken costs and upgraded power supply, making it difficult for the business to relocate operation. Both tenants have long income to strong covenant ratings with guaranteed rental performance to Oct 2025 and no arrears. There is an acute shortage of available 'oven ready' supply, with the All Industrial void rate the lowest it's been in over a decade and no

			new speculative development of large warehouses on the horizon. Watts Environmental Phase 1 report concludes a low to medium environmental risk. This is satisfactory for a building in its current industrial use.
Advisors / Market Research	DTRE provided an acquisition report which included information about the location and accommodation, a lease and income overview and a market commentary and value assessment. Legal advice was obtained from Birketts LLP.	**Liquidity / Exit Strategy**	There are no plans to sell currently, however if required, the property could be sold. There was an active market for the property when it was acquired, and the industrial sector is currently very tight due to lack of supply.
If funded by borrowing, why was this required?	The Investment Strategy is clear that the level of income generation being targeted by the Council is unlikely to be supported by capital receipt funded investment alone. The strong yield of this asset is likely to underpin a funding approach which relies on borrowing.	**Explanation of why the Statutory Guidance on local Authority Investments and the Prudential Code have not been adhered to**	This is an out of County acquisition, supporting the industrial sector in Peterborough. Whilst it is out of County, it is very close geographically to the County border and is therefore inextricably linked with the local Cambridgeshire economy.

Cost (£m)	Funded by Borrowing (£m)	Total Interest Costs (£m)	Annual Income (£m)	Annual Costs (£m)	Annual Net Return (£m)
12.3	12.3	6.4	0.7 initially	0.2 initially	0.6 initially

Payback Period (Yrs)	Net Income Yield (%)	Return on Investment (%)	Total Return over asset life (50 Years) (£m)	Internal Rate of Return (%)	Net Present Value (£m)
20	5.9 rising to 7.5	213.5	45.5	5.4	10.8
Additional Investment (£m)	**Current Value (£m)**	**Gain (+) / Loss (-) (£m)**	**Revenue implications of reported loss / Mitigating action**		
0	12.3	N/A	Asset has not yet been valued at market value as this will be done in during the 2020/21 accounts process. Council policy means assets are not revalued until the year after acquisition.		

Appendix 4: Capital Programme governance

Development of revenue implications

Development of initial proposals

Progression of schemes from non-CPB approved to approved

Investment Appraisals (IAs) and Business Cases (BCs)

Strategic Framework
Vision and Outcomes drive priorities for capital expenditure

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

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

SMT / Service/C&I Committee / GPC (BP)
Reviews proposals, prioritisation of schemes and revenue impact of proposed Capital Programme to recommend to Full Council

Full Council
In February, approves strategy, funding parameters, and schemes due to start in year 1 as recommended by the CPB. Approves in principle schemes for years 2 – 10

New schemes to be included in year 1 need to go via CPB route

Directorate
Detailed Business Case
BC

Finance Support
Assists in building detailed business cases & acts as a critical friend ensuring the BC is fit for CPB submission

Capital Programme Board (CPB)
Reviews IA and BC to ensure schemes to start in year 1 are ready for delivery and funding is available. Can also review schemes to start in subsequent years. Reviews already approved schemes to remove barriers and/or advise on next steps

Monthly IFMR
Monitors the capital programme as reported on by the CPB. Requests approval of CPB recommended additional schemes or changes of existing schemes outside of officer delegation limits

Not Recommended – requires further development

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

May - February

Mid May
CPB reviews roll forwards and rephasing (for current year schemes)
May to Mid-August
Services review all existing schemes in programme and develop new bids, inc. IAs
Mid-August
CPB reviews capital IAs and BCs (Yr 1 schemes)
September
SMT reviews whole programme
October
Service committees review programme
November
CPB reviews prioritisation of whole programme
GPC reviews prioritisation
December
Service committees review relevant parts of the revised programme
January
GPC reviews whole BP and recommends to Full Council
February
Full Council agrees BP

ONGOING

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

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

CPB monitors capital programme monthly

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

SERVICE COMMITTEE REVIEW OF THE DRAFT 2020-21 CAPITAL PROGRAMME

To:	**General Purposes Committee**		
Meeting Date:	**22nd October 2019**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**Not applicable**	*Key decision:*	**No**
Purpose:	**This report provides the Committee with an overview of the draft Business Plan Capital Programme for Corporate and LGSS Managed Services.**		

Recommendation: **The Committee is requested to:**

a) note the overview and context provided for the 2020-21 Capital Programme for Corporate and LGSS Managed Services; and

b) comment on the draft proposals for Corporate and LGSS Managed Services' 2020-21 Capital Programme and endorse their development.

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1. CAPITAL STRATEGY

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

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.

1.3 This report forms part of the process set out in the Capital Strategy whereby the Council updates, alters and refines its capital planning over an extended planning period. New schemes are developed by Services and all existing schemes are reviewed and updated as required before being presented to the Capital Programme Board and subsequently Service Committees for further review and development.

1.4 An Investment Appraisal of each capital scheme (excluding committed schemes and schemes with 100% ring-fenced funding) is undertaken / revised, which allows schemes within and across all Services to be ranked and prioritised against each other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its outcomes.

2. DEVELOPMENT OF THE 2020-21 CAPITAL PROGRAMME

2.1 Prioritisation of schemes (where applicable) is included within this report to be reviewed individually by Service Committees alongside the addition, revision and update of schemes. Prioritisation of schemes across the whole programme will also be reviewed by General Purposes Committee (GPC) in November, before firm spending plans are considered again by Service Committees in December. GPC 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.

2.2 The introduction of the Transformation Fund has not impacted on the funding sources available to the Capital Programme as any Invest to Save or Earn schemes will continue to be funded over time by the revenue payback they produce via savings or increased income. This is the most financially sensible option for the Council due to the ability to borrow money for capital schemes and defray the cost of that expenditure to the Council over the life of the asset. However, if a scheme is transformational, then it should also move through the governance process agreed for the transformation programme, in line with all other transformational schemes, but without any funding request to the Transformation Fund.

2.3 There are several schemes in progress where work is underway to develop the scheme, however they are either not sufficiently far enough forward to be able to include any capital estimate within the Business Plan, or a draft set of figures have been included but they are, at this stage, highly indicative. The following are the main schemes that this applies to:

- The Adults Committee first considered the Older People's Accommodation Strategy in 2016, and in September 2017 agreed a blended approach for increasing capacity for residential/nursing care. One element of this was to procure an increase in capacity through a number of new build sites, which has potential for implications for the Council's capital plans through provision of land or other assets, or involvement with construction. The Council is engaged with health partners on these challenges, to maximise a 'one public estate' approach.

- The Council, in cooperation with health partners, is reviewing the care that is provided to service-users with learning disabilities, particularly those placed out-of-county due to lack of suitable local provision. One option being considered is the acquisition of land and/or buildings that could provide bespoke services to groups of individuals with high needs reducing the need to source high-cost residential placements while improving outcomes. This would have an impact on the Council's capital plans through provision of land or other assets, or involvement with construction. This will only be done where the new provision is more cost-effective than current arrangements.

- On 15th August 2019 the Economy & Environment Committee considered a report detailing the outcome of the stage 1 design contract and the next steps for the King's Dyke project. It was resolved unanimously to:

  a) Agree that Kier should not be awarded the stage 2 construction contract.
  b) Reaffirm that route 3 remained the preferred route option.
  c) Approve the commencement of a restricted two stage OJEU procurement of a target cost with activity schedule design and build contract in accordance with option (c) in section 2.33 of the report.
  d) Agree the assessment of tender returns based on a 60% - 40% price/quality split.
  e) Agree that officers should consider potential sources of further scheme funding should it be needed as the procurement proceeds.
  f) Delegate to the Executive Director in consultation with the Chairman and Vice Chairman of the Committee, the ability to make minor changes to the procurement process and timeline.

  The outcome of the tender process will be presented to the Committee, following which the capital project budget will be updated.

3. REVENUE IMPLICATIONS

3.1 All capital schemes can have a potential two-fold impact on the revenue position, relating to the 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).

3.2 The Council is required by the Charted Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2017 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to ensure that it achieves this, GPC 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 (starting from 2015-16), so long as the aggregate limit remains unchanged.

3.3 For the 2019-20 Business Plan, GPC agreed that this should continue to equate to the level of revenue debt charges as set out in the 2014-15 Business Plan for the next five years (restated to take into account the change to the Minimum Revenue Provision (MRP) Policy agreed by GPC in January 2016), and limited to around £39m annually from 2019-20 onwards. GPC are due to set limits for the 2020-21 Business Plan in October.

4. SUMMARY OF THE DRAFT CAPITAL PROGRAMME

4.1 The revised draft Capital Programme is as follows:

Service Block	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Later Yrs £'000
People and Communities	56,757	73,830	72,426	77,315	48,033	50,401
Place and Economy	25,998	32,338	21,330	15,025	15,025	16,000
Commercial and Investment	66,608	55,307	6,199	800	800	4,000
Corporate and Managed Services	8,026	2,890	-	-	-	-
Total	**157,389**	**164,365**	**99,955**	**93,140**	**63,858**	**70,401**

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

Funding Source	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Later Yrs £'000
Grants	51,544	37,652	31,603	28,607	32,570	58,332
Contributions	12,713	39,880	47,005	36,403	22,235	213,029
Capital Receipts	5,773	3,231	500	500	500	1,500
Borrowing	44,600	52,717	26,237	27,880	11,813	389
Borrowing (Repayable)*	42,759	30,885	-5,390	-250	-3,260	-202,849
Total	**157,389**	**164,365**	**99,955**	**93,140**	**63,858**	**70,401**

* 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.

4.3 The following table shows how each Service's borrowing position has changed since the 2018-19 Capital Programme was set:

Service Block	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Later Yrs £'000
People and Communities	-21,220	-21,906	22,186	-179	2,586	15,397	1,595
Place and Economy	11,875	1,935	-3,485	188	2,916	-	-
Corporate and Managed Services	-342	5,434	578	-	-	-	-
Commercial and Investment	5,652	13,621	55,778	5,399	-	-	-67,751
Corporate and Managed Services – relating to general capital receipts	-	-	-	-	-	-	-
Total	**-4,035**	**-916**	**75,057**	**5,408**	**5,502**	**15,397**	**-66,156**

4.4 The table below categorises the reasons for these changes:

Reasons for change in borrowing	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Later Yrs £'000
New	4,442	13,068	3,075	0	0	0	0
Removed/Ended	-6,489	-35	-186	-3,785	-5,828	4,170	2,850
Minor Changes/Rephasing*	-37,990	-50,464	44,330	9,851	10,851	14,899	1,780
Increased Cost (includes rephasing)	7,627	-757	1,835	1,300	139	0	0
Reduced Cost (includes rephasing)	-2,180	-7,397	2,450	33	-195	0	1,300
Change to other funding (includes rephasing)	-1,104	1,971	-1,078	-162	0	-1,095	0
Housing schemes	-3,660	43,353	38,885	0	0	0	-68,551
Variation Budget	35,319	-655	-14,254	-1,829	535	-2,577	-3,535
Total	**-4,035**	**-916**	**75,057**	**5,408**	**5,502**	**15,397**	**-66,156**

**This does not off-set to zero across the years because the rephasing also relates to pre-2019-20.*

4.5 These revised levels of borrowing will have an 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 on capital.

5. OVERVIEW OF CORPORATE AND LGSS MANAGED SERVICES' DRAFT CAPITAL PROGRAMME

5.1 The revised draft capital programme for Corporate and Managed services is as follows:

Capital Expenditure	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Later Years £'000
Corporate and Managed Services	8,026	2,890	-	-	-	-

5.2 It is anticipated to be funded by the following resources:

Funding Source	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Later Years £'000
Prudential Borrowing	5,470	394	-	-	-	-
Capital Receipts	2,556	2,496	-	-	-	-
Total	**8,026**	**2,890**	**-**	**-**	**-**	**-**

5.3 The full list of Corporate and Managed capital schemes are shown in the draft capital programme at **Appendix 1**.

5.4 The following new schemes have been added to the 2020-21 Corporate and Managed Services Business Plan:

- **Data Centre Relocation**
  Removal and relocation/ transformation of all IT infrastructure and systems from Shire Hall Data Centre prior to disposal of the site at the end of 2020. Capital funding for this scheme was approved by General Purposes Committee in May 2019. It is to be funded from prudential borrowing.

- **IT Strategy**
  Implementation of the first phase of the IT Strategy to support the sharing of services across Cambridgeshire and Peterborough. Capital funding for this scheme was approved by General Purposes Committee in July 2019. It is to be funded from prudential borrowing. Draw down of this funding is subject to business cases to be approved by the Chief Finance Officer in consultation with the Chairman of General Purposes Committee.

5.5 The following scheme has been removed from the 2020-21 Corporate and Managed Services Business Plan:

- **Citizen First, Digital First**
  Funding for this scheme will not continue from 2020-21 onwards. Improvements to IT systems to support service delivery will continue through the IT Strategy. This scheme was to be funded from prudential borrowing.

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 A good quality of life for everyone

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

6.2 Thriving places for people to live

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

6.3 The best start for Cambridgeshire's children

The Services discussed in this report play a significant role in enabling the Council to achieve this priority.

7. SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

The resource implications have been noted within the main body of the report.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

7.3 Statutory, Risk and Legal Implications

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

- There is a risk that capital schemes which are expected to result in revenue savings do not deliver the level of savings expected.

7.4 Equality and Diversity Implications

There are no significant implications within this category.

7.5 Engagement and Consultation Implications

There are no significant implications within this category.

7.6 Localism and Local Member Involvement

The following bullet point sets out details of significant implications identified by officers:

- Local Members will be engaged where schemes impact on their area and where opportunities for strategic investment arise.

7.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Eleanor Tod
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	N/A
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A
Are there any Equality and Diversity implications?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Are there any Localism and Local Member involvement issues?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
The 2019/20 Business Plan, including the Capital Strategy Capital Planning and Forecast: financial models	https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans> c/o Senior Finance Business Partners 1st Floor Octagon Shire Hall Cambridge

Agenda Item No: 10

CAMBRIDGE UNIVERSITY SCIENCE AND POLICY EXCHANGE: GREENHOUSE GAS EMISSIONS BASELINE AND FORECAST TO 2050 FOR THE CAMBRIDGESHIRE AND PETERBOROUGH AREA

To:	**General Purposes Committee**		
Meeting Date:	**22nd October 2019**		
From:	**Steve Cox, Executive Director Place and Economy**		
Electoral division(s):	**All**		
Forward Plan ref:	**Not applicable**	*Key decision:*	**No**
Purpose:	**To present Cambridge University's Science and Policy Exchange (CUSPE) research report identifying the current carbon footprint for the geography of Cambridgeshire and Peterborough and opportunities to deliver Government's net zero carbon emissions ambitions by 2050.**		
Recommendation:	**The committee is asked to accept the CUSPE research report and its use as part of the evidence base to inform the development of the Council's Climate Change and Environment strategy and Action Plan (CCES).**		

	Officer contact:		***Member contacts:***
Name:	Sheryl French	Names:	Councillors Count & Hickford
Post:	Project Director, Mobilising Local Energy Investment	Post:	Chair/Vice-Chair
Email:	Sheryl.french@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk / Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 699075	Tel:	01223 706398

1. BACKGROUND

1.1 In October 2016, Cambridgeshire County Council initiated an annual collaboration with the Cambridge University Science and Policy Exchange (CUSPE) society, which brings teams of researchers together to explore challenges faced by the County Council.

1.2 In March 2019, a range of different challenges were offered to researchers including the question 'What actions must Cambridgeshire County Council take today to meet government's pledge of 80% carbon emissions reduction by 2050?' Researchers were keen to work on this challenge, adapting the proposal to reflect significant policy changes brought forward during May 2019.

1.3 The first significant policy change came via a report by The Committee on Climate Change requested by central government on 'Net Zero – The UK's contribution to stopping global warming'. The report identified that a net-zero Green House Gas (GHG) target for 2050 was needed to deliver on the commitment that the UK made by signing the Paris Agreement. It identified the 2050 target as achievable using known technologies and within the expected economic cost that Parliament accepted when it originally legislated on the existing 2050 target for an 80% reduction from 1990. However, the Committee stated that to achieve this target it is only possible if clear, stable and well-designed policies to further reduce emissions are introduced across the economy without delay and that current policy was insufficient to meet existing third and fourth carbon budget targets. Government subsequently legislated a net-zero carbon target for 2050.

1.4 The second significant change in May saw Cambridgeshire County Council approve a motion to declare a climate emergency and commit to producing a Climate Change and Environment Strategy and Action Plan (CCES).

1.5 Through discussion, the research team agreed to develop an evidence base of current carbon emissions for Cambridgeshire and Peterborough. The aim of this research is to inform the development of the CCES and provide a baseline position for the wider community.

2. MAIN ISSUES

2.1 The report covers 6 sectors namely:

- Domestic buildings
- Commercial and Industrial (including public sector) buildings
- Transport
- Agriculture
- Waste
- Afforestation (positive contribution) and Land Use

2.2 For each sector, current emissions are presented (per district when possible), and two scenarios modelled for 2050 presented as: "business as usual" and "net zero emissions by 2050". The difference between the emissions forecasted in both scenarios highlights the policy gap to reach government's ambition of net zero carbon by 2050.

2.3 The models developed by the research team during this work are available for the County Council to use and update should assumptions need to be revised.

2.4 The main results of the report are presented here as an executive summary and the full report is available in **Appendix A**.

2.5 **Highlights from the CUSPE Report**

2.5.1 Cambridgeshire and Peterborough communities produced 6.1 million tonnes of carbon dioxide equivalent (CO2e) in 2017. The challenge is to reduce this to net-zero by 2050.

2.5.2 If Cambridgeshire and Peterborough communities continue with 'Business as Usual' projections, emissions could reduce to 3.5 million tonnes (Mt) of CO2e by 2050. Implementing an ambitious decarbonisation strategy could deliver emissions reductions to 0.6 Mt CO2e by 2050. In order to deliver net-zero carbon emissions, Cambridgeshire & Peterborough communities will need to offset the residual emissions through a mix of afforestation, bioenergy with carbon capture and storage (CCS), direct air capture with CCS, demand reductions, peatland restoration and future unknown technologies.

2.5.3 The CUSPE report provides an emissions baseline against which Cambridgeshire and Peterborough communities can measure their performance. In order to achieve net zero, Cambridgeshire and Peterborough communities must build on the existing support for climate action. Importantly, both Cambridgeshire County Council and Peterborough City Council along with the district councils and Combined Authority will need to consider the emissions impact of every future policy decision, from health to transport, and from buildings to waste. Now is the time for public sector leadership across all levels of Government. Cambridgeshire County Council has a significant role to play in the global effort to tackle climate change. Below are the sector emission highlights.

2.5.4 *Domestic homes* contribute 21% of current Cambridgeshire and Peterborough emissions, arising from energy used for heating and appliances. To deliver ambitious decarbonisation of heat and improvements to the energy efficiency of the housing stock, domestic emissions could fall by 91% by 2050. This would require swift roll out of low-carbon heating technologies, including hybrid heat pumps and district heating.

2.5.5 *Transport* accounts for 39% of emissions in Cambridgeshire and Peterborough and emissions have stayed constant for the last 10 years. An ambitious strategy that requires 100% of cars, Large Goods Vehicles (LGVs), buses and motorcycles as well as 91% of Heavy Goods Vehicles (HGVs) to be electric by 2050 would reduce transport emissions from 2500 Kt CO2e to 81 thousand tonnes (kt) CO2e. Electrification of vehicles is not the only solution to decarbonising transport, and other measures that encourage shifting transport away from cars to walking, cycling and public transport must also be included.

2.5.6 *Agriculture* currently contributes 405.5 kt CO2e per year, or 7% of Cambridgeshire and Peterborough's emissions, but much of the emissions in agriculture are difficult to abate. In the 2050 ambitious scenario, emissions are projected to be 239 kt CO_2, which is 40% of total residual emissions. Achieving the 2050 ambitious scenario involves a significant reduction of food waste, reduction of demand for red meat and dairy by 20%, and on farm measures such as increased fertiliser efficiency, breeding measures, and livestock food additives.

2.5.7 *Commercial Services and Industrial* emissions account for 27% of current emissions in Cambridgeshire and Peterborough, and have decreased from 2543 kt in 2005 to 1538 kt in 2017. The lowest emissions which could be achieved through an ambitious abatement strategy are 137 kt CO_2e. Implementation of low carbon heating and carbon capture and storage are vital for achieving this reduction.

2.5.8 *Waste management* contributes around 2% of current Cambridgeshire and Peterborough emissions (107 kt CO_2e) with emissions from the Waterbeach landfill and compost sites and Peterborough energy recovery facility. In an ambitious scenario, net emissions would be 29 kt CO_2e. Deployment of carbon capture storage, increasing capture of landfill and compost gas emissions and electrification of waste transport are considered and identified as priorities.

2.5.9 *Afforestation* as a means to reduce Cambridgeshire and Peterborough's net emissions has been explored extensively in this report. Land use, land use change and forestry (LULUCF) currently account for 4% of emissions. Abatement costs of £15-30 per tonne CO_2e and total CO_2 sequestration were calculated for various scenarios. Afforestation has the potential to play a role in helping to achieve net zero and the scale of afforestation required is calculated.

2.5.10 *Peatland* emissions are not currently counted in the emissions inventory, but could significantly affect Cambridgeshire's reported emissions - increasing them by as much as 90%. Whilst this is technically just a change in accounting, it does highlight the need for further research on peatland emissions and to prioritise the restoration and preservation of the area's peatland. In time and with the correct investment, peatland has the potential to change from a net emissions source to a net sink.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

This research provides the evidence that will inform the development of the CCES. The CCES will be key to delivering quality of life for future generations.

3.2 Thriving places for people to live

As set out in Section 3.1.

3.3 The best start for Cambridgeshire's children

The CUSPE research will inform the CCES and its provision for a better future for Cambridgeshire's children.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This report has no resource implications. Any resource implications of future actions or potential policy changes will be considered as part of the CCES and on a project by project basis.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implications

There are no significant implications within this category. The report will form an evidence base to inform the development of the Climate Change and Environment Strategy and Action Plan (CCES). The CCES will consider the equality and diversity implications of the policies and actions proposed.

4.5 Engagement and Communications Implications

- Officers from Cambridge City and South Cambridgeshire District Councils were invited and attended steering group meetings to shape and inform the CUSPE research to ensure consistency on assumptions across the three councils to inform developing Climate Change Strategies emerging from Climate Change emergency declarations.
- Peterborough City Council were engaged providing data to the CUSPE researchers where available.
- The Cambridgeshire Action On Energy Partnership were informed of the CUSPE research projects and updates provided to and from the group. The Partnership includes all the District Councils as well as the County Council.
- The Cambridgeshire and Peterborough Combined Authority was introduced to the research project, CUSPE researchers and how the findings from this project would inform the Council's development of its CCES.
- The CUSPE research findings were presented to Members on 17th September and 3rd October 2019. A total of 23 Members attended.

4.6 Localism and Local Member Involvement

There are no significant implications within this category. The CCES will use the CUSPE research to inform future actions for the Council. The impacts will be assessed as part of the CCES work.

4.7 Public Health Implications

As above.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: David Parcell
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Gus Da Silva
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 Macmillan
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Elsa Evans
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Jo Shilton
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Name of Officer: Emma Fitch
Have any Public Health implications been cleared by Public Health?	Yes Name of Officer: Stuart Keeble

Source Documents	Location
Net Zero – The UK's contribution to stopping global warming, Committee on Climate Change	https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/
Net Zero Cambridgeshire, CUPSE Final report, October 2019	Energy Investment Unit Folders
Reducing air pollution, congestion and CO2 emissions from transport across Cambridgeshire, CUSPE Report, August 2019	Energy Investment Unit Folders

Net Zero Cambridgeshire

What actions must Cambridgeshire County Council take to reach net zero carbon emissions by 2050?

James Weber, Peter Budden, Kieran Gilmore, Sarah Nelson, Meena Matharu, Yuchen Hu & Matteo Craglia

October 2019

Executive Summary

Cambridgeshire and Peterborough have a responsibility to do all they can to contribute to the 2050 target for net zero UK greenhouse gas emissions. This is a task for all levels of government, and this report sets out the shape of that challenge for Cambridgeshire and Peterborough: reducing emissions from the current 6.1 million tonnes (Mt) of carbon dioxide equivalent (CO_2e) per year to zero.

Domestic homes contribute 1280 thousand tonnes (kt) of CO_2e or 21% of current Cambridgeshire and Peterborough emissions, arising from energy used for heating and appliances. Under ambitious decarbonisation of heat and improvements to the energy efficiency of the housing stock, domestic emissions are forecast to fall by 91% by 2050. This would require swift roll out of low-carbon heating technologies, including hybrid heat pumps and district heating.

Transport accounts for 39% of emissions in Cambridgeshire and Peterborough and emissions have stayed constant for the last 10 years. An ambitious strategy that requires 100% of cars, LGVs, buses and motorcycles as well as 91% of HGVs to be electric by 2050 will reduce transport emissions to 81 kt CO_2e. Electrification of vehicles is not the only solution to decarbonising transport, and other measures that encourage shifting transport away from cars to walking, cycling and public transport must also be included.

Agriculture currently contributes 405.5 kt CO_2e per year, or 7% of Cambridgeshire and Peterborough's emissions, but much of the emissions in agriculture are difficult to abate. In the 2050 ambitious scenario emissions are estimated to be 239 kt CO_2, which is 40% of total residual emissions. Achieving the 2050 ambitious scenario involves a significant reduction of food waste, reduction of demand for red meat and dairy by 20%, and on farm measures such as increased fertiliser efficiency, breeding measures, and livestock food additives.

Commercial Services and Industrial emissions account for 27% of current emissions in Cambridgeshire and Peterborough, and have decreased from 2543 kt in 2005 to 1660 kt in 2016. The lowest emissions which could be achieved through an ambitious abatement strategy are 137 kt CO_2e. Implementation of low carbon heating and carbon capture and storage are vital for achieving this reduction.

Waste management contributes around 2% of current Cambridgeshire and Peterborough emissions (107 kt CO_2e) with emissions from the Waterbeach landfill and compost sites and Peterborough energy recovery facility. In an ambitious scenario net emissions are 29 kt CO_2e. Deployment of carbon capture storage, increasing capture of landfill and compost gas emissions and electrification of waste transport are considered and identified as priorities.

Afforestation as a means to reduce Cambridgeshire and Peterborough's net emissions has been explored extensively in this report. Land use, land use change and forestry (LULUCF) currently account for 4% of emissions. Abatement costs of £15-50 per tonne CO_2e and total CO_2 sequestration were calculated for various scenarios. Afforestation has the potential to play a role in helping to achieve net zero and the scale of afforestation required is calculated.

Peatland emissions are not currently counted in the emissions inventory, but could significantly affect Cambridgeshire's reported emissions - increasing them by as much as 90%. Whilst this is technically just a change in accounting, it does highlight the need for further research on peatland emissions and to prioritise the restoration and preservation of the area's peatland. In time and with the correct investment, peatland has the potential to change from a net emissions source to a net sink. Cambridgeshire has the opportunity to be a leader in the effective restoration of peatland, an activity which will be important for climate change mitigation efforts all over the world, and thus the county could potentially have an impact on climate change mitigation at an international level.

Projections show business as usual will lead to 2050 emissions of 3.5 million tonnes (Mt) of CO_2e. Under the ambitious decarbonisation strategy laid out in this report, emissions will still be 0.6 Mt CO_2e in 2050. In order to reach net zero, Cambridgeshire and Peterborough must offset these remaining emissions from the above sectors by some mix of afforestation, bioenergy with CCS, direct air capture with CCS, demand reductions, peatland restoration, and future unknown technologies.

This report provides an emissions baseline against which Cambridgeshire and Peterborough can measure their performance. In order to achieve net zero, Cambridgeshire and Peterborough must build on the existing support for climate action and go above and beyond their legal obligations. Importantly, both the district and county councils will need to consider the emissions impact of every future policy decision, from health to transport, and from buildings to waste. Now is the time for Cambridgeshire and Peterborough to be leaders in the global effort to tackle climate change.

Acknowledgements

We are all immensely grateful to have been given the opportunity to work on this really interesting project. Over the course of this project we have received assistance from a wide range of people from the County Council, District and City Councils and from others organisations.

Sheryl French, Joachim Dias, Alan Scott and Sarah Wilkinson have been enormously supportive and we thank them for all their assistance.

We are also grateful to Dustin McWherter, Hugo Mallaby, Emily Bolton, Isabela Butnar, Emma Fletcher, Richard Pearn, Adam Smith, Kevin Ledger, Julia Blackwell, Annabel Tighe, Robin Moore, Ingrid El Helou, Renata Khouri, Shees Ali, Sarah Wilkinson, Michael Carroll and Ian Hodge and all the councillors and other members of staff with whom we have had meetings and to whom we have presented our work. We really hope this report will be useful for Cambridgeshire County Council and Peterborough City Council.

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Nomenclature

BECCS	Bio-energy with Carbon Capture and Storage
BEIS	Department for Business, Energy & Industrial Strategy
CCC	Cambridgeshire County Council
CCC RE	Cambridgeshire County Council Rural Estate
CCS	Carbon Capture & Storage
CH_4	Methane
CO_2	Carbon Dioxide
CO_2e	Carbon Dioxide Equivalent
CPCA	Cambridgeshire and Peterborough Combined Authority
DACCS	Direct Air Carbon Capture and Storage
DEFRA	Department for Environment, Food & Rural Affairs
EEFM	East of England Forecast Model
EEP	Energy and Emissions Projections
EFW	Energy From Waste
ERF	Energy Recovery Facility
GHG	Greenhouse Gas
GWP	Global Warming Potential
kt	Metric kilotonne (1 kt = 1000 t)
LFG	Landfill gas
LULUCF	Land Use, Land Use Change & Forestry
MBT	Mechanical Biological Treatment
MRF	Material Recovery Facility
Mt	Metric megatonne (1 Mt = 1,000,000 t)
N_2O	Nitrous Oxide
NAEI	National Atmospheric Emissions Inventory
NET	Negative Emissions Technology
PCC	Peterborough City Council
t	Metric tonne (1000 kg)

WCC	Woodland Carbon Code

Global Warming Potential

The Global Warming Potential (GWP) of a chemical species is a measure of how efficient the species is at trapping heat in the atmosphere relative to carbon dioxide. The main greenhouse gases (GHG) considered in this report were carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). For this report, GWP values for a 100 year time horizon were considered. By definition, CO_2 has a GWP value of 1 while methane and nitrous oxide have values of 34 and 298 respectively[1] which include atmospheric feedbacks. To allow for comparison between emissions of different GHGs, methane and nitrous oxide quantities were multiplied by the relevant GWP values to yield units of carbon dioxide equivalent (CO_2e). All final quantities of GHGs are quoted in terms of CO_2e.

Population Forecasts

A population growth forecast from Cambridgeshire Insight[2] (up to 2036) was used. The population projection from 2036-2050 was calculated from a linear fit from years 2031-2036 of the Cambridgeshire Insight projections.

Projections

The collation of data on the current situation, the future projections and the suggestions for mitigation discussed in this report have been done in the best possible faith and are accurate to the best of the authors' knowledge. However, unforeseen factors and circumstances in the present or future could change the accuracy of these statements. This report is intended to serve as a guide.

[1] Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

[2] Cambridgeshire Insights https://cambridgeshireinsight.org.uk/population/

1. Introduction

The environmental impact of climate change raises concerns about greenhouse gas emissions at a global, national and local authority level. Forward-looking climate commitments in Cambridgeshire and Peterborough lay the groundwork for achieving significant emissions reductions by 2050, in line with contributing to the UK's fourth and fifth carbon budget. Cambridge City Council, South Cambridgeshire Dsitrct Council and Cambridgeshire County Council announced climate emergencies in May 2019 while Peterborough City Council did so in July. Furthermore, Cambridgeshire County Council recently signed the UK100 pledge to supply 100% of energy using clean sources by 2050. This successful track record of support for climate policies offers an opportunity for Cambridgeshire and Peterborough to be a trailblazer for county-led mitigation in the UK.

Emissions forecasts establish baseline predictions and provide a tool for assessing the impact of climate policies. The Department for Business, Energy and Industrial Strategy (BEIS) provides emissions predictions for the UK,[3]. However, there is no in-depth analysis at a local authority level. This report provides detailed forecasts for emissions arising in Cambridgeshire and Peterborough. The forecast includes the emissions of carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), which together contribute 97% of nationwide emissions, when weighted by global warming potential.[4] The remainder of nationwide emissions are from fluorinated gases.

Fluorinated gases ("F-gases") are a range of man-made compounds used in a variety of industries including refrigeration, air-conditioning and the manufacture of cosmetics, pharmaceuticals, electronics and aluminium. F-gases are extremely potent greenhouse gases with some having GWPs of several thousand or more[5]. Most emissions of F-gases in Cambridgeshire and Peterborough are hydrofluorocarbons (HFCs) which are used as refrigerants in the food industry. The biggest food company in Cambridgeshire and Peterborough, Hilton Food Group PLC (which contributes 61 % of employment in the food industry), have disclosed total emissions from "on-site processes" (which would include F-gas emissions - scope 1 from DEFRA[6])) of between 4,000 and 10,000 tonnes of CO_2e over the last 3 years[7]. Scaling the national F-gas emissions[8] based on the population yields 106,000 tonnes of CO_2e yet as Cambridgeshire does not have significant heavy industry, this figure is unlikely to be representative and the 2016 figure of 3,987 tonnes of CO_2e from Hilton is used (around 0.07% of total County emissions) and assumed to remain constant in future. It is possible that there are other sources but they are likely to be negligible compared to the Cambridgeshire and Peterborough's total emissions.

Forecasts are separated into sectors and districts where possible. They build from current data on emissions and demand, to provide an estimate of emissions in 2050. Two scenarios

[3] BEIS. (2019). Energy and emissions projections. Retrieved from www.gov.uk/government/collections/energy-and-emissions-projections

[4] BEIS. (2019). 2017 UK Greenhouse gas emissions, final figures.

[5] BEIS. (2019). Greenhouse Gas Reporting Conversion Factors

[6] DEFRA. Environmental Reporting Guidelines Including Mandatory Greenhouse Gaas Emissions Reporting Guidance

[7] Hilton CSR Report 2018, P10)

[8] BEIS. (2019). 2017 UK Greenhouse gas emissions, final figures

are presented. Firstly, the 2050 Baseline Scenario projects emissions under business-as-usual. This scenario assumes no action is taken other than already legislated or planned at a national level. Secondly, the 2050 Ambitious Scenario assumes an aggressive decarbonisation at a national and local authority level. The specific assumptions for the Baseline and Ambitious Scenarios are given in the relevant sections below.

This report is structured as follows. The remainder of this section provides historic data for Cambridgeshire and Peterborough, and briefly reviews the national and county-level emissions reduction strategies. Sections 2 - 6 present Baseline and Net Zero emissions forecasts for the six sectors of the county economy: domestic buildings, commercial services and industry, transport, agriculture and waste. Section 7 explores options for achieving negative emissions through afforestation, and Section 8 describes how the county could close the gap between the Ambitious Scenario and net zero emissions by 2050.

1.1. Emissions in Cambridgeshire and Peterborough

Greenhouse gas emissions in Cambridgeshire and Peterborough were 6.1 megatonnes (Mt) CO_2e in 2016[9], 1.6% of the UK's total emissions. BEIS currently provides detailed emissions data on local authority emissions of carbon dioxide, but does not provide data on emissions of other greenhouse gases. Nationwide, emissions of CO_2 make up 81% of GHG emmissions, with the remainder from methane (11%), nitrous oxide (4%) and fluorinated gases (3%) [10].

Emissions of CO_2 in Cambridgeshire and Peterborough have fallen 26% since 2005, while nationwide emissions dropped 33%.[11]. Figure 1.1 shows historic emissions by district for the county. Emissions in all districts have fallen in the last 12 years, while the population of Cambridgeshire and Peterborough has increased by 14%.[12] A number of factors have contributed to these emissions reductions, including energy efficiency measures in building and homes, more efficient production and transport, and the falling carbon intensity of the national grid.

[9]BEIS. (2019). UK local authority and regional carbon dioxide emissions national statistics. Retrieved from www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-to-2017

[10]BEIS. (2019). 2017 UK Greenhouse gas emissions, final figures.

[11]BEIS. (2019). Final UK greenhouse gas emissions national statistics. Retrieved from data.gov.uk/dataset/9568363e-57e5-4c33-9e00-31dc528fcc5a/final-uk-greenhouse-gas-emissions-national-statistics

[12]Office for National Statistics. (2006). Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland 2005. Retrieved from www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland; Office for National Statistics. (2018). Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland 2017. Retrieved from www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland

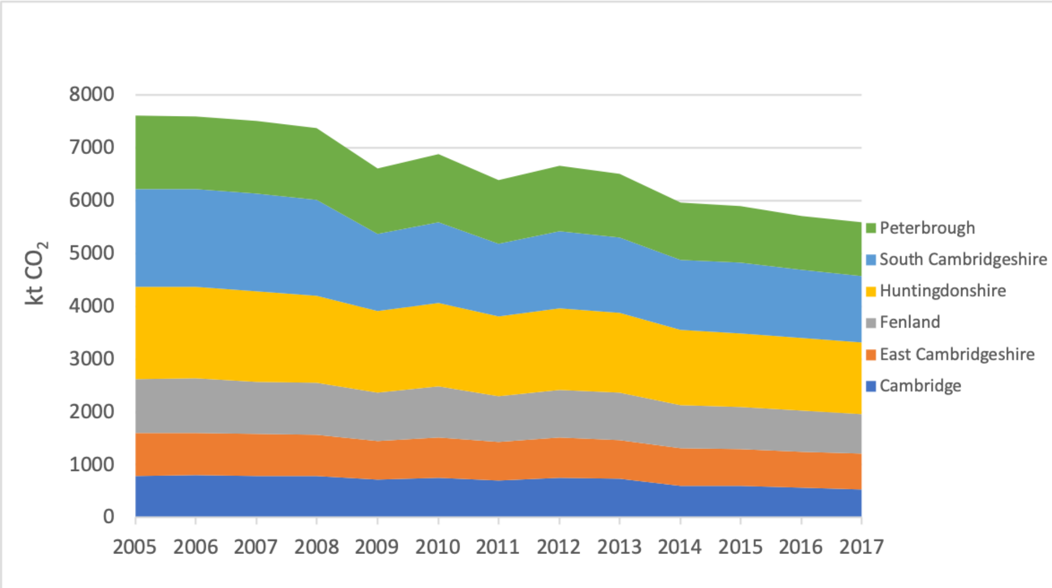

Figure 1.1: Cambridgeshire and Peterborough carbon dioxide only emissions, 2005-2017 (BEIS, UK local authority and regional carbon dioxide emissions national statistics, 2019)

Figure 1.2 shows CO_2-only county emissions in 2017 by sector. CO_2 emissions are dominated by transport and industry, which contribute 68% of total emissions. The remaining emissions come from domestic energy use, agricultural processes and waste collection and storage. These sectors are described in more detail in their respective sections below.

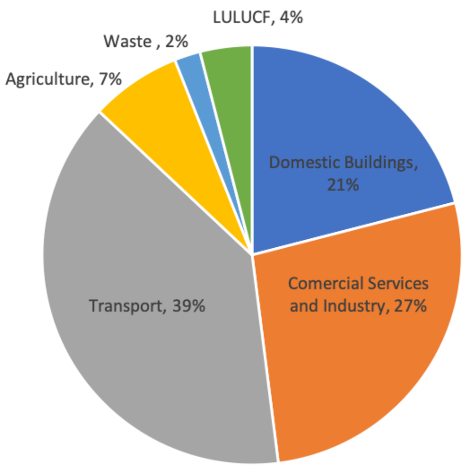

Figure 1.2: Cambridgeshire and Peterborough carbon dioxide emissions by sector, 2017

1.2. The UK context: Net Zero 2050

The Committee on Climate Change recently recommended that the UK become a net zero emitter by 2050[13]. Any emissions must be balanced by negative emissions technology.

[13] UK Committee on Climate Change. (2019). Net Zero - The UK's contribution to stopping global warming.

This ambitious target was adopted into UK legislation in June 2019, building on previous legislation which aimed for an 80% reduction in emissions by 2050. Nationwide Net Zero relies heavily on decarbonisation of the national grid, by replacing emitting resources like coal and gas with green energy sources. However, significant emissions reductions can be achieved by improving standards for processes and equipment, modernising the building stock, changing transport patterns and reducing energy demand which are all current CCC recommedations. It is in this context that Cambridgeshire and Peterborough can act to achieve significant emissions reductions.

2. Domestic Buildings

Author: Sarah Nelson

The domestic sector emits 21% (1280 kt CO_2e) of carbon emissions in Cambridgeshire and Peterborough. The main source of emissions is the generation of energy used in homes for heating and appliances. Figure 2.1 shows historic emissions arising from domestic use of electricity, gas and residual fuels (petroleum, coal and manufactured solid fuels).[14] Emissions fell by 31% between 2005 and 2016. There are two reasons for this. First, the decarbonisation of the national grid due to expansion of renewable energy sources alongside lower reliance on coal means that using electricity in 2017 emitted 27% less CO_2e emissions than in 2005.[15] Second, both electricity and gas demand has fallen since 2005. Energy demand trends are described in more detail in Section 2.1.

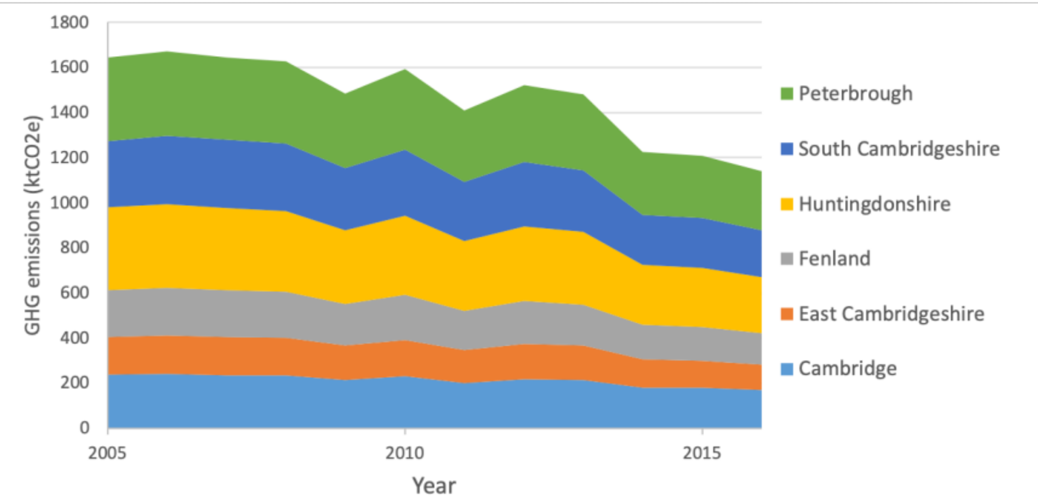

Figure 2.1: Domestic sector emissions by district, 2005-2016

The majority of domestic emissions in the county came from districts with the highest population density. Figure 2.2(a) shows that 56% of domestic emissions came from Peterborough, Cambridge and South Cambridgeshire.[16] Gas is the largest source of emissions for domestic buildings due to high demand for space heating requirements.

[14]BEIS. (2019). UK local authority and regional carbon dioxide emissions national statistics.
[15]DEFRA. (2019). Government emission conversion factors for greenhouse gas company reporting.
[16]BEIS. (2019). UK local authority and regional carbon dioxide emissions national statistics.

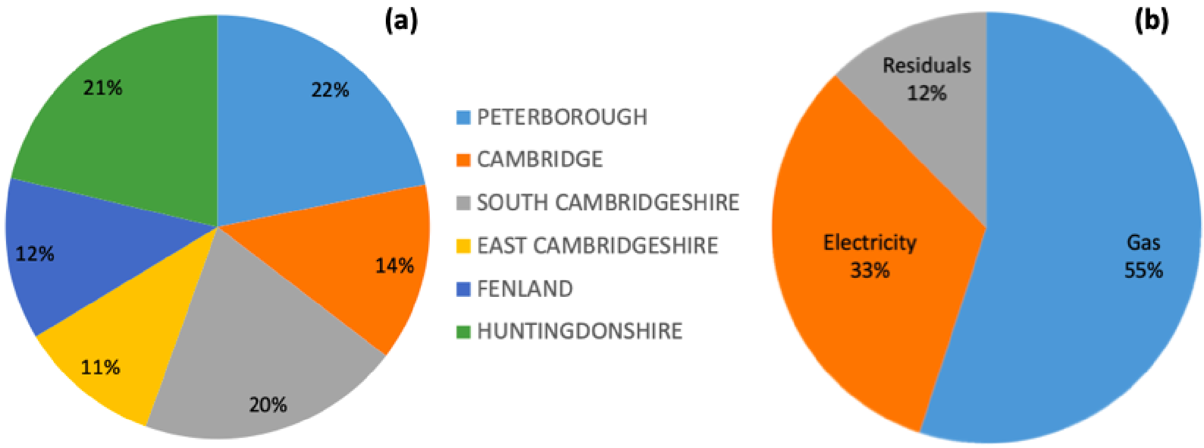

Figure 2.2: Domestic sector emissions by district (a), and source (b), 2017

2.1. Energy demand

Energy demand is dominated by heating. Figure 2.3 illustrates the breakdown of energy demand by end use in the UK in 2013.[17] Space and water heating contributed 80% of total domestic energy demand, which have traditionally been supplied by the gas network. The largest sources of energy by supply are gas and electricity, which together supply around 90% of the county's domestic energy needs. The remainder is met by residual fuels, which is predominantly used in rural areas.

Energy demand in Cambridgeshire and Peterborough has fallen by 13% between 2005 and 2017,[18] even while population has risen by 14%.[19] The county's trend is reflective of national reductions in energy demand, which also fell by 14% over that period [20]. Electricity use in residential buildings decreased by 13% between 2005 and 2017, while electricity-based emissions fell by nearly 50%. Figure 2.4 shows the historical electricity demand in Cambridgeshire and Peterborough. Reasons for this reduction in electricity use include the following:[21]

- more efficient appliances;
- more efficient homes through insulation, double-glazing, etc;
- more conscious energy use by homeowners; and
- solar panels and other distributed generation sources reduce grid demand.

[17]Department of Energy & Climate Change. (2014). United Kingdom housing energy fact file: 2013.
[18]Electricity: BEIS. (2018). Regional and local authority electricity consumption statistics. Retrieved from www.gov.uk/government/statistical-data-sets/regional-and-local-authority-electricity-consumption-statistics, Gas: BEIS. (2019). Regional and local authority gas consumption statistics: 2005 to 2017. Retrieved from www.gov.uk/government/statistical-data-sets/gas-sales-and-numbers-of-customers-by-region-and-local-authority.
[19]Office for National Statistics. (2006). Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland 2005.; Office for National Statistics. (2018). Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland 2017.
[20]BEIS. (2019). Energy Consumption in the UK.
[21]BEIS. (2019). Energy Consumption in the UK.

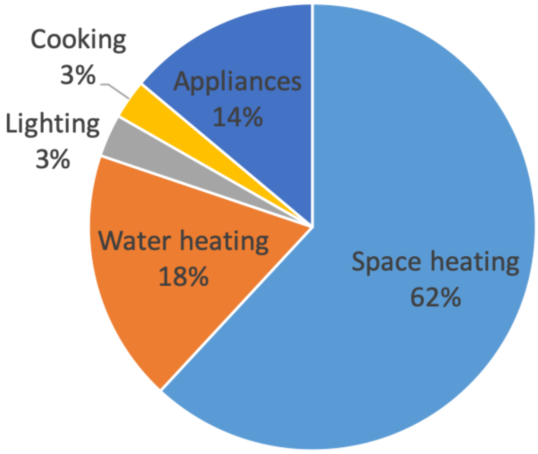

Figure 2.3: Domestic energy demand by end use, 2011

Gas has seen faster reduction in demand (14% between 2005 and 2017[22]) but slower decline in emissions (13%). There is very little flexibility in the emissions of gas usage, so the sole emissions reductions tactic is demand reduction, either by substituting to electrical heating sources, or reducing energy needs by improving household efficiency.

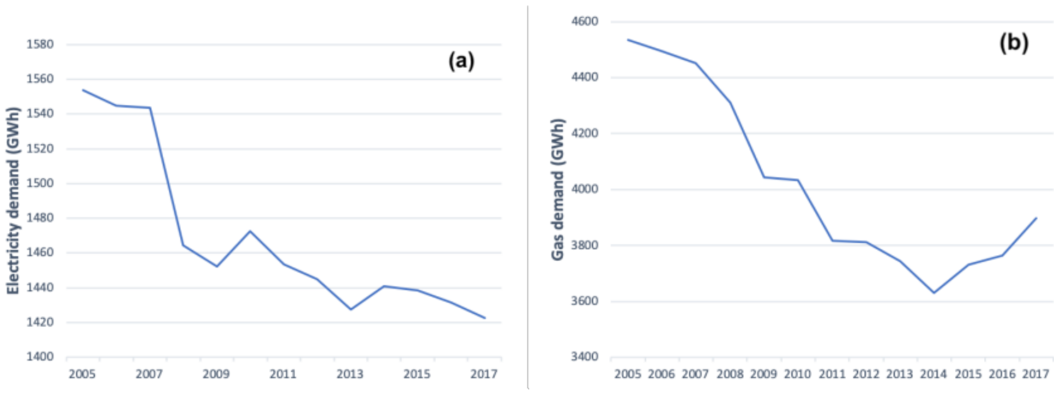

Figure 2.4: Electricity (a) and gas (b) demand trends in Cambridgeshire and Peterborough, 2005-2017

2.2. Projection Methodology

This section presents three projections to 2050: Baseline, Ambitious and Middle scenarios. Like for the other sectors, the baseline projection considers only currently implemented or planned policies, while the Ambitious scenario assumes aggressive mitigation strategy on a national and local scale. However, domestic housing is

[22]Gas: BEIS. (2019). Regional and local authority gas consumption statistics: 2005 to 2017.

particularly difficult to decarbonise, because most investment decisions are made by price-sensitive homeowners rather than policymakers. Therefore, this section includes a projected Middle scenario, which considers how changes in household energy efficiency regulations - which are under the influence of local authorities - would affect domestic emissions.

There are several important factors to note before introducing the projection. Firstly, this projection includes emissions arising from residual fuels - petroleum, coal and other solid fuels. These alternative energy sources are currently predominantly used in rural areas, for heating and cooking, and make up around 12% of emissions in Cambridgeshire and Peterborough. Particularly important is the use of petroleum products in rural districts. This model has therefore included emissions in the county's domestic carbon account, which introduces some discrepancy between domestic emissions estimates from BEIS and these projections.

For the domestic sector, it is relevant to use projections over numbers of households. Other sections have used population-based projections from Cambridgeshire Insights. This section uses household projections for Cambridgeshire and Peterborough from the Office of National Statistics.[23] However, it should be noted that the Cambridgeshire Insights household projections come directly from the ONS projection, so this does not introduce an inconsistency into the model.

A detailed list of all modeling assumptions is provided in the Appendix for domestic emissions projection.

2.2.1. How is the Baseline Scenario built?

The 2050 baseline projection has two key elements: energy demand predictions and anticipated carbon intensity of the grid. Specifically, the projection considers four core factors:

- Electricity demand and gas demand, which were projected using the Steady Progression National Grid ESO Future Energy Scenario (FES) for national energy demand. The national trends (year on year % change) were applied to county-level energy demand from 2017.
- Residual fuel demands were assumed to follow the same trend as gas from the FES predictions (no national or county level projections were found).
- The carbon intensity of electricity was used to measure how much CO_2e was produced per unit of electricity drawn from the national grid. This figure changes over time as different energy sources are used.
- The carbon intensity of gas and residual fuels measure how much CO_2e was produced per unit of gas or residual fuels. Unlike electricity, these were assumed to be constant over time.

The National Grid's Future Energy Scenario projections are comprehensive, using a bottom-up model which considers trends in appliances, lighting, heating technologies,

[23] Office for National Statistics. (2019). Household Projections for England.

insulation and home energy management systems. Crucially, the FES demand projection considers business-as-usual trends in the decarbonisation of heat sources, and the predicted changes in the Energy Performance Certificates of the housing stock. More aggressive county-level approaches are modelled in the Net Zero Ambitions and Middle scenarios presented below.

The carbon intensity of the national grid is assumed to follow projections from the Department for Business, Energy, and Industrial Strategy (BEIS). Their emissions factors until 2100 consider the planned decarbonisation of the grid at a national level. The county has little if any influence over the carbon intensity of the national grid.

2.2.2. How is the Ambitious projection built?

The county 2050 Ambitious Scenario is based on the Net Zero Further Ambitions scenario by the Committee on Climate Change. This projection assumes aggressive policy intervention to achieve emissions reductions. For the domestic sector, this means:[24]

- Gas and residual fuel demand is reduced by 90% by 2050 as homes move to low-carbon heat sources. The remaining 10% of demand comes from hard-to-decarbonise homes such as listed heritage buildings.
- Total energy demand is further decreased by 25% by 2050 due to wide-scale implementation of efficiency measures such as insulation and double glazing.

This scenario is deliberately ambitious: it illustrates where the county could be by 2050 if it pursued all possible avenues to mitigation. See the Assumptions Log for further details of the scenario assumptions.

2.2.3. How is the middle projection built?

This scenario is intended to take a central position on mitigation ambitions, and focuses on Energy Performance Certificates of domestic buildings. The assumptions for this projection are:

- All new homes are built to EPC Level A from 2020.
- All existing homes below EPC level C are retrofit to EPC level C over 10 years beginning in 2020.
- Local authority policies to improve housing stock affect energy demand over and above the national trend, which is still applied according to the National Grid's Future Energy Scenario.

2.3. 2050 Baseline Scenario

The baseline emissions projection shows a decline of 34% of CO_2e emissions in Cambridgeshire and Peterborough between 2017 and 2050. Figure 2.5 shows the baseline

[24] UK Committee on Climate Change. (2019). Net Zero Technical report Committee on Climate Change, (May). Retrieved from www.theccc.org.uk/publications

emissions projection to 2050 broken down by district. There is no significant change in the shares of domestic emissions between different districts: variations in emissions shares are likely to arise in more concentrated sectors like agriculture or commercial.

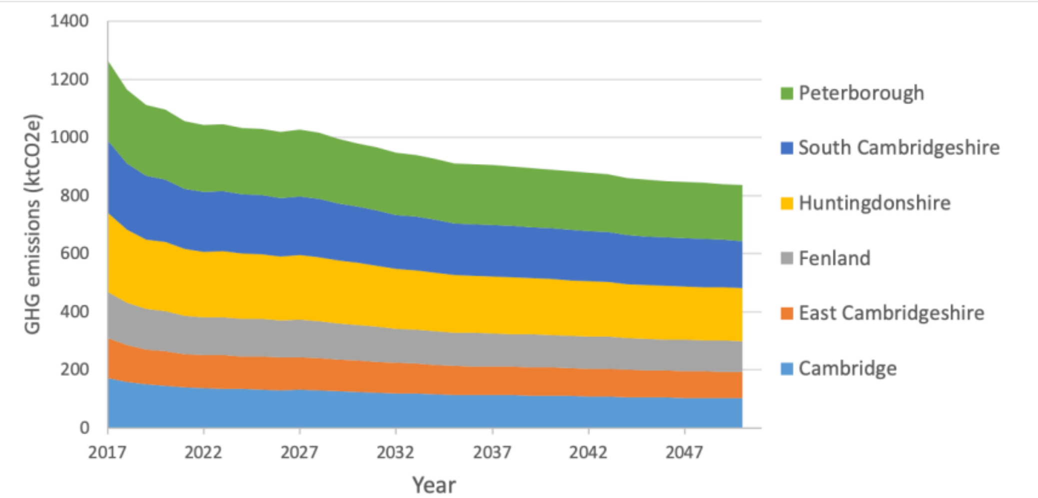

Figure 2.5: Baseline Scenario emissions by district, 2017-2050

Figure 2.6 shows the projection broken down by emissions sources. Emissions from energy use are expected to fall during this period, although electricity-based emissions will fall by a larger fraction than either gas or residual fuels. At the same time, total electricity demand for the county is expected to rise, as the electrification of heat transfers demand from gas and residual fuels to electricity. projection energy demand trends for gas and electricity are shown in Figure 2.7, and are based on nation-wide projections from the National Grid ESO.[25] The significant reduction in electricity-based emissions is attributable to the planned decarbonisation of the electricity grid,[26] which is expected to reduce by almost 90% in the next 30 years as renewable energy generation expands.

In the baseline scenario, emissions from domestic energy use contribute 24% of total county emissions in 2050, a slight increase from 21% in 2016. This reflects the relative difficulty of decarbonising the domestic sector. Electrification of heat is the core means by which emissions are reduced, supported by increases in the energy efficiency of the housing stock. However, under the baseline assumptions and without policy intervention, homeowners are slow to move off the gas grid. Because the carbon intensity of gas and residual fuels is constant, this means that emissions remain relatively high.

[25] National Grid ESO. (2019). Future Energy Scenarios.
[26] BEIS. (2019). Electricity emissions factors until 2100.

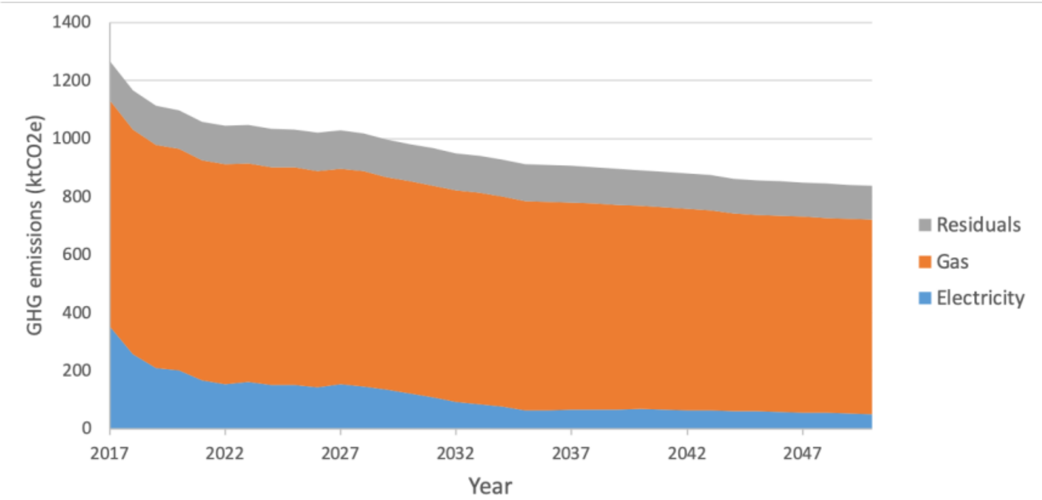

Figure 2.6: Baseline emissions projection by source, 2017-2050

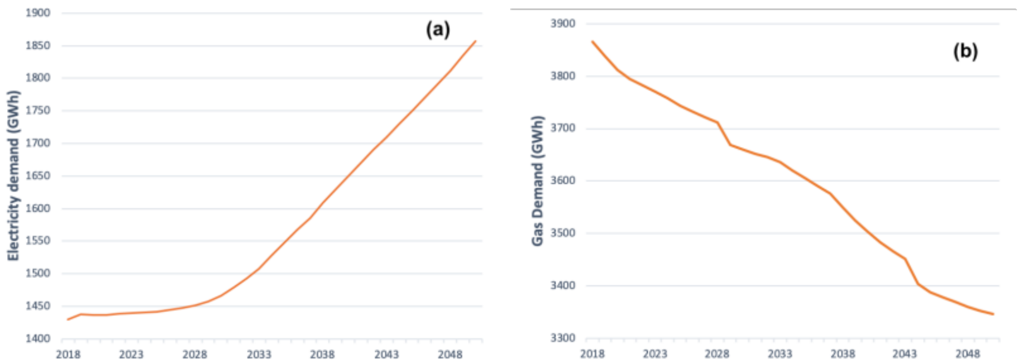

Figure 2.7: Baseline Scenario electricity (a) and gas (b) demand trends for the county 2017-2050, based on the National Grid's Future Energy Scenario trends.

2.4. 2050 Ambitious Scenario

The 2050 Ambitious Scenario shows a reduction of CO_2e emissions by 91% between 2017 and 2050, to 110ktCO_2e. In 2019, the UK government legislated a goal to reach net zero carbon by 2050.[27] What that might look like at a local authority level has not yet been determined, but Cambridgeshire and Peterborough in a position to support a low carbon region. This ambitious projection follows the guidelines of the Committee on Climate Change 2019 Further Ambitions scenario. The county's Ambitious Scenario emissions projection is given in Figure 2.8, separated by district. The projection by source is given in Figure 2.9. Figure 2.9 shows that the majority of emissions reductions come from reduction in gas demand due to aggressive policies to move homes off the gas grid. This assumption means that domestic energy use contributes 19% of total county emissions in the 2050 Ambitious Scenario, compared to 24% in the baseline.

There are two key aspects of the Net Zero Ambitions scenario: low-carbon heat and energy efficiency measures in homes. Reducing emissions by 92% by 2050 would require

[27] UK Committee on Climate Change. (2019). Net Zero - The UK's contribution to stopping global warming.

roll-out of low-carbon technologies including heat pumps, hybrid heat pumps, district heating, hydrogen and smart storage heating.[28] No new homes should be connected to the gas grid from 2025. This scenario also requires extensive retrofitting to achieve high levels of energy efficiency in homes that would reduce energy demand.

The Committee on Climate Change estimates that installation of low carbon heat sources and energy efficiency measures in the Ambitious Scenario would result in abatement costing around £140/tCO2e. The projections above show that pursuing these measures would yield an additional mitigation of 723 kt CO_2e in 2050 above the baseline, giving an in-year cost of around £100m in 2050. Costs would likely be shared between homeowners and national or local funding bodies. This report has not attempted to estimate how the abatement costs would be shared.

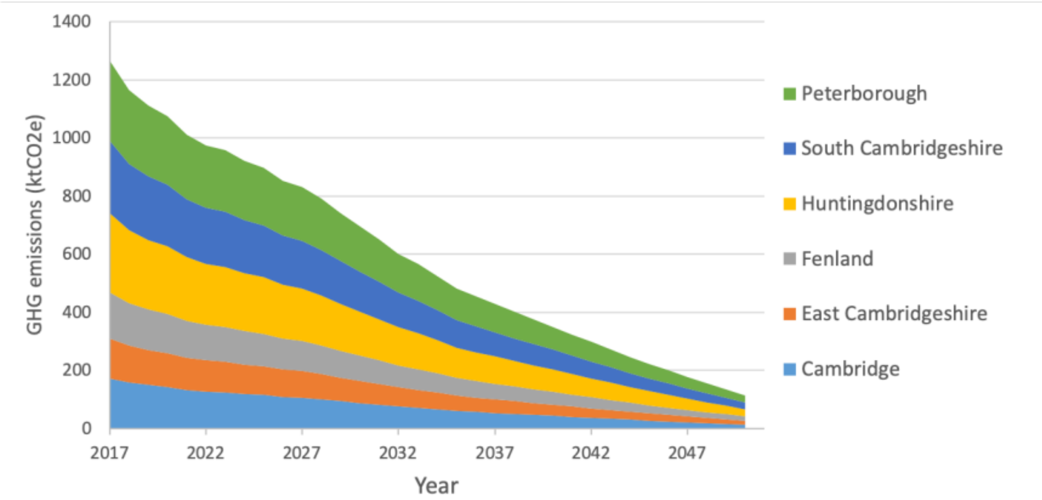

Figure 2.8: Ambitious Scenario emissions by district, 2017-2050

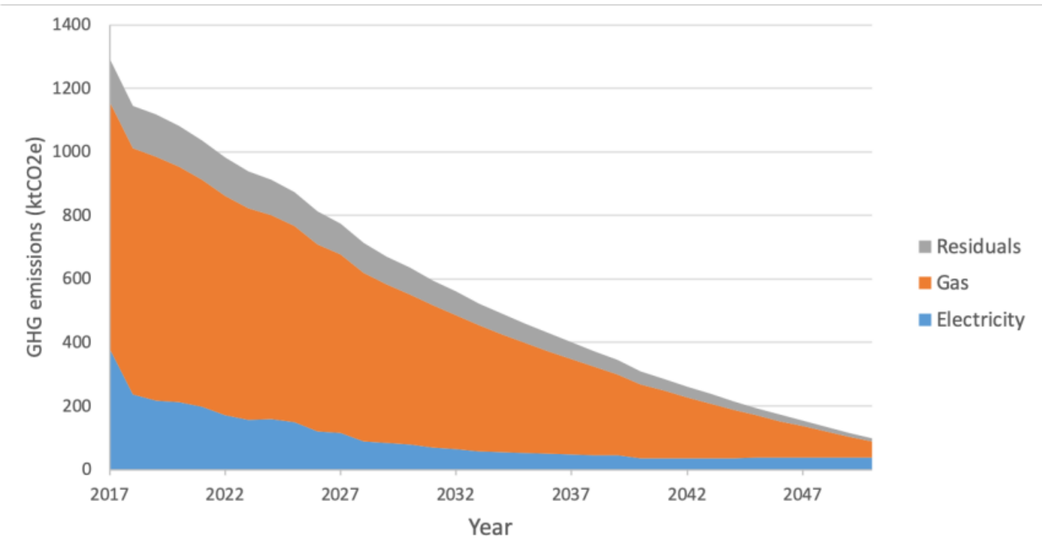

Figure 2.9: Ambitious Scenario emissions by source, 2017-2050

[28]UK Committee on Climate Change. (2019). Net Zero - The UK's contribution to stopping global warming.

2.5. 2050 Middle Scenario

The Middle Scenario is based on retrofitting homes to achieve given Energy Performance Certificate (EPC). EPCs rate the energy efficiency of households on a scale from A to G. The most efficiency homes (A) generally have the lowest energy needs.[29] Since 2007, EPCs have been required from homes that are purchased, rented or constructed. Not every home has an EPC but this projection assumes that the homes that do have EPCs are representative of the wider housing stock. BEIS provides up-to-date data on the number of EPCs by band in Cambridgeshire and Peterborough. This data has been used to construct a scenario based on domestic retrofits and new builds in the county.

The middle scenario achieves a reduction in domestic emissions of 46% between 2017 and 2050. This scenario yields lower cuts in emissions than the Ambitious Scenario, but is more plausible given the local authority's ability to influence district councils' EPC requirements for existing homes and new builds. Figure 2.10 illustrates the middle scenario by source (this scenario is not presented on a district level). The projection path of electricity, gas and residual fuel emissions is similar to the baseline scenario, but achieves more mitigation due to the more aggressive local action.

A caveat to this scenario is the difficulty of using the EPC level of a home to estimate its energy demand and therefore its emissions. EPCs are used to measure the energy efficiency of a home, but have no specific energy demand requirements so do not necessarily provide reliable estimates for modeling. The Middle Scenario is useful to show an estimate of mitigation the county could achieve by changing EPC requirements, but the uncertainty of this mitigation method should be recognised.

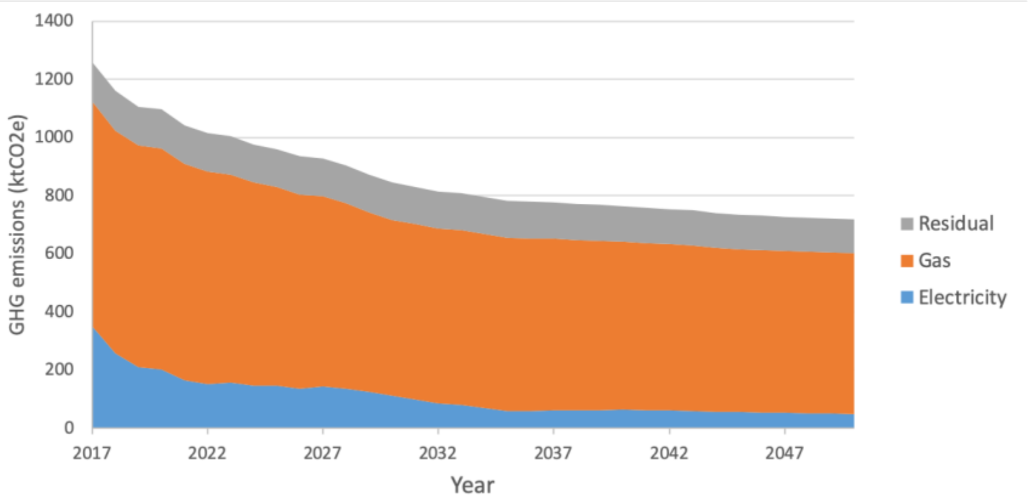

Figure 2.10: Middle Scenario emissions projection by source, 2017-2050

[29]BEIS. (2017). Energy Trends: December 2017, special feature article - Domestic energy consumption by energy efficiency and environmental impact, 2015.

2.6. Domestic Sector Summary

Domestic sector emissions arise from the generation of energy used in homes for heating, appliances and lighting. Figure 2.11 shows the current emissions, contrasted against the three scenarios presented in this report. All scenarios include cuts in demand for gas and residual fuels, as well as a significant reduction in the energy intensity of electricity use. Even under the most ambitious assumptions, emissions from households cannot be reduced to zero due to electric heating requirements (even low-carbon heat sources draw from the grid), and hard to decarbonise homes that cannot be disconnected from the gas grid. To achieve net zero emissions would require negative emissions in other sectors, for example through afforestation or greenhouse gas removals.

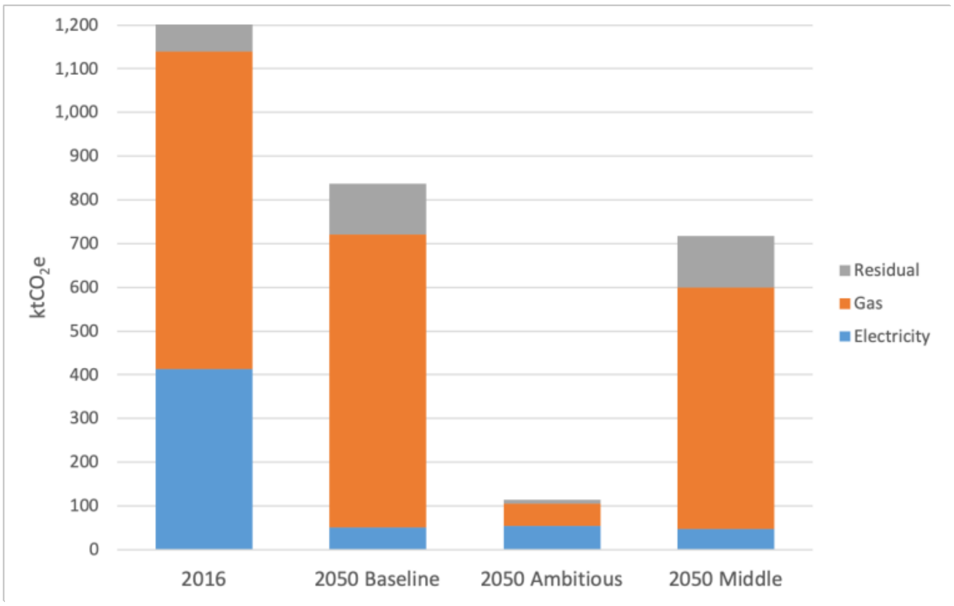

Figure 2.11: Comparing three emissions projections in the domestic sector, 2050

3. Transport

Author: Kieran Gilmore and and Matteo Craglia

In 2005, the transport sector accounted for 29% of all emissions in Cambridgeshire and Peterborough. This has risen to 39% of total emissions in 2016.[30] From 2005-2017 the total transport emissions for Cambridgeshire and Peterborough have stayed relatively constant (Figure 3.1). This results from a general increase in vehicle miles,[31] barring a small dip in 2008-09 following the global recession, offset by improvements in new car efficiency.[32]

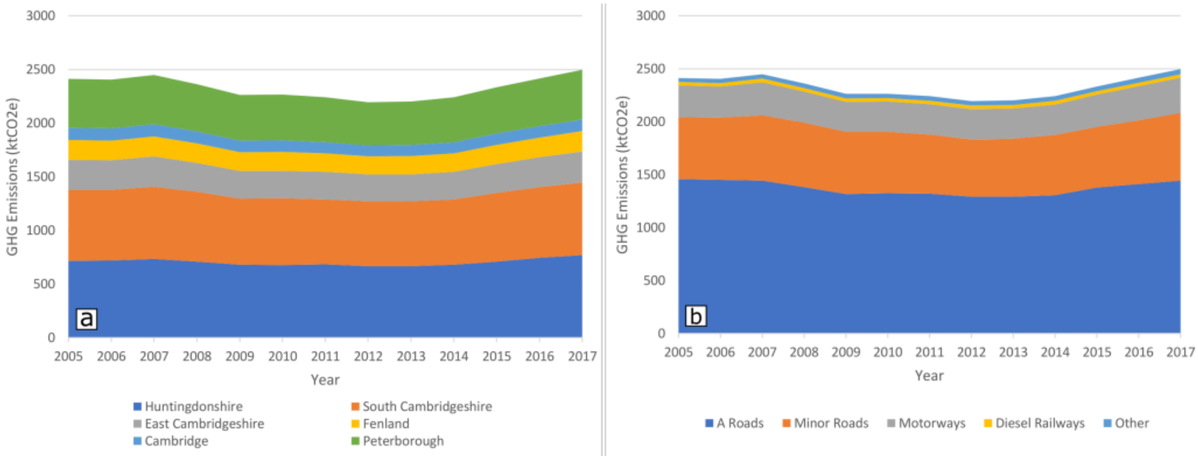

Figure 3.1: Total transport emissions from 2005 - 2017 split by district (a) and source (b).

The transport emissions per capita for Cambridgeshire and Peterborough are around 150% of the national average. Over half of the total emissions come from Huntingdonshire and South Cambridgeshire (Figure 3.1a), likely due to the major A roads which pass through these regions, and both of these local authorities have transport emissions per capita that are well above Cambridgeshire and Peterborough and national average (Figure 3.2). Cambridge is the only district with emissions per capita well below the UK average. 97% of transport emissions come from road traffic, with the major contribution from traffic on A-roads (Figure 3.1b).

Figure 3.3 shows the road transport emissions for Cambridgeshire and Peterborough by vehicle type.[33] Emissions are dominated by cars, with significant quantities coming from heavy goods vehicles (HGVs) and light goods vehicles (LGVs) as well. As the majority of transport emissions come from road transport and rail travel falling largely under national jurisdiction, this section will focus on road transport emissions within the Cambridgeshire and Peterborough area.

[30] National Statistics, UK local authority and regional carbon dioxide emissions national statistics: 2005 to 2016

[31] Transport Statistics Great Britain, Roads and traffic (TSGB07), Table TRA8901 (TRA89) Motor vehicle traffic (vehicle miles) by local authority in Great Britain

[32] Transport Statistics Great Britain, Energy and environment (TSGB03), Table TSGB0303 (ENV0103) Average new car fuel consumption: Great Britain from 1997

[33] National Statistics, Final UK greenhouse gas emissions national statistics 1990-2017

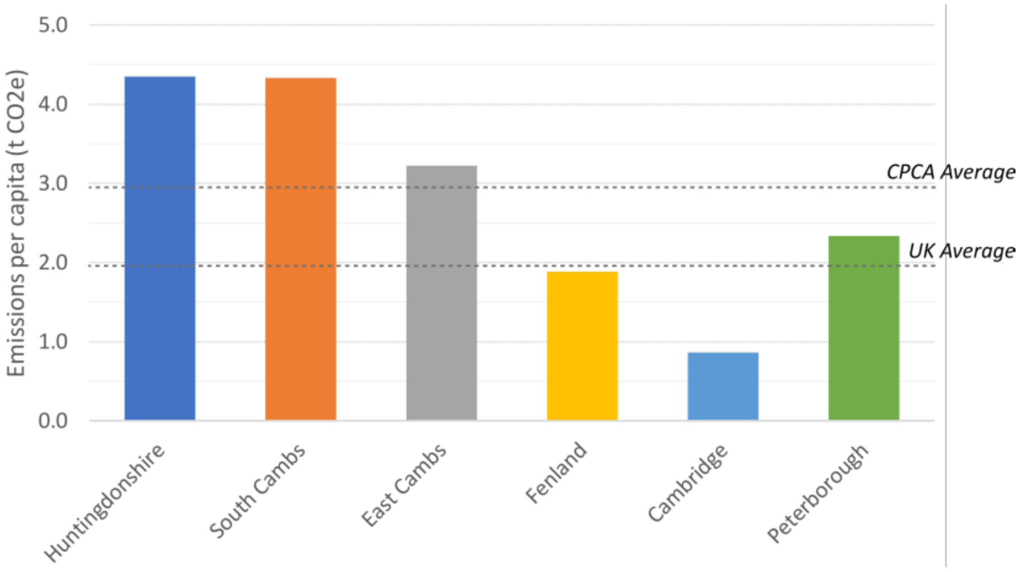

Figure 3.2: Total transport emissions per capita (2017) by district. The majority of districts are above the UK average.

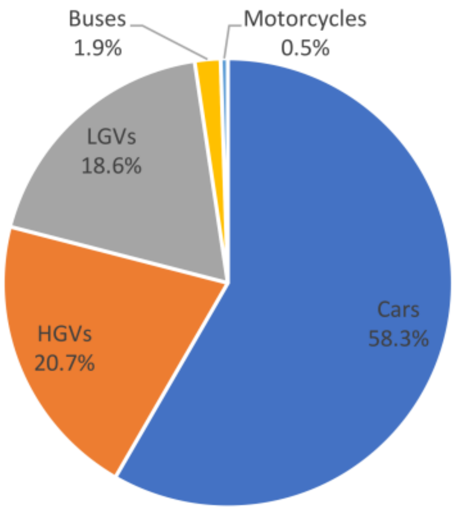

Figure 3.3: Breakdown of road transport emissions (2017) for Cambridgeshire and Peterborough by vehicle type. Cars, HGVs and LGVs are the major sources of emissions.

3.1. 2050 Baseline Scenario

The baseline emissions projection is a prediction of how emissions from the transport sector will most likely evolve to 2050 including all current national and local policies and targets in place and incorporating predicted growth (e.g. population growth, vehicle fleet growth).

The model covers the regions:

- Huntingdonshire
- South Cambridgeshire

- East Cambridgeshire
- Fenland
- Cambridge
- Peterborough

The model considers the following modes of transport:

- Car
- HGV
- LGV
- Bus
- Motorcycle

The model considers the following technologies:

- Petrol
- Diesel
- Hybrid
- Electric vehicle

3.1.1. Data and Methods

The model calculates the emissions from each mode of transport within each district. To calculate the emissions from each mode, total vehicle kilometres are combined with CO_2 emission factors to obtain the total CO_2 emissions.

The baseline projection incorporates predicted changes to a number of the different inputs into the model over time. These inputs are:

- **Mode technology shares** - The uptake of electric vehicles will have an important effect on transport emissions. The baseline scenario includes predicted electric vehicle uptake based on national sales targets.[34] See Appendix B.4 for full details on how mode technology shares are projected to 2050.
- **Vehicle kilometres** - Vehicle kilometres are projected to increase towards 2050.[35]
- **Vehicle Fuel Efficiency** - Fuel efficiency is projected to improve towards 2050.[36]
- **Electricity Emissions** - The emissions from electric vehicles depends on the emissions of the electricity source. The baseline uses government projections of emissions from electricity generation.[37]

Full details of the sources of data used and assumptions made during the modelling process can be found in Appendix B.

[34] Brand and Anable 2019, 'Disruption' and 'continuity' in transport energy systems: the case of the ban on new conventional fossil fuel vehicles
[35] Department for Transport (2018), Road Traffic Forecast
[36] Department for Transport (2018), Road Traffic Forecast
[37] Department for Business, Energy and Industrial Strategy 2019, Electricity emissions factors to 2100.

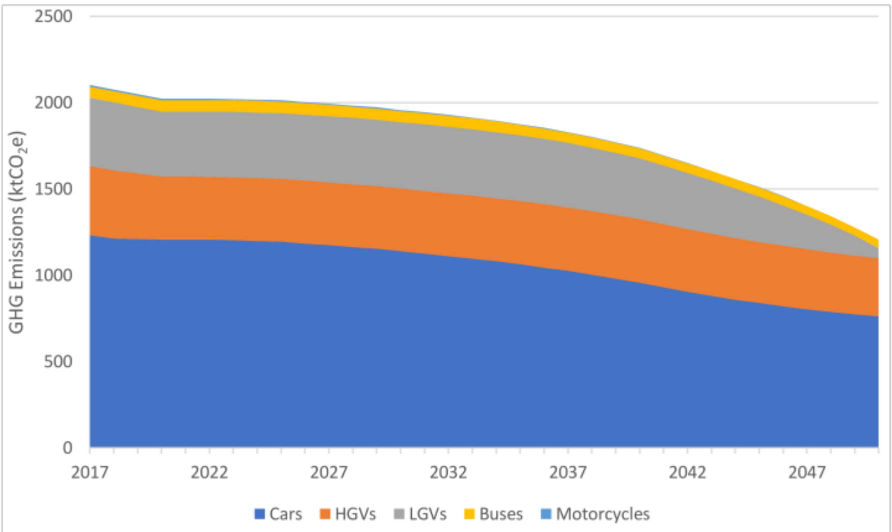

Figure 3.4: Baseline projection of GHG emissions to 2050 split by vehicle type. Emissions from cars and HGVs remain the biggest source of emissions.

The historical transport emissions data for Cambridgeshire and Peterborough from BEIS[38] have been calculated using a different methodology (see Appendix B.6), hence there is a small discrepancy between the BEIS data and the emissions output from this model. Although absolute values may differ slightly, the model still allows useful projecting of changes in emissions to 2050.

3.1.2. Results

Figure 3.4 shows the baseline emissions projection of road transport to 2050 split by vehicle type. Total emissions drop from 2100 kt CO_2e in 2017 to 1200 kt CO_2e in 2050, mainly driven by electrification of the LGV fleet and some of the car fleet. Emissions from cars and HGVs remain the biggest source of emissions in 2050.

3.2. 2050 Ambitious Scenario

The Committee on Climate Change Further Ambition scenario[39] lays out how the transport sector can achieve near net zero emissions by 2050. The policies they include are:

- End sales of non-zero emissions cars, vans and motorcycles by 2035.
- Zero emission HGV sales reach nearly 100% of sales in 2040, leading to a 91% fleet share by 2050.
- 10% of car miles are shifted to walking, cycling and public transport.

100% zero emissions bus fleets by 2035 are also necessary to reach net zero by 2050.[40]

[38] National Statistics, UK local authority and regional carbon dioxide emissions national statistics: 2005 to 2017

[39] Committee on Climate Change (2019), Net Zero Technical report

[40] Energy Transitions Commission (2018), Mission Possible

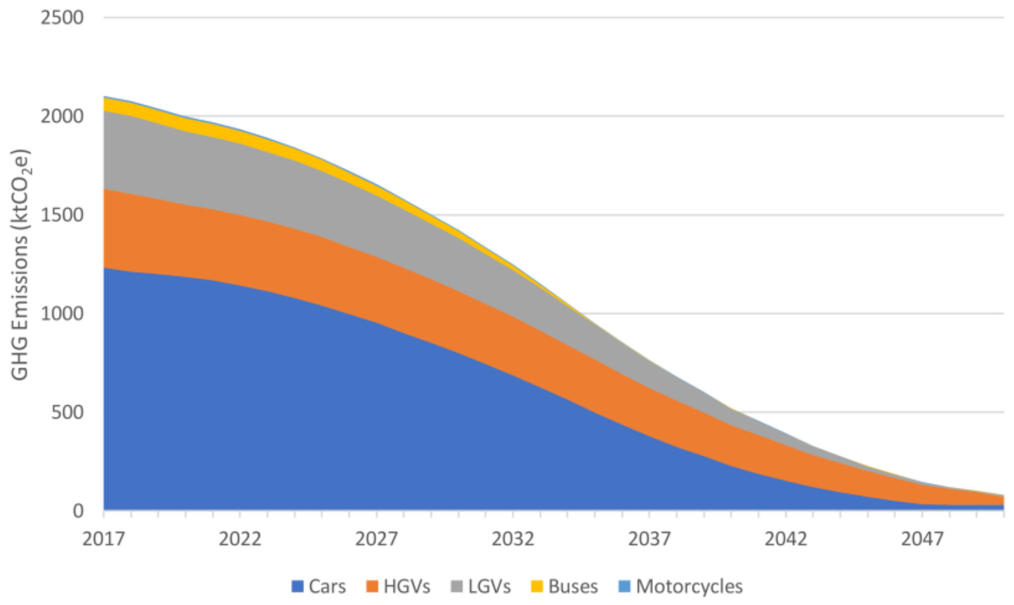

Figure 3.5: Net zero scenario projection of GHG emissions to 2050 split by vehicle type. Remaining emissions come from small fraction of HGVs which are not zero emission as well as a small contribution from electricity required to power electric vehicles.

Figure 3.5 shows the ambitious emissions projection which incorporates these policies to 2050 split by vehicle type. Total emissions drop from 2100 kt CO_2e in 2017 to 81 kt CO_2e in 2050, driven by full electrification of the car, LGV, bus and motorcycle fleets as well as the majority of the HGV fleet. Near full decarbonisation of electricity from the grid also means that the energy to power electric vehicles is low emission. Remaining emissions come from the fraction of HGVs which are non-zero emission as well as the small component of grid electricity that is non-zero emission. The total GHG emissions at 2050 for the baseline and net zero scenarios are plotted next to the 2017 GHG emissions breakdown in Figure 3.6.

3.2.1. Supporting uptake of electric vehicles

Although the local authorities of Cambridgeshire and Peterborough cannot directly control the sales and uptake of electric vehicles, there are supporting measures which can be put into practice.

A vital prerequisite to successful electric vehicle deployment is sufficient charging infrastructure. The European Union Alternative Fuels Infrastructure Directive[41] recommends that one publicly available charge point per 10 cars, as well as access to home charging and workplace charging is necessary to encourage significant electric

[41]EC (European Commission) (2014), Directive of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure

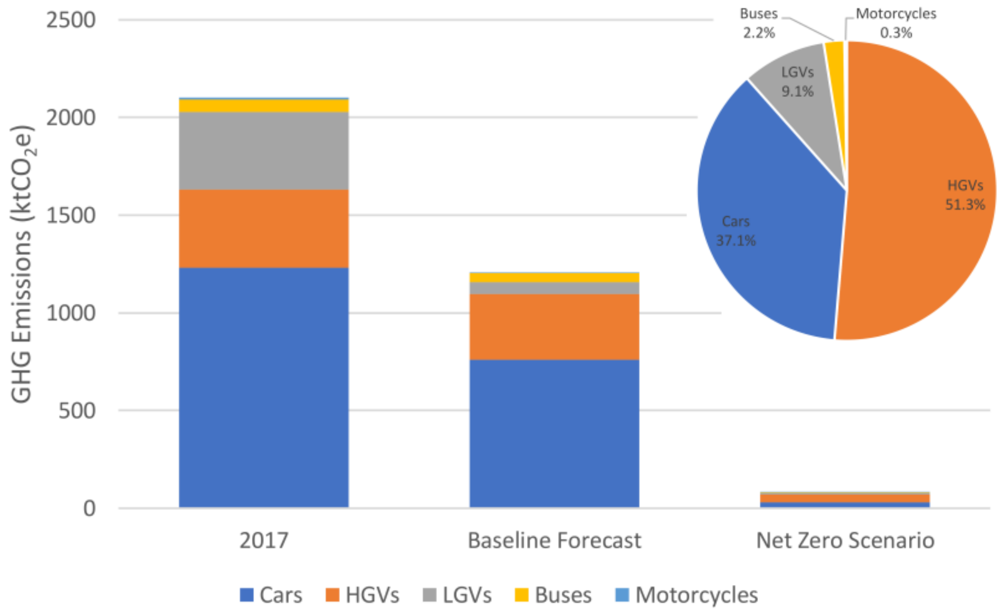

Figure 3.6: Total GHG emissions for road transport have been plotted by vehicle type. The three stacked bars show the emissions release in 2017, emissions in 2050 for the baseline projection and emissions in 2050 for the net zero scenario. The pie chart gives the breakdown of emission sources for the net zero scenario at 2050.

vehicle uptake. Analysis by the Committee on Climate Change estimated the number of public charge points in the UK that would be required by 2050.[42] 3500 public chargers in towns and cities, as well as 60 rapid chargers near main roads, are required in Cambridgeshire and Peterborough. On top of this, 11 hydrogen refueling stations and 1260 depot-based chargers for HGVs are also required. The report estimates that the total cost of a public electric refuelling infrastructure network in Cambridgeshire and Peterborough would be £150 million between now and 2050. A rapid charging network for longer journeys would cost around £5 million to 2050.

Local incentives for electric vehicle users that can also encourage uptake. Dundee has placed itself at the forefront of the Scottish Government's plans to phase out petrol and diesel vehicles by 2032. As benefits to electric vehicle users, the city offers free public charging and free parking for electric vehicle vehicles.[43] The key to Dundee's success consists of a focus on fleets, infrastructure, workplace charging, local incentives, and stakeholder engagement.

3.3. Embodied Emissions of Electric Vehicles

Although the transition of the vehicle fleet to electric vehicles offers a straightforward solution for reducing emissions locally it is important to consider their wider environmental impact.

[42]Committee on Climate Change (2019), Net Zero Technical Report
[43]https://drivedundeeelectric.co.uk/in-dundee/

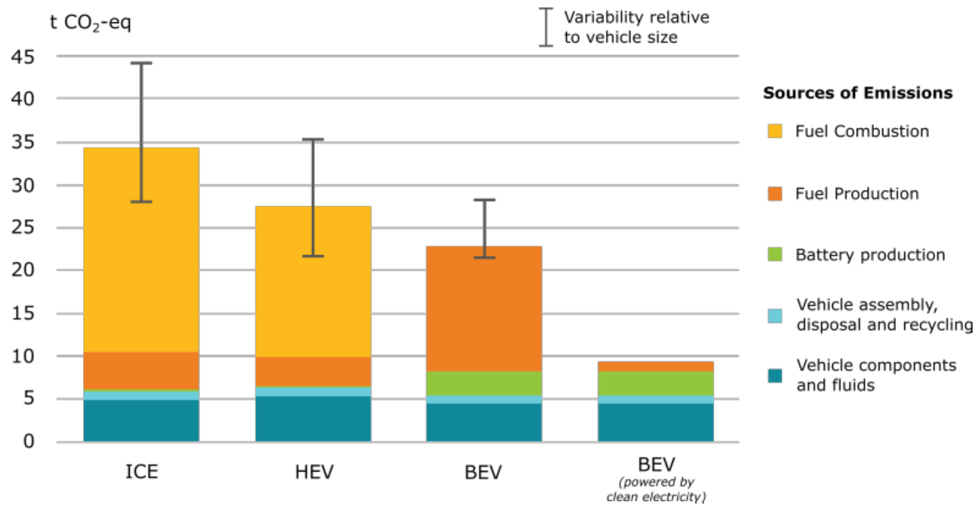

Figure 3.7: Comparative life-cycle GHG emissions of a global average mid-size car by technology, 2018. BEVs produce less overall emissions than ICE or hybrid vehicles but still have significant contributions from the electricity source and production emissions (IEA EV Outlook 2019). (ICE - Internal Combustion Engine, HEV - Hybrid Electric Vehicle, BEV - Battery Electric Vehicle)

Firstly, electric vehicles are only low emission if the electricity used to power them is clean. electric vehicles that are powered by electricity produced by coal or gas are still cleaner than petrol or diesel vehicles. However, for electric vehicles to be close to zero emissions, the electricity they run on must be produced using renewable resources such as wind or solar which is reliant on the decarbonisation of the UK grid as a prerequisite.

Secondly, the production of the vehicles generates significant, often termed "embodied emissions". For the purpose of the baseline in this study, we only consider emissions from the production of electricity used to power the vehicles. However, to fully account for the total emissions of an electric vehicle, the emissions generated during battery and vehicle manufacturing must also be considered. Figure 3.7 shows the comparative life-cycle GHG emissions of a mid-sized car powered by different technologies. Battery electric vehicles (BEVs) produce less overall emissions compared to internal combustion engine (ICE) and hybrid (HEV) vehicles, even when the electricity is produced using fossil fuels. It is important to note that even when an electric vehicle is powered by clean electricity, there are life-cycle emissions of the vehicle that come from battery production, vehicle components, as well as assembly and disposal.

The effects of factoring in life-cycle emissions of electric vehicles is shown in Figure 3.8. The total emissions in 2050 of the baseline and net zero scenarios have been plotted, with and without including the life-cycle emissions of cars. Shifting the car fleet to electric vehicles reduces emissions to nearly net zero within Cambridgeshire and Peterborough, but if the embodied emissions are taken into account, the distance is significant. Reaching net zero by 2050 ultimately needs to be a global goal, and although accounting for indirect (Scope 3) emissions[44] is not within the scope of this

[44]Scope 3 emissions are all indirect emissions except emissions from electricity generation. Examples here would include emissions from raw materials, manufacture and transportation of goods used within

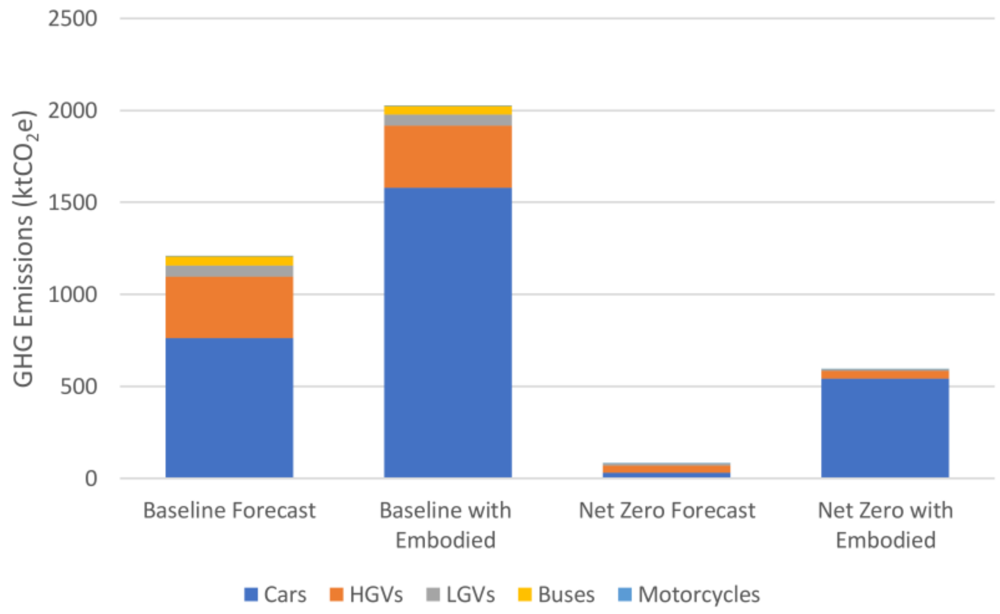

Figure 3.8: The GHG Emissions release in 2050 for the Baseline Porecast and Net Zero Scenario plotted with and without including the embodied emissions of cars that come from battery production, vehicle components and assembly and disposal. Shifting the car fleet to electric vehicles reduces emissions to nearly net zero within Cambridgeshire and Peterborough but emissions are still produced elsewhere as a result.

report, it is important to bear in mind that they can make up a significant fraction of a carbon budget.

Thirdly, transitioning the vehicle fleet to electric does not solve congestion. The Department for Transport has modelled traffic projections through to 2050.[45] The scenario that has the highest projection growth in traffic is the "Shift to Zero Emission Vehicles" scenario which incorporates a high uptake of electric vehicle vehicles. The traffic growth is partly driven by the low running costs of electric vehicles. The report estimates that there will be a 16% increase in congested conditions as a result of high electric vehicle uptake.

Finally, there are wider environmental impacts associated with the raw materials required for electric vehicles. Batteries require minerals such as cobalt, copper and neodynium, the mining of which can be associated with deforestation, soil and water contamination and human rights violations. A recent study concluded that if the UK's vehicle fleet were entirely replaced by electric vehicles by 2050, it would require almost twice the global annual supply of cobalt.[46] Battery disposal must also be carefully managed with specialist facilities as there is a risk to contaminate waterways, groundwater and soil if not properly handled.

Cambridgeshire and Peterborough, but produced elsewhere.

[45]Department for Transport (2018), Road Traffic Forecasts

[46]https://www.nhm.ac.uk/press-office/press-releases/leading-scientists-set-out-resource-challenge-of-meeting-net-zer.html

Electrification of the vehicle fleet is essential in achieving decarbonisation of the transport sector, but it cannot be the only solution. Electric vehicles running on 100% clean electricity still have emissions associated with them, so alternative measures that encourage mode shift of transport away from cars must also be explored. More than 50% of trips made in the UK are less than 5 miles; a switch from the car towards active travel can not only reduce emissions but also impact on air quality, traffic flow and improve public health. Efficient and reliable public transport and sufficient cycling and pedestrian infrastructure are necessary. This is possible when the private car is no longer made to be the priority on the road. Promoting the benefits of shifting towards these sustainable modes of transportation is essential. and policies from local authorities are necessary to encourage this behavioural change by making sustainable modes of transport the natural choice for all.

3.4. Conclusion

- The transport sector accounts for 39% of emissions in Cambridgeshire and Peterborough and emissions have stayed constant for the last 10 years.
- The baseline scenario predicts that transport emissions will fall from 2100 kt CO_2e to 1200 kt CO_2e from 2017 to 2050 due to some electrification of cars and LGVs.
- The net zero scenario requires 100% of cars, LGVs, buses and motorcycles to be electric by 2050 as well as 91% of HGVs. This reduces transport emissions to 81 kt CO_2e by 2050.
- There are an extra 500 kt CO_2 per year in 2050 if life-cycle emissions of electric vehicles are accounted for within the net zero scenario compared to if they are omitted.
- Electrification of the fleet cannot be the only solution to decarbonisation. Alternative measures that encourage shifting transport away from cars must also be explored.

4. Agriculture

Author: Peter Budden

Agriculture currently only makes up 7% of emissions in Cambridgeshire and Peterborough, but the majority of these emissions are from livestock and fertiliser use, which are difficult to abate. Under the business as usual projection, these emissions will fall slightly but remain roughly stable, in contrast to other sectors where grid decarbonisation will make a big difference. Even in the ambitious scenario, it is projected that 239 ktCO_2e will remain, which is 40% of the total residual emissions from all sectors in the scenario. This still involves significant interventions: reduction of food waste, reduction of demand (and therefore production) of red meat and dairy by 20%, and on-farm measures such as electrification of machinery, increased fertiliser efficiency, breeding measures, and livestock food additives. Cambridgeshire and Peterborough have large areas of peatland, much of which have been drained and are currently used for agriculture, that are responsible for very large GHG emissions, up to 5.5 MtCO_2e. These will soon be included in the emission inventory, and peatland restoration must therefore be a high priority for Cambridegshire and Peterborough.

Agriculture emissions are significant in Cambridgeshire as the county contains large areas of farmland. As a proportion of total county emissions in 2016, agriculture was responsible for 7% of GHG emissions, through a combination of livestock methane emissions (enteric and manure), cropland N_2O from fertiliser use and CO_2 emissions from agricultural machinery which burn fossil fuels. Compared to the UK average ratio between crops and livestock, Cambridgeshire has much larger area of cropland and fewer livestock, which means current emissions from agriculture are relatively low, as livestock methane emissions can quickly add up. Figure 4.1 shows the breakdown in the CPCA area in 2016, the most recent year for which data is available on livestock numbers and crop areas from the Department for Environment, Food and Rural Affairs (DEFRA).[47] The livestock emissions factors (i.e. annual GHG emissions per animal) were taken to be the UK average from the most recent National Atmospheric Emissions Inventory (NAEI).[48]

4.1. Methodology for non-CO_2 Agriculture Emissions

Emissions data is only reported at local authority level for CO_2, and not for other GHGs. Therefore a methodology for estimating the local non-CO_2 emissions was developed for this report. The methodology relies on the local data that DEFRA collects on livestock numbers and cropland areas. However, this local information does not provide a breakdown within the broad livestock categories of cattle, sheep, pigs or poultry. or a detailed breakdown of crop areas, which are categorised as either cereals,

[47]DEFRA. (2019). Structure of the agricultural industry in England and the UK at June. https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june

[48]NAEI (2019). Emissions factors for 2017. http://naei.beis.gov.uk/data/ef-all

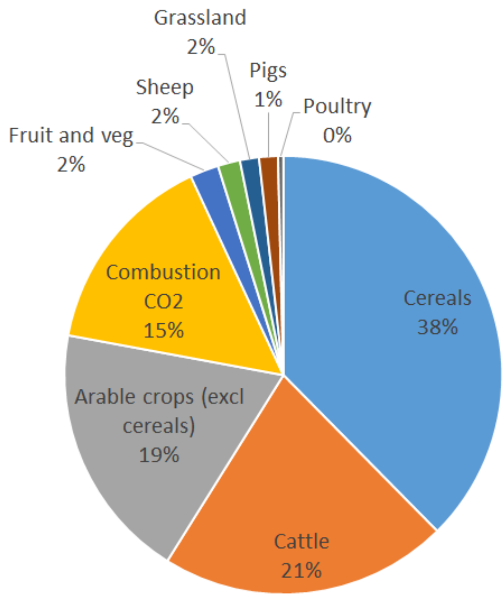

Figure 4.1: Breakdown of current (2016) Cambridgeshire and Peterborough GHG emissions from agriculture by emissions source

arable crops (excl. cereals), fruits and vegetables, or grassland. Different breeds of livestock and different crops can have very different emissions factors - for example each dairy cow emits approximately 2.6 times the annual emissions of a beef cow. As there is no data available to estimate the particular make-up of subcategories of livestock or crops in Cambridgeshire and Peterborough, in this methodology the national averages are used, taken from DEFRA statistics for June 2018.[49]).

For example, in the UK, 69% of cattle were non-dairy and 31% were dairy, so this ratio was applied to the number of cattle in the CPCA area to calculate the number of dairy and non-dairy cattle in the CPCA area. Then, the emissions factors from the NAEI were summed for all the different emissions sources associated with the subcategory of cattle - enteric, excreta, and manure management - to reach a total annual emissions factor per head of dairy cattle and non-dairy cattle. Multiplying these emissions factors by the number of livestock and applying the GWP of 34 for methane and 298 for N_2O. This same methodology - taking the UK average make-up of each category of livestock - was applied to cattle, sheep, pigs and poultry. Due to their negligible contribution, N_2O emissions from livestock have not been accounted for, but they are technically not zero. In CO_2e terms, UK N_2O emissions from livestock is 13 times less significant than UK methane emissions from livestock.).

For crops, a slightly modified method was used. The total reported N_2O emissions due

[49]DEFRA. (2019). Structure of the agricultural industry in England and the UK at June. https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june

to cropland and grassland in the UK was taken from the NAEI and divided by the total cropland and grassland areas for the UK in the same year to estimate the average emissions factors.[50,51] Cropland CO_2 emissions are small in comparison to N_2O, and are assumed to already be counted in the local authority CO_2 data. There are no methane emissions attributed to crops or grassland in the inventory.

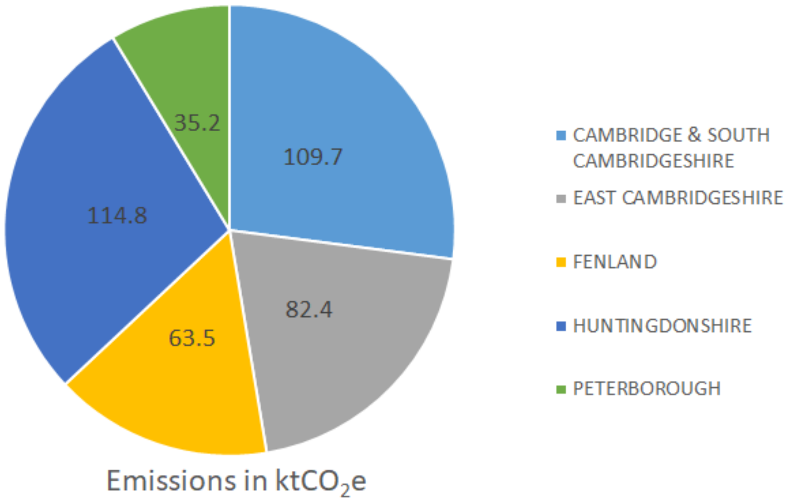

Figure 4.2: Breakdown of current (2016) CPCA area GHG emissions from agriculture by district council. DEFRA data on livestock numbers and cropland areas does not separate Cambridge and South Cambridgeshire in to separate areas, however it is likely that the vast majority of their combined agricultural activity is in South Cambridgeshire rather than Cambridge.

Local livestock numbers and cropland areas, as well as CO_2 emissions, are broken down to the district council level, allowing the above methodology to be carried out at district council level, and this is summarised in Figure 4.2.

4.2. Emissions from peatland

In line with current national reporting procedures, the methodology of this report does not include all GHG emissions from peatland. However, from next year, the national emissions inventory will be changing to include all peatland emissions, which will have a very large effect on Cambridgeshire in particular due to the large area of wasted peat in the county. Wasted peat is defined as shallow residual organic soils where much of the original peat has already been lost.[52] In England, 71% of this area is cropland, the majority of which is in Cambridgeshire, as seen in Figure 4.4. This has the potential to

[50] National Atmospheric Emissions Inventory. (2019). https://naei.beis.gov.uk/data/data-selector

[51] DEFRA. (2019). Structure of the agricultural industry in England and the UK at June. https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june

[52] Evans, C.; Artz, R.; Moxley, J.; Smyth, M.-A.; Taylor, E.; Archer, N.; Burden, A.; Williamson, J.; Donnelly, D.; Thomson, A.; et al. Implementation of an Emissions Inventory for UK Peatlands A Report to the Department for Business, Energy & Industrial Strategy; 2017.

increase emissions from Cambridgeshire by 4 - 5.5 million tonnes of CO_2e annually, equivalent to 65-90% of the current total reported emissions from the CPCA area. The relative importance of this change is illustrated in Figure 4.3.

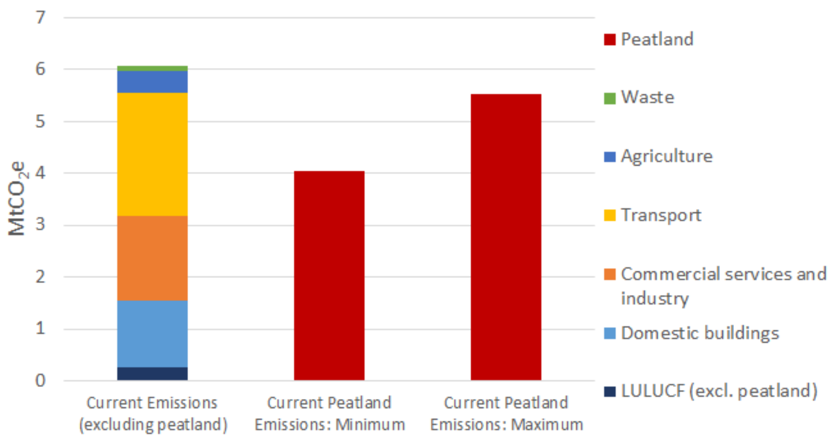

Figure 4.3: Estimated relative importance of the inclusion of peatland emissions to GHG emissions allocated to the CPCA area, after the change in inventory methodology next year.

Data on peatland emissions is scarce and subject to large uncertainties. The best resource at this time is a preliminary report outlining an estimation of the UK's current peatland emissions, which was commissioned by BEIS in anticipation of the upcoming change in inventory rules.[53] In this report, data is only provided on a devolved administration level (England, Scotland, Wales, Northern Ireland) however it is clear from figure 4.4 that a majority of the wasted peatland in England is located in Cambridgeshire, as well a small area of deep peat. Total England GHG emissions are currently estimated to be 6.4$MtCO_2e$ and 4.5$MtCO_2e$ from wasted and deep peat respectively, which leads us to estimate 4 - 5.5 $MtCO_2e$ will be attributed to Cambridgeshire. These figures are reached by estimating that between 60 and 80% of wasted peat and between 5 and 10% of deep peat are within the CPCA area, and assuming the average wasted peat and deep peat emissions factors from the preliminary report: 9tCO_2e/year for deep peat and 34tCO_2e/year for wasted peat.[54]

Peatland emissions should be tackled at a national level, prioritising peatland restoration wherever possible. Given the large areas of peatland in the county, Cambridge County Council should take this in to account whenever considering land use policies. There are large uncertainties in the emissions from peatland, particularly wasted peat of which Cambridgeshire has such a large area.[56] The County Council should work to support the refinement of the data available, as peatland is the County's

[53]Evans, C.; Artz, R.; Moxley, J.; Smyth, M.-A.; Taylor, E.; Archer, N.; Burden, A.; Williamson, J.; Donnelly, D.; Thomson, A.; et al. (2017). Implementation of an Emissions Inventory for UK Peatlands A Report to the Department for Business, Energy & Industrial Strategy.

[54]Evans, C.; Artz, R.; Moxley, J.; Smyth, M.-A.; Taylor, E.; Archer, N.; Burden, A.; Williamson, J.; Donnelly, D.; Thomson, A.; et al. (2017). Implementation of an Emissions Inventory for UK Peatlands A Report to the Department for Business, Energy & Industrial Strategy.

[56]Evans, C.; Artz, R.; Moxley, J.; Smyth, M.-A.; Taylor, E.; Archer, N.; Burden, A.; Williamson, J.; Donnelly,

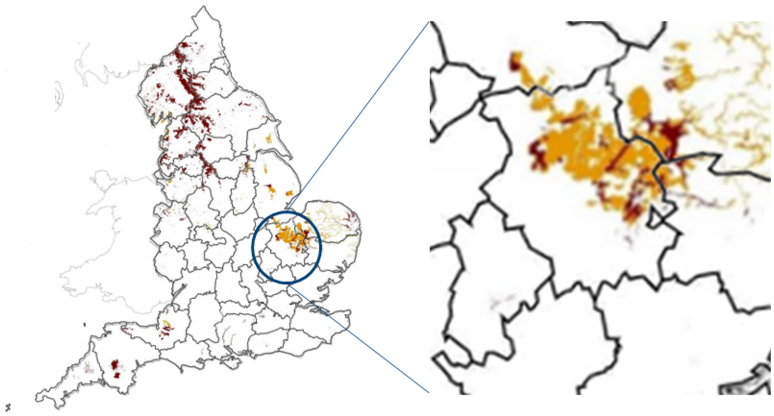

Figure 4.4: Map of deep peat (dark red) and wasted peat (yellow-orange) in England overlayed with the outline of the ceremonial counties of England. Insert shows the area in Cambridgeshire[55]

single biggest contribution to climate change as is the least well documented.

It should also be noted that emissions from peatland are an issue all over the world and the development of effective peatland restoration strategies, which turn the sources of GHGs into sinks, is vital. Cambridgeshire has the potential to become a world-leader in this field given the academic expertise that exists in the county and the UK in general. Thus an effective response to this issue in Cambridgeshire, supported by rigorous scientific testing and documentation, would enable the county's emission reduction efforts to have a much greater impact, potentially influencing policy internationally.

4.3. Baseline Forecast

Emissions from agriculture are effectively decoupled from local demographic changes as produce can be sold on a national and international level. Therefore, to model future emissions scenarios in this sector, national projections for agriculture emissions have been used. The Energy and Emissions Projections (EEP) published by the Department of Business, Energy & Industrial Strategy give projections for UK agricultural emissions by gas[57] for a business as usual scenario where only current policies are continues and there are no new climate-related policies. They are calculated using econometric equations which take in past behaviours and future predictions for economic output and efficiency changes. We apply the yearly reductions in each gas to the emissions from the CPCA area from combustion (CO_2), crops (N_2O) and livestock (methane). The EEP only projects to 2035, after we which we do not project any further changes in a business as usual scenario (in line with analysis by the Committee on Climate Change).

D.; Thomson, A.; et al. (2017). Implementation of an Emissions Inventory for UK Peatlands A Report to the Department for Business, Energy & Industrial Strategy.

[57] BEIS. (2019). Updated Energy and Emissions Projections: 2018 - Annex A: Greenhouse gas emissions by source. https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2018

Applying this methodology we see that all emissions sources are forecast to reduce incrementally out to 2035. We see that from a 2016 level of 406 ktCO_2e in 2016, a business as usual scenario would lead to emissions stabilising at 351 ktCO_2e by 2035. In reality there are many uncertainties in predicting emissions in a "no-further-policy" world, as there are many unknown factors that could affect demand for food and agricultural yields (including climate change itself).

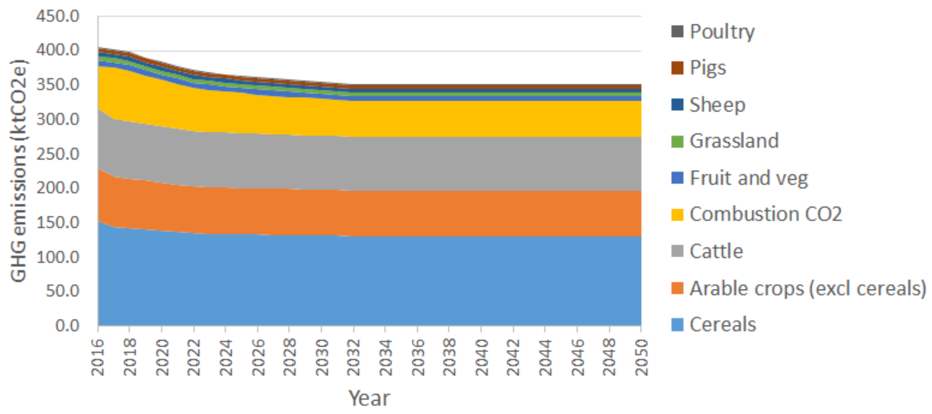

Figure 4.5: Projections for CPCA area agriculture emissions to 2050

4.4. 2050 Ambitious Scenario

Agriculture is one of the hardest sectors in which to abate emissions. There is no way that while maintaining an agriculture sector, non-CO_2 emissions can be zero.[58] However, there is still lots of potential to reduce emissions within the sector, through both on-farm measures and demand-side measures.

Stationary and mobile machinery currently running on fossil fuels such as tractors can be electrified on switched to run on hydrogen. Space heating and cooling can also be electrified or switch to hydrogen. Livestock emissions can be reduced by genetic breeding, ruminant feed additive 3NOP (3-nitrooxypropanol) which can reduce methane emissions by 4-40% (depending on the cattle type)[59], and diet change leading to a reduction in demand for meat and dairy. Emissions from crops can be reduced by improved nitrogen efficiency, the use of nitrification inhibitors which reduce N_2O emissions from fertiliser, and improved crop productivity. All agricultural emissions can be reduced by reducing food waste, thereby reducing demand for agricultural outputs.

All of these measures are combined to a package of measures by in the Committee on Climate Change Net Zero Technical Report to a realistic "Further Ambition" scenario, where UK agriculture emissions decrease by 42% on 2017 levels, or 32% relative to a 2050 business as usual scenario.[60] When this reduction is applied to Cambridgeshire's

[58] CCC. (2019). Net Zero Technical Report

[59] Scotland Rural College, ADAS and Edinburgh University. (2019). Non-CO2 abatement in the UK agricultural sector by 2050 https://www.theccc.org.uk/publication/non-co2-abatement-in-the-uk-agricultural-sector-by-2050-scotlands-rural-college-adas-and-edinbur

[60] CCC. (2019). Net Zero Technical Report

agricultural sector, there are residual emissions of 239 ktCO_2e. This is then the largest residual sector of emissions in the 2050 Ambitious Scenario, making up 40% of the residual. This reflects the complexity and difficulty of reducing non-CO_2 emissions in the agricultural sector.

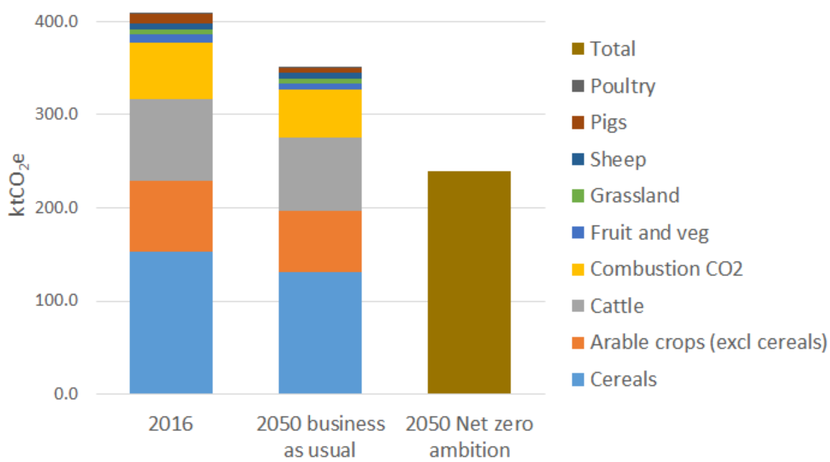

Figure 4.6: Comparison of current agriculture emissions, business as usual in 2050 and an ambitious net zero 2050 scenario in 2050 for the CPCA area

5. Commercial Services and Industry

Author: Yuchen Hu & Meena Matharu

The commercial services and industry (CSI) sector within Cambridgeshire and Peterborough comprises a diverse range of subsectors. Agriculture, an important part of the County's economy, is covered in its own section. Appendix C highlights the assumptions which have been made while the analysis of this sector in more detail. The uncertainty in economic predictions combined with the large emissions from this sector mean that further research should be a priority.

Commercial Services and Industry deliver a major contribution towards existing and future economic development within Cambridgeshire and Peterborough. However, unsurprisingly, industry, commercial operations and buildings contribute heavily towards existing daily energy consumption and demands. Therefore, meeting the UK and regional carbon emissions reduction targets by 2050 will require significant reductions in the consumption of energy within the CSI. This will require the deployment of low carbon heating and carbon capture and storage, (CCS).

The structure of this section is as follows:

1. Historical CO_2 emissions from Commercial Services and Industry (CSI)
2. Baseline emissions projection to 2050
3. Net Zero emissions projection to 2050

5.1. Historical Emissions

Commercial and industrial emissions accounted for 27% of total emissions in Cambridgeshire and Peterborough in 2016[61]. Between 2005 and 2017 emissions decreased from 2980 kt CO_2e from to 1538 kt CO_2e (1644 kt CO_2e in 2016)[62] as shown in Figure 5.1. Emissions per capita also declined (Figure 5.2). Note the emissions data only considered CO_2 emissions.

Emissions in CSI come from four main sources: electricity, gas, large industrial installations and other fuels. Other fuels includes liquid fuels such as heating oil as well as solid fuels. Solid fuels include steam coal, anthracite, manufactured solid fuels, benzole, tar, blast furnace gas and coke oven gas. Analysis of emissions of large industrial installations from those three sources will not be included here as it is inseparable in UK Local Authority and regional carbon dioxide emissions national statistics. The pie chart (Figure 5.3) shows the percentage contribution from each source in 2017. Nearly 80% of the emissions in the CSI were indirect emissions through consumption of electricity (49%) and natural gas (30%). To reduce carbon emissions, a reduction in demand for each source and/or the reduction the carbon intensity of each

[61] BEIS. (2018). UK local authority and regional carbon dioxide emissions national statistics: 2005 to 2016.
[62] BEIS. (2019). UK local authority and regional carbon dioxide emissions national statistics.

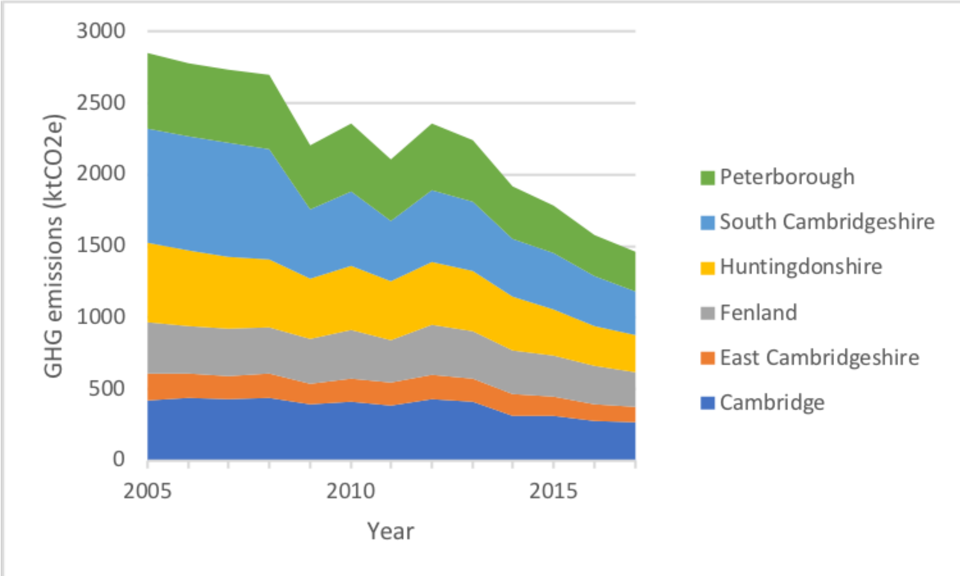

Figure 5.1: Historical emissions from CSI from 2005 to 2017

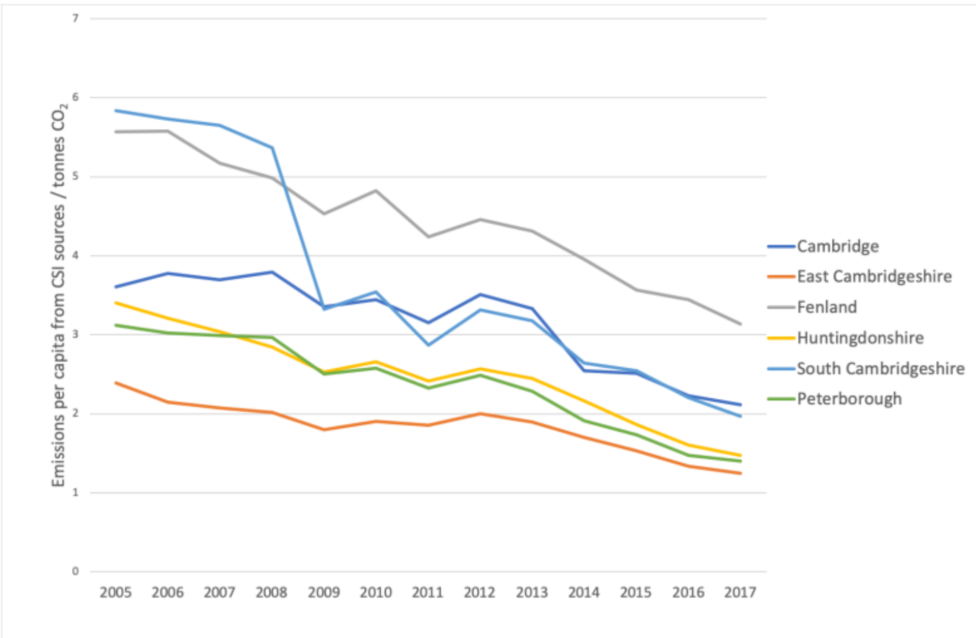

Figure 5.2: Historical emissions per capita from CSI from 2005 and 2017

source must be considered. The introduction of renewable sources of electricity generation and the reduction in coal have resulted in the emissions associated with electricity production steadily reducing[63]. Also, improvements in energy efficiency will temper the energy demand and emissions associated with local economic growth. Figure 5.4 shows the 2017 emission source breakdown for the districts. Fenland consumed more energy from gas than electricity. East Cambridgeshire, South Cambridgeshire and Huntingdonshire consumed more energy from solid fuels than that from gas.

[63]BEIS. (2019). Electricity emissions factors until 2100

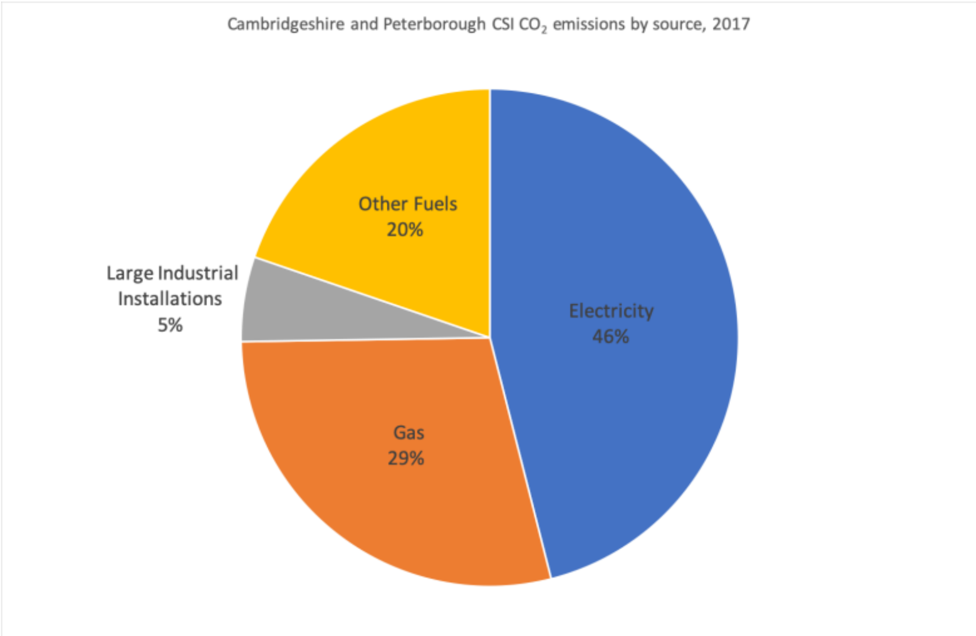

Figure 5.3: CSI emissions of CPCA in 2017 from source

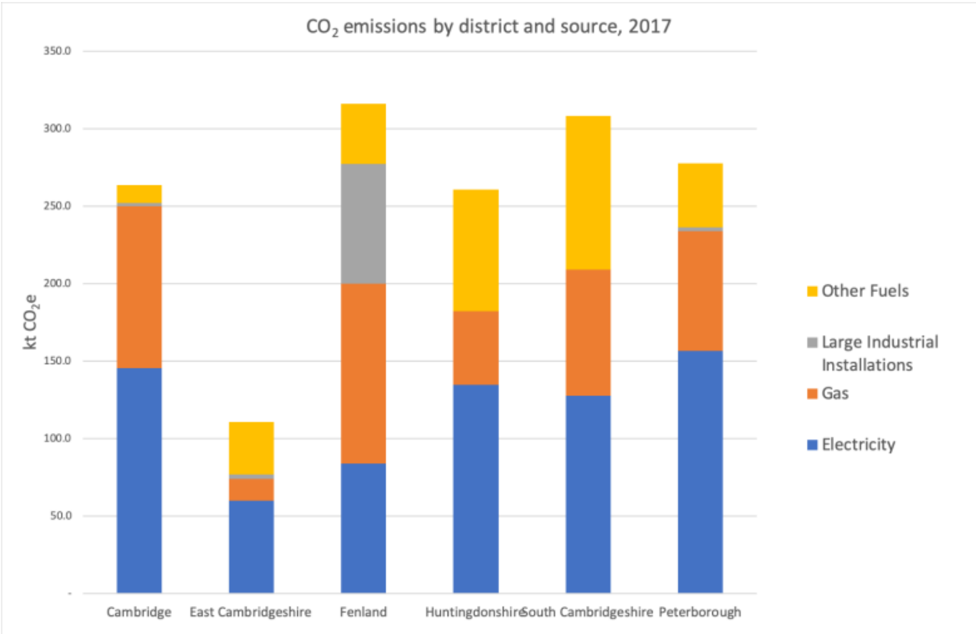

Figure 5.4: CSI emissions in 2017 by source and district

The breakdown in emissions sources in each district is related to the local economy structure and infrastructure. A breakdown of the employment in CSI is shown in Figure 5.5, this is from the model East of England Forecast Model (EEFM), 2017.[64] 53% of employment within the CSI in Cambridgeshire and Peterborough is in commercial services, while only 0.8% is in the metal industry. 58% of business in Cambridge and 72 % in Peterborough are commercial services. Fenland and Huntingdonshire has more industry than commercial services, with 36% and 31% of employment in the industrial

[64]EEFM 2017 model variable spreadsheet: sheet Employment. https://cambridgeshireinsight.org.uk/eefm/

sector (Figure 5.6). In addition, among all the districts Fenland has the largest fractional contribution to employment by metal manufacturing (2 %), which may help to explain the higher emissions per capita figures seen in Figure 5.2.

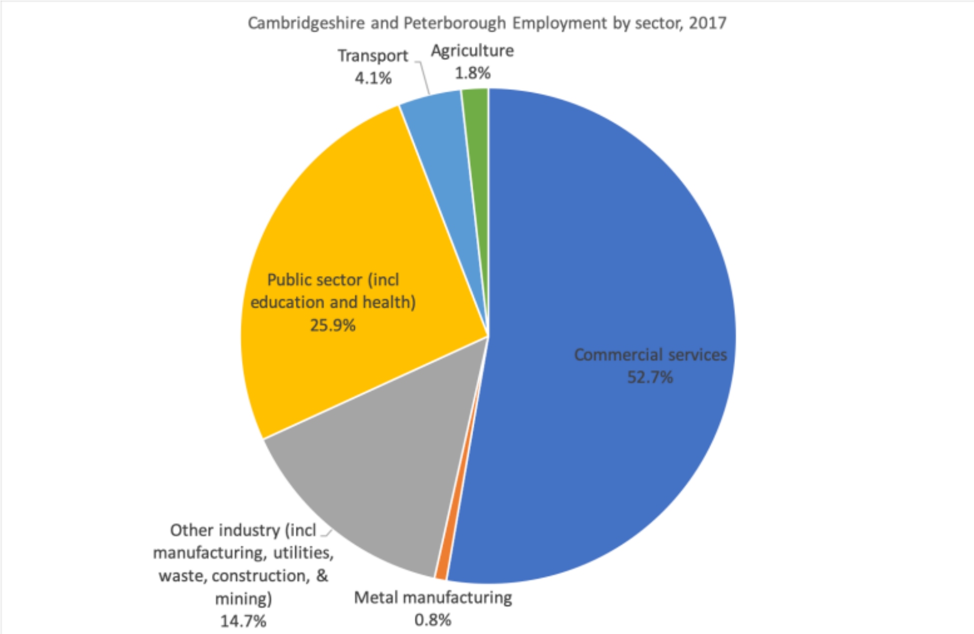

Figure 5.5: CSI job breakdown in 2017

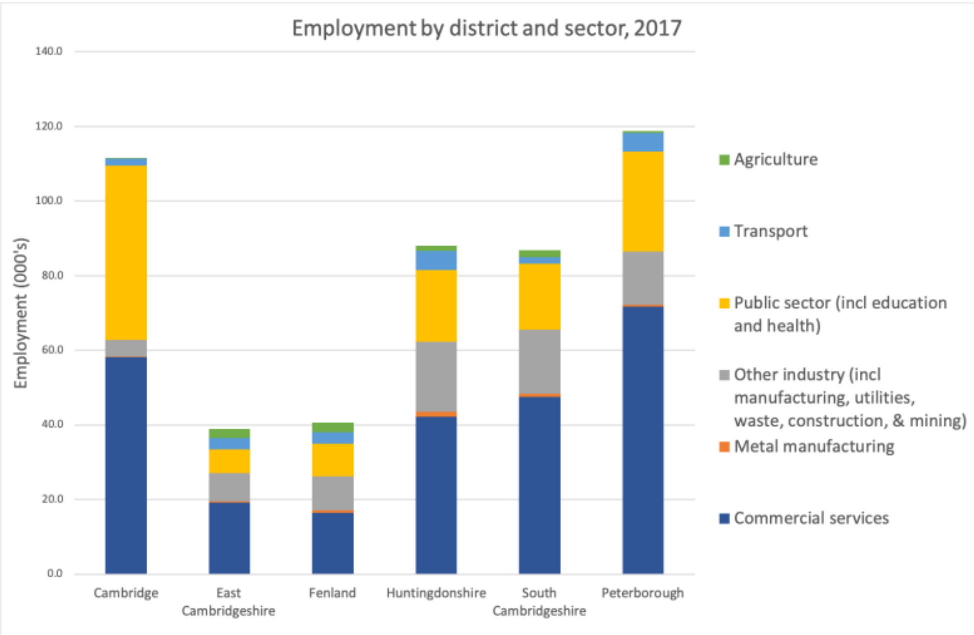

Figure 5.6: CSI job breaksown in 2017 in district councils

5.2. Baseline emissions projection

The baseline emissions forecast utilises existing and planned policy scenarios. These are the national level regulations from National Grid for gas and electricity future energy base demands and carbon intensities. [65]

Emissions are calculated from the product of energy demand (GWh) and carbon intensity (ktCO_2e/GWh). The carbon intensity for electricity, gas and solid fuels are taken from BEIS. [66] The energy demand in the CSI sector considered in this scenario is from three areas: commercial services, the iron industry and other industry. Each consists of the following subsections:

- Commercial services: Wholesale, Retail, Accommodation and Food services, Publishing and broadcasting, Telecoms, Computer related activity, Finance, Real estate, Professional services, Research and Development, Business services, Employment activities, Art and entertainment, Other services.
- Iron industry: Metal manufacturing.
- Other industry: mining and quarrying, food manufacturing, general manufacturing, chemicals, pharmaceuticals, transport equipment manufacturing, electronics manufacturing, electronics, utilities, waters and remediation, construction.

Energy demand from public sector services, healthcare and education have been excluded from this projection.

Energy demand per capita in the UK was first calculated with BEIS EEP 2019 Annex F[67] and EEFM 2017 Employment[68]. The energy demand for each district in those three sectors was then obtained by multiplying UK energy demand per capita by the number of employees in the district, followed by adjustment based on the local economy breakdown. The modelling detail is presented in Appendix C.

The energy demand time-series plot is shown in Figure 5.7. The electricity demand increases to 3269 GWh in 2050 while the demand for gas remains relative unchanged at around 2000 GWh. The demand for solid fuels decreases by 65%, to 93 GWh in 2050.

Figure 5.11 shows the baseline emissions projections to 2050, with breakdown to districts.

Total emissions at 2050 are 684 kt CO_2e (Figure 5.9), 44% of the emissions in 2017 (1538 kt CO_2e). Despite a predicted increase in electricity demand, the emissions from electricity production drop from 707 kt CO_2e in 2016 to 95 kt CO_2e in 2050. This 87% reduction is driven by a reduction in the carbon intensity of electricity production of 90 % by 2050 relative to the 2107 level. As few techniques exist to reduce the carbon emissions from natural gas combustion, gas is predicted to become the largest contributor to emissions under baseline scenario by 2050.

[65] National Grid Future Energy Scenario, http://fes.nationalgrid.com
[66] Electricity emissions intensity projections to 2100, BEIS
[67] https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2018
[68] https://cambridgeshireinsight.org.uk/eefm/

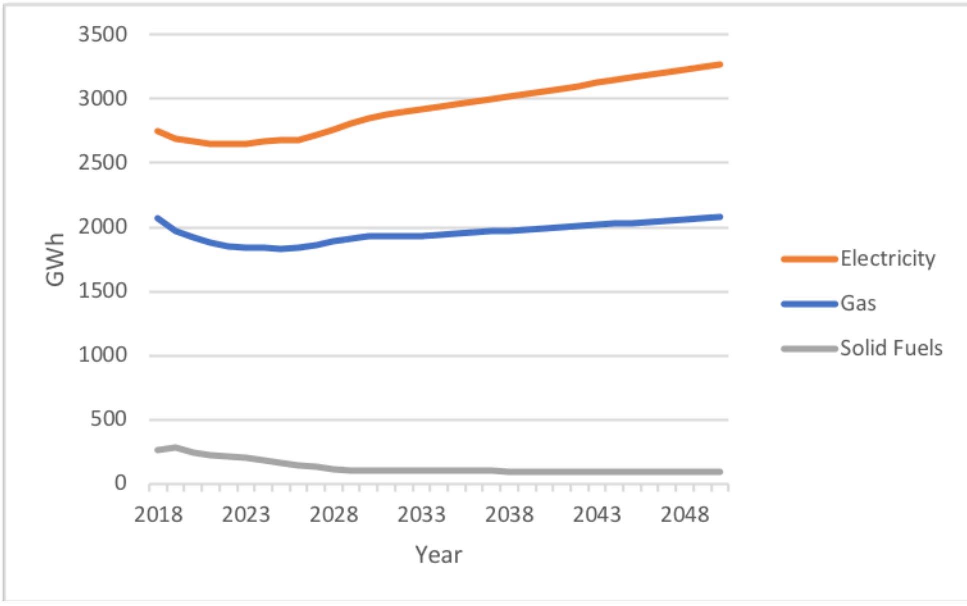

Figure 5.7: CSI baseline energy demand projections from 2018 to 2050.

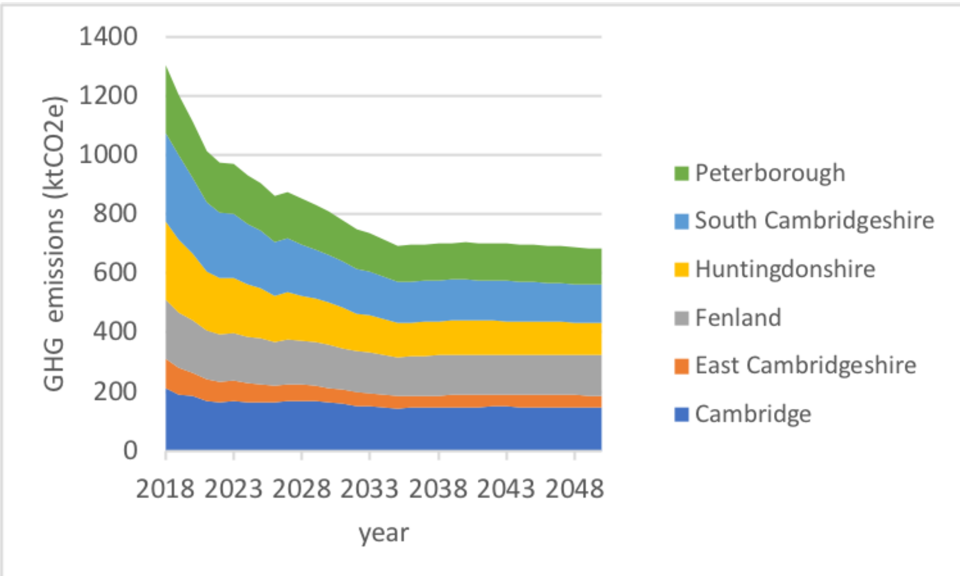

Figure 5.8: CSI baseline emissions projections from 2018 to 2050.

5.3. Ambitious Scenario

The assumptions for the Net Zero Scenario are from the Committee on Climate Change report[69] as explained in Appendix C. This scenario is based on the same set of commercial services and industrial sectors as in the baseline scenario.

All the assumptions are implemented linearly on the baseline energy demand, as shown in Figure 5.10. In 2050, the energy demand will be 225 GWh from gas, 2486 GWh from electricity and 87 GWh from solid fuels.

[69]Committee on Climate Change, 2019, Net Zero 2019

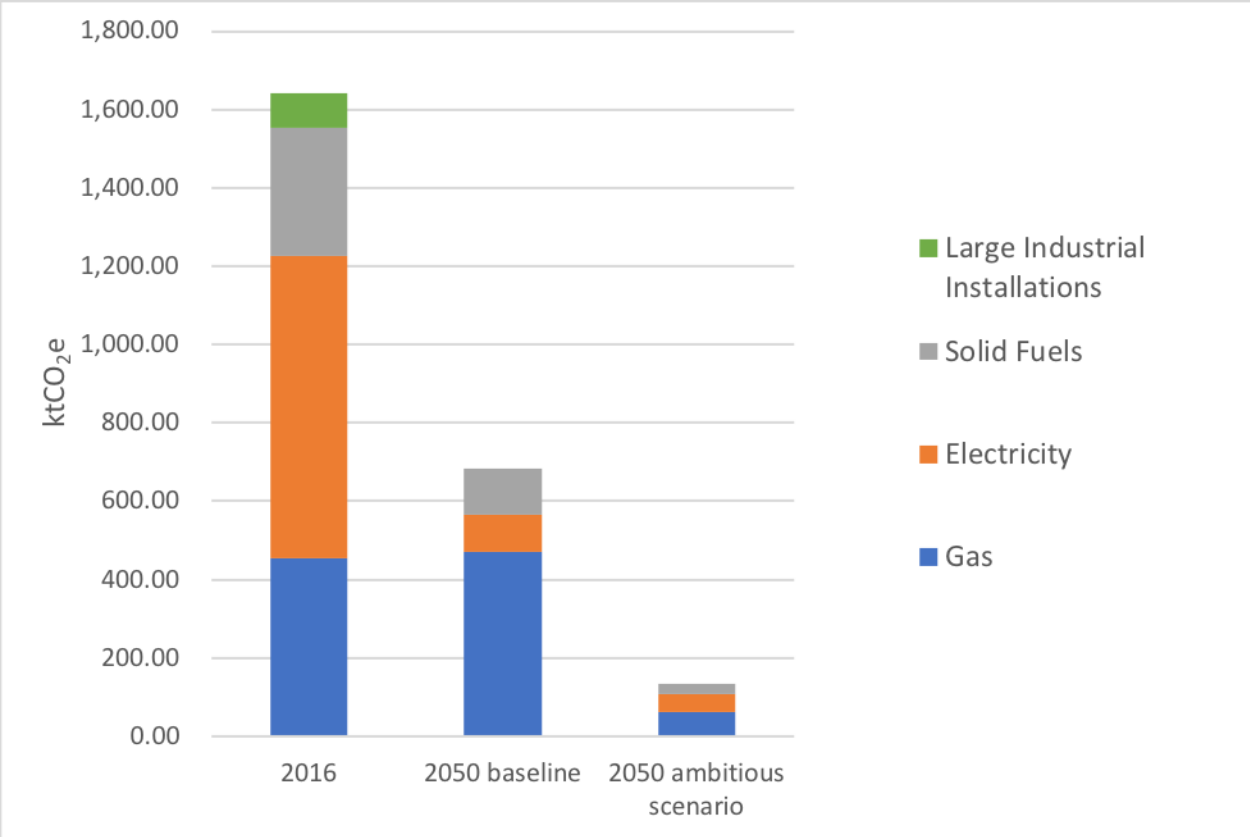

Figure 5.9: CSI emissions in 2050.

Figure 5.11 shows the emissions projections for each district to 2050.

The total emissions in the ambitious scenario are 103.2 kt CO_2e (Figure 5.9), around 20% of the total emissions under the baseline scenario and 8.6 % of 2017 emissions.

5.4. Summary

The commercial services sector dominates demand for electricity. With the decarbonisation of the national grid, the emissions from electricity use will be reduced by 90% from the 2017 level. The key for local authorities in Cambridgeshire and Peterborough to reduce commercial and industrial carbon emissions is to decrease the use of natural gas and solid fuels. To achieve that, the implementation of low carbon heating is of paramount importance. However, even in the most ambitious scenario, i.e. 90% of gas demand reduction and complete cessation of solid fuel use, there will still be emissions from electricity use in 2050. Therefore, to reach net zero, CCS and afforestation must be deployed as well.

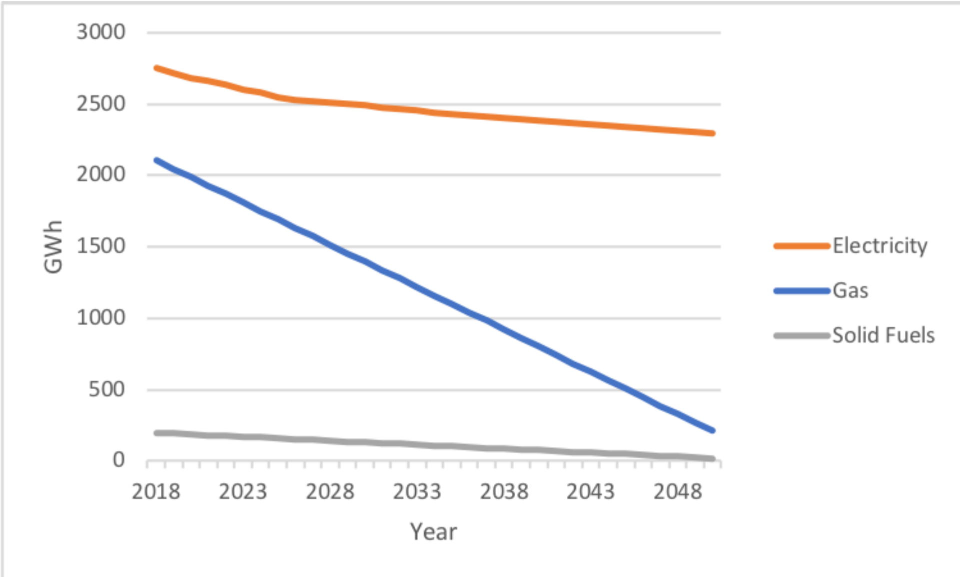

Figure 5.10: CSI ambitious energy demand projections from 2018 to 2050.

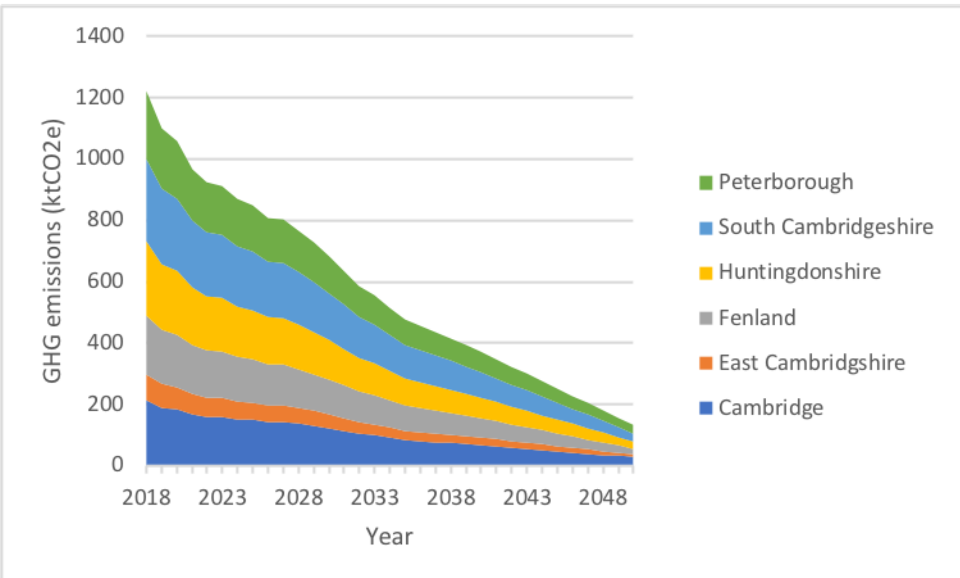

Figure 5.11: CSI ambitious emissions projections from 2018 to 2050.

6. Waste Management

Author: James Weber

Deployment of CCS, electrification of vehicles and enhancement of methane capture at landfill and composting sites could see emissions from waste management drop from 130 kt CO_2e to around 25 kt CO_2e in 2050.

In relative terms waste management is a small source of carbon emissions, currently contributing 2% (130 kt CO_2e) of the County's total emissions. However, as emissions are dominated by a small number of sources, abatement efforts can be concentrated, enabling significant reduction in emissions to be achieved. Certain areas of waste management such as waste transport and industrial emissions also fall under the other categories covered in this report. Where this is case, it has been made clear and to avoid double-counting, emission estimates and projections have been added to County total only once. Nevertheless, a full breakdown of the emissions from waste management is believed to be helpful as it is an area where the Council has significant direct influence (e.g. waste transport) or indirect influence (e.g. by determining how landfill facilities are run). Given the small number of sources, this section is structured slightly differently with each source of emissions (see below) considered in turn with current emissions and projections to 2050 under baseline and ambitious scenarios (with the required policies and technologies) discussed.

The sources of emissions considered were:

1. Transport of waste collected by local authorities
2. Landfill at Waterbeach site in the form of landfill gas (LFG)
3. Recycling and composting activities
4. Energy Recovery Facility (ERF) in Peterborough
5. Other small facilities

The transport of third party (private) waste was not included (although rough estimates were made) and is assumed to be covered in the industry section. In addition, modelling work was performed to consider the effect of the proposed Waterbeach Energy from Waste (EFW) plant whose planning application is currently in the appeal stage.

Current emissions for each section were estimated using existing data and then a baseline projection and an ambitious emission reductions projection, including mitigation strategies, were considered.

6.1. Overview of Waste Management

The breakdown of waste in England, Cambridgeshire and Peterborough is shown in Figure 6.1. Cambridgeshire currently sends 55% (180 kt per year) of its domestic waste to recycling or composting with the remaining 45% (140 kt per year) sent to landfill[70]. In

[70]Waste Data Summary Cambridgeshire County Council 2004-2019

addition, Cambridgeshire County Council deals with a small quantity of commerical waste (25 kt per year) of which 7-10 kt is sent to landfill.[71] These figures have remained roughly constant over the last 10 years. By contrast, Peterborough sends 44% of domestic waste (38 kt) to recycling or composting, 2% to landfill and 53% (44 kt) is incinerated[72].

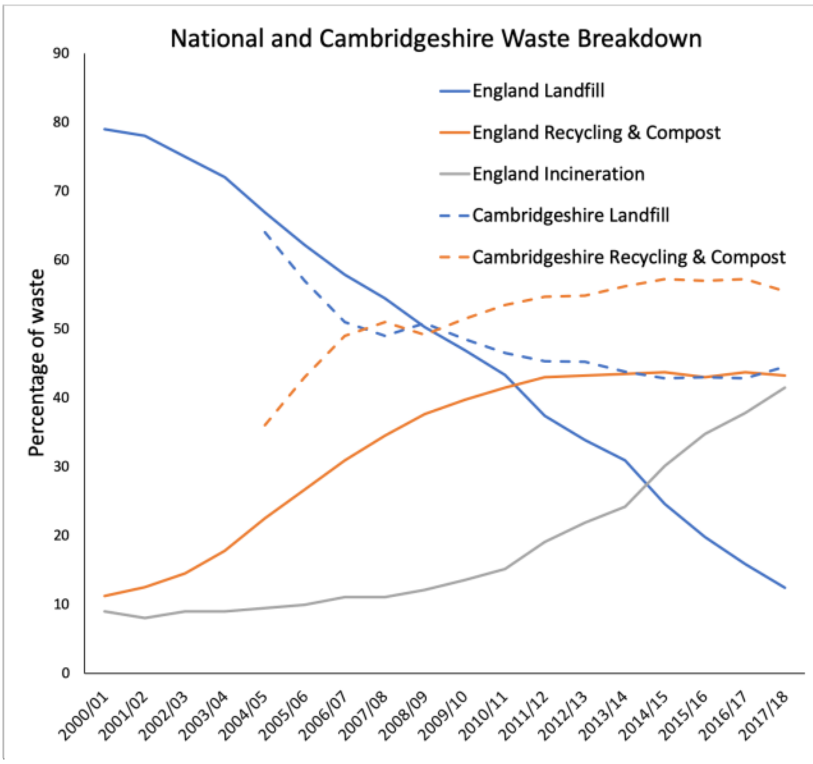

Figure 6.1: National & Cambridgeshire Waste Breakdown for waste collected by local authorities.

For context, the national recycling and composting rate is 42%. 40% of waste is incinerated and the final 10% sent to landfill[73]. The total waste per capita for Cambridgeshire is similar to the national average. The annual landfill per capita for Cambridgeshire is 200 kg and has decreased by 1.6% per year on average over the last 7 years[74].

6.2. Transport Emissions

Emissions from waste transportation are estimated to be 4.9 kt CO_2e at present with reduction to 0.6 kt CO_2e by 2050 a reasonable target.

Emissions were calculated based on diesel fuel used by waste transport vehicles of the

[71]Waste Data Summary Cambridgeshire County Council 2004-2019

[72]Management of local authority collected waste 2014 to 2017, Local Authority Collected Waste Management Statistics, DEFRA

[73]Management of local authority collected waste 2000 to 2017, Local Authority Collected Waste Management Statistics, DEFRA

[74]Waste Data Summary Cambridgeshire County Council 2004-2019

District and City councils. A conversion factor 2.59 kg CO_2e per kg diesel was used.[75] Only emissions from waste transport vehicles were considered; embodied emissions such as those from vehicle manufacture or maintenance were not included.

Data was obtained from Peterborough City Council, Fenland District Council, Huntingdonshire District Council and Cambridge and South Cambridgeshire Council. No data were obtained for East Cambridgeshire. Based on population comparisons[76], East Cambridgeshire (89,362) was assumed to have the same emissions as Fenland (101,491). The resulting quantity of 1,892,000 litres of diesel produced 4.90 kt CO_2e. To be clear, while this quantity was considered in terms of the emissions breakdown from waste management, it was not included the total County emissions figure as it is believed to be encompassed by the Transport emissions value. Additional information is provided in Sections D.1 and D.6.

Emissions from transport of waste to local household waste centres by private vehicles were not included as they were deemed to be within the emissions from transport section.

Private sector waste transport was not included this section as it was considered to be part of industrial emissions. A reasonable estimate would be 1.2 kt CO_2e because the quantity of private sector waste going to landfill (50 kt per year) is 1/4 of the amount sent to landfill/incineration by the County. This will probably be an upper bound as private waste transport distances are likely to be lower as they do not need to go "house to house".

6.2.1. Future Developments

Mileage/emissions will be increased by population growth (projected to be 23% between 2020 and 2050[77]) and more housing developments. While waste to landfill per capita has been dropping in Cambridgeshire, total waste per capita has remained unchanged over the last 5 years. Greater environmental awareness and a drive by district authorities to encourage lower waste production may reduce total waste per capita but here, a worst case scenario of a 23% rise in waste by 2050 is considered.

The actual relationship between total waste per capita and mileage will be complicated as it is affected by many factors such as route planning. A simple 23% increase in emissions would result in 6.3 kt CO_2e and this is considered to be the baseline scenario.

Three complementary emission reduction policies are proposed:

1. Partial or entire conversion of fleet to electric vehicles
In this ambitious scenario, analysis based on the predicted energy demand (23%

[75]DEFRA. (2019). Government emission conversion factors for greenhouse gas company reporting.
[76]Cambridgeshire Insight. (2019)
[77]Cambridgeshire Insight

increase in diesel use) suggests emissions would be 0.6 kt CO_2e (10% of current emissions). A more detailed calculation is given in Section D.1. Realistically, improved efficiency of electric vehicles would reduce this value further. Again, embodied emissions are not included. Similar reductions are expected for waste transport by members of the public to household waste centres.

2. Analysis of routes to ensure maximum possible efficiency
While it is acknowledged this may already be standard practice, ensuring that the fleet drives the minimum number of miles and vehicles operate at maximum capacity is an inexpensive method of producing maximum efficiency.

3. Reduction in collection frequency
The challenges to implementation of this policy are acknowledged and it would need to be combined with a push to reduce total waste per capita. However, it would reduce transport emissions. One option would be to collect non-recyclable waste at the current frequency but collect recyclable waste, which is less likely to rot, on a less frequent basis thus reducing the demand for vehicle capacity and so vehicle mileage and emissions.

6.3. Landfill at Waterbeach

Current emissions are likely 57 ± 15 kt CO_2e per year with a large uncertainty in LFG capture. Ambitious increase in landfill gas (LFG) capture and halving of landfill waste per capita by 2050 would reduce emissions to 10 kt CO_2e.

The landfill at Waterbeach receives 200 kt of waste per year, of which 150 kt is from Cambridgeshire County Council (140 kt from domestic, 10 kt from commercial). The remaining 50 kt is from third party sources and, while the composition of the waste is unknown, it is suspected to consist primarily of aggregate waste and other byproducts of industry.

CO_2-only estimates for the Waterbeach landfill disclose a carbon footprint of 16.4 kt (2017)[78] which is likely to come from the waste transfer and site's electrical usage with the distribution unknown. As a baseline projection, the split was assumed to be 50:50 with vehicle emissions unchanged and electrical emissions declining with grid carbon intensity (0.226 and 0.025 kg CO_2e / kWh for 2017 and 2050 respectively[79]). This yielded emissions of 8.8 kt CO_2e in 2050; the baseline scenario. Full electrification of vehicles in the more ambition scenario resulted in emissions of 1.8 kt CO_2e by 2050. More detail is given in Section D.2. Again, this part of the landfill's emissions budget will be included in the total emissions of Industry and Commercial Services sector and so, to avoid double-counting, will not be included in the County's total emissions figure (see Section D.6).

However, an additional source of GHGs which is not considered in the Industry and

[78]UK local authority and regional carbon dioxide emissions national statistics: 2005-2017, Ref BK5037IQ
[79]BEIS. (2019). Electricity emissions factors until 2100

Commercial Services sector is methane from the landfill. Decomposition of material in landfill produces landfill gas (LFG) which is composed of CO_2 and methane. The rate and quantity of LFG production depends on waste composition, landfill design and temperature among other things. Nationally, it is routine practice to capture LFG and burn it (which converts the methane to much less harmful CO_2) for energy generation.

Some information regarding methane capture has been obtained from the landfill operator, Amey Cespa Ltd.[80], see Figure D.4. This data is believed to refer to the landfill and composting (see Section 6.5) together and discloses 5.24 "Teq CO2" (Tonnes equivalent CO_2) of avoided GHG emissions via methane capture from landfill and the generation of 19,252,010 MWh of electricity from the methane. The definition of "Teq CO2" is uncertain at present. It was interpreted as the quantity of methane captured in units of tonnes of CO_2e. However, as 5.24 kt is around the same quantity of methane (within ~1 kt) predicted to be emitted in the modelling work in this report and by Fitchner[81], "Teq CO2" could refer to the quantity of methane captured in tonnes of methane. This needs to be clarified as a matter of urgency.

Under the assumption that 5.24 kt refers to CO_2e, this corresponds to a total reduction in emissions of 7.0 kt CO_2e (captured methane and offset of emissions from grid electricity production using 2018 carbon intensity [82]). The data discloses the "Proportion of methane burnt in torch and used for generating electricity with regard to the amount potentially emitted" as 99.9%, far higher than industry standards which are in the range 52%-75%.[83] [84] Furthermore, as is shown in Section 6.3.2, the amount of 5.24 kt CO_2e is a very small fraction of the predicted quantity of methane emitted from the landfill.

Clarification of the LFG capture rate should be sought as this information is crucial for producing an accurate carbon footprint of the landfill and further enquiries should be made to determine it as a matter of urgency. In a worst case scenario (no LFG capture), annual emissions could be as high as **130 kt CO_2e**, dwarfing the other emission sources in the sector and making the landfill a key area to focus abatement efforts. To explore the implications of the uncertainty in the LFG, several different LFG scenarios were considered. DEFRA guidance for LFG capture calculations recommends a capture rate of 75% but large landfills are estimated have a capture rate of 68% and the national collection efficiency is estimated to be 52%.[85]

To calculate the possible LFG emissions, an approach very similar to that used in the carbon assessment report for the proposed Energy From Waste facility at the Waterbeach site was used[86]. Domestic waste was asssumed to have a biogenic carbon fraction of

[80] Waterbeach Information Request & supporting docuements, from Amey Cespa and made available to Cambridgeshire County Council
[81] Waterbeach Energy From Waste Facility Carbon Assessment, Fitchner Consulting Engineers Ltd
[82] BEIS. (2019). Electricity emissions factors until 2100
[83] Waterbeach Energy From Waste Facility Carbon Assessment, Fitchner Consulting Engineers Ltd
[84] Appendix B, Review of Landfill Methane Emissions Modelling, Report for DEFRA by Golder Associates, 2014
[85] Waterbeach Energy From Waste Facility Carbon Assessment, Fitchner Consulting Engineers Ltd
[86] Waterbeach Energy From Waste Facility Carbon Assessment, Fitchner Consulting Engineers Ltd

15%[87] and a more detailed explanation of the calculation is provided in Section D.2.

6.3.1. LFG Scenarios

Several waste reduction scenarios were considered. For each, the waste per capita as a function of time was multiplied by the projected population to produce a value for total waste. The recycling/composting and landfill fractions remained unchanged and LFG emissions were calculated. Year-on-year reductions of landfill waste per capita of 0% (fixed), 2.28% and 7.39% were considered. The latter two were chosen as they result in a 50% and 90% reduction in waste by 2050 respectively (for reference, waste to landfill has decreased by 1.6% per year over the last 7 years). A fixed value of 10 kt of waste was added to the total to account for commercial landfill contributions; it was assumed that commercial landfill would not decrease with time and that it would have the same composition as the domestic waste.

The extra 50 kt of waste from third parties was not considered in this analysis as its composition is unknown. Given that it is likely to consist of byproducts of industry such as aggregates, the biogenic carbon content will likely be lower than that of the 15% of domestic waste. A tentative estimate of a 5% biogenic content resulted in emissions (under a 68% LFG capture scenario) of 4.2 kt CO_2e, about 10% of the Cambridgeshire County Council waste emissions. However, given the uncertainty in this figure and the fact that the council have little direct control over third parties, LFG emissions from third parties were omitted.

6.3.2. Results

The results of the scenarios are shown in Figure 6.2. The "No capture" scenario indicates that the landfill has the potential to be a considerable source of emissions (130 kt CO_2e which is more than the rest of the waste management sector combined). Using the figure of 5.24 kt CO_2e from Amey Cespa for captured emissions, the resulting emissions are 125 kt CO_2e, again very high with an apparent capture rate of 4% which is significantly below the industry standard.

Given the uncertainty surrounding the figures from Amey Cespa, a "middle of the road" scenario with a LFG capture rate of 68% was considered. This resulted in current annual emissions are 41±15 kt CO_2e with the uncertainty reflecting the likely range of LFG capture percentages of 52% - 75%.

The modelling also shows the significant impact that reduction of waste of to landfill and increase in LFG capture has on the emissions. At present a 5% increase in LFG capture will abate 6.5 kt CO_2e, more than the emissions from the entire waste transport fleet.

A baseline projection situation with the current drop of 1.6% in landfill waste per capita per year will yield 2050 emission of 31±10 kt CO_2e while an ambitious emission

[87] Waterbeach Energy From Waste Facility Carbon Assessment, Fitchner Consulting Engineers Ltd

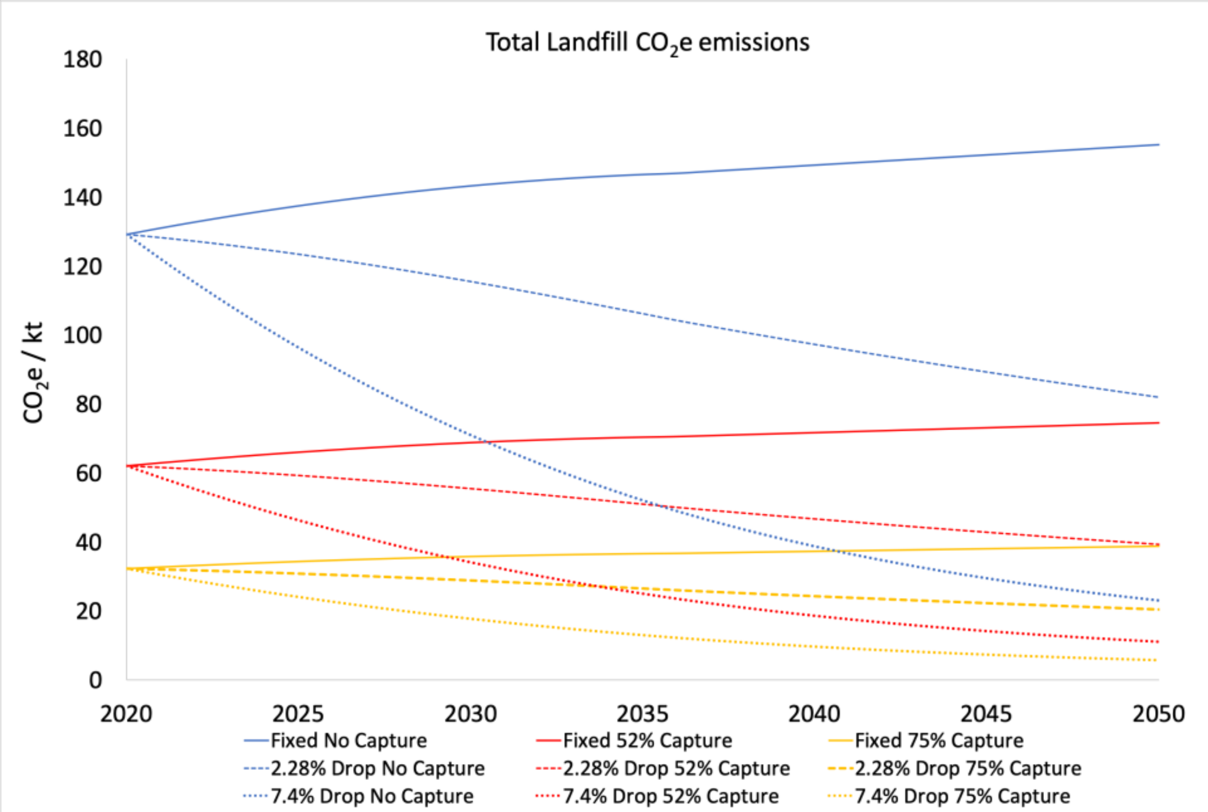

Figure 6.2: Emissions from landfill under different waste reduction scenarios and LFG capture rates. The 75% and 52% capture rates represent the likely upper and lower bounds. Decreasing landfilled waste and increasing LFG capture will both significantly reduce emissions.

reduction scenario (not shown) where LFG capture rises to 85% (the upper bound estimate for current LFG capture rates[88] and landfill waste per capita is halved by 2050 (2.28% drop per year) results in annual emissions of 14.8 kt CO_2e.

A further consideration is the financial benefit of reducing the amount of waste sent to landfill. Every tonne of waste sent to landfill costs £91.35[89] meaning the halving of waste per capita to landfill envisaged in the ambitious scenario would save on average £2.59 m per year from 2020-2050 (£0.1 m in 2020 rising to £5.17 m in 2050, assuming no change to tax). This incentive has not been explored in this report but warrants further research as it could release capital for investment in other mitigation technologies.

6.3.3. Inclusion of Energy From Waste Facility

The proposed Energy From Waste (EFW) facility at Waterbeach could produce emissions of up to 90 kt CO_2e per year by 2050. However, these emissions could be substantially reduced (by 80%) with use of CCS and, provided waste is diverted from the Waterbeach landfill to the EFW, such a facility could offer an

[88] P.3 Review of Landfill Methane Emissions Modelling, Report for DEFRA by Golder Associates,2014
[89] Landfill Tax: increase in rates, HMRC, Published 29 October 2018

alternative to increasing LFG capture rates.

The proposed EFW facility has a capacity of 230 kt per year and so could take all the waste currently sent to landfill by Cambridgeshire County Council, even accounting for population growth. There is however no guarantee of this and therefore, to assess the impact on net carbon emissions three scenarios have been considered where the EFW takes none of the Cambridgeshire County Council waste, 50% of it or 100%.

Operating at full capacity, the net emissions will be 75.8 kt CO_2e in 2025 rising to 89.7 kt CO_2e in 2050. The increase is due to decreasing grid carbon intensity and a detailed explanation of the calculation is given in Section D.3. Implementation of CCS at an 80% capture efficiency (a reasonable level[90]) would reduce the 2050 emissions to 18 kt CO_2e. It should be noted that not all of the emissions will be derived from waste collected by the council, a significant fraction will come from third party sources.

In the scenario where the no county waste goes to the EFW, the EFW's emissions are simply added to the landfill emissions. At the other end of the scale, when 100% of Cambridgeshire County Council waste goes to the EFW, landfill emissions go to 0 and so total emissions simply rise gradually from 75.8 kt in 2025 to 89.7 kt CO_2e in 2050, regardless of efforts to reduce landfill waste. Under 50% scenario, emissions plateau at 118-144 kt CO_2e depending on LFG capture rate. The plots showing the effect of different diversion to the EFW are shown in Appendix D.4 and illustrate the fact that, should the EFW be built and take a significant quantity of waste, CCS will become an ever more important technology while landfill gas capture rate will be of diminished importance.

The optimal solution, from a carbon emissions perspective, would be the diversion of all waste to an EFW fitted with CCS or significant increase in LFG capture.

6.4. Peterborough Energy Recovery Facility

Net annual emissions are currently 14 kt CO_2e and are expected to rise to 21 kt CO_2e by 2050. CCS at 80% efficiency would reduce the 2050 annual emissions to 4.2 kt CO_2e.

Around 96% of Peterborough's waste which is not recycled or composted is incinerated in the Peterborough Energy Recovery Facility (ERF). The ERF handles 85 kt waste per year, of which 44 kt is currently waste collected by Peterborough City Council (PCC). Opened in 2015 and with a 30-year lifetime, the ERF will be operational until 2045 and, with no information available about a replacement, it is assumed it will continue until 2050 or be replaced by a similar facility.

[90] [2005] IPCC special report on Carbon Dioxide Capture and Storage. Prepared by working group III of the Intergovernmental Panel on Climate Change. Metz, B., O. Davidson, H. C. de Coninck, M. Loos, and L.A. Meyer (eds.). Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, 442 pp

The ERF's net annual emissions were calculated to be 14.3 kt CO_2e in 2020 rising to 20.2 kt CO_2e in 2050 (again due to decreasing grid carbon intensity). A detailed explanation is provided in Section D.4.

The ERF's capacity was shown to be sufficient to cater for PCC under several different future scenarios. These included (i) a "worst case scenario" with no change to waste per capita, (ii) a "steady progression" case of 2.3% decrease per year (average annual drop over last 8 years) and (iii) a highly ambitious decrease of 7.4% per year resulting in a a 90% reduction in waste by 2050 relative to 2020 levels. Since waste from PCC has priority at the ERF, it can be safely assumed virtually all non-recyclable waste will be incinerated in the ERF.

6.5. Composting and Recycling Activities

Annual emissions were estimated to be 30 kt CO_2e, reducing under a baseline scenario to 22.5 kt CO_2e by 2050 and under an ambitious scenario to 3.0 kt CO_2e.

The emissions from composting and recycling, both direct and indirect via electricity, are very hard to constrain. The Waterbeach site handles the 180 kt of recycled and composted waste for Cambridgeshire while little information could be found regarding the much smaller quantity (36 kt) of recycled and composted waste for Peterborough.

The Waterbeach site includes a Materials Recovery Facility (MRF) which sorts recyclable waste into different categories and a Mechanical Biological Treatment (MBT) facility which sorts through black bag waste to find other materials which can be recycled. The MBT's CO_2-only footprint was estimated to be 14.4 kt CO_2e per year in 2017.[91] No information could be found for the MRF although it is possible the 14.4 kt CO_2 covers both.

The Waterbeach site has 2 composting facilities: open window composting and in-vessel composting, producing 42 kt of compost per year[92]. These processes involve the production of gases including methane and emissions are highly dependent on the conditions. Flaring of methane does appear to take place based on Environment Agency permit information[93] and information from Amey Cespa[94] but as the data from Amey Cespa requires clarification, it has not been used (further details are provided in Section D.5).

[91] BEIS. (2019).UK local authority and regional carbon dioxide emissions national statistics.Ref AP3339XG.Retrieved from www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-to-2017

[92] Amey Cespa https://wasteservices.amey.co.uk/where-we-work/cambridgeshire/waterbeach-waste-management-park/composting/

[93] Environment Agency Permit No EPR/NP3798VX

[94] Waterbeach Information Request & supporting docuements, from Amey Cespa and made available to Cambridgeshire County Council

Rather than use CO_2-only estimates where there is considerable uncertainty regarding what the data actually covers, emissions were estimated using comparison to national data on the assumption that the County's recycling and composting treatment is broadly representative of the national average. This yielded emissions of 30 kt CO_2e (a more detailed explanation is given in Section D.5).

The uncertainty associated with emissions arising from composting is large and this figure may be lower if significant methane capture and combustion from the compost is indeed in place at the Waterbeach site and this is something that should be investigated.

When considering the future projections, the origin of emissions was assumed again to be 50:50 between methane and electricity usage. The baseline projection increased with population while the electricity component decreased due to lowering carbon intensity yielding 20.45 kt CO_2e. The further ambition scenario also included 95% methane capture resulting in emissions of 2.96 kt CO_2e. The considerable uncertainty in the current emissions value results in uncertainty in these projections too. More detailed explanations are given in Section D.5.

6.6. Other facilities

While the Waterbeach waste processing site and the Peterborough ERF represent the largest waste management facilities, there exist other smaller facilities including several landfills which have been closed for 20 years. Information on these is scarce but their age means the emissions of LFG are will negligible by 2050 and so have not been included.

Milton landfill is a source of 23 kt CO_2e year[95]. This landfill accepts 96 kt of waste of unknown composition per year and captures an unknown fraction of the LFG produced and burns it for electricity generation[96]. Given the lack of further information regarding the landfill, emissions were assumed to remain fixed at 23 kt under the baseline future scenario emissions and were expected to decrease by 75% under the further ambition scenario as a result of a drop in landfill waste production and an increase in LFG capture to 85%. While there is significant uncertainty in this estimates, this source is small relative to other sources in the waste management sector.

6.7. Further work

The biggest sources of uncertainty remain the emissions from the landfill and composting at Waterbeach. Data on the quantity of methane/LFG collected and electricity generated from combustion does exists but, if taken to be correct, would suggest the capture rate is tiny (about 4%). Clarification of these data would significantly reduce the uncertainty in the current and projected emissions and allow decisions to be

[95]BEIS. (2019).UK local authority and regional carbon dioxide emissions national statistics.Ref BV4584IU. Retrieved from www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-to-2017

[96]FCC Environment https://www.fccenvironment.co.uk/waste-processing/landfill/milton/

made regarding necessary abatement efforts. Therefore, these lines of inquiry should be renewed as a matter of urgency, particularly as the possible emissions could be very high.

Furthermore, any new contracts with landfill and composting operators should require a high level of LFG/methane capture as well as rigorous monitoring regimes to ensure these requirements are met.

It is also acknowledged that there may be other waste management facilities such as landfills in Cambridgeshire and Peterborough which would increase the total emissions from this sector. The analysis discussed in this section and the model which will be passed to CCC could be used to assess the impact such facilities. Furthermore, the suggested mitigation techniques of significant methane capture and rigorous monitoring standards would also be applicable.

6.8. Conclusions

- Current emissions in the waste management sector are 129 kt CO_2e per year (107 kt CO_2e when removing values counted elsewhere)
- Under a baseline scenario, where the dominant reduction mechanism is grid decarbonisation, emissions fall to 113 kt CO_2e per year by 2050 (90 kt CO_2e when removing emissions counted elsewhere.
- Under the ambitious scenario emissions fall to 29.3 kt CO_2e.

While there is considerable uncertainty in several areas, this assessment has provided a first estimate of the emissions of the waste management sector. The breakdown of the different emission sources and their possible values under Baseline Scenario and the 2050 Ambitious Scenario is shown below. The key areas for mitigation efforts are:

- Increase in LFG capture and compost methane capture at the Waterbeach landfill.
- Electrification of waste transport vehicles.
- Deployment of CCS for all incineration facilities.

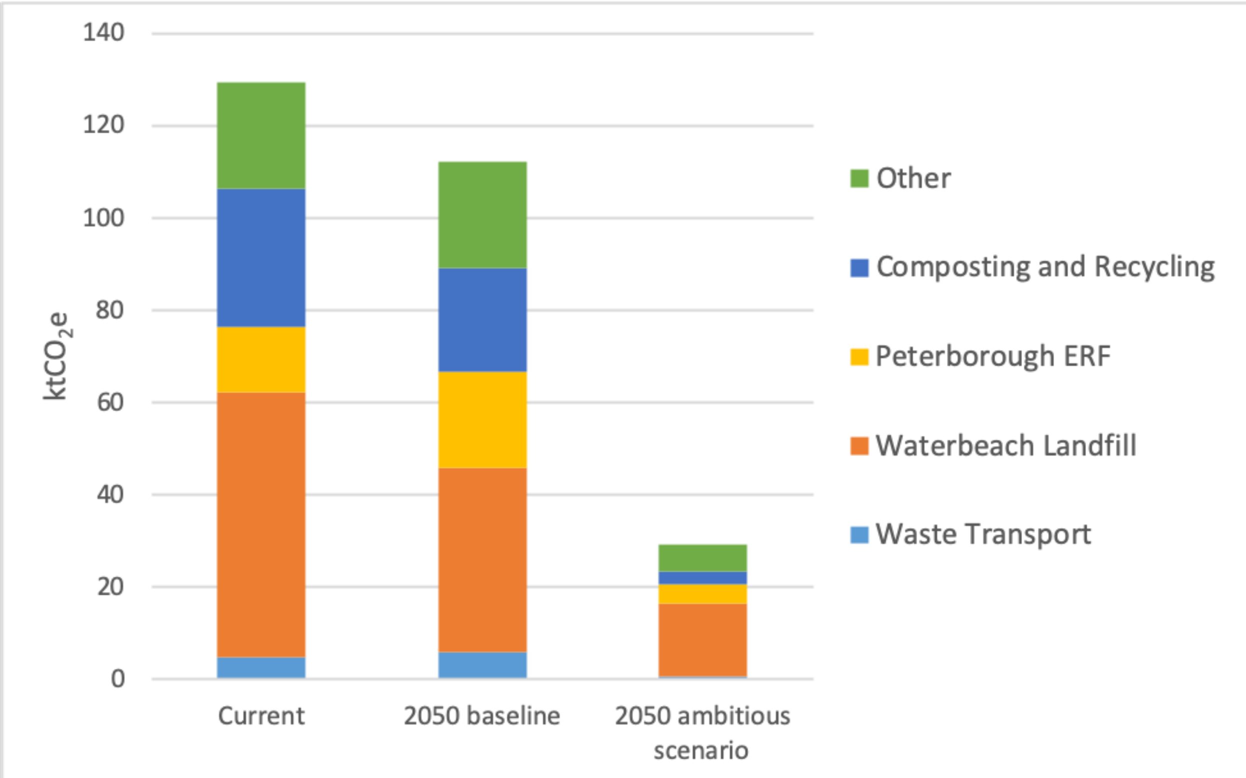

Figure 6.3: Breakdown of sources of emissions in waste management sector. To provide a comprehensive overview, this includes emissions which might fall under other categories (e.g. waste transport) and this does not include any contribution from the Waterbeach EFW

7. Afforestation

Author: James Weber

Afforestation in Cambridgeshire has the potential to deliver abatement at a cost of £15-50 per tonne CO_2e and has the potential to play a significant role in ensuring the County reaches its net-zero target.

Afforestation has been identified as a key avenue for reducing net carbon emissions in Cambridgeshire. A recent paper in the journal Science stated "*The restoration of trees remains among the most effective strategies for climate change mitigation*"[97]. The Committee on Climate Change Net Zero report identified an afforestation target of 20,000 hectares per year increasing to 27,000 by 2025[98] while over the last 10 years, the UK has managed only 1/3 of that. Since 2000, around 250,000 trees have been planted in Cambridgeshire for reasons ranging from community benefit (e.g. community orchards) to Forestry Grant Schemes. In contrast to Direct Air Capture (DAR) and Carbon Capture and Storage (CCS), afforestation does not require infrastructure to transport captured CO_2. In addition to sequestering CO_2, afforestation, when properly planned, can enhance biodiversity and and inhibit soil erosion while also benefiting the public by providing places for exploration and recreation. Programmes in Scotland increasing the public's interaction have been shown to help contribute to positive mental health in a cost-efficient manner[99]. This section explores the ability of afforestation to contribute to Cambridgeshire's goal of reaching net zero carbon emissions by 2050.

The main conclusions from the study were:

- Over a 30 year period, average sequestration of 5-13 t CO_2 per hectare per year is possible (depending on tree species).
- The abatement cost over a 30-year period is competitive at £15-30 per tonne CO_2 (including revenue from timber sales) with further decreases possible in the case of increasing timber prices.
- The non-linear behaviour of tree growth means the sooner the trees are planted, the greater the annual sequestration will be in 2050 and the more sequestration can take place before then (the most climatically relevant metric is total sequestration, rather than just net zero by 2050).

7.1. Afforestation Methodology

The key metrics for afforestation are abatement cost (cost per unit of CO_2 removed from the atmosphere) and cumulative sequestration (the amount of CO_2 removed from

[97]Bastin et al., Science 365, 76-79 (2019)
[98]P.12 Committee on Climate Change. (2019) Net Zero Technical Report
[99]Branching Out, Scottish Forestry https://forestry.gov.scot/forests-people/health-strategy/branching-out

the atmosphere over a period of time less any CO_2 emitted by the act of afforestation). The method for calculating these values is presented below.

The approach taken in this study is relatively simple and includes several assumptions which are identified. All trees are planted in the year 2020. It is acknowledged that this may not be entirely practical but the differences introduced by planting over several years are within the calculations' uncertainty. The toolkit and data (hereafter "the model") used in the calculations will be provided to CCC separately along with instructions for its use. The model is designed to be easy to use and further complexity can be added (for example, the abatement cost and cumulative sequestration for a planting scheme which occurs over several years can be calculated); in short, it provides a framework for further exploratory work.

It should be noted that that the calculated abatement costs do not include the costs of finding suitable land, planning the planting and long term staffing costs (land management costs are included). Including an additional £75,000 a year for staffing raised abatement costs by around £2-3 per tonne CO_2e but, as staffing costs are unknown, this cost was not included in the following final values. However, all major costs have been included and, to offset additional unforeseen costs, a conservative approach has been taken overall.

The methodology was as follows.

1. A particular tree species or mixture of tree species was chosen for a given area of land. For this study an area of **3,000 ha** (30 km^2 or 11.7 sq. miles) was chosen. This area represents 1% of the land in Cambridgeshire and 1/3 of all agricultural land in the Cambridgeshire County Rural Estate. For context, if the 250,000 trees planted in Cambridgeshire had been spaced between 1.5m and 3m part (standard distances for afforestation), they would have occupied between 225 and 900 hectares.

2. The parameters of tree spacing, soil type, yield class for each tree species for Cambridgeshire's climate (obtained using a reference location in rural Cambridgeshire[100]) and management regime (no thinning or 5-yearly thinning) were specified.

3. Using the data from the Carbon Trust Sequestration calculator[101], cumulative sequestration of CO_2 over time was calculated. To these values a 20% reduction was applied to account for model uncertainty[102]. Then a further reduction was made to account for the loss of CO_2 sequestration from the vegetation that the trees replaced

[100] www.forestdss.org.uk/geoforestdss/

[101] Woodland Carbon Code - Carbon Calculation Spreadsheet https://www.woodlandcarboncode.org.uk/standard-and-guidance/3-carbon-sequestration/3-3-project-carbon-sequestration#accountingforpcs

[102] Woodland Carbon Code - Carbon Calculation Spreadsheet https://www.woodlandcarboncode.org.uk/standard-and-guidance/3-carbon-sequestration/3-3-project-carbon-sequestration#accountingforpcs

and the emissions from the process of establishing the trees. The result was the **total project carbon sequestration**.

4. As the quantity of CO_2 sequestered per year varied with tree age, an average abatement cost (£ per tonne CO_2) over a period of years was calculated. Given the focus of this report is CO_2 reduction to 2050, a 30-year period (2020-2050) was chosen.

5. To calculate the cost of the project, the following factors were considered:

- Planting (£1,250 per ha[103])
- Maintenance (£150 per ha per year in no thin, thinning scenarios had an additional £1000 per ha every 5 years (estimated))
- Tree costs are taken from a wholesale tree supplier Trees Please[104]
- Financial support available from the TE4 Woodland Capital Grants scheme[105] at the current rate of £1.28 per tree, up to £6,800 per ha.

In terms of land costs, 3 scenarios were considered:

I. Rental of CCC Rural Estate land where a rent of £327 per ha per year[106] (no inflation adjustment made) is assumed for 30 years. The CCC Rural Estate rental cost is higher than the East of England average rate (on a Full Agricultural Tenancy Agreement) at a cost of £240 per hectare.[107]
II. Purchase of Grade 3 farmland at a cost of £7,500 per acre.[108]
III. Purchase of grazing land at a cost of £4,950 per acre.[109]

It is acknowledged that a one-off purchase of a large quantity of land is unlikely without a loan. The effect to the abatement cost under such circumstances can be readily calculated if the interest rate, yearly repayments and length of loan is known. Therefore, the abatement costs for the land scenarios II and III are likely to be lower bounds. Other scenarios such as rental from private land owners can also be modelled very easily.

6. To offset the cost of the land and thus reduce the abatement cost, revenue from timber sales was calculated and factored into the abatement cost. To calculate the quantity of timber, the yield class of the trees (average volume of wood produced by a tree species per ha per year) was used. Multiplying the duration of tree growth by the yield class gives the volume of wood per hectare. To account for the fact that the annual yield will be lower than average for the early stages of tree growth and for other unforeseen costs, the total wood yield was *halved* to produce a more conservative estimate.

[103] Read, D.J., Freer-Smith, P.H., Morison, J.I.L., Hanley, N., West, C.C. and Snowdon, P. (eds). 2009. Combating climate change - a role for UK forests. An assessment of the potential of the UK's trees and woodlands to mitigate and adapt to climate change. The Stationery Office, Edinburgh.
[104] treesplease.co.uk
[105] www.gov.uk/guidance/woodland-capital-grants-2015-tree-planting-te4
[106] Hugo Mallaby, Cambridgeshire County Council
[107] Defra Farm Rents 2017-18 England
[108] Savills, GB farmland values 2017, Outlook and Historical Context
[109] Savills, GB farmland values 2017, Outlook and Historical Context

It is important to note that the overall abatement cost therefore assumes the trees are felled after 30 years and the wood is not burnt or allowed to rot. Using the wood in construction would be a good option. However, should the trees not be felled at 30 years, they will continue to sequester CO_2 and abatement costs for felling at a later date can be readily calculated.

There is considerable uncertainty in future timber price. Timber prices do fluctuate yet have shown longer-term growth.[110] Over the last 5 years average prices for coniferous wood sold standing (where the purchaser has the responsibility of felling the trees) rose by 85% in real terms and over the last 20 years they have risen by 130% in real terms. It is likely that other events in the future such as enhanced afforestation efforts on a national level driven by government incentives, a rising population and a greater drive to use more sustainable materials such as wood in construction over concrete will affect timber prices. To investigate the final abatement cost sensitivity to this uncertainty, calculations have been done for three scenarios:

I. Current timber price[111]
II. Double current timber price
III. Half current timber price

The timber prices referred to above are for softwood (pine, spruce etc.) which makes up 80% of the wood grown for industry in the UK. Information for standing sales prices of hardwood (oak, sycamore, aspen, birch etc.) was not found. Therefore, for this exercise, the hardwoods were assumed to have the same price as the coniferous wood (softwoods) as the actual difference between two is likely to be smaller than the model uncertainty.

Furthermore, in this approach it is assumed that the timber can be readily sold. Even with anticipated demand for more sustainable construction, it is uncertain whether national demand for timber will meet the large quantity of trees expected if afforestation becomes more popular. Markets overseas may be an good option, particularly where urbanisation is happening at a rate greater than in the UK. Of course, the transport of wood would bring with it carbon emissions and this is something would need to be considered in more detailed scenarios.

Therefore, the overall equation for calculating the abatement cost, AC, could be expressed as:

$$AC = \frac{\text{(trees + planting + land + management) - (government grant + timber sales)}}{\text{Cumulative net } CO_2 \text{ sequestration}}$$

In fact the land costs and timber sales were the most influential factors in the abatement cost.

[110] Timber Prices Indices, Data to March 2019, Forestry Commission
[111] Timber Prices Indices, Data to March 2019, Forestry Commission

There are three further points about this abatement cost. Firstly, it should be noted that the abatement cost does not include any carbon price. It is not inconceivable that, under increasing pressure to mitigate climate government, the Government introduces a payment system where efforts to sequester of CO_2 are remunerated. Should this happen, the abatement costs would decrease further.

Secondly, in the case of renting land either from the CCC Rural Estate or other farmland, the difference between the cost of abatement or total net project cost and the annual cost should be noted. This difference arises because the revenue from timber sales is only received at the end of lifecyle. The annual cost is dominated by land rental and maintenance costs since the planting and tree costs are substantially reduced by the TE4 Government grant. Under a scenario of Sitka Spruce afforestation (see Scenario 1 below) on the CCC Rural Estate (£327 per ha per year) with a maintenance cost of £150 per ha per year, the annual cost is £477 per ha per year or £1.43 m per year, totaling £42.9 m over the 30 years. However, the net project cost is £25.8 m with the reduction arising from timber sales in at the end of the 30 years. While the costs of afforestation are more spread out compared to other mitigation strategies such as large scale infrastructure investments in transport, such a delay in final remuneration would make exploring other financing options worthwhile. These might include agreeing to sell the timber at fixed price several years before it is ready via an advance payment so some of the value can liquidised earlier. An another option would be instruments such as futures contracts which, while not providing funds at an earlier date, would provide greater certainty about the Council's long term planning.

The abatement cost for a longer period of time (for example a 40 or 50 year cycle) is likely to be similar, if not lower than the 30 year cost as annual abatement for years 30-50 is higher than for at least the first 10 years of a tree's life. However, employing a longer lifecycle would mean the revenue from sales would be realised at a later date.

8. In addition to the abatement cost, two further metrics were considered to assess the long term impact of afforestation and the impact in the year 2050:

- **Cumulative sequestration** - total net CO_2 sequestered over the period 2020 to 2050.

- **2050 sequestration** - net sequestration possible in the year 2050 assuming planting in 2020.

The **cumulative sequestration** provides information about term long term impact. As a measure of efficacy, the cumulative sequestration as a fraction of the county's total emissions over the period 2020-2050 was also calculated (see Table 8.1).

The **2050 sequestration** was used to assess the level of required afforestation to offset the remaining emissions from the other sectors. This is explained in Section 8. The toolkit from the Woodland Carbon Code (WCC) provided cumulative sequestration over 5 year periods (1-5, 6-10 etc) and so to calculate the annual sequestration in 2050, the value for the years 26-30 was divided by 5. Thus the 2050 sequestration is an average annual sequestration for the years 26-30 and so would provide an accurate value should tree planting commence as late as 2024.

7.2. Results

Seven scenarios (S1-S7) were considered which spanned a range of different tree species and considered the management regimes of 5-yearly thinning or no thinning at all (full details in Section E).

- S1 Sitka Spruce, no thinning
- S2 Native woodland mixture*, no thinning (WCC Standard Example 2)
- S3 Sitka Spruce, 5-yearly thinning
- S4 Native woodland mixture*, 5-yearly thinning
- S5 Corsican Pine, no thinning
- S6 Oak, no thinning
- S7 An equal distribution of Alder, Aspen and Sycamore, no thinning

*Native woodland comprises a mixture of Oak, Sycamore, Birch, Aspen, Alder, Rowan & Willow (see Section E)

Several other tree species were considered and the Woodland Carbon Code toolkit allows hundred of options (different spacings, tree mixtures, management regimes) to be considered. The trees chosen are reasonably amenable to Cambridgeshire's climate and the scenarios represent two general approaches to afforestation. The Sitka Spruce, Corsican Pine and Alder/Aspen/Sycamore mix represent high intensity CO_2 sequestration approaches; few species were able to produce more sequestration than the Alder/Aspen/Sycamore mix. However, planting monocultures can bring problems for biodiversity so a native woodland mixture of Oak, Sycamore, Birch, Aspen, Alder, Willow and Rowan was considered alongside an Oak-only scenario. The results from the scenarios are broadly additive and so trees from the different scenarios could be mixed.

The cumulative net sequestrations of the seven scenarios is shown in Section 7.1. The errors bars have been include for one species to provide a sense of the uncertainty in the model.

The key metrics for the different scenarios are shown in Table 7.1. For completeness, this table also shows the abatement cost if there were no sales of the timber. It also shows the approximate fraction of total county emissions from 2020-2050 which could be offset by afforestation should planting occur in 2020.

Scenarios S3 and S4 had the highest abatement costs due to the higher management costs of thinning and lower sequestration resulting from the removal of a fraction of the trees.

The abatement costs on CCC Rural Estate were very similar to those calculated base on the purchase of grazing land but Grade 3 farmland resulted in an abatement cost

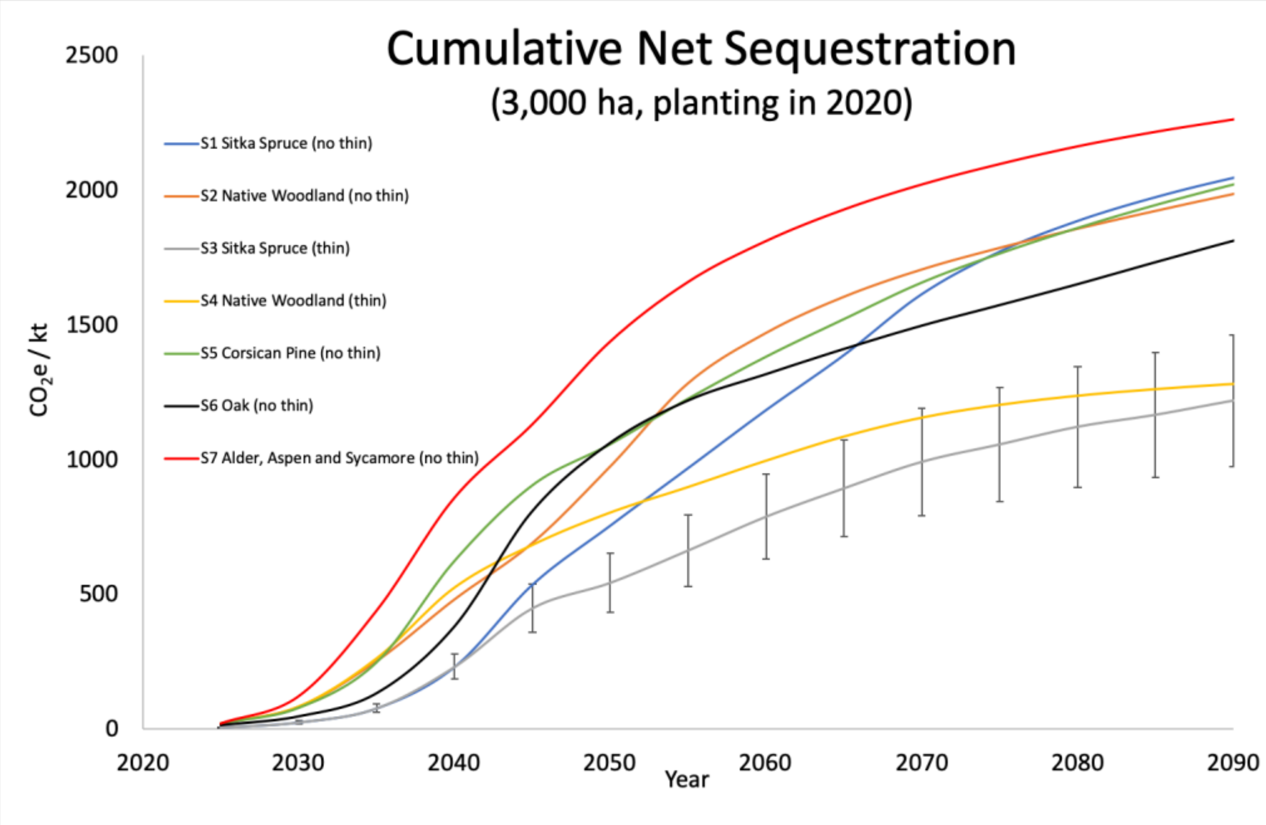

Figure 7.1: Cumulative net sequestration for the 7 scenarios without clearfell at 30 years. Sequestration is slow in early years but accelerates. Errors bars have been included for one scenario to provide an idea of the uncertainty in the model.

Table 7.1: Abatement cost, Cumulative Sequestration and 2050 Sequestration (* on CCC Rural Estate, ** total county emissions 2020-2050 assuming 5% year-on-year drop)

Scenario	Abatement cost* / £ per t CO_2 (AC if no timber revenue)	Cumulative Sequestration / kt CO_2 (% of total emissions**)	2050 Sequestration / kt CO_2
S1	34 (57)	755 (1.2%)	44
S2	35 (39)	975 (1.6%)	56
S3	80 (112)	542 (0.9%)	19
S4	65 (76)	753 (1.2%)	22
S5	22 (35)	1056 (1.7%)	30
S6	32 (34)	1061 (1.7%)	51
S7	20 (24)	1438 (2.3%)	61

roughly twice as large. It should also be reiterated that the CCC Rural Estate rental value of £327 per ha per year is larger than the East of England of average (£240 per ha per year) and so the abatement cost calculated for the EoE average is lower, ranging from **£15/ t CO_2e for S5 and S7 to £35/ t CO_2e for S4**.

The abatement costs (including effects of varying timber price), cumulative sequestration and 2050 sequestration are shown in Fig 7.2. Overall Alder, Aspen and Sycamore (planted at 3m spacing) produced the greatest cumulative sequestration and, along with Corsican Pine, the lowest abatement cost of around £20 per t CO_2. This is close to the value estimated in the Committee on Climate Change Net Zero Report of £12 per tonne CO_2e[112].

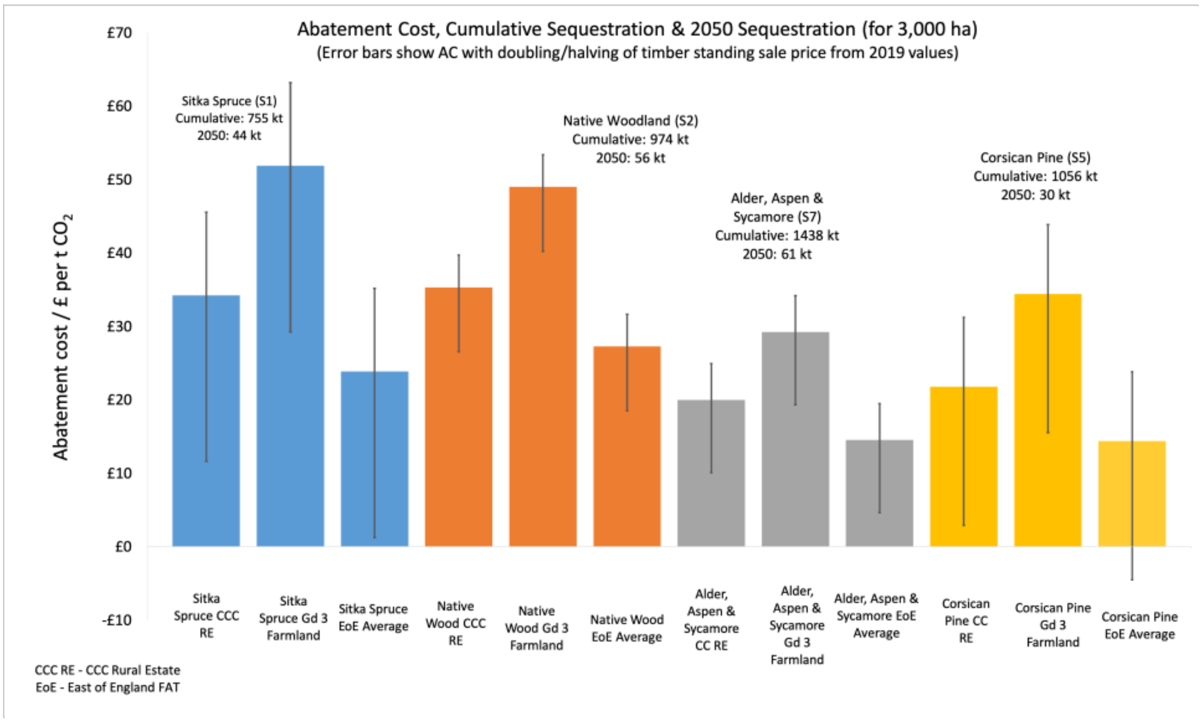

Figure 7.2: Comparison of 4 afforestation scenarios. The Alder, Aspen & Sycamore option delivers the greatest Cumulative and 2050 Sequestration.

7.3. Conclusions

Based on the results, the Alder/Aspen/Sycamore mix would appear to be the best option and should form a significant part of any afforestation effort. However, there are several other factors should be considered.

Any afforestation project should seek the advice of the **Woodland Carbon Code** (the supplier of the data used in this report) who will be able to provide further guidance regarding the best options for an afforestation strategy which maximises carbon sequestration but also preserves biodiversity and other important environmental aspects.

The sequestration of carbon in soil is also an important contributor to total sequestration and depends on the type of land used for planting and is generally higher when planting a mixture of native trees than mono-cultures. For example, following the guidance of the WCC, soil carbon sequestration is included in the sequestration totals

[112] Committee on Climate Change. (2019) Net Zero Technical Report

for the native woodland mixtures S2 and S4.

To maintain biodiversity, a mixture of trees in at least some locations should be planted. Planting a diverse range of species can help mitigate against the effect of disease as some species may be resistant. The Native Woodland mixture scenario contains only 20% Sycamore; increasing the sycamore fraction at the expense of some of the other slower growing trees such as Oak would result in greater sequestration and lower abatement costs. Working with an ecologist to maximise biodiversity and carbon sequestration would be vital.

It would also be prudent to ensure a significant fraction of the trees planted are softwoods (Sitka Spruce, Corsican Pine etc.) since demand for such trees is more likely to be steady, if not increasing, given their importance in the construction industry and the drive for more sustainable construction where the substitution of steel and concrete for wood is expected to play a major role. A more detailed analysis of the potential revenue of from any trees planted is vital for any potential project.

It should also be noted that afforestation will need to compete with other land uses. Future climate change is likely to make land less productive[113] and increasing population will place a higher demand on land for agricultural output. Afforestation's effect on the water table, already an important an issue in parts of Cambridgeshire[114] must also be considered.

Finally, the modelling presented in this chapter is relatively simple but provides a strong basis for planning more realistic and sophisticated afforestation projects. Such projects could include mixing tree species, staggering planting and developing an efficient business plan to maximise return from timber sales. Furthermore, work could be done with other land users, such as farmers, to ensure afforestation brings them benefits as well; for example, selecting trees which will return more nutrients to the soil or reduce soil erosion. Further collaboration on exploring the potential afforestation would be welcomed by the author and the model created for this study, instructions for its use and all supplementary information will be provided to CCC.

[113]IPCC. (2019).Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems

[114]Environment Agency Monthly Water Situation Report, East Anglia, August 2019

8. Net Zero: Closing the Gap

Even using ambitious assumptions, it is clear that certain sectors have emissions that are very hard to abate by 2050, which leaves a residual 594 ktCO2$_2$ of annual emissions from Cambridgeshire and Peterborough. The Committee on Climate Change also found this to be the case for the whole UK, noting that agriculture, aviation, heavy industry and certain hard-to-decarbonise homes remain as net GHG sources even in their "Further Ambition" scenario in 2050.[115] In Cambridgeshire, the breakdown for the 2050 Ambitious Scenario is shown in fig 8.2. As there is relatively little heavy industry and very little aviation in the county, the most significant remaining emissions are from agriculture, accounting for 40% of emissions in the 2050 Ambitious Scenario. This is followed by commercial services and industry (23%) and domestic housing (19%).

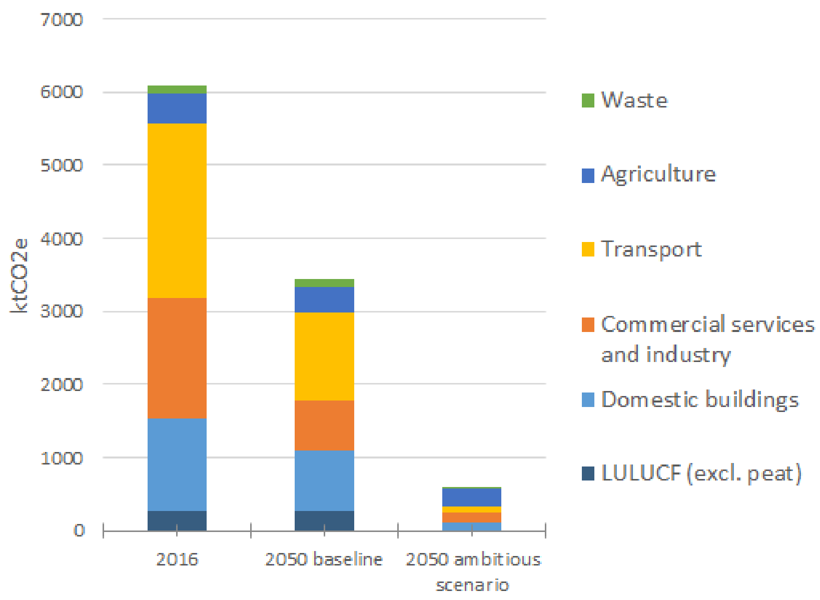

Figure 8.1: GHG emissions by sector in the 2050 Ambitious scenario. LULUCF is Land Use, Land Use Change, and Forestry

As per the methodology in the Committee on Climate Change Net Zero report, 4 pathways are proposed for Cambridgeshire to go further than the 2050 Ambitious Scenario and reach net zero or net negative GHG emissions by 2050: afforestation, carbon capture and ctorage (CCS), demand reduction and future technologies. In reality, any number of combinations of negative emissions technologies (NET) and more speculative abatement actions could extend the county to net zero or net negative emissions.

It is also necessary to highlight here the situation posed by peatland emissions, explored in detail in section 4.2. This could hugely change the magnitude of the problem in Cambridgeshire - emissions from peatland could double the current emissions inventory and completely dwarf the residual emissions in the 2050 Ambitious Scenario. This presents a very different and relatively unique challenge for Cambridgeshire, and it is inconceivable it could be tackled without intervention from national government. From

[115]CCC. (2019). Net Zero: The UKs contribution to stopping global warming.

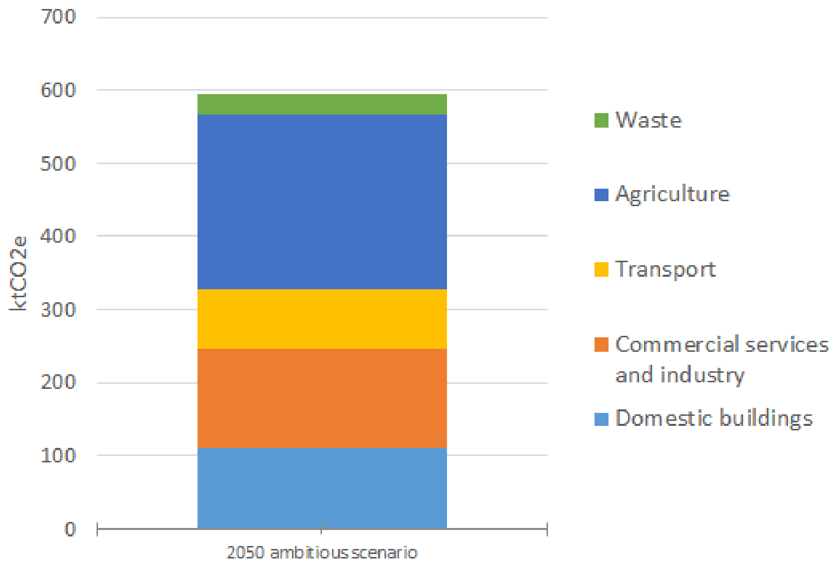

Figure 8.2: Ambitious sceenario breakdown by sector

here on it is assumed that the county is aiming for net zero by the current accounting methods, excluding peatland emissions. This being said, further research is urgently needed in this area and peatland preservation and restoration should be a top priority for Cambridgeshire and Peterborough.

8.1. Afforestation

Abating 596.4 kt CO_2e in 2050 would require afforesting an area of around 34,000 ha, roughly 11% of all the land in Cambridgeshire and nearly three times the area in the CCC Rural Estate within the next 5 years. This has been calculated based on an equal split of scenarios S1 (Sitka Spruce), S2 (Native Woodland) and S7 (Sycamore). 34,000 ha of such a mixture would produce the abatement required in the year 2050 at an average abatement cost of £23.74 per t CO_2 (assuming planting 1/3 on CCC Rural Estate and 2/3 private farmland at the East of England average farmland rental value, no change to timber price). The annual cost of such afforestation would be around £14.3 m per year with the predicted revenue from timber sales upon clearfell resulting in a net project cost of £262 m. While a considerable cost, it is important to note that such a level of afforestation would sequester around 11,700 kt CO_2 over the 30 year period. To put this in perspective, this would be around 11% of the County's total emissions from 2020 to 2050 (based on a linear decrease in emissions to the 2050 ambitious target). Therefore, while more expensive overall than the Direct Air Carbon Capture and Storage (DACCS) proposed in Section 8.3, afforestation would sequester considerably more carbon in total (the most climatically relevant metric) and the cost to maintain net zero emissions in the years after 2050 would be much less than that for DACCS.

8.2. Bioenergy with Carbon Capture and Storage

Bioenergy is the generation of electricity or heat from the burning of biogenic material. This includes the burning of waste from agriculture or industries such as the paper and pulp industry, or dedicated energy crops. In emissions inventories, the burning of biogenic material is considered carbon neutral, despite the fact the at the point of burning, there is CO_2 produced. This is because all the carbon in plants has all been sequestered from the atmosphere during the plant's life. The assumption that bioenergy is therefore carbon neutral relies on several conditions: the crops must be regrown continuously after being harvested, and must not displace a greater carbon sink such as primary forest or peatland.

Assuming that these conditions are met, it is possible to make bioenergy emissions net-negative if a bioenergy plant is fitted with CCS, which is then known as BECCS. The Committee on Climate Change estimates that BECCS (excluding biomethane) can be achieved at a total marginal cost of £158 / tCO_2 in 2050.[116] It is not clear how exactly the local emissions accounting will work - for example, the negative emissions from crops grown and burned at a bioenergy plant in Cambridgeshire, but stored in the north sea off Scotland, could be counted only in Scotland. Having said this, assuming that in this situation the negative emissions can be attributed to Cambridgeshire, this could be a part of the NET mix to offset the residual emissions in the 2050 ambitious scenario.

If the entire residual emissions in 2050 were offset by BECCS (excl. biomethane), then the marginal cost would be an estimated £90 million per year. However, this is highly unlikely to be either possible or advisable, due constraints on land use. It is estimated that 0.1-0.4 hectares of land for dedicated energy crops are required per tonne of CO_2 removed, which even at the lower bound is likely to give a worse return per hectare than afforestation.[117] Similarly to afforestation, bioenergy should not be deployed at the expense of food production, although if land is freed up by increases in efficiency, reduction in food waste, and diet change away from land intensive meat and dairy, this could present an opportunity. Land use change (LUC) emissions must also be considered: if it involves the degradation of existing carbon sinks such as peatland, which is a particular concern for Cambridgeshire. BECCS or indeed afforestation must not be carried out on land which could absorb the same or even more carbon by restoration and rewilding, which have the co-benefits of increased biodiversity. Having said this, BECCS from waste or sustainable biomass should not be ruled out from playing a part in the NET mix required to reach net zero.

8.3. Direct Air Carbon Capture and Storage

Another strategy for CCS is Direct Air Carbon Capture and Storage (DACCS): rather than purifying CO_2 from waste combustion gases, it can be captured directly from the atmosphere. This is much more expensive and energy intensive, as CO_2 in the is currently only 0.04% of the atmosphere, compared to 70+% in oxy-fuel combustion waste

[116] CCC. (2019). Net Zero: The UKs contribution to stopping global warming.

[117] Fern. (2018). Six Problems with BECCS. https://www.fern.org/fileadmin/uploads/fern/Documents/FernBECCSbriefing_0.pdf

streams.[118]. Nevertheless, if there are not sufficient combustion sources that CCS can be applied to, direct air capture is technically possible and is estimated by the Committee on Climate Change to have a marginal cost of £300/tCO_2e. [119] To abate the entire residual emissions in Cambridgeshire would then cost £178 m per year. DACCS is very expensive, requires vast amounts of clean energy, and has not been demonstrated at scale.

8.4. Demand Reduction

Another route to decrease emissions is by demand reduction. This can be achieved by better energy and resource efficiency, and societal behaviour change to decrease demand for emissions intensive products such as red meat. This second area is less directly linked to local emissions from Cambridgeshire as many products consumed in Cambridgeshire are manufactured elsewhere. However, emissions savings can be made through even more ambitious energy efficiency in homes and businesses, further diet change nationwide (and internationally) to reduce demand for red meat and dairy from Cambridgeshire. There is also the scope to reduce demand for land area which could allow increased peatland restoration.

8.5. Future Technologies

Finally, it is not possible to foresee the extent to which technology will develop between now and 2050. Areas where new technology could reduce emissions beyond the 2050 Ambitious Scenario include higher CCS capture rates (currently assumed to be only 80-90%), and carbon-neutral synthetic fuels made from CO_2. Carbon capture is currently an emerging industrial sector and if deployed widely, there is the potential for the technology to develop to an efficiency at which higher capture rates are economically viable. Synthetic fuels produced from captured CO_2 are hugely expensive both thermodynamically and economically, making them at this time a less desirable option than other currently available abatement options. Huge advances in renewable energy and synthetic fuel production are required to make them more a more credible option.

[118]Porter, R. T. J., Fairweather, M., Pourkashanian, M., & Woolley, R. M. (2015) The range and level of impurities in CO2 streams from different carbon capture sources. International Journal of Greenhouse Gas Control, 36, 161–174. https://doi.org/10.1016/J.IJGGC.2015.02.016

[119]CCC. (2019). Net Zero: The UKs contribution to stopping global warming.

Appendix

A. Domestic Buildings Forecasting Assumptions

There are several assumptions made in order to forecast the domestic energy demand and emissions. This appendix lists all assumptions, and identifies assumptions relevant to each of the three forecasting scenarios.

1 All domestic emissions arise from electricity, gas and residual fuel use. This forecast makes no attempt to capture the embodied carbon of the housing stock, or consumer goods in the domestic sector.

2 Household numbers increase linearly from 2041 (the final year of the ONS forecast).

3 New builds (or demolitions as the case may be) reflect the changing number of households.

4 Discrepancy factor between actual demand and EPC approximated demand calculation = (Actual demand 2017) / (EPC-based demand 2017).

5 EPC-based demand is calculated using the proportion of total buildings in each band, multiplied by the average energy demand in each band.

6 The national electricity and gas demand trend is the same as the Cambridgeshire and Peterborough energy demand trend.

7 Electricity and gas demand follow their respective FES Steady Progression forecast year-on-year trends.[120]

8 Residual fuel demand follows the FES Steady Progression forecast year-on-year trend for natural gas.

9 Carbon intensities of natural gas, petroleum products, coal and manufactured solid fuels do not change over time.

A.1. Assumptions for Scenario 1: Business as Usual

1 Energy demand depends only on confirmed national policies; no local authority initiatives are implemented

A.2. Assumptions for Scenario 2: Net Zero

1 90% of all non-electric domestic heating is transferred to electricity - 10% of hard-to-decarbonise homes remain on the gas grid (in accordance with the Committee on Climate Change Net Zero Further Ambition scenario).[121]

[120]National Grid ESO. (2019). Future Energy Scenarios.

[121]Committee on Climate Change. (2019). Net Zero – The UK's contribution to stopping global warming. Retrieved from www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/

2 All those homes with electric heating go onto low carbon heating, with an SPF of 3.58 (as assumed in Committee on Climate Change Further Ambitions).

3 The conversion to low energy heating is implemented in 2020 and progresses linearly to 2050.

4 Energy efficiency measures are deployed starting in 2026, representing a 25% decrease in total energy demand by 2050 as a result of fabric efficiency measures (as assumed in Committee on Climate Change Further Ambitions).

5 The energy efficiency of a gas boiler is 85% (as assumed in Committee on Climate Change Further Ambitions).

A.3. Assumptions for Scenario 3: Middle

1 All new builds are built to EPC level A starting from 2020

2 All existing homes below EPC level C are retrofit to EPC level C over 10 years beginning in 2020

3 Local authority policies to improve housing stock affect gas, electricity and residual demand over and above the national trend (based on FES forecasts).

4 No additional effort is made to reduce residual fuel demand.

B. Transport Modelling Methodology and Assumptions

B.1. Vehicle Kilometres

Car vehicle kilometres for Cambridgeshire and Peterborough from 2005-2018 are obtained from the Department of Transport.[122] LGV, HGV and Motorcycle vehicle kilometres for the East of England[123] from 2005-2018 are scaled for Cambridgeshire and Peterborough using total vehicle kilometres for Cambridgeshire and Peterborough.[124] Vehicle kilometers are projected to 2050 using forecasts from the Road Traffic Forecasts 2018, which gives car, LGV and HGV vehicle kilometers for the East of England to 2050.[125]

Car, LGV, HGV and Motorcycle vehicle kilometres have been approximated at the district level within Cambridgeshire based on the number of car registrations within that district.[126] Car registrations are assumed to remain proportional to population and have

[122] Department for Transport, Table TRA8905 Car vehicle traffic (vehicle kilometers) by local authority
[123] Department for Transport, Table TRA0106 Road traffic by vehicle type and region
[124] Department for Transport, Table TRA8906 Motor vehicle traffic (vehicle kilometers) by local authority
[125] Department for Transport (2018), Road Traffic Forecast, Reference Scenario 1
[126] Department for Transport, All vehicles (VEH01) VEH0105: Licensed vehicles by body type and local authority: United Kingdom

been projected to 2050 using population predictions from Cambridgeshire insights.[127]

Bus vehicle kilometres have been predicted using mode shares of trips to work estimated from the 2011 census and scaling this with car vehicle kilometres.[128] This gives a breakdown of bus kilometres at a district level, which is important as bus kilometres are more variable across districts.

B.2. Passenger Kilometres

Passenger kilometres for cars and buses are obtained by scaling the vehicle kilometres by an average load factor which is the average occupancy within the vehicle. For cars the load factor is 1.6[129] and for buses it is 9.6.[130]

B.3. Vehicle Fuel Efficiency

- **Cars** - The types of passenger cars in Cambridgeshire and Peterborough and the fuel efficiency of petrol, diesel and hybrid cars is obtained using MOT and Vehicle Certification Agency (VCA) data as well as real world fuel consumption estimates.[131] It is assumed that fuel efficiency improves by 28% for petrol cars, 19% for diesel cars and 19% for hybrid cars between 2015 and 2050.[132] The fuel efficiency of electric vehicles is calculated using an average miles/kWh value from the VCA[133] combined with the energy intensity of the grid.
- **Buses** - Bus fuel efficiency is reported by Stagecoach.[134] It is assumed that fuel efficiency improves by 12% between 2015 and 2050.
- **LGVs** - Fuel efficiency comes from the UK Inventory report[135]. LGVs are assumed to have the same rate of fuel efficiency improvement as cars.
- **HGVs** - Fuel efficiency comes from the UK Inventory report. It is assumed that fuel efficiency improves by 12% and 21% for rigid and articulated HGVs respectively between 2015 and 2050.
- **Motorcycles** - Fuel efficiency comes from the UK Inventory report [136]. All improvements in vehicle fuel efficiency come from the Department of Transport Road Traffic Forecast 2018.[137]

[127]https://cambridgeshireinsight.org.uk/population/
[128]Systra, CPCA Strategic Bus Review
[129]Department for Transport, Table NTS0905 Car/van occupancy and lone drive rate by trip purpose
[130]Department for Transport, Table BUS0304 Average bus occupancy on local bus services by metropolitan area status and country
[131]UK Informative Inventory report 1990-2017.pdf
[132]Department for Transport (2018), Road Traffic Forecasts
[133]Vehicle Certification Agency, Car and Van Fuel Consumption Database
[134]Stagecoach East Annual Report 2016-17
[135]UK Informative Inventory report 1990-2017.pdf
[136]UK Informative Inventory report 1990-2017.pdf
[137]Department for Transport (2018), Road Traffic Forecasts

B.4. Baseline Forecast

Mode Technology Shares

- **Cars** - The UK government has made a commitment that 50-70% of new car sales are Ultra Low Emission Vehicles (ULEVs) by 2030[138] and has banned sales of diesel and petrol cars by 2040.[139] However, there is remaining ambiguity over the definition of an ULEV, and this target allows sales of hybrid electric vehicles after 2040. A recent study modelled the effects of UK government policy on EV shares of new vehicle sales, and how the EV share of the total car and van fleets evolve to 2050.[140] The baseline scenario selected from this study bans the sale of ICE vehicles from 2040 but allows sales of HEVs. The technology share used is plotted in Figure B.1.
- **Buses** - EU lawmakers have agreed that at least 25% of new buses will need to be hybrid or electric by 2025, and at least a third by 2030.[141] Based on these figures, in 2025 it is assumed that buses are 5% hybrid and electric in 2025, 15% in 2030 and 60% in 2050. The split between hybrid and electric buses is assumed to be equal.
- **LGVs** - The UK Government has set a target for up to 40% of total LGV sales being EV at 2030 has banned the sale of ICE LGVs by 2040. The LGVs fleet powertrain shares are assumed to follow the same trend as cars until 2040, where new vehicle sales are 100% EV.
- **HGVs** - HGVs are 100% diesel until 2040, where shares of electric HGVs rise linearly up to a 10% EV share at 2050.[142]
- **Motorcycles** - Fleet powertrain shares are assumed to increase linearly to 100% EV in 2050.

Electricity Emissions

The baseline projection uses a Department for Business, Energy and Industrial Strategy electricity emissions projection to 2050 for the carbon intensity of electricity required by EVs.[143]

B.5. Net Zero Scenario

Mode Technology Shares

- **Cars** - The Committee on Climate Change Further Ambition scenario[144] suggests

[138] Department for Transport, The Road to Zero: Next steps towards cleaner road transport and delivering our Industrial Strategy (July 2018)
[139] GOV.UK, Air quality plan for nitrogen dioxide No 2 in UK 2017 (26 July 2017)
[140] Brand and Anable 2019, 'Disruption' and 'continuity' in transport energy systems: the case of the ban on new conventional fossil fuel vehicles
[141] https://www.edie.net/news/11/Europe-agrees-sales-targets-for-clean–buses-in-cities/
[142] Kluschke et al. 2019, Market diffusion of alternative fuels and powertrains in heavy-duty vehicles: A literature review
[143] Department for Business, Energy and Industrial Strategy 2019, Electricity emissions factors to 2100.
[144] Committee on Climate Change (2019), Net Zero Technical report

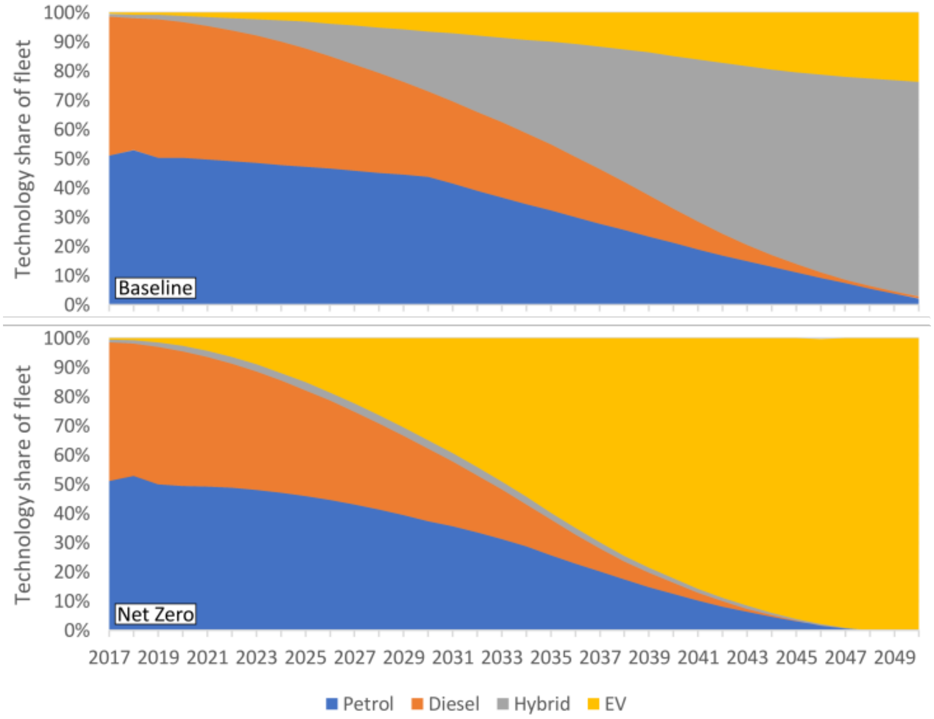

Figure B.1: The technology share of cars to 2050 used in the Baseline Forecast and Net Zero Scenarios are plotted. The baseline forecast bans sales of petrol and diesel vehicles from 2040 but allows sales of hybrid vehicles. The net zero scenario bans sales of petrol, diesel and hybrid vehicles from 2035.

the UK government end sales of non-zero emissions cars, vans and motorcycles by 2035. New sales of cars are assumed to be 100% EV by 2035 which results in 100% EV fleet share by 2050. The technology share used is plotted in Figure B.1.

- **Buses** - It is assumed that 100% of bus fleets are zero emissions by 2035.[145]
- **LGVs** - See cars above, 100% EV LGV fleet share by 2050.
- **HGVs** - It is assumed that zero emissions HGV sales reach 100% of sales in 2040, leading to a 91% zero emission fleet share in 2050.[146]
- **Motorcycles** - See cars above, 100% EV motorcycle fleet share by 2050.

Vehicle Kilometres

10% of car miles have been shifted to walking and cycling in 2050, as per the Committee on Climate Change Further Ambition scenario,[147] and therefore produce no emissions.

Electricity Emissions

The net zero scenario uses an optimistic Two Degrees National Grid Future Energy Scenarios projection for the emissions intensity of electricity that meets 2050 emissions

[145] Energy Transitions Commission (2018), Missions Possible
[146] Committee on Climate Change (2019), Net Zero Technical report
[147] Committee on Climate Change (2019), Net Zero Technical report

targets.[148]

B.6. Differences between CUSPE transport model methodology and that of BEIS

The CUSPE model (without lifecycle emissions) gives CO_2 emissions that are 13% lower than the BEIS estimates for 2014. This is most likely due to differences in the emissions caused by cars which make up the majority of emissions, we therefore focus our attention on this.

The BEIS model uses the network of UK roads split into three types, A roads, motorways and minor roads. Vehicle traffic estimates for different types of roads are used with speed dependent emissions factors to determine CO_2 emissions. Each type of vehicle is modelled to emit a certain level of CO_2 emissions when travelling at a certain speed. An average speed is estimated for the three types of road.

The CUSPE model uses publicly available data from the Department for Transport (DfT) on total vehicle kilometres travelled by mode and local authority. This is calculated by the DfT using traffic counts and types of roads in each local authority but is presented as an aggregate for all roads. We cannot therefore account for the type of road a vehicle is driven on. If Cambridgeshire has a higher than average share of travel on minor roads (where vehicles are typically less efficient) this would increase the BEIS CO_2 estimates relative to ours. Similarly, if Cambridgeshire has a higher than average amount of congestion this could increase the BEIS data but it's unclear whether the BEIS model is that detailed.

The emissions factors used by BEIS are more detailed than those used in our model because they vary by the speed of the vehicle. However, the emissions factors used in our model also have some strengths compared to the BEIS numbers. Real world emissions differ from type approval emissions (the values on the specs sheet that are tested in unrepresentative laboratory conditions). This is partly accounted for in the BEIS model using factors estimated by Ntziachristos et al. 2014.[149] However, these are slightly out of date and are not sales weighted. Our model uses the most up to date data available from Craglia Cullen 2019[150] and therefore addresses these issues.

Secondly, the BEIS model uses emissions factors for national average types of vehicles (i.e. the UK average diesel car). Our model uses MOT data[151] to determine the local vehicle stock in Cambridgeshire in much higher detail. This shows vehicles in Cambridge are newer than the national average.

[148] National Grid 2018, Future Energy Scenarios

[149] Ntziachristos et al. 2014, In-use vs type-approval fuel consumption of current passenger cars in Europe, Energy Policy

[150] Craglia and Cullen 2019, Do technical improvements lead to real efficiency gains? Disaggregating changes in transport energy intensity, Energy Policy (under review)

[151] DVLA Anonymised MOT test data 2005-2017

The BEIS model does not account for embodied emissions but this is not the source of the difference as we can "turn off" lifecycle emissions.

C. Commercial Services and Industry

C.1. Technical details for Business and Industry Emission Model in Cambridgeshire and Peterborough

The model is based on the following equation:

$$\text{Emissions} = \text{energy demand} \times \text{carbon intensity}$$

Where energy demand was quoted in kWh and carbon intensity is quoted in kg CO_2e/kWh

- The predicted demand was different for the baseline and ambitious scenarios.
- The grid average carbon intensity from 2018 to 2050 was applied for both the baseline and ambitious scenarios.
- Energy demand from business and industry are considered in three sections, commercial services, iron manufacturing and other industry. Each consists of the following subsections:
  - Commercial services: Wholesale, Retail, Accommodation and Food services, Publishing and broadcasting, Telecommunications, computer related activity, Finance, Real estate, Professional services, Research and Development, Business services, Employment activities, Art and entertainment, Other services.
  - Iron industry: Metal manufacturing.
  - Other industry: Mining and quarrying, Food manufacturing, General manufacturing, Chemicals, Pharmaceuticals, Transport equipment Manufacturing: Electronics, Utilities, Waters and Remediation, Construction.

Energy demand from public sector services, healthcare and education have been excluded in this model.

Energy demand assumptions of the baseline scenario

- The District Council Energy was calculated as follows:

  $$\text{demand} = \text{energy demand per employee} \times \text{number of employees in the district}$$

  .
- UK energy demand is taken from the EEP energy consumption reference scenario, in which the existing and planned policies have been considered.
- Energy demand per employee = UK energy demand / number of employees in UK

- Emissions sources: electricity, gas and solid fuels. Emissions from road transport are not included. However, the electricity and demand from Agriculture is included
- The UK energy demand in three sections is presented with demand of gas, petroleum, electricity, renewable and solid fuels. Comprehensive data on the use of the renewable and solid fuels was hard to find and so the assumption was made they they were used to generate electricity (and so they were counted as electricity demand). While a simplification, the emissions from this source are small so the uncertainty caused is relatively small. Emissions from petroleum products have been excluded in this model.
- However, the projection is up to 2035. To get projection up to 2050, extrapolation has been made based on the trend of 2034-2035.
- Employment data is summed in three sections listed above, from the EEFM 2017 model. The EEFM 2017 employment only projects until 2045. Extrapolation has been made based on the trend of 2044-2045.

Based on the baseline scenario, the following adjustments are made for the net-zero scenario:

- 100% of commercial buildings will achieve low carbon heating (carbon neutral) by 2050.
- 85% of industry will achieve low carbon heating by 2050.
- Carbon Capture and Storage (CCS) will be implemented at 90% capture rate by 2050 to reduce process emissions and emissions from internal fuel use (fuels produced using the industries' feedstock) in the manufacturing sectors.
- All the assumptions are implemented linearly.

D. Waste Management

D.1. Waste Transport Emissions

Diesel usage in litres was as follows:

- Cambridge and South Cambridgeshire 746,356 (scaled from data for 3 month period)
- Fenland 198,540
- Hungtingdonshire 385,788
- Peterborough 363,156 (scaled from data for 1 month period)

East Cambridgeshire's fuel usage was assumed to be the same as Fenland. The total diesel volume was multipled by the conversion factor 2.59[152] to produce 4.90 kt CO_2e.

[152]Greenhouse gas reporting: conversion factors 2019, BEIS

To calculate the carbon footprint of a fully electrified transport vehicle fleet, the total energy content of the diesel used was calculated (1 litre of diesel provides 36.0 MJ[153]). The total energy demand under a 23% increase in fuel usage was calculated as 83.8 TJ (1TJ = 1m MJ). The carbon footprint of this quantity of energy was then calculated using the projected 2050 grid carbon intensity. As discussed earlier, this assumes the electrical vehicles will have the same efficiency as current HGVs. In reality, technological advances mean efficiency at 2050 are likely to be higher and the total energy demand lower.

D.2. Landfill Calculations

D.2.1. CO_2-only emissions

The 16.4 kt CO_2e emissions were split in 8.2 kt CO_2e for vehicle transport and electricity usage each. In the baseline scenario, the vehicle emissions remained fixed and the electricity usage emission were reduced by a factor of 9.04 (the ratio of the 2017 and 2050 carbon intensities). In the ambitious scenario, the vehicles emissions dropped by the same factor assuming full electrification.

D.2.2. LFG calculations

The average composition of waste sent to landfill in 2016 included a carbon fraction 25.6% and, of that, a biogenic carbon fraction of 58.7%[154]. This results in a biogenic carbon content of 15% and it is assumed that only biogenic carbon will produce methane. the assumption that 50% of biogenic carbon is converted to LFG and the composition of LFG is 32.5% methane* (on a mass basis[155]), the amount of methane emitted from the landfill was calculated and converted to CO_2e. The CO_2 in the landfill gas is ignored as the carbon was sequestered from the atmosphere during the material's growth. 50% of the biohenic carbon was assumed to decompose into LFG[156]. Therefore 1 tonne of landfill waste is expected to produce 0.076 t of methane or 2.58 t CO_2e. The results of various capture rates and declines in waste sent to landfill were then calculated.

Matters are further complicated as decomposition takes time; the waste from one year can take several years to decompose. However, as the landfill has been operational for over 10 years, emissions from it are assumed to have reached a steady state.

The methane captured is assumed to be flared with no electricity generation. This is carbon neutral as the CO_2 was originally sequestered from the atmosphere. If electcrity generation is employed, this would reduce the net emissions further. Assuming a generation efficiency of 50%, 1 tonne of methane would produce 50,000 MJ[157] which

[153] Engineering Toolbox https://www.engineeringtoolbox.com

[154] Waterbeach Energy From Waste Facility Carbon Assessment, Fitchner Consulting Engineers Ltd

[155] Appendix B, Review of Landfill Methane Emissions Modelling, Report for DEFRA by Golder Associates, 2014

[156] Waterbeach Energy From Waste Facility Carbon Assessment, Fitchner Consulting Engineers Ltd

[157] Thomas, George. Overview of Storage Development DOE Hydrogen Program. Livermore, CA. Sandia National Laboratories. 2000

would offset 1.8 t CO_2e in 2019 and 0.35 t CO_2e in 2050.

* Note that the commonly quoted figure for LFG is 57% methane and 43% CO_2. However, this is on a volume (and therefore mole) basis and for GWP, it is necessary to use a mass basis since the GWP of any species is defined in terms of the global warming potential of 1 kg of the species of interest releative to 1 kg of CO_2. To convert to a mass basis, we note that in one mole of LFG, 57% of the molecules are methane (molecular mass 14) and 43% of the molecules are CO_2 (molecular mass 44). To find the mass fraction, the calculation performed is:

$$\frac{\text{methane mass}}{\text{total mass}} = \frac{0.57 \times 14}{0.57 \times 14 + 0.43 \times 44} = 0.325 \Rightarrow 32.5\%$$

D.3. EFW Emission Calculations

When considering emissions from incineration, only CO_2 from fossil carbon (e.g oil-derived polymers) is considered as contributing to net emissions because the CO_2 formed from biogenic carbon sources was sequestered from the atmosphere during the material's formation. The waste composition was used as for LFG calculations, assuming private waste has same composition as waste landfilled by the council.

Net emissions from the EFW were calculated using information regarding waste composition[158]. With 58.7% of the carbon in the waste being of biogenic origin, the remaining 41.3% is from fossil sources and therefore contributes to net emissions when incinerated. Overall 10.6% of the waste is fossil carbon so 1 tonne of waste contains 0.106 t carbon which produces 0.389 t CO_2. A small contribution of 22 kg CO_2e from methane and N_2O results in 0.411 t CO_2e per t of waste. Multiplying this by 230,000 yields 94.5 kt CO_2e. Additional 2.3 kt CO_2e is added to account for additional fuel oil used in the auxiliary burners. The electricity generated by the EFW is estimated to be 195200 MWh per year. Using the predicted grid carbon intensity at 2050 results in an offset of 4.88 kt CO_2e (18.7 kt CO_2e in 2025). Overall this yields net annual emissions at 2050 of **89.6 kt CO_2e** which could be reduced to ~18 kt CO_2e with deployment of CCS at 80% efficiency.

Figure D.3 shows the predicted emissions should an EFW be built and start operation in 2025 yet receive no waste from the local authority, i.e local authority waste goes straight to landfill.

D.4. Peterborough ERF Emission Calculations

In the ERF the fossil carbon of the incinerated waste content results in 0.2375 t of CO_2e per tonne of waste[159]. The 85 kt annual incineration total therefore produces 20.2 kt CO_2e. The ERF also exports 55,000 MWh of electricity annually. This is currently offsets 7.3 kt CO_2e and by 2050 will offset 1.3 kt CO_2e. Thus the annual net emissions are currently 12.9 kt CO_2e and will rise to 18.9 kt CO_2e by 2050.

[158] Waterbeach Energy From Waste Facility Carbon Assessment, Fitchner Consulting Engineers Ltd
[159] Bioma Output Report, August 2019

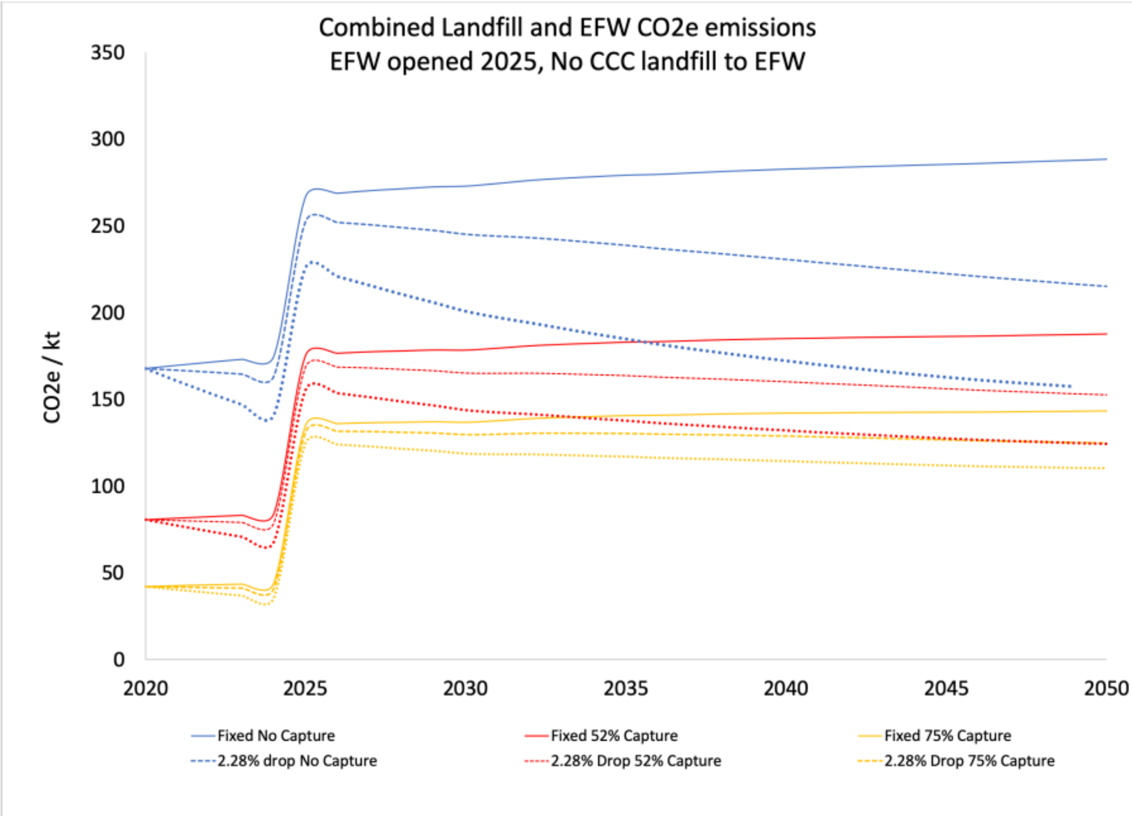

Figure D.1: Predicted emissions for EFW starting at 2025 with no diversion of CCC waste to landfill. Landfill gas capture rates are the most important factor in determining emissions.

D.5. Composting and Recycling Emissions

In addition to biogas combustion data (Figure D.4), the data from Amey Cespa refers to the generation of ~19,200 MWh of electricity (offsetting 5.25 kt CO_2e (2018) and 0.6 kt CO_2e (2050)) from biogas recovery and methane production[160]. However, clarification should be sought from Amey Cespa as it is unclear as to which processes and facilities the data pertains.

Regarding comparison to national perspective, non-household composting (1.1 Mt CO_2e), anaerobic digestion (0.2 Mt CO_2e) and Mechanical Biological Treatment (MBT) (0.6 Mt CO_2e) accounted for 1.9 Mt CO_2e of emissions in 2017[161]. Cambridgeshire produces 180 kt of recycling every year and Peterborough 36 kt. England as a whole in 2017/18 produced 10.86 Mt of recycled/composted waste[162]. Scaling this up to UK via population (factor of 1.2[163]) yields 13.03 Mt). Thus Cambridgeshire and Peterborough accounted for 1.66% of recycling and composting and this fraction which was applied to

[160] Waterbeach Information Request & supporting docuements, from Amey Cespa and made available to Cambridgeshire County Council

[161] Table 14, Final UK greenhouse gas emissions national statistics 1990-2017, BEIS

[162] Local authority collected waste generation 2000 to 2017, Local Authority Collected Waste Management Statistics, DEFRA

[163] United Kingdom population mid-year estimate 2018, ONS

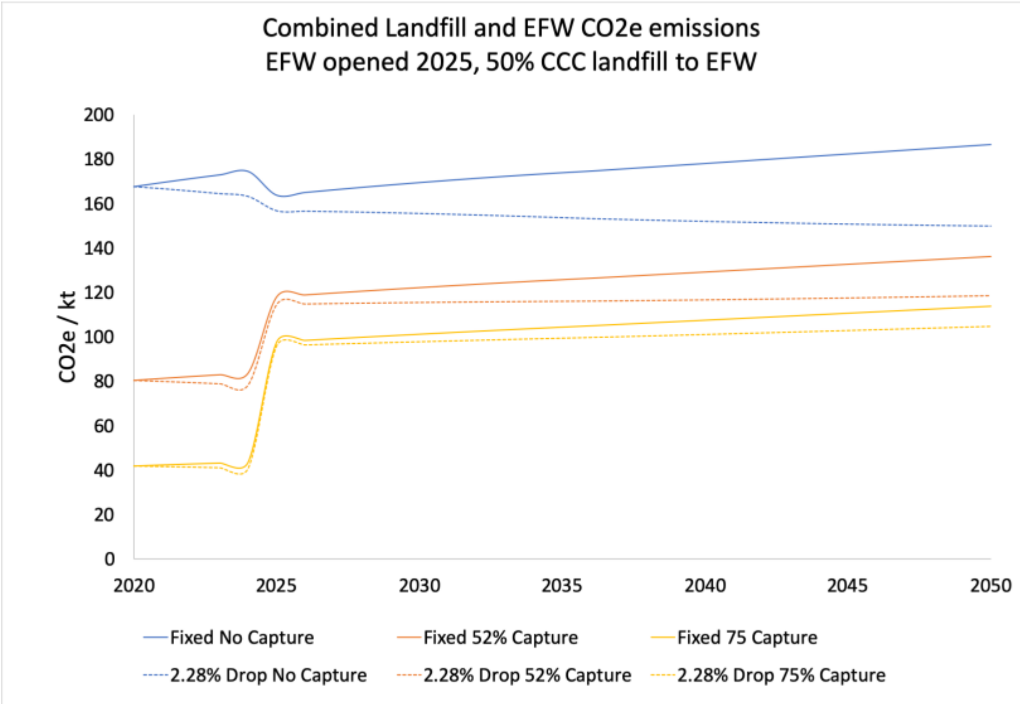

Figure D.2: Predicted emissions for EFW starting at 2025 with 50% diversion of CCC waste to landfill. The effect of landfill gas capture rate is diminished after the introduction of the EFW.

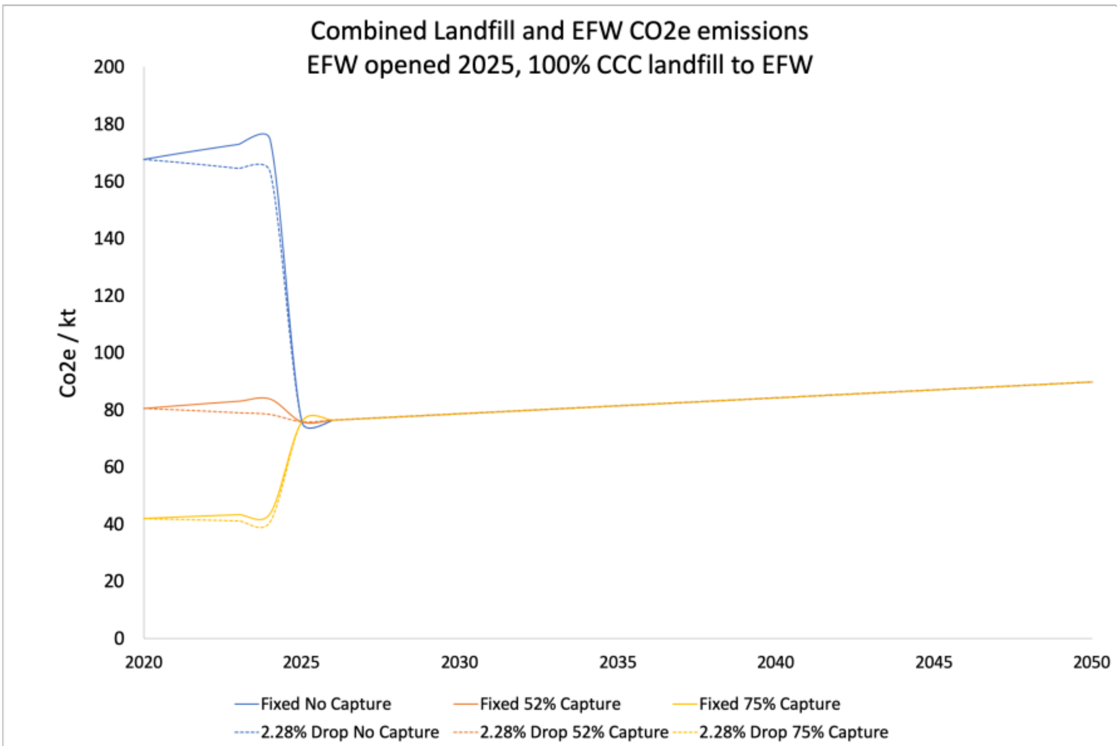

Figure D.3: Predicted emissions for EFW starting at 2025 with 100% diversion of CCC waste to landfill. Landfill gas capture becomes unimportant after 2025 and CCS will be the most important mitigation technology.

Landfill gas management at Waterbeach

Reporting metric	Unit	Value	Explanation
MA86. Electricity generated by Biomethanization, which has been sold.	kwh	9,602,000	This is the energy exported to the grid from the extraction of landfill gas from the landfill and using this as the fuel in on site gas engines. I have attached a supporting spreadsheet that shows the volume of gas an energy generated by the on-site infrastructure. The spreadsheet has the calculations within the cells that the researcher can review.
MA87. Proportion of methane burnt in torch and used for generating electricity with regard to the amount potentially emitted	%	99.9	This is the measure of the effectiveness of the gas extraction system. I do not have access to the data that informed this, but this is a pretty typical value for a modern landfill gas collection system.
MA94. Amount electricity produced by biogas recovery	Kwh	9,650,010	This is the total energy produced by the on-site engines, some of which will have been used parasitically on-site.
MA96. Amount of thermal energy produced by biogas recovery	kwh	0	We do not capture the waste heat and therefore do not accurately measure it.
MA97. Greenhouse gas emissions avoided by the management of biogas in landfills owned by Amey	Teq CO2	5244.49	This is calculated by using the volume of methane captured (2,847,170m3) * Avoided emissions factor (1.842) / 1000 (to covert to tonnes avoided

Figure D.4: Data received from Laurie Read, Amey Cespa 28th August 2019

the national emissions total to provide an estimate for the county's emissions.

In the baseline scenario, only emissions from electricity usage are considered to drop. The energy demand increased with population (23%) but the carbon intensity drops from 0.226 kg CO_2e / kWh to 0.025 kWh, resulting in emissions of 2.0 kt. Methane emissions rise 23% to 18.45 kt CO_2e. In the further ambition scenario, methane emissions are reduced by 95% yielding a total of 2.96 kt CO_2e.

D.6. Double-Counting Concessions

As discussed in Section 6, some of the sources of GHGs in the waste management sector fall into other sectors covered by this report due to the range of activities included within "waste management". These emissions were included in breakdown of emissions from waste management. However, when calculating waste management's contribution to the County's total emissions, they were not included because they would already be included in other sectors' contribution to the County total. Overall, these emissions currently total around 21.6 kt CO_2 and will total around 2.4-9.4 kt CO_2 in 2050 and are listed below:

- Emissions from waste transport (currently around 4.90 kt CO_2, estimated to be 6.02 kt CO_2 (baseline) and 0.58 kt CO_2 (ambitious) in 2050)
- CO_2-only emissions from Waterbeach landfill (16.4 kt CO_2 in 2017, estimated to reduce to 8.8 kt CO_2 (baseline) and 1.8 kt CO_2 (ambitious) in 2050)

E. Afforestation Scenarios

Below are the important details for each afforestation scenario. All tree spacing values, were available as options on the Woodland Carbon Trust toolkit for the particular tree species and so are assumed to be acceptable. (YC = Yield Class, no thinning unless stated)

- S1 Sitka Spruce, spacing 2m, YC 12
- S2 Native Woodland (Oak 20% YC 8 spacing 2m, Sycamore 20% YC 10, Birch 20% YC 4, Aspen 8% YC 10, Alder 10% YC 6, Rowan 10% YC 4, Willow 12% YC 4), all other spacings 2.5m
- S3 Same as S1 except with 5-yearly thinning
- S4 Same as S2 except with 5-yearly thinning
- S5 Corsican Pine, spacing 1.5m, YC 14
- S6 Oak, spacing 3m, YC 6
- S7 Sycamore, spacing 3m, YC 10

For context, a spacing of 3m results in 1,111 stems per hectare and the number of stems per hectare for a spacing, s, (in m) can be calculated from the equation:

$$\text{stems per hectare} = 1111 \times \left(\frac{3}{s}\right)^2$$

Agenda Item No:11(a)

TRANSFORMATION FUND BID TO FINANCE THE COMMERCIAL TEAM

To:	**General Purposes Committee**		
Meeting Date:	**22nd October 2019**		
From:	**Director Business Improvement and Development**		
Electoral division(s):	**All**		
Forward Plan ref:	**Not applicable**	*Key decision:*	**No**
Purpose:	**To consider a Transformation Fund bid to finance the work of the Commercial Team until March 2021.**		
Recommendation:	**The Committee is asked to approve the Transformation Bid proposal of £390,000 to fund the Commercial Team up to March 2021 as set out in Appendix A.**		

	Officer contact:		***Member contacts:***
Name:	Amanda Askham	Names:	Councillor Josh Schumann
Post:	Director Business Improvement and Development	Post:	Chairman Commercial and Investment Committee
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1. BACKGROUND

1.1 In June 2018, Members agreed to create the new Business Improvement and Development Directorate. One of the responsibilities of the new Director was to lead commercial work for the organisation and to establish commercial capacity – both through a discrete resource to deliver commercial work and through the development of greater commercial acumen throughout the organisation.

1.2 In April 2019, the Commercial and Investment Committee (C&I) approved a new Commercial Strategy for the period 2019 – 2021. The strategy sets a clear focus on commercial objectives and describes three key work streams: Investments and Acquisitions, Contributions and Funding and Contracts and Procurement.

1.3 As part of the Council's 2019/20 business planning cycle, commercial targets have been set and, in January 2019, General Purposes Committee (GPC) agreed an outline investment from the Transformation Fund of up to £1m in order to build the strength and depth across our commercial activity to deliver these returns.

1.4 This paper proposes a drawdown of £390K against this agreed funding to establish dedicated commercial resource to fully deliver income targets in 2019/20 and 2020/21. From April 2021, the team will become self-funding from commercial returns.

1.5 This proposal will be considered by the Commercial and Investment (C&I) Committee on 18th October and is subject to the support of that committee.

2. DEVELOPMENT OF COMMERCIAL RESOURCE

2.1 Over the last year, the Council has significantly expanded the scope of its commercial work reflecting the ambitions of the Council:

- Net income of up to £5m will be returned to the Council's budget in 2019/20 from property acquisitions and investment.
- A revenue return in excess of £5.3m will be delivered in 2019/20 from This Land.
- The Council has invested in the CCLA Local Authorities Property Fund which is expected to make a net return of £335k in 2019/20.
- Successful marketing of the Shire Hall – resulting in bids from more than 30 organisations – has enabled the Council to appoint a preferred bidder and move forward on plans for a new civic headquarters in Alconbury Weald.
- A commercial e-learning product has been developed for this Council's use and also for commercial return, with sales to other Councils and Public Sector organisations expected to return up to £200k between 2019 and 2021.
- Over 60 of our high value contracts have been reviewed and the Council's contract register is scrutinised monthly - releasing savings, improving contract management and delivering better outcomes.
- Annual gross return from our Farms Estate has increased to just under £5m.
- The Council has approved the creation of a commercial joint venture company with University of Cambridge to further develop digital infrastructure across the county.

2.2 To date, this work has largely been managed between the Transformation, Property and Finance Teams, who have been working hard to deliver on the Commercial Strategy across all three work streams, with the Investments & Acquisitions work in particular advancing and delivering on target.

2.3 In addition, the Council has very successfully grown the work of its Energy Investment Unit (EIU), which secured investment through the Transformation Fund in May 2019. The work of the EIU is expected to generate a net return to the Council over the next 25-30 years of over £100m and reduce carbon by 17,800 tonnes per annum.

3. MAIN ISSUES

3.1 The Council's approach has been successful to date, and many of the commercial Key Performance Indicators (KPIs) and income targets are on track for 2019/20. However, without dedicated resource to deliver commercial work, the Council is becoming limited in its ability to work on further schemes and there are still areas of the strategy which are a delivery risk due to lack of capacity – both in terms of time and skills:

3.1.1 The contracts work stream of the strategy has significant potential. The Council spends in excess of £440m on third party contracts annually and early work on our contracts register suggest that a specialist and concerted effort in this area could reduce spend by up to 0.5% in the short term and by up to 4% over a three year period.

3.1.2 The Council has committed to reviewing the procurement and commissioning cycle, with emphasis on strong category management, market intervention, refocused social value measures, dynamic procurement and the growth of localised micro enterprises. The Council will also need to be prepared to respond to the impact of changes in our environment (Brexit, Climate issues, place based services) on our markets and procurement regulation.

3.1.3 The acquisitions and investments work stream of the strategy has been very successful this year, with internal governance mechanisms, due diligence processes and decision making proving sufficient to build an investment portfolio which generates a net annual return of over £5m from six properties. However, the C&I Committee has acknowledged that we are reaching the limits of our internal capacity to manage, maintain and proactively adapt our investment portfolio to generate the greatest returns and protect our investments. In recent months, the Council has been working with a firm of external investment advisors to consider further development of our investment portfolio and to make recommendations about appropriate governance structures to manage investment risk. While these advisors and our existing internal teams, can - and do - provide a degree of oversight across investments, to operate more effectively across a variety of asset classes we also need an experienced, internal 'client' function.

3.1.4 The Council's asset portfolio - both property and non-property - is a major resource and is integral to the delivery of many Council services. It is essential that all assets are contributing to the Council's priority outcomes and the ongoing economic and social development of the County. Further work on a comprehensive asset strategy is required, including a review of the Council's full asset register.

3.1.5 The Contributions and Funding work stream encompasses a number of strands within the Commercial Strategy and there are a number of key activities which are not on track for delivery this year, due to lack of capacity:

- development of an income stream from advertising and sponsorship - which we know has delivered good commercial returns in similar Councils;
- development of stronger relationships with our business community, where we have already seen an appetite for investment for social good;
- a complete review of fees and charges, including a consistent model and expectations for income generating services.

3.1.6 In the most recent commercial delivery plan, elements of both the Contracts work stream and the Contributions and Funding work stream were flagged as a concern due to to lack of capacity to deliver. The return from these two work streams is £450,000 in the current Business Plan and - whilst there are plans to deliver against this target - without appropriate resource, the risk rating has been adjusted to red and amber respectively.

4. PROPOSAL

4.1 Currently corporate teams have been providing most of the resource to push forward with these pieces of work. However, capacity is limited as teams have core corporate functions to deliver and there also skills gaps as these officers have not been recruited against commercial requirements. To fully deliver on current commercial targets, to ensure that we optimise future commercial potential and to continue strong risk management practice within a growing commercial portfolio, it is now necessary to establish a dedicated and appropriately skilled commercial function.

4.2 The establishment of a commercial function within the Business Improvement and Development Directorate was agreed in principle when the new Directorate was established. Now that the Commercial Strategy has been agreed, work streams are underway and the Council has received external advice on investment and acquisitions, the size and shape of this function can be determined. The new commercial function will replace the current ad hoc division of commercial work between the Transformation Team, Finance and Property, providing a clear point of responsibility and accountability for all commercial activity.

4.3 In line with the Council's commercial principles, this team will be as lean as possible and will have flexibility to expand or contract according to return on investment and performance measures. It is proposed that the minimum requirement to establish this new function will be one Head of Service post supported by dedicated resource seconded from the Transformation Team (one FTE Transformation Manager and one FTE Senior Transformation Adviser). Capacity and skills will be kept under review with a view to appointing a permanent, self-funding team by April 2021.

4.4 The Commercial Team will lead across all three work streams in the Commercial

Strategy and will be accountable for delivery of both existing and stretch targets.

4.5 The Commercial Team will identify investment and commercial opportunities, carry out due diligence and commercial analysis before presenting these opportunities to Finance for additional review and discussion of financing options. Investment opportunities will then proceed to Investment Working group and then on to Committee.

4.6 The Head of Commercial will provide strategic oversight of all property investment opportunities in order to build a balanced portfolio and will also seek to build relationships with tenants in order to protect the Council from market fluctuations and maintain consistent revenue income from our investments. The Property Team's chartered surveyors will continue to manage the surveyors' input to property acquisitions and the Property Team will continue their pro-active role in maintaining and managing our investment assets, ensuring they maintain their value and mitigating operational risks.

4.7 The Head of Commercial post will report directly to the Director of Business Improvement and Development, form a key part of the Directorate Management Team and frequently engage with members through Commercial Board, Investment Group and Committee. The new role will cover a wide strategic remit in order to deliver and surpass the targets outlined in the commercial strategy. Beyond the life of our current strategy the role will be integral in planning the future commercial direction of the authority and building medium and long terms plans to embed and drive forward our ambitious commercial programme.

4.8 In order to find the right set of skills for the Head of Commercial post, a thorough search of various sectors will be required including the private sector. To test the market a preliminary recruitment search has been commissioned, which has received a very positive response. Once funding has been recommended by C&I Committee and approved by General Purposes Committee, interviews and assessment of candidates can take place.

4.9 The appointed Head of Commercial will require operational support to deliver on the Commercial Strategy and to become self-funding by April 2021. As such, it is recommended that resources be seconded from the Transformation Team to fulfil this need. Transformers are already working to deliver on the Commercial Strategy but this will formalise and fund dedicated commercial resource rather than continuing to divert from the core functions of the Transformation Team. Secondment will also ensure that specific commercial development and training needs can be better targeted to individual Transformation Team members.

4.10 The exact priorities and focus of the Head of Commercial are difficult to determine at this stage as the person appointed to fulfil this post will likely have a specific skill set, which, while allowing them to fulfil all aspects of the role, may result in different areas being prioritised. As such the two seconded post will be kept broad and flexible in order to allow delivery of the strategy and to promote the key areas of focus identified by the Head of Commercial.

5. FUNDING

5.1 It is recommended that funding for the Commercial Team is drawn down from the Transformation Fund for the period November 2019 to March 2021. The total for this period would be up to £390,000 to cover:

- recruitment and employment of a Head of Service
- secondment of one FTE Transformation manager and 1 FTE Senior Transformation Adviser; and
- targeted commercial training, as required.

5.2 This funding bid meets the criteria of the Transformation Fund under both the **Invest to Save** criteria (proposals that require an initial investment to achieve cash savings in future years, in line with Council and Service priorities as determined during the Business Planning Process (BPP)) and the **Invest to Advance** criteria (proposals that will deliver a quantifiable future income stream that could be achieved earlier with "bridging finance", in line with Council and Service priorities as determined during the BPP).

5.3 Other options for funding have been considered including funding from capital receipts, funding from commercial income and reducing resource in the Transformation Team. A SWOT analysis of these options is included as **Appendix 2**.

5.4 Benchmarks on the current commercial income and savings the authority has generated to date, through commercial activity will be put in place, and any added value the team can generate above the benchmark will be attributed to the new commercial team. Should this added value be achieved through work with services, additional income or reduced spend will be allocated to the Commercial Team before being redeployed into further council initiatives.

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 The Head of Service and seconded roles will undertake activities to deliver against the objectives within the Strategy until April 2021. This includes creating commercial returns to support the delivery of crucial frontline services which drive positive impact on all three Corporate Priorities.

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

7. SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

- If the Transformation Fund bid is approved, this will result in a drawdown of up to £390,000 with the aim of the team becoming self-funding by April 2021.
- The Commercial Team will be accountable for the achievement of existing commercial targets and will specifically address the £450,000 of commercial income which is not yet on track in the current business plan (against reduced

spend in contracts and achievement of external income and sponsorship).

- Beyond this, the Commercial Team will be expected to identify opportunities to achieve additional commercial returns in 2020/21 and beyond. This figure will be developed in consultation with the new Head of Service and will be subject to revision as the level of resources made available for commercial activity changes.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

- One of the priority areas of the Commercial Strategy focuses on developing an innovative approach to procurement and contracting. Work is ongoing in this area, involving the Procurement Team with oversight from the Commercial Board in order to identify opportunities and threats on our contract register and act on them to deliver savings and upskill staff across the organisation.
- All of the relevant procurement processes have been carried out by Human Resources to appoint Penna to run a recruitment search.

7.3 Statutory, Legal and Risk Implications

- Our ability to deliver on the Commercial Strategy will depend on a number of factors including the extent to which the authority uses its legal powers and delegations and the political appetite to accept new risk. Full business cases, which consider legal implications and clearly articulate risk and reward, will be developed for all commercial proposals.

7.4 Equality and Diversity Implications

- The business case template for commercial work includes equality and diversity implications for all initiatives. Further to this, as the proposal includes the recruitment of a Head of Commercial post, proper recruitment processes will be followed to ensure equality and diversity.

7.5 Engagement and Communications Implications

- The appointment of a Head of Commercial will be widely communicated. Alongside this, the Commercial Strategy, will be communicated through different channels and to different audiences in a variety of formats in order to encourage a commercial outlook and invite business cases to be submitted to the Commercial Team.

7.6 Localism and Local Member Involvement

- Social value is a key element of the Commercial Strategy and all commercial business cases will consider value (both social and financial) to our local area. Members of the C&I Committee will be involved in reviewing (and often in developing) Business Cases for commercial proposals. Where there is a direct impact in a locality, Local Members will be notified according to the Council's constitution.

7.7 Public Health Implications

- The Strategy is focused on creating sustainable funding for the delivery of crucial frontline services, many of which have a positive impact on Public Health priorities.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Gus De Silva
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	Pending Fiona McMillan
Have the equality and diversity implications been cleared by your Service Contact?	Yes Rachel Green
Have any engagement and communication implications been cleared by Communications?	Pending Christine Burchill
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Amanda Askham
Have any Public Health implications been cleared by Public Health	Yes Tess Campbell

Source Documents	Location
Commercial Strategy	Commercial Strategy 2019-2021
Commercial Strategy Action Plan update June 2019	Commercial Strategy Action Plan June 2019

Appendix 1

TRANSFORMATION FUND BID – COMMERCIAL TEAM

Investment Proposal Supporting Information / Transformation Fund Bid

Bid Title	**Commercial Team**
Service Area / Directorate	**Business Improvement & Development**
Sponsoring Director	**Amanda Askham, Director, Business Improvement & Development**

Brief Description of Bid	This Bid is to draw down funds from the previously agreed transformation funding to support commercial activity. The funding will be used to: • recruit and employ a Head of Service • fund secondment of one FTE Transformation manager and 1 FTE Senior Transformation Adviser; and • procure targeted commercial training, as required. It is proposed that these roles become self-funding through the commercial activity undertaken during the first 15 months in post. The post will report to the Director of Business Improvement and Development and will be accountable for the delivery of the Commercial Strategy including Investments and Acquisitions, Contributions and Funding and Contracts and Procurement.

Type of Bid	**Invest to Advance and Invest to Save**

Strategic Links	**Finance, Property, LGSS Law, Joint Management Team, Transformation, Business Intelligence, This Land**

Cash Flow	**19/20 £000**	**20/21 £000**	**21/22 £000**	**22/23 £000**	**23/24 £000**	**24/25 £000**
Revenue Advance	**133**	**257**	**0**	**0**	**0**	**0**
Capital Advance	**0**	**0**	**0**	**0**	**0**	**0**
Savings/Income	**0**	**-450**	**-950**	**-1450**	**-2200**	**-2950**

Pay Back Period in Years	**1.5**
Savings/Investment Ratio over 10 Years	**£2,950,000 / £390,000 7.5/1**

Measure of Performance Improvement	**Baseline**	**19/20**	**20/21**	**21/22**	**22/23**	**23/24**
Commercial Income	**-£4.7million**	**-£4.7million**	**-£5.2million**	**-£5.7million**	**-£6.4million**	**-£7.1million**

Risks and Contingencies	The income generated through this proposal is predicated on the availability of funding to use for investment proposals and other commercial ideas. Therefore there is likely to be some variation in this figure. It is anticipated the returns will equate to approx. 5% of the amount invested for the investment stream of income. There is a continued risk that further advice from Central Government will increase the scrutiny and difficulty in obtaining funding for investment activities. Returns from the Contracts work stream will be dependent on the willingness of services to engage and work with the Commercial Team and in the capacity, skills and ambition in our Procurement and Commissioning teams in particular. Returns from the Contributions and Funding work stream will be dependent on the willingness of services to engage and work with the Commercial Team and in the capacity, skills and ambition in our ‘traded services’ and income generating teams in particular.

Decision and Date	

APPENDIX 2

FUNDING OPTION SWOT ANALYSIS

Funding Option	Strengths	Weakness	Opportunity	Threat
Transformation Fund	Uses fund appropriately to change service model and accelerate delivery of savings/income. Funding would be committed until March '21 giving time for the team to develop some bigger commercial opportunities. Transformation Fund funding for commercial activity already agreed in principle The monitoring requirements attached to transformation funding will provide an extra layer of scrutiny and visibility on the performance of this team.	Reduces funding available for other transformation initiatives. Commercial Team needs to become self-funding - reduces this requirement initially. Return on investment measures may be confused by/overlap with returns from existing commercial schemes.	Frees up all commercial income generated by the team to be invested in frontline service delivery. May encourage further commercial bids to the Transformation Fund.	Could undermine credibility of function with other services (if not self-funding from day one). May limit the flexibility of the team – i.e. to consider long term returns.
Revenue Pressure/ funded by in year commercial returns	No initial outlay by the authority to fund the Team	Risk of adding £133k pressure to the Council's budget with only 4 months of the year to recover. Requires some mechanism to recoup income from services the team works with such as traded services, or services	Immediate focus for the team on securing additional income to ensure team is sustainable – urgency may lead to increased ambition and determination.	Could lead to unnecessary internal charging mechanisms. Immediate focus for the team on securing additional income to

		that generate income through fees and charges.		ensure team is sustainable – urgency may lead to narrow focus and increased risk.
Capital Receipts	Does not add direct pressure to revenue budget. Well understood process of monitoring and allocating capital receipts to transformational activity. Capital receipt funding could be used to fund the team on an ongoing basis, freeing up all commercial return for front line services. Capital receipts could be used to fund the team until March '21, giving time for the team to develop some bigger commercial opportunities	Reduces available capital receipts for other schemes. Legislation on use of capital receipts may be change in future years. There are currently no Capital Receipts available to Fund the Team. Given the limited number of available Capital Receipts we would need to carefully manage them in order to ensure sufficient funding was available for the Commercial Team.	With the new recommendations on borrowing being brought before Committee there is an opportunity to secure some new Capital Receipts to Fund the Team. May allow the Commercial Team more freedom to act strategically and pursue commercial targets that will provide the greatest net gain for the authority in the long term.	Lost opportunity downside with less capital receipts available for other investment opportunities.

Agenda Item No: 11(b)

HOME TO SCHOOL AND ADULTS SOCIAL CARE TRANSPORT

To:	**General Purposes Committee**
Meeting Date:	**22nd October 2019**
From:	**Service Director, Education (Cambridgeshire and Peterborough)**
Electoral division(s):	**All**
Forward Plan ref:	**Not Applicable** *Key decision:* **No**
Purpose:	**To consider a transformation investment to identify and deliver savings in home to school and social care transport.**
Recommendation:	**The Committee is asked to:**

a) release Transformation funds to provide additional resources to identify the areas where savings can be made across Cambridgeshire;

b) release funds in support of Independent Travel Training for Cambridgeshire ; and

c) delegate authority to the Chief Finance Officer to draw down the £410k investment in tranches, in consultation with the Chairman of General Purposes Committee and the Chairman of Children and Young People Committee.

	Officer contact:		*Member contacts:*
Name:	Hazel Belchamber	Names:	Councillors Count & Hickford
Post:	Lead Education Officer	Post:	Chair/Vice-Chair
Email:	Hazel.belchamber@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk / Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 699775	Tel:	01223 706398

1. BACKGROUND

1.1. Local Authorities have a statutory duty to provide free transport for pupils of compulsory school age where they meet certain eligibility criteria (**Appendix A**).

1.2. The nationally recognised trend of escalating financial pressures from reducing budgets and increasing costs, in a time where complexity of need is also increasing, is placing increasing pressures on the authority in fulfilling the statutory responsibilities for providing transport to and from educational establishments.

1.3. In addition to the national trends, Cambridgeshire has the additional challenges associated with the rural nature of the county, together with a limited number of operators with specialist vehicles and difficulties in recruiting passenger assistants.

1.4. In recent years both Cambridgeshire County Council (CCC) and Peterborough City Council (PCC) have been actively working to address increasing demand, budgetary volatility and the suitability of current delivery models for Adult Social Care, Special Educational Needs and Disability (SEND), social care and mainstream transport. At CCC each contract is retendered every three years, resulting in reduced costs overall. For routes starting in September 2019 full year savings of £500k for SEND Transport and £340k for mainstream transport were achieved. Despite these efforts, since 2015/16, the costs associated with these services have increased from £18.3m to £21.2m in Cambridgeshire, and from £3.9m to £4.5m in Peterborough bringing the total service expenditure across both authorities to £25.7m in 2018/19.

1.5. Demand across the services has also increased in some areas by up to 13% during the 2015/16 period and it is anticipated that costs will continue to rise unless existing plans to improve demand management and efficiency are accelerated. The SEND Home to School Transport budget has increased to £9.544m for 2019/20 and could reasonably be expected to increase by over £1m a year unless significant changes are made.

1.6. CCC has been responding to these growing pressures through a variety of programmes such as joint procurement, sharing of management staff, routes review and high level modelling of budgets. Given the shared management across the authorities, the ambitions that we have around home to school transport and savings will be looked at in parallel with PCC. Some work is already underway in PCC as a result of the Financial Improvement work.

1.7. Cambridgeshire children attend schools in Peterborough and visa versa; We have a joint Peterborough and Cambridgeshire school in Hampton, and some Peterborough and Cambridgeshire children attend the same independent special schools, in places such as Lincolnshire. Many Cambridgeshire schools and Peterborough schools are geographically close. It would therefore be sensible to explore whether jointly commissioning transport and routes would reduce duplication and result in efficiencies.

1.8. The potential added value of a joint project across CCC and PCC would be primarily derived from two main areas; implementing a joint procurement model and subsequently integrating teams to a centralised model to avoid duplication. A central evidence base would be created by bringing together all service user data from across both authorities, information such as origin and destination of journeys, cross border journeys and cost per mile would be gathered and analysed. This would facilitate a more targeted procurement mechanism.

1.9. In addition, carrying out a single combined project to deliver this will be less expensive for both councils through economies of scale. This Transformation Fund investment bid would only cover the proportion of work on the project for CCC in the event of a joint project

2. PROPOSAL TO DELIVER FURTHER CHANGE

2.1. Following on from the early work already undertaken we are requesting an investment of up to £410k from the Transformation Fund to be drawn down in tranches:

- o To provide specialist capacity to support the work to review transport policy, processes and procedures across services to enable the authority to fully consider options for centralising teams, joint procurement and to increase the embedding of demand management and independence into the transport services we provide(section 3).

- o Develop and embed Independent Travel Training Programme (section 3).

2.2 As we are at an early stage of these areas of work we anticipate drawing down the investment in tranches and propose delegated responsibility for the draw down within the £410k be given to the Chief Finance Officer, in consultation with the Chairman of General Purposes Committee and the Chairman of Children and Young People Committee.

2.3 An initial scoping document has identified good potential for savings to Cambridgeshire County Council through increased operational efficiencies, implementing a joint procurement model, demand management and supporting independence. We can anticipate savings of £600k being identified across these different areas in for 2020/21

2.4 Preliminary research suggests the following could be achieved:

2.4.1 Design of a new model for future education and social care transport, supported by outcomes that are strategically consistent and represent appropriate return (in terms of time, cost and management effort). The model will aim to:

- Assess the scope to create further reductions in the cost of transport provision
- Reduce the overall cost of transport provided through the external framework
- Reduce opportunities for variance in cost of transport provided through the external framework
- Increase operational efficiencies and reduce the duplication of cost experienced through ‘being in business’ twice;
- Introduce universal independent travel training assessments to reduce demand and promote independence
- Limit customer expectation through refined policy guidance and adjustments to the referral and assessment pathway

2.4.2 Ensure future governance, management and resourcing are all fit for purpose, both in design and execution.

2.4.3 Identify key risks and mitigating actions relating to changing the delivery models of statutory services.

2.4.4 Create a clear case for change, supported by strong evidence that is accepted by key stakeholders.

2.4.5 Design a detailed approach for implementation and benefits realisation.

2.4.6 In addition to identifying the opportunities for change, the fund, if approved, will support the delivery of a programme of Independent Travel Training, initially focused on post-16 students, and consider the wider role this approach has across other cohorts eligible for local authority supported transport.

3. INDEPENDENT TRAVEL TRAINING

3.1 Independent Travel Training is a method for enabling children and young people with SEN to travel independently on public transport, removing the need for Local Authorities to provide costly specialist transport. Local Authorities across the country have embedded Independent Travel Training with success in supporting independence and reducing costs to the local authority. There are a range of travel training packages available allowing students to overcome their own personal barriers to travel and supporting access to the community and education, enhancing confidence as well as career and social opportunities.

3.2 As of June 2019 there were 183 SEN pupils travelling to school in individual taxis, with greater numbers travelling in low occupancy vehicles, sometimes with passenger assistants. The programme of Independent Travel Training aims to give pupils the skills to transition from these high-cost low-occupancy vehicles and travel independently, whether this be walking, travelling on a public bus or travelling on an existing, shared home to school transport route.

3.3 The transformation funding requested provides investment for 50 pupils to be travel trained over two years, and for two years' of engagement with schools ensuring that the principles of independent travel training are embedded and supported in the curriculum.

3.4 We would expect to see cumulative savings for at least 5 years, but in 2022/23 would anticipate some of the savings being taken to create ongoing budget for the programme. This would allow the programme to become part of "Business as Usual" and ensure that the savings made in prior years are not lost.

3.5 Working on the assumption of 25 pupils being trained in time for September 2020, and a further 25 each September thereafter we would expect to see the following investment and savings profile:

Recurring Cash Flow	19/20	20/21	21/22	22/23	23/24	24/25
	£000	£000	£000	£000	£000	£000
Revenue Advance	58	71	-58	-71	0	0
Capital Advance	0	0	0	0	0	0
Saving/Income	0	-150	-267	-138	-267	-267

This assumes a saving of £10,700 a year per pupil.

4. INDEPENDENT SPECIALIST RESOURCE

4.1 The remainder of the saving is an estimate based on an initial scoping exercise. Assuming £450k is achievable the investment and savings profile is as below:

Recurring Cash Flow	19/20	20/21	21/22	22/23	23/24	24/25
	£000	£000	£000	£000	£000	£000
Revenue Advance	150	-150	-	-	-	-
Capital Advance	0	0	-	-	-	-
Saving/Income	0	-450	0	0	0	0

4.2 Officers intend to insert a break clause into any contract to ensure that if early work shows this to be unachievable, the review will cease and the full investment will not be drawn down.

5. COMBINED TRANSFORMATION BID

5.1 The table below shows the anticipated investment and savings profile across both requests:

Recurring Cash Flow	19/20	20/21	21/22	22/23	23/24	24/25
	£000	£000	£000	£000	£000	£000
Revenue Advance	208	-79	-58	-71	0	0
Capital Advance	0	0	0	0	0	0
Saving/Income	0	-600	-267	-138	-267	-267

Pay Back Period in Years	2
Savings/Investment Ratio over 5 Years	1:3.1

6. RISK AND CONTINGENCIES

Risk	**Contingency**
The savings identified do not offer significant improvements or substantial savings	Officers will work with the independent consultant to ensure that they have sight of all the information and data so that all opportunities for savings have been explored. Officers will look to embed a break clause in any contract issued if the return on investment does not represent value for money.

7. ALIGNMENT WITH CORPORATE PRIORITIES

7.1 A good quality of life for everyone

All children must have the opportunity, ability or be provided with the right transport mechanism, in support of getting to and from school and educational settings.

7.2 Thriving places for people to live

There are no significant implications for this priority.

7.3 The best start for Cambridgeshire's children

All children should be able to travel to and from school safely and where they are able to, independently. Where appropriate support is provided to enable all children to travel to and from home and educational settings.

8. SIGNIFICANT IMPLICATIONS

8.1 Resource Implications

Under this proposal there will be a requirement for up to £410k of transformation funding in support of this project.

8.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

8.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

8.4 Equality and Diversity Implications

No significant implications have been identified at this stage. When money is drawn down and the plan is formalised an Equality Impact Assessment will be carried out.

8.5 Engagement and Communications Implications

The implementation of Independent Travel Training will require significant engagement with schools, individual young people and their families and a communications plan will be developed for the project.

8.6 Localism and Local Member Involvement

There are no significant implications within this category.

8.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Gus de Silva
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: Joanne Dickson
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Name of Officer: Jonathan Lewis
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

Source Documents	Location
Home to school Travel Assistance Policy	https://ccc-live.storage.googleapis.com/upload/www.cambridgeshire.gov.uk/residents/children-and-families/Home%20to%20school%20travel%20assistance%20policy.pdf?inline=true
Post-16 education transport policy statement 2019-20	https://ccc-live.storage.googleapis.com/upload/www.cambridgeshire.gov.uk/residents/children-and-families/Cambridgeshire%20Policy%20Statement%20for%20Post-16%20Students%20in%20full-time%20learning%202019-20.pdf?inline=true

Appendix A Home to School/College Transport (Mainstream)
The Legal Framework

The legal parameters relating to home to school/college transport for children and young people of statutory school age are set out in Sections 508, 509 and schedule 35B of the 1996 Education Act as amended by the Education and Inspections Act 2006.

Sections 509(1) and (2) place a duty upon local authorities to provide free transport where necessary to facilitate the attendance of children and students at schools and institutions both within and outside of the further and higher education sectors.

Section 509(3) allows local authorities to pay the whole or any part of reasonable travelling expenses when not making provision under 509(2) above.

Section 509(4) requires local authorities to take certain factors into account including the child's age, the nature of possible routes and parental wishes for the provision of education at a school or institution in which the religious education is that of the religion or denomination to which his/her parent adheres.

Section 509AD defines the duty placed on local authorities to have regard to religion and belief in exercising their school travel functions. They are required to provide free transport to the nearest secondary school preferred by reason of a parent's religion or belief between 2 and 15 miles from the child's home where the family meets the national low-income criteria.

In line with the requirements of the Act, the Council provides free transport for all young people of secondary school age (11-16) living in low income families **if** they are eligible for free school meals, or their parents are in receipt of their maximum level of Working Tax Credit[1], to:

- one of their three nearest qualifying schools where they live more than two miles, but not more than six miles from that school and
- the nearest suitable school preferred on grounds of religion or belief, where they live more than two miles, but not more than 15 miles from that school.

The Act requires authorities to make arrangements to assist students with transport costs, as appropriate, who are enrolled on a full-time post-16/FE course of study, which started before they reached the age of 19. For students with disabilities and/or learning difficulties, assistance must be provided up to the age of 21, as a minimum. It does not prescribe what those arrangements might involve. It is therefore, for the Council to decide whether transport needs to be provided and under which circumstances assistance with travel should be available.

The law states that in providing transport, local authorities must make no less favourable arrangements for students attending a further education sector institution or a higher education institution maintained or assisted by the Council than at a

[1] These are statutory eligibility criteria.

maintained or state-funded school (be it a community, voluntary aided, foundation school or academy, including free schools and University Technical Colleges).

The law also stipulates that if the Skills Funding Agency (SFA) has secured for a student a placement for education or training at an institution outside the further and higher education sectors together with accommodation, the Council is under a duty to provide transport if it deems it necessary for facilitating the student's attendance at that institution.

Section 508A of the Act covers the duty upon local authorities to promote sustainable travel.

Section 508B of the Act deals with the duty on local authorities to make such travel arrangements as they consider necessary to facilitate attendance at school for 'eligible children'. Section 35B of the Act defines 'eligible children' – those categories of children in a Council's area for whom travel arrangements will always be required. A condition of each category is that they are of statutory school age. Under Section 508B, every feature of these arrangements must be provided free of charge.

Section 508C of the Act provides local authorities with the discretionary powers to make arrangements for those children not covered by Section 508B.

Statutory walking distance is defined in Section 444(5) of the Act as either two miles (if the child is under 8 years of age) or three miles (if the child is aged 8 to 16 years old).

The Council has used its discretionary powers under Section 508C of the Act to apply a two mile 'walking distance' for children up to the point at which they transfer to secondary school at age 11.

The Equality Act 2010

S149 Equality Act 2010 ('The Act') places a duty on local authorities to promote equality of opportunity for disabled people and to eliminate discrimination. As such the Council has a duty to ensure that its policies, practices, procedures and services do not discriminate against disabled people.

Section 6 of The Act defines disability and section 20 defines the duty to make reasonable adjustments so that disabled people are not discriminated against.

The Council is under a legal duty to publish a policy that reflects these provisions and to comply with the requirements of the Public Sector Equality Duty.

Agenda Item No:11(c)

TRANSFORMATION FUND MONITORING REPORT QUARTER 1 2019-20

To:	**General Purposes Committee**		
Meeting Date:	**22 October 2019**		
From:	**Julia Turner, Interim Head of Transformation**		
Electoral division(s):	**All**		
Forward Plan ref:	**Not applicable**	*Key decision:*	**No**
Purpose:	**To outline progress in delivery of the projects for which transformation funding has been approved at the end of the first quarter of the 2019/20 financial year.**		
Recommendation:	**It is recommended that the Committee note and comment on the report and the impact of transformation fund investment across the Council.**		

	Officer contact:		***Member contacts:***
Name:	Julia Turner	Names:	Councillors Count & Hickford
Post:	Interim Head of Transformation	Post:	Chair/Vice-Chair
Email:	Julia.turner@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 699051	Tel:	01223 706398

1. BACKGROUND

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

1.2 The Transformation Fund provides one off funding to encourage projects where an invest to save, invest to improve, or invest to innovate bid can underpin service improvements and deliver improved outcomes and future efficiencies.

1.3 This report provides GPC with an overview of how the proposals which are currently drawing down funding are delivering improved outcomes as well as financial objectives. Service Committees continue to review relevant projects in detail as appropriate.

1.4 To date, GPC have approved £19m of investments since the inception of the Transformation Fund in 2016. There is currently £20.7m funding available to allocate to further investments.

1.5 Further proposals are being drafted as part of the Councils Business Planning process for 2020/21 budget and will be submitted to GPC for consideration.

2.0 OUTCOMES FOR CURRENT PROJECTS

2.1 The table below gives an overview of the projects currently drawing down funding. The table shows their current financial RAG rating across the lifetime of the project and outlines the non-financial outcomes and benefits anticipated from each project.

Project	Brief description of project	Outcomes and benefits
Total Transport C/R.5.102 **GREEN**	Scrutinising contract services to ensure the Council delivers the most efficient mainstream school transport services whilst ensuring all eligible pupils receive free transport in line with the Council's policy on journey times.	• More effective and co-ordinated Home to School Transport service • Improved experience for service users
External Funding C/R.5.011 **AMBER**	Fund the Advertising and Sponsorship Coordinator capacity to develop the council-wide structures and processes to identify and lever in new external funding opportunities.	• Advertising and sponsorship skills within the organisation • CCC initiatives can be financially supported
Support Investment in modernising social care payments C/R.5.002 **GREEN**	Investing in modern payment mechanisms in social care; including payment cards and establishing a direct debit system	• Provide an efficient and easy to engage with system for service users

Looked After Children (LAC) Placement budget savings C/R.5.007 **BLUE**	Funded the campaign to recruit more in house foster carers (launched in September 2018) to reduce the reliance on independent fostering association (IFA) foster carers, a review of high cost placements and fee negotiations with IFA providers.	• Increased the number of in house foster carers to place children with • LAC are placed in the most appropriate placement with the right level of care and support.
Case reviews of specialist transport provisions C/R.5.009 **GREEN**	**Provide additional capacity within the Social, Education Transport Team to review LAC Transport processes and provision**	
Library Service C/R.5.010 **GREEN**	To provide time limited business development capacity. Investment to also include budget for marketing, minor building works, and investments in new technology solutions	• Maximising the impact of libraries to communities • Generating new income streams
Adults Positive Challenge Programme C/R.5.018 **GREEN**	Design and create financially sustainable services that manages demand and enables residents to live fulfilled lives, build on people's strengths and support people in a way that works for them.	• Putting choice and independence directly into the hands of individuals and communities. • addressing citizens' needs early on to prevent them from escalating • building self-sufficient and resilient communities

2.2 The table below shows the trend in RAG rating over the previous four quarters for all current projects.

	Financial RAG				
Project	**Q1 2018-19**	**Q2 2018-19**	**Q3 2018-19**	**Q4 2018-19**	**Q1 2019-20**
Total Transport	**Green**	**Green**	**Green**	**Green**	**Green**
External Funding	**Green**	**Amber**	**Amber**	**Amber**	**Amber**
Support Investment in modernising social care payments	**Green**	**Green**	**Green**	**Green**	**Green**
Looked After Children (LAC) Placement budget savings	**Red**	**Green**	**Blue**	**Blue**	**Blue**
Case reviews of specialist transport provisions	**Not started**	**Green**	**Green**	**Green**	**Green**
Library Service	**Green**	**Green**	**Green**	**Green**	**Green**
Adults Positive Challenge Programme	**Not started**	**Not started**	**Not started**	**Not started**	**Green**

3.0 FINANCIAL OUTCOMES FOR CURRENT PROJECTS

3.1 The table below summarises the overall financial performance of the current projects drawing down funding as of the first quarter (Q1) of the 2019/20 financial year.

RAG Rating (lifetime of saving)	No. of projects	Investment to Q1 (including prior years) (£000)	Total Investment Committed (including approved future years allocation) (£000)	Forecast savings / income to Q1 (including previous years' savings achieved) (£000)	Forecast savings / income up to end of 2019/20 (including previous years' savings achieved) (£000)	Budgeted future years savings (as per 2019/20 Business Plan, 2020/21 onwards) (£000)
Blue	1	110	705	-2,443	-2,818	0
Green	5	784	3,544	-3,658	-6,259	-3,800
Amber	1	4	40	-150	-150	0
Red	0	0	0	0	0	0
Total	**7**	**898**	**4,289**	**-6,251**	**-9,227**	**-3,800**

3.2 There are currently no projects RAG rated as Red from a financial delivery perspective as at the end of Q1 2019/20.

4.0 HOUSING RELATED SUPPORT INVESTMENT – UPDATE

4.1 The original Transformation Fund investment bid in December 2017 set out the scope of the Supported Housing Review across Cambridgeshire and Peterborough following consideration of CCC and Peterborough City Council (PCC) investment into housing related support (HRS). This work identified a number of areas to improve the commissioned services to ensure they are efficient, fit for purpose and deliver the best outcomes for our clients.

4.2 The business case related specifically to a review of Cambridgeshire HRS, from which savings have been agreed. Through this work it has been identified that it would be prudent to look at the whole homelessness system and to undertake a thorough needs analysis on the needs of clients and potential clients across Cambridgeshire, as well as research the wider context and opportunities which exist for system change. This will be a foundation stone for the delivery of the Housing Related Support Commissioning Strategy, with the objective of moving resources to support longer term savings and to provide better outcomes for people in the community.

4.3 Work is currently underway to resource independent specialist expertise to undertake the needs analysis and provide greater access to international and national housing information and datasets, in order to inform the new HRS Commissioning Strategy. This represents the first drawdown of investment from the original £250k bid (approximately £50k). The return on investment remains at £1m.

5.0 ALIGNMENT WITH CORPORATE PRIORITIES

5.1 **A good quality of life for everyone**

The individual Transformation Fund bids identify where the specific project supports this outcome.

5.2 **Thriving places for people to live**

There are no significant implications for this priority.

5.3 **The best start for Cambridgeshire's children**

The individual Transformation Fund bids identify where the specific project supports this outcome.

6.0 SIGNIFICANT IMPLICATIONS

6.1 **Resource Implications**

The resource implications are captured on the savings tracker showing expenditure from the transformation fund and the actual and anticipated return on investment.

6.1.1 Transformation team resource as at 30 June 2019 = 31.56 FTEs

6.2 **Procurement/Contractual/Council Contract Procedure Rules Implications**

No significant implications – in some instances the procurement process has taken longer than anticipated creating some delay in the expenditure and impact of the transformation investments – these are described within the commentary for each project.

6.3 **Statutory, Legal and Risk Implications**

There are no significant impacts for this category.

6.4 **Equality and Diversity Implications**

There are no significant implications within this category from this report – individual community impact assessments were completed for all projects as part of the original business case.

6.5 **Engagement and Communications Implications**

There are no significant impacts for this category.

6.6 **Localism and Local Member Involvement**

There are no significant impacts for this category.

6.7 **Public Health Implications**

There are no significant impacts for this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes – Chris Malyon and Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	N/A
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	N/A
Have the equality and diversity implications been cleared by your Service Contact?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
None	Not applicable

Agenda Item No:12

PERFORMANCE REPORT – QUARTER 1 2019-20

To:	**General Purposes Committee**
Meeting Date:	**22nd October 2019**
From:	**Director – Business Improvement and Development**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**To provide performance monitoring information.**
Recommendation:	**To note and comment on performance information and take remedial action as necessary.**

	Officer contact:		***Member contacts:***
Name:	Andy Mailer	Names:	Councillors Count & Hickford
Post:	Business Intelligence Manager	Post:	Chair/Vice-Chair
Email:	Andrew.mailer@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 715699	Tel:	01223 706398

1 BACKGROUND

1.1 This report provides an update on the Council's Corporate Services performance indicators, and a summary of the performance measures monitored by Service Committees, highlighting those indicators that are 'Red' or Very Green'.

1.2 The report covers the period of Q1 2019/20, up to the end of June 2019.

1.3 The full Corporate Services performance report is detailed in **Appendix 1**. The Service Committee summary report is detailed in **Appendix 2**. Both contain information on

- Current and previous performance and projected linear trend
- Current and previous targets (not all indicators have targets, this may be because they are being developed or because the indicator is being monitored for context)
- Red / Amber / Green (RAG) status
- Direction for improvement (this shows whether an increase or decrease is good)
- Change in performance (this shows whether performance is improving (up) or deteriorating (down)
- Statistical neighbour performance (only available where a standard national definition of indicator is being used)
- Indicator description
- Commentary on the indicator

1.4 The following RAG statuses are being used:

- Red – current performance is 10% or more from target
- Amber – current performance is off target by less than 10%
- Green – current performance is on target or better by up to 4%
- Very Green – current performance is better than target by 5% or more

1.5 Information about all performance indicators monitored by the Council Committees will be published on the internet at https://www.cambridgeshire.gov.uk/council/finance-and-budget/finance-&-performance-reports/ following the General Purposes Committee meeting in each quarterly cycle.

2 CURRENT PERFORMANCE – CORPORATE SERVICES

2.1 Current performance of indicators monitored by the Committee is as follows:

Status	Number of indicators	Percentage of total indicators with target
Very Green	4	27%
Green	4	27%
Amber	3	20%
Red	1	7%
No target	3	20%

Further details can be found in Appendix 1.

3 CURRENT PERFORMANCE – SERVICE COMMITTEE INDICATORS

3.1 Current performance of indicators monitored by the Committee is as follows:

Status	Number of indicators	Percentage of total indicators with target
Very Green	15	18%
Green	15	18%
Amber	11	13%
Red	14	17%
No target	27	33%

An exception report detailing the 'Very Green' and 'Red' indicators can be found in Appendix 2

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 A good quality of life for everyone

There are no significant implications for this priority.

4.2 Thriving places for people to live

There are no significant implications for this priority.

4.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

There are no significant implications within this category.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

5.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

5.4 Equality and Diversity Implications

There are no significant implications within this category.

5.5 Engagement and Communications Implications

There are no significant implications within this category.

5.6 Localism and Local Member Involvement

There are no significant implications within this category.

5.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	N/A
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	N/A
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	N/A
Have the equality and diversity implications been cleared by your Service Contact?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
None	Not applicable

Corporate Services - Indicator Set 2019/20 Quarter 1

Indicator	Measure	Owner	Current status
CPI01	Proportions of FOI* requests responded to within timescale (YTD)	Dan Horrex	A
CPI02	SARS* - % completed within 40 working days (YTD)**	Dan Horrex	R
CPI03	Statutory returns completed on time	Andy Mailer	G
CPI04	Inspection information returns completed on time	Andy Mailer	G
CPI05	Proportion of citizens who feel well informed by the council	Christine Birchall	N/A
CPI06	Overall staff engagement from CCC staff survey	Christine Birchall	VG
CPI07	Better Connected Survey (professional membership body for digital and IT leaders)	Christine Birchall	A
CPI08	Number of sessions on website	Christine Birchall	N/A
CPI09	Proportion of information enquiries resolved at first point of contact	Jo Green	VG
CPI10	Percentage of calls presented that are answered	Jo Green	VG
CPI11	Percentage of total contact that is deemed avoidable	Jo Green	VG
CPI12	Proportion of services with a completed Business Continuity Plan	Stewart Thomas	N/A
CPI13	Incidents resolved within Service Level Agreement (ref: IT01a)	Chris Stromberg	A
CPI14	Requests resolved within Service Level Agreement (ref: IT01b)	Chris Stromberg	G
CPI15	Availability of Universal Business System IT Availability (ref: IT02)	Chris Stromberg	G

Indicator Status	Number	%
Very Green	4	27%
Green	4	27%
Amber	3	20%
Red	1	7%
No Target	3	20%
Total	**15**	**100%**

Proportions of FOI* requests responded to within timescale (YTD)

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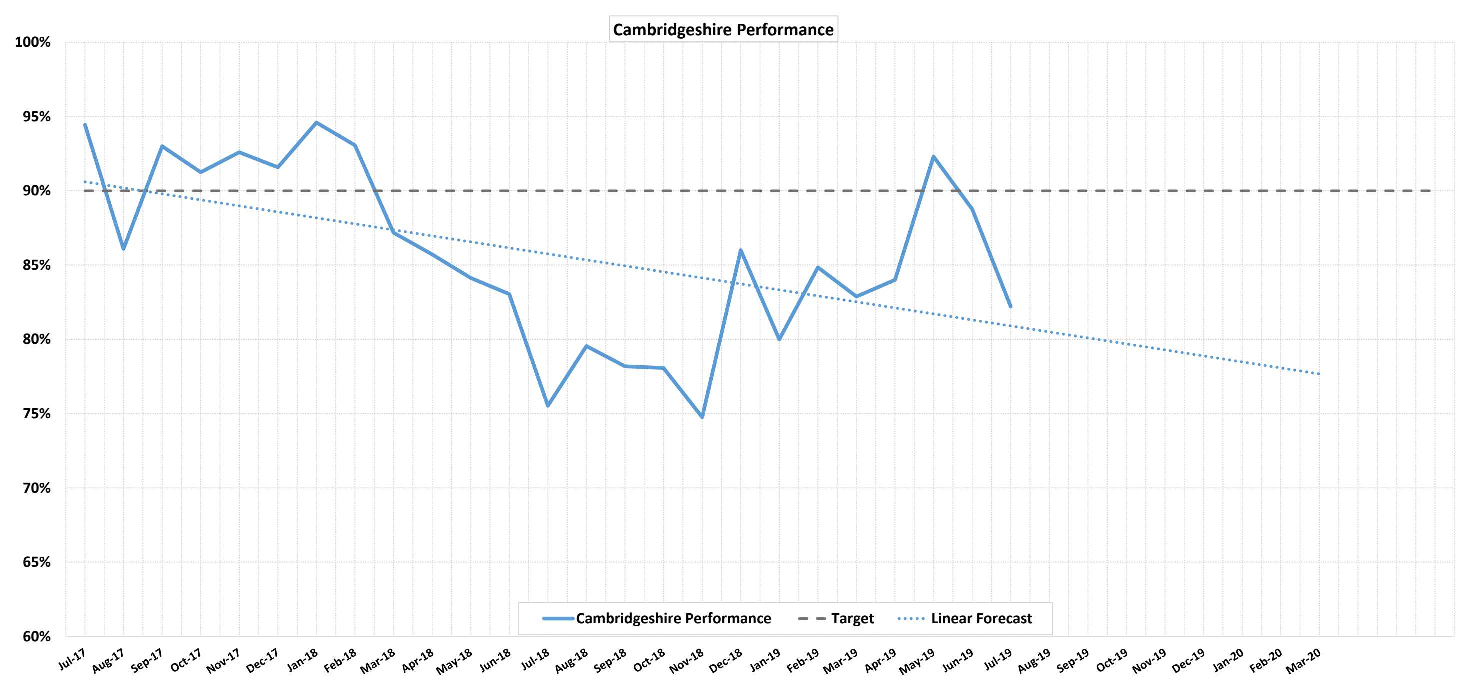
October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
90.0%	82.2%	88.8%	↑	↓

RAG Rating

A



Indicator Description

* FOIs and SARs (Subject Access Requests) we have seen a sharp increase in the number we have received following the changes to the General Data Protection Regulations introduced in May 2018. The capacity required to process these has caused a backlog which we are monitoring to see if this increase is sustained.

Commentary

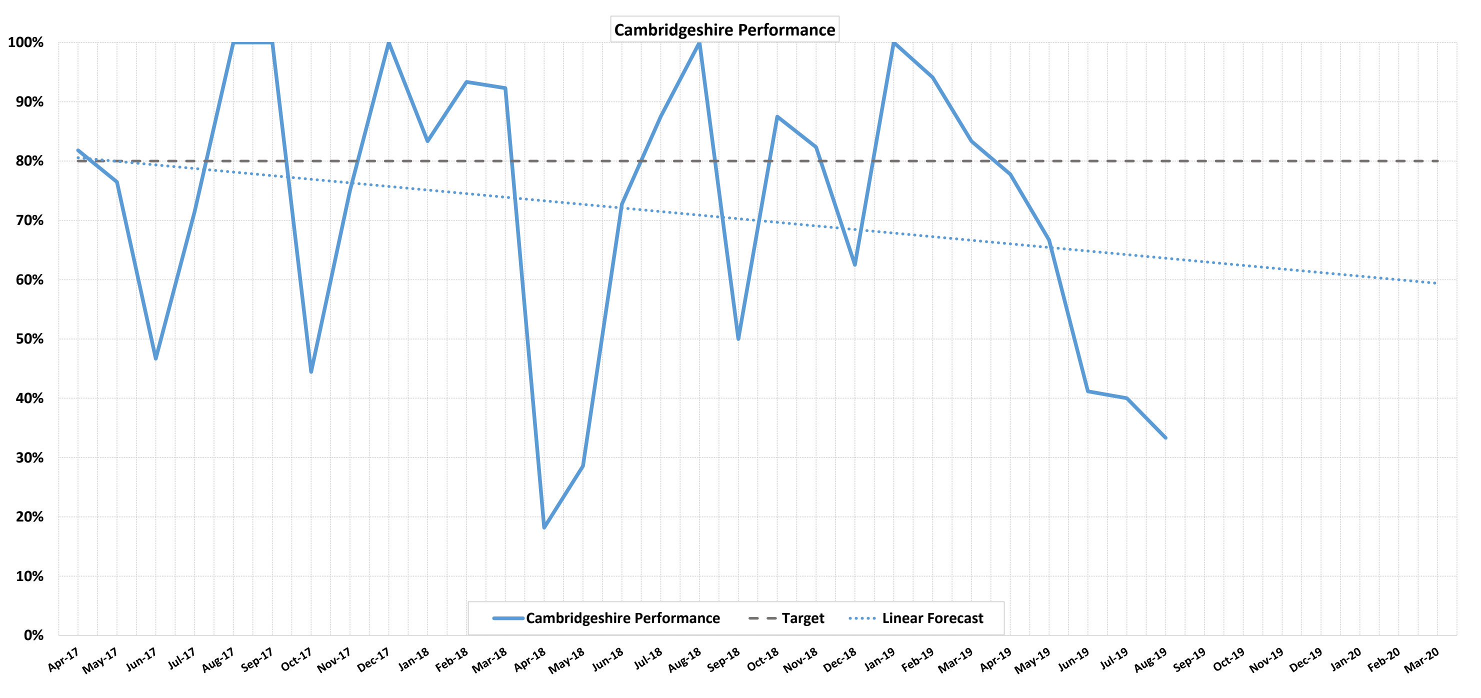
IG team continue to work with services to ensure that Freedom of Information (FOI) requests are answered on time.

Useful Links

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
80.0%	33.3%	40.0%	↑	↓

RAG Rating

R



Indicator Description

* FOIs and SARs (Subject Access Requests) we have seen a sharp increase in the number we have received following the changes to the General Data Protection Regulations introduced in May 2018. The capacity required to process these has caused a backlog which we are monitoring to see if this increase is sustained.

** SARs (Subject Access Requests) are where members of the public request the releases of all documentation we hold on them or their family. This can require us to go back into archives and legacy business systems to retrieve documents which can go back over many years. The Information Commissioner best practice is that an organisation should aim for 80% of SARs to be completed within statutory timescales.

Commentary

There have been 30% increase in the number of Subject Access requests (SAR) so far in 2019/20, this has meant SAR compliance levels have dropped. The Information Governance team have recruited more staff to deal with Subject Access requests therefore we expect an improvement in compliance levels however this will be monitored over coming months. Nationally there are a number of organisations have seen their SAR compliance levels drop, this has been due to increases in SARs being received.

Useful Links

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
100%	100.0%	100.0%	↑	⇔

RAG Rating

G

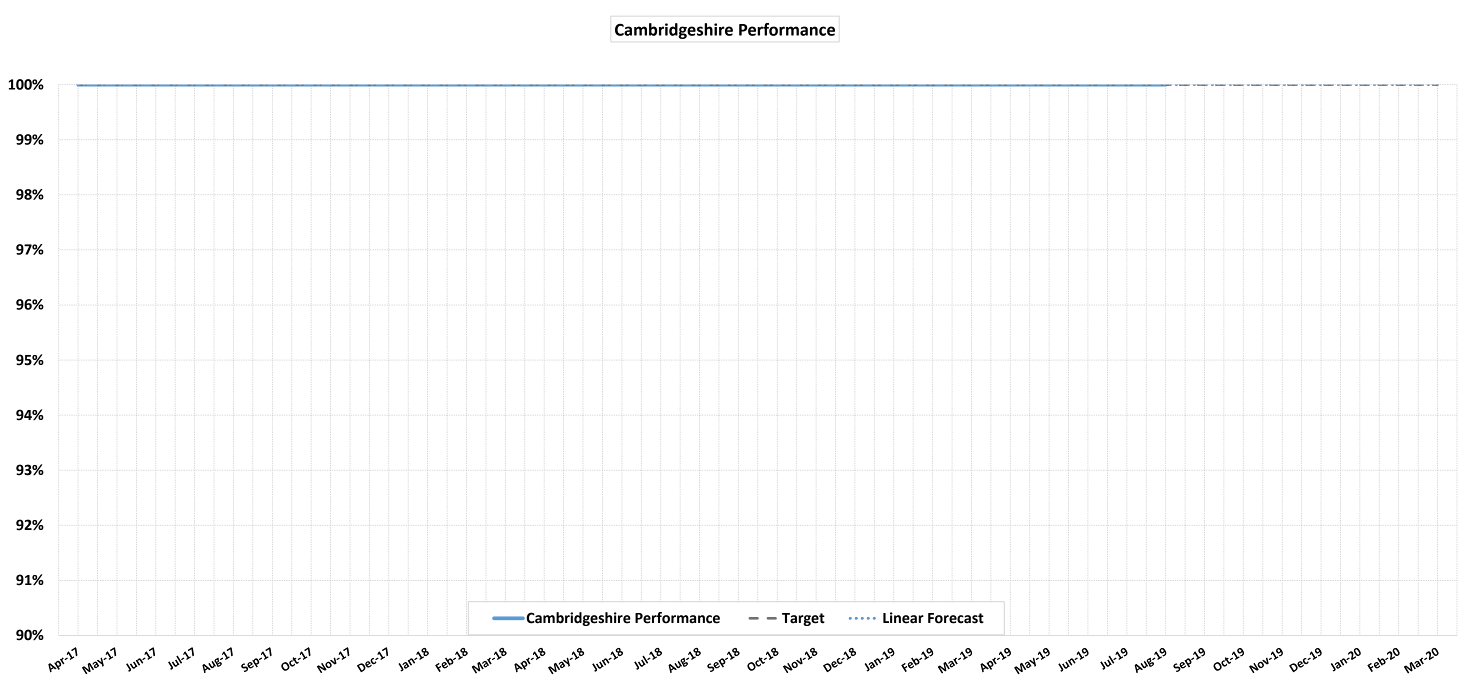
Indicator Description

The Council's Business Intelligence Service leads on and supports the submission of a number of key statutory data returns to central governement. Including:
- National Fraud Initiative (NFI),
- Children in Need Census,
- Children Looked After (CLA) (SSDA903),
- Children's Social Care Work Workforce,
- Key Stage assessment data,
- School Census,
- Alternative Provision Census,
- School Capacity,
- Children with Statements of Special Educational Needs (SEN2),
- Quarterly Borrowing and Lending Inquiry,
- Adult Social Care Survey (ASCS),
- Mental Health Guardianship (SSDA702) return,
- Deprivation of Liberty Safeguards (DoLS) Return,
- Carers Survey,
- Register of blind and partially sighted people (SSDA902),
- Safeguarding Adults Collection,
- Short and Long Term Support (SALT),
- Adult Social Care Finance Return (ASC-FR),
- Youth Justice Application Framework (YJAF)

Each return required to meet specific statutory guidalines and by a nationaly agreed deadline

Useful Links

https://www.gov.uk/government/publications/single-data-list



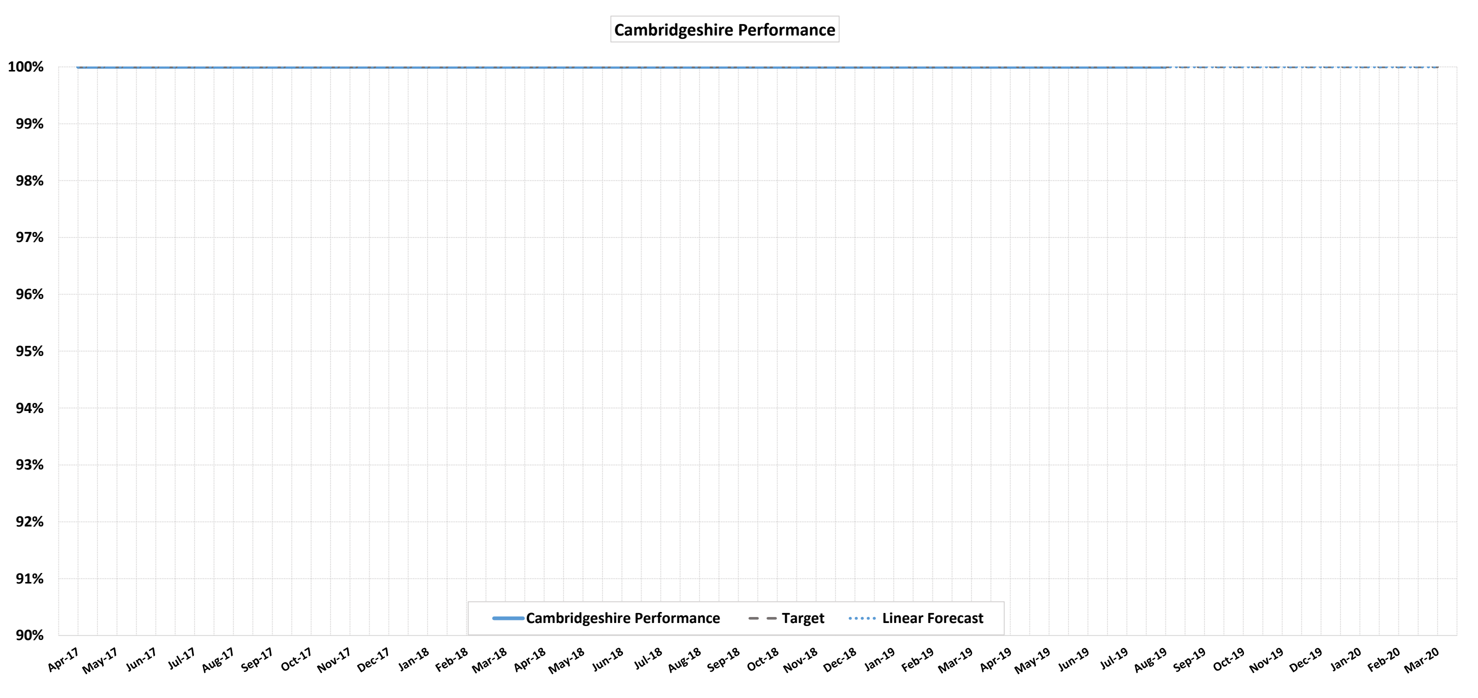
Commentary

All returns have been completed to the agreed standard, and all statutory deadlines have been met

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
100%	100.0%	100.0%	↑	⇔

RAG Rating

G



Indicator Description

The Council's Youth Offending and Children's Social Care services operate under nationally regulated inspection frameworks. Both frameworks state that local authorities must produce statutory datasets in the event of an inspection, within agreed timeframes.
The Council's Business Intelligence Service is currently responsible for the production of these inspection datasets.

Commentary

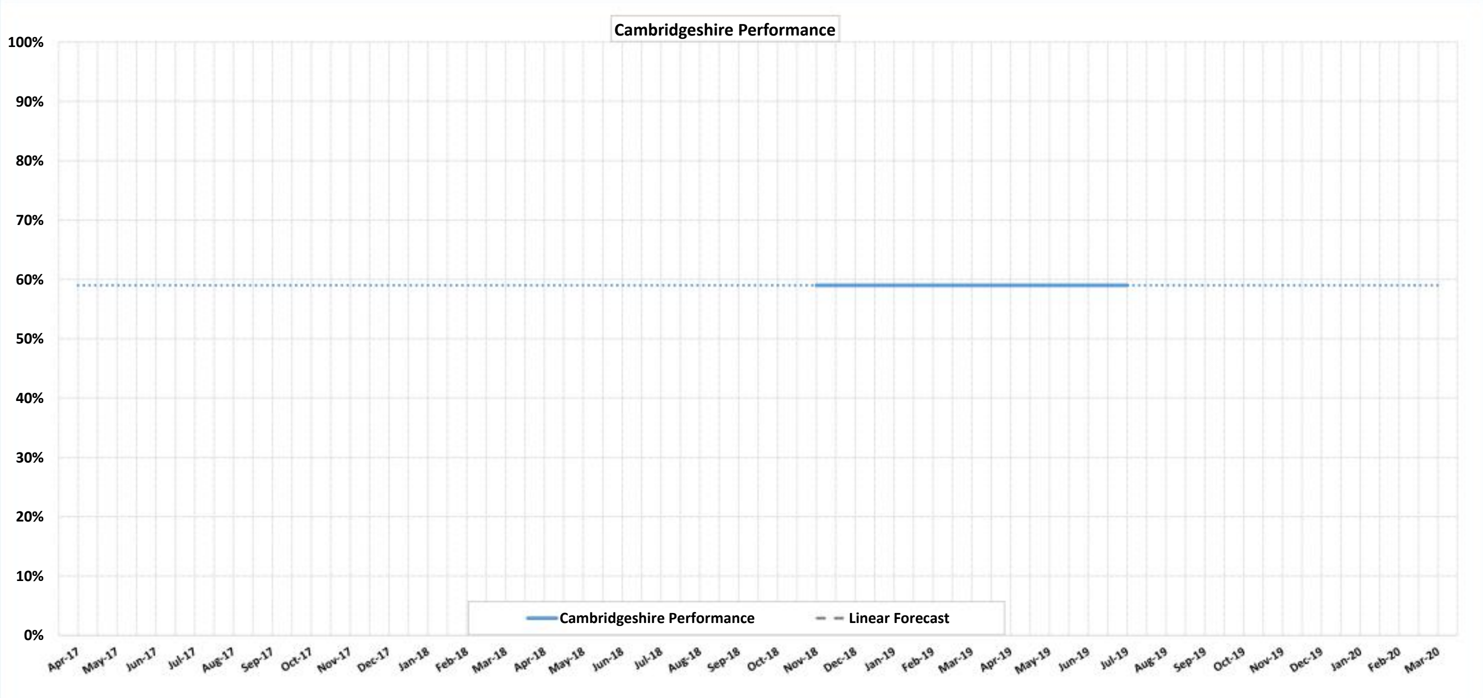
All statutory inspection data been completed to the agreed standard, and all statutory deadlines have been met

Useful Links

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
N/A	59.0%	59.0%	↑	⇔

RAG Rating

N/A



Indicator Description

A doorstep survey was carried out with residents which was representative by district, age group and gender of the county as a whole. This took place in Nov18-Dec18 and 1,106 residents responded to the survey.

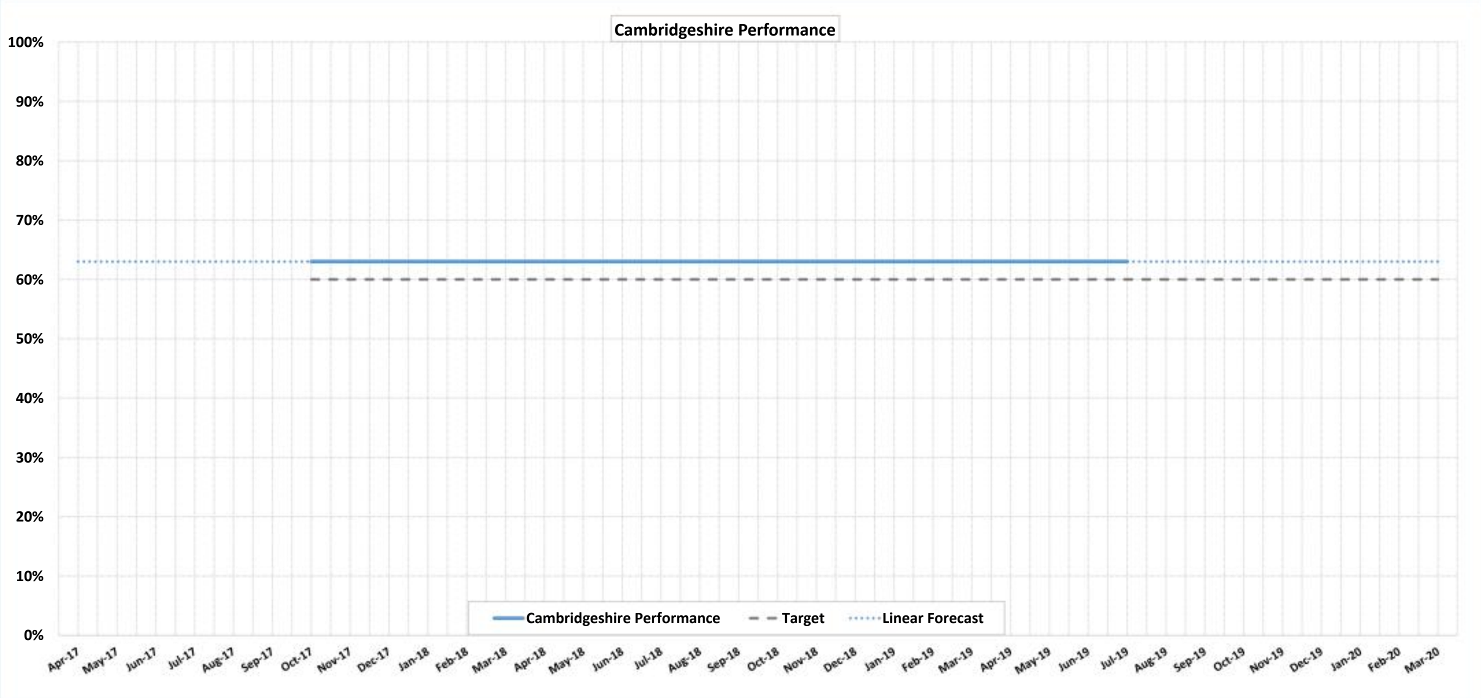
Commentary

Useful Links

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
60.0%	63.0%	63.0%	↑	⇔

RAG Rating

VG



Indicator Description

For the most recent staff survey, conducted in October 17, overall staff engagement was higher than both the public sector norm (55%) and the UK norm (60%).

Useful Links

Commentary

Through the 'Shaping Your Future' survey, carried out in October 17, we saw that 63% of staff felt engaged with the organisation and their roles. We also sat above national average for 'Involvement' (Relationship with the job) at 69% - national avg 63% and 'Alignment' (links to organisational aims and objectives) at 66% - national avg 58%. The survey did highlight areas in which we needed to improve, one being change management and the opportunities for staff to get involved in shaping our work. This was addressed in part through our series of Cambs2020 workshops and focus groups, and is a key focus of the 'People Plan' (People Strategy), through which staff will be given real opportunities to engage with our change programmes.

Target (Stars)	Current Year (Stars)	Previous Year (Stars)	Direction for Improvement	Change in Performance
4	3		↑	

RAG Rating

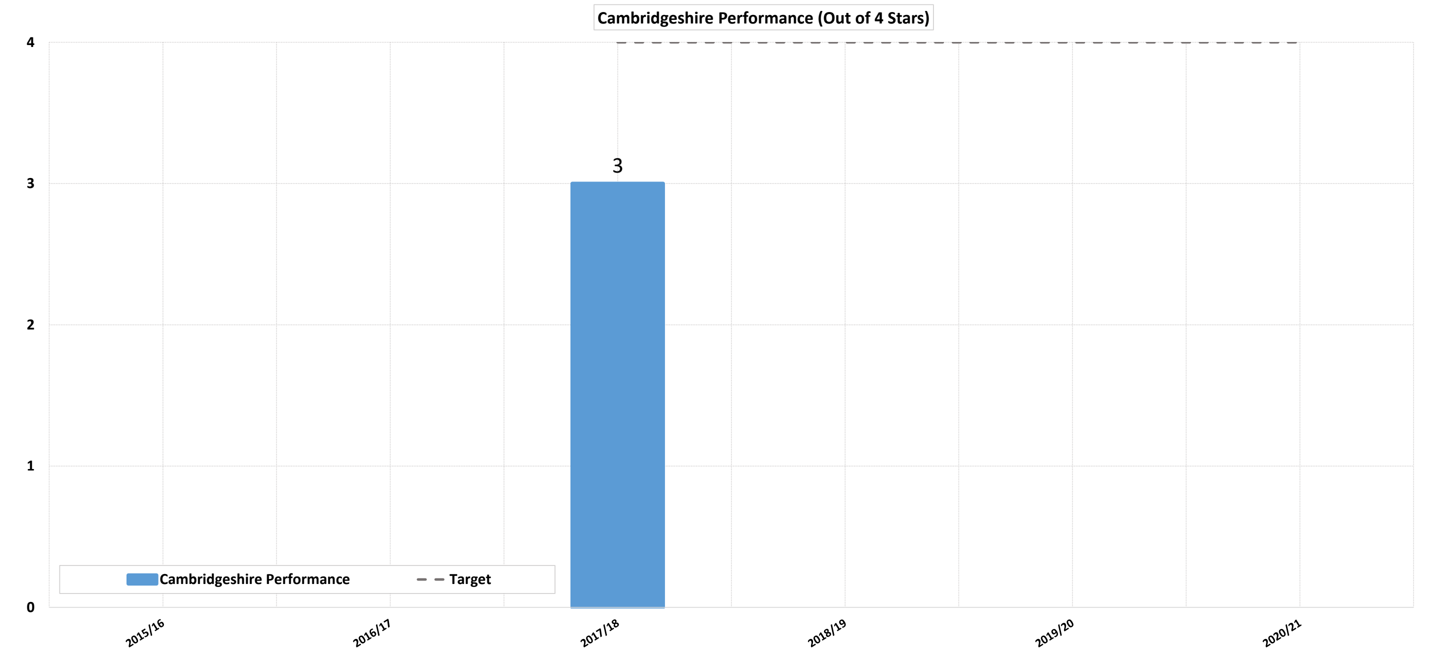
Indicator Description

Better Connected measures and makes recommendations on the performance of local authority websites across the United Kingdom - particularly focussing on accessibility and functionality.

Useful Links

Local Authority Interactive Tool (LAIT):
https://www.gov.uk/government/publications/local-authority-interactive-tool-lait

LG Inform:
https://lginform.local.gov.uk/



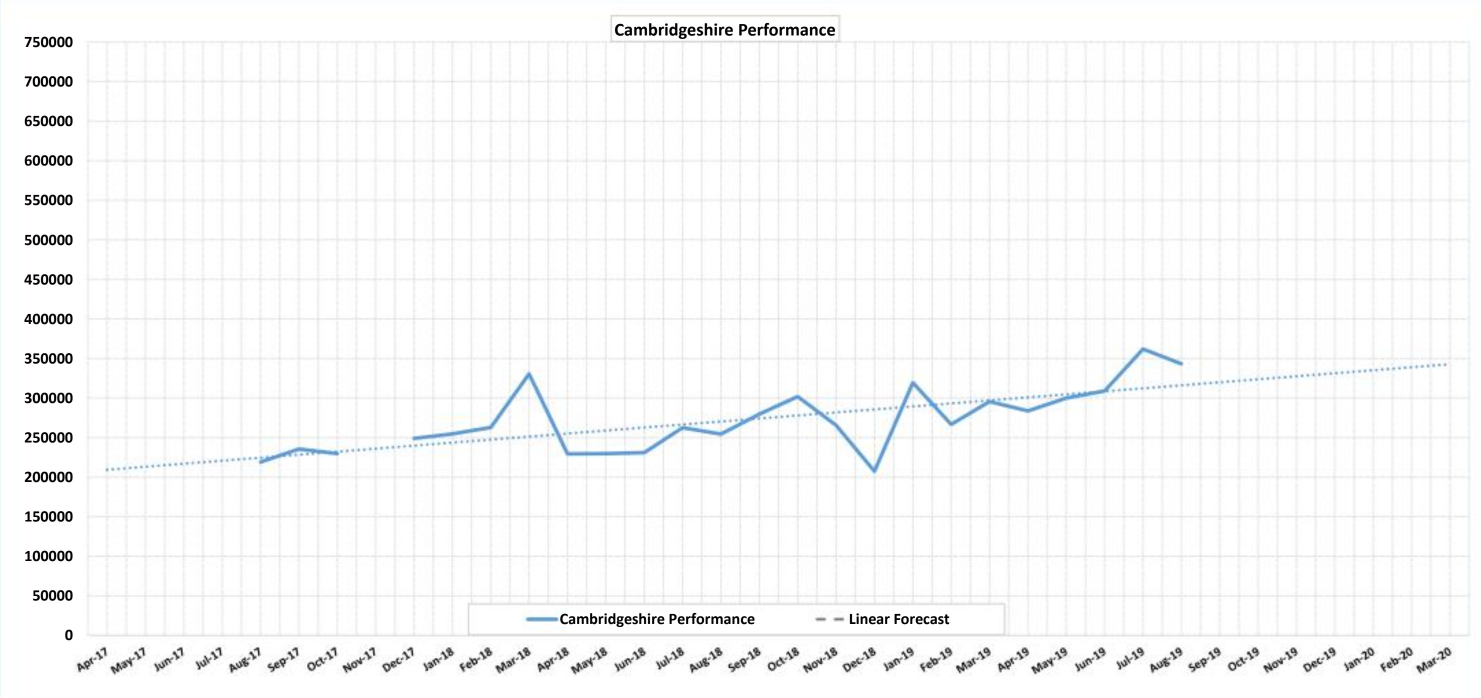
Commentary

The Society of IT Management (Socitm) surveys every UK local authority website every year. The Better Connected surveys test against specific scenarios reflecting services provided by local authorities - examples include finding information about planning and charges.

Socitm's marking system has changed over the years. It currently uses a four star rating system with four being the highest rating.

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
N/A	343288	361881	↑	↓

RAG Rating
N/A



Indicator Description

A count of unique web sessions taking place within the reporting period

Commentary

We have seen a steady rise in visits to the cambridgeshire.gov.uk website. This is a result of a Digital First approach, making is easier and quicker for residents to find information online. This has the additional benefit of reduced 'avoidable' calls to the Customer Services contact centre, freeing up call handler time for more complex calls and cases. We expect to see a continued steady rise in visits to our online platforms, such as our new online community information directory, but not necessarily our website.

Useful Links

Proportion of information enquiries resolved at first point of contact

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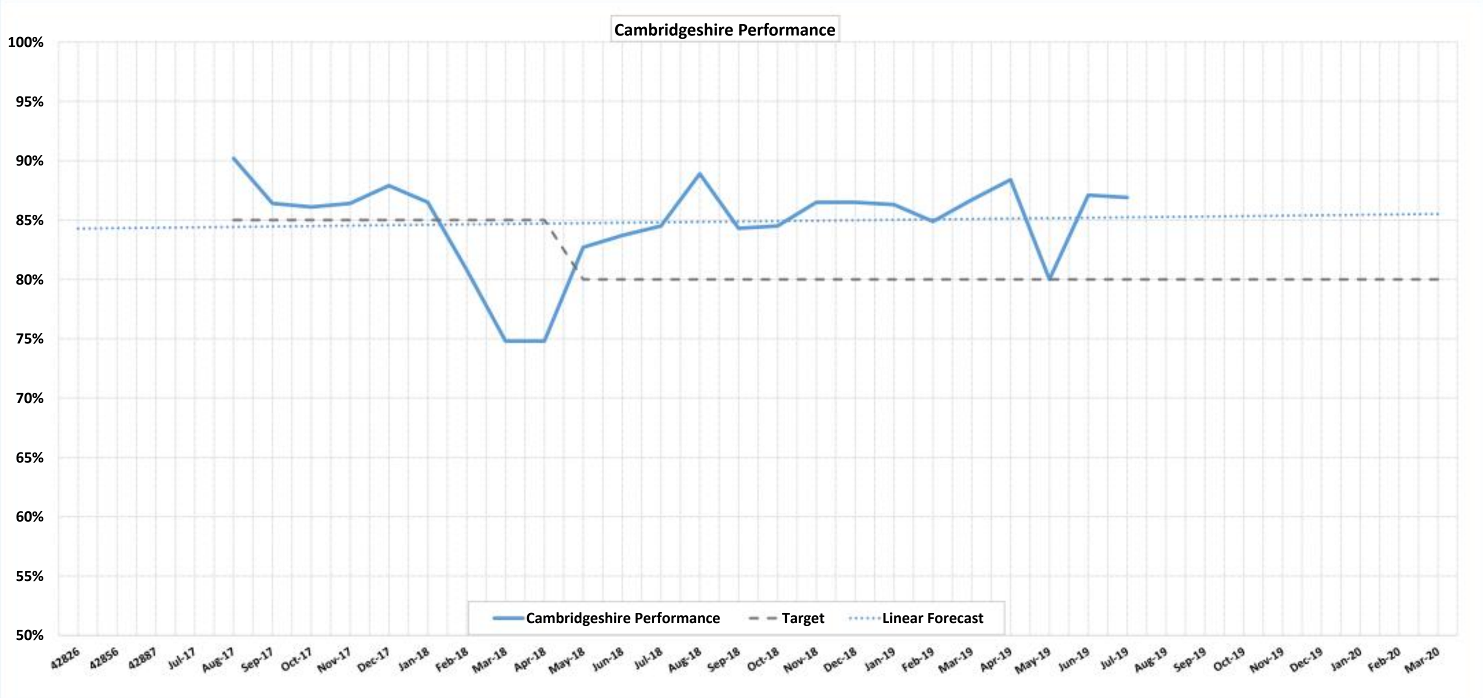
October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
80.0%	86.9%	87.1%	↑	↓

RAG Rating

VG



Indicator Description

Customer Services delivers a front facing service for customers to access seventeen county council services for Cambridgeshire and one service for PCC (childrens social care). Contacts are received across a number of channels. This indicator highlights the number of information and advice enquiries that are resolved by customer services without the need for escalation to other council officers/teams.

Commentary

This target is being met and performance against this indicator is continually improving as a result of a close working relationship between Customer Services and the Communication and Information Team. Customer Services data is continually analysed to identify where digital content is missing or requires amendment, to ensure opportunities to self-serve are maximised for customers and call handlers can access relevant service information on request.

Useful Links

Percentage of calls presented that are answered

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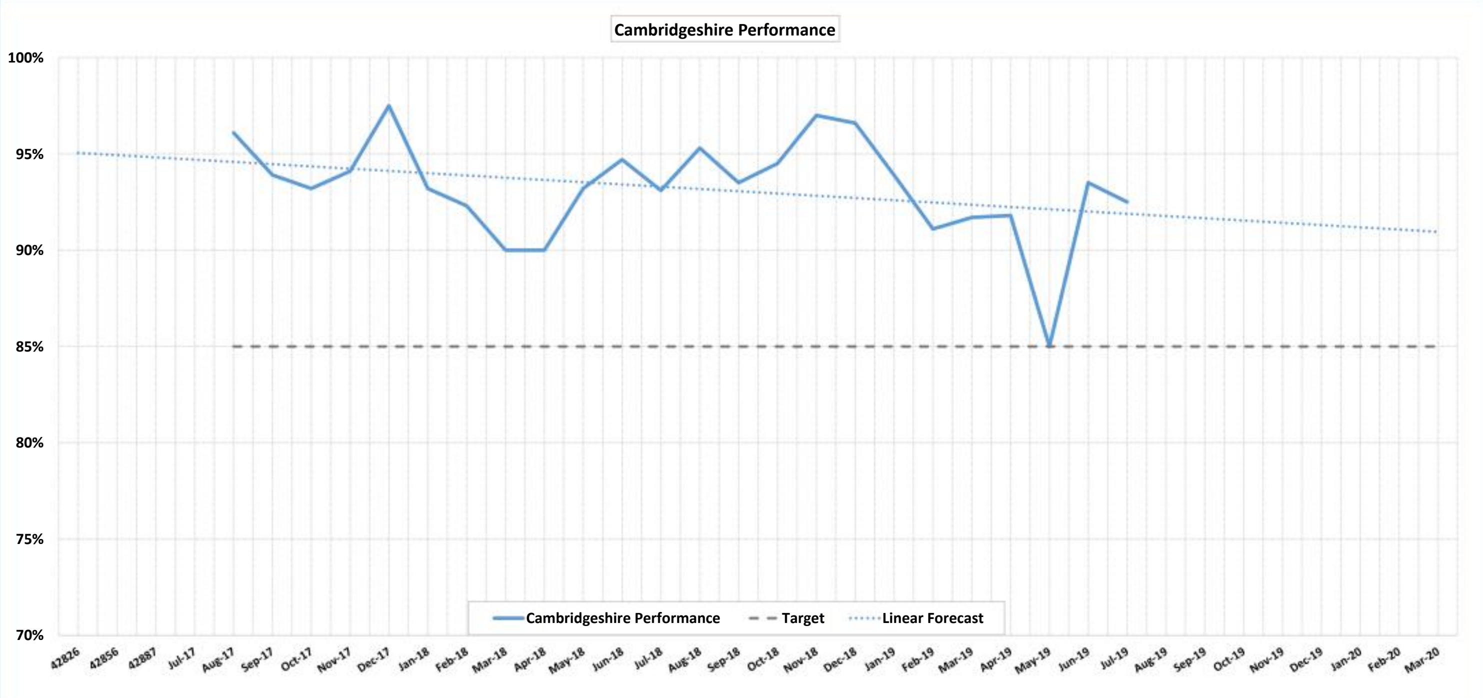
October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
85.0%	92.5%	93.5%	↑	↓

RAG Rating

VG



Indicator Description

This target demonstrates the number of telephone contacts that are picked up by customer services prior to a customer hanging up. Messages are recorded on each service line to provide customers with information and advice about afiliated services/organisations or to inform about online information/ options, to drive customers that can self serve online. In this way, customers who are more vulnerable or have complex requests can access a human response in a timely manner.

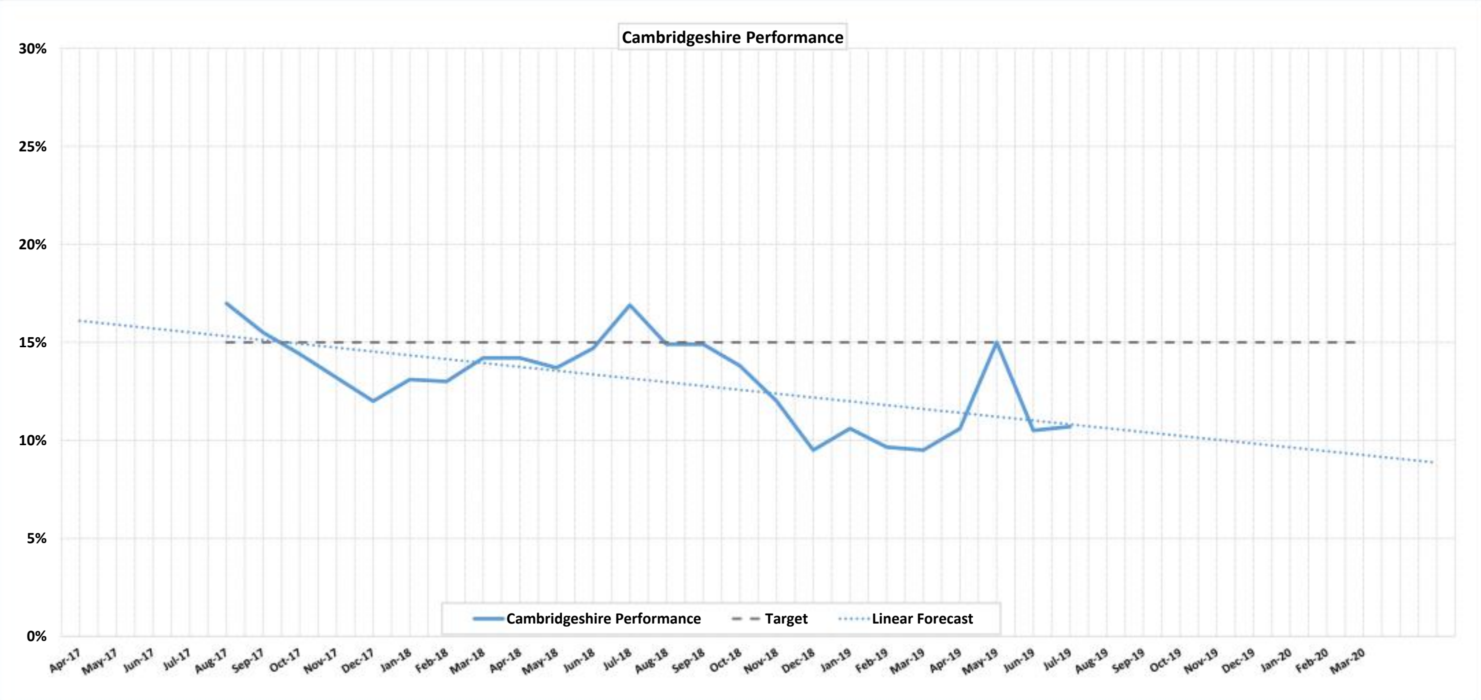
Commentary

This target has been met consistently throughout this year and over the last two consecutive years. Proactive recruitment, a comprehensive training programme to upskill staff and forecasting in relation to demand for our services has resulted in this success.

Useful Links

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
15.0%	10.7%	10.5%	↓	↓

RAG Rating



Indicator Description

This target demonstrates the percentage of contacts received that could have been avoided. Customer Services log details of all enquiries received in order to analyse the data to make improvements to the service. This includes looking at details as to why the customer contacted us and failure demand. One way of ascertaining this is logging when avoidable contacts occur. The definition we use for an avoidable contact is 'When an external or internal customer has contacted us across any channel due to human error, or a system/process failure'.

Commentary

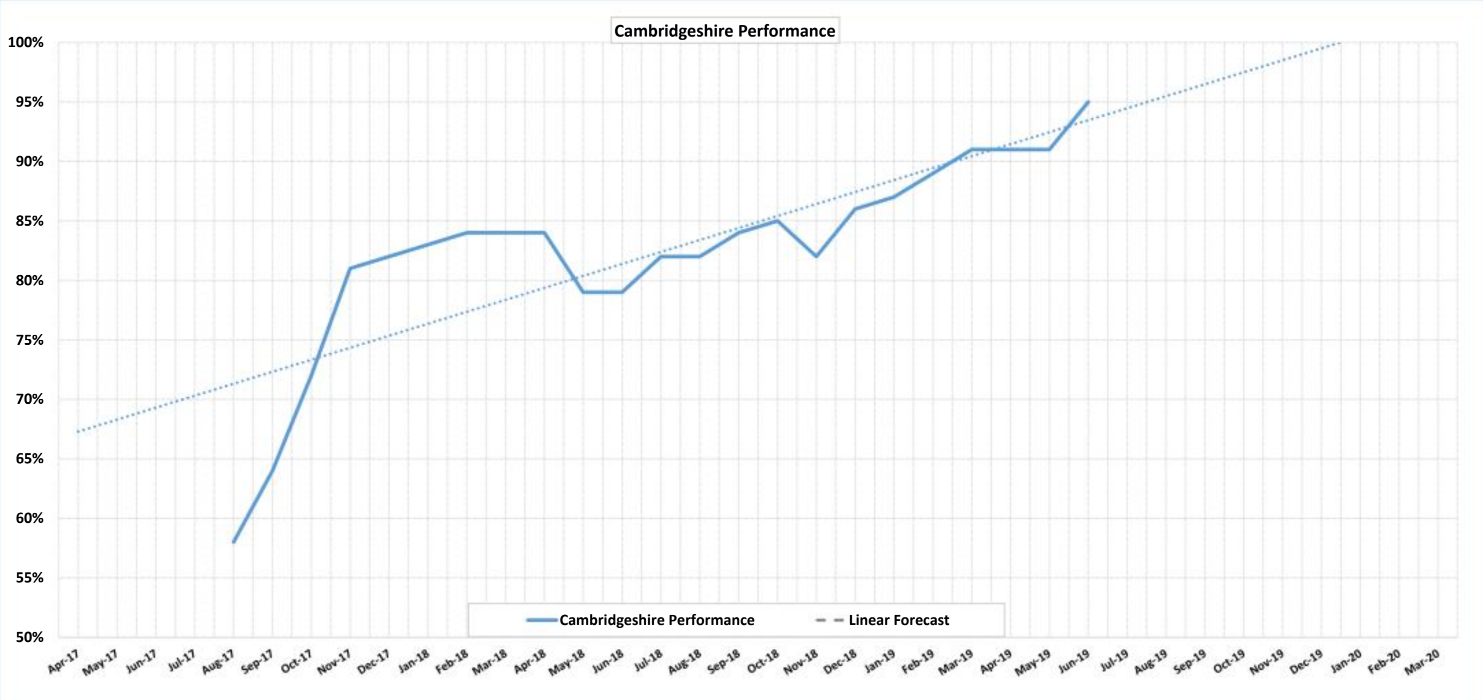
This target has been met consistently for over a year now, as a result of the way in which data is being analysed within customer services and fed back to service areas in review meetings to enable a focus on areas in which service improvements and the customer journey/experience can be enhanced. The messaging on the contact centre lines has been amended in accordance with our data findings to ensure that requests for services which fall outside of the remit of the councty council are promptly signposted elsewhere.

Useful Links

Proportion of services with a completed Business Continuity Plan | **Return to Index** | **October 2019**

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
N/A	95.0%	91.0%	↑	↑

RAG Rating
N/A



Indicator Description

The Emergency Management Team oversees the development of business continuity policy and planning, working with services to ensure business continuity plans are up to date. The proportion of services with completed plans is regularly monitored. The number reflects current up to date service business continuity plans.

Commentary

The number of completed business continuity plan's increased gradually, as expected, in line with the work that was undertaken with services.

Useful Links

Incidents resolved within Service Level Agreement (ref: IT01a)

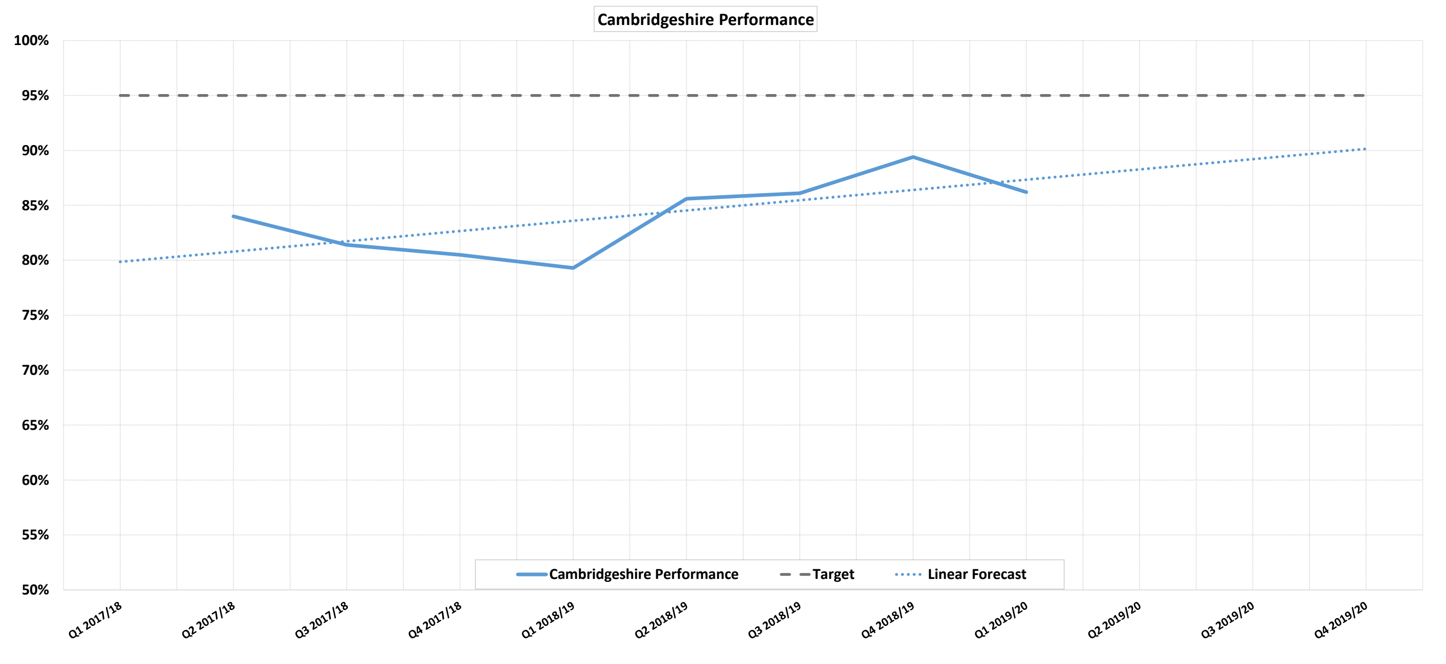
Return to Index

October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
95.0%	86.2%	89.4%	↑	↓

RAG Rating

A



Indicator Description

An Incident is defined as an unplanned interruption to an IT service or reduction in the quality of an IT service, examples include replacing a broken laptop and resetting a forgotten password.

Commentary

Initial evidence obtained from the IT helpdesk monitoring systems suggests that overall call volumes are increasing, predominantly due to the implmentation of new social care IT systems (such as the adult social care Mosaic system) and this is having an impact on this performance measure.

Useful Links

Requests resolved within Service Level Agreement (ref: IT01b)

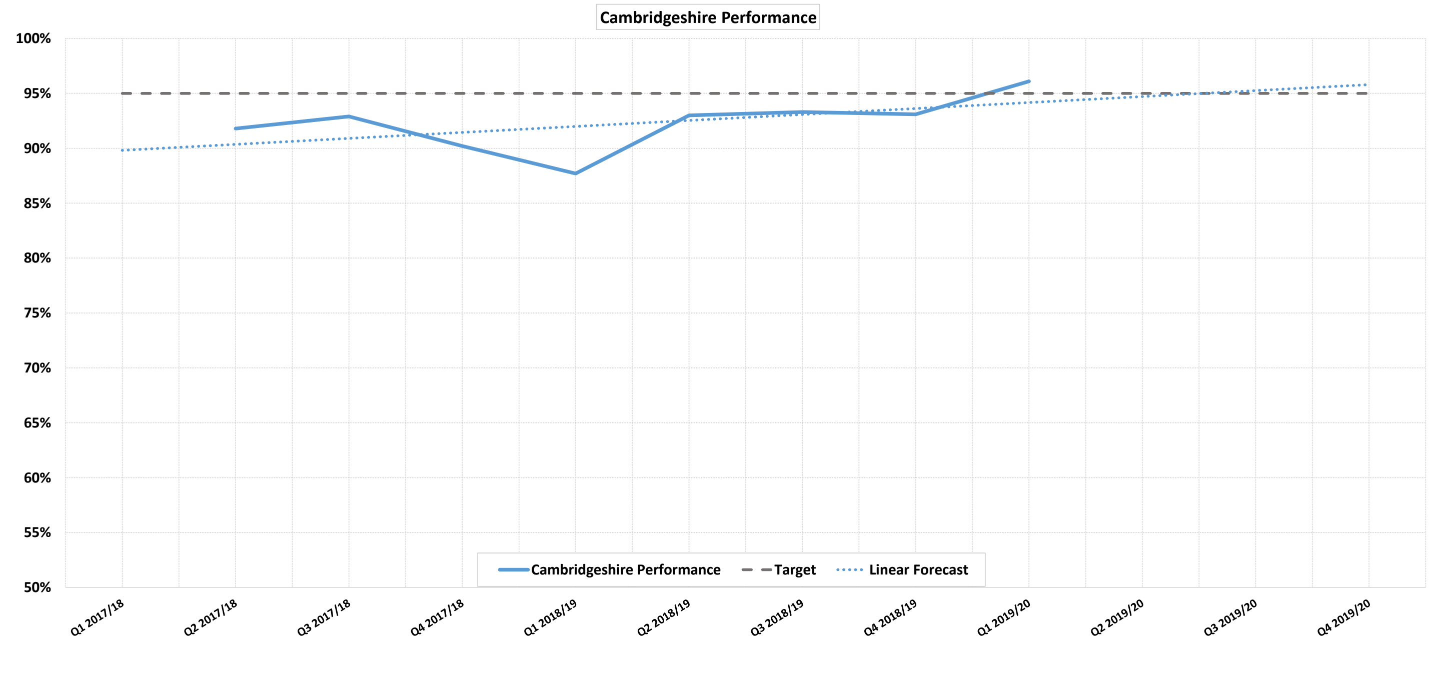
Return to Index

October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
95.0%	96.1%	93.1%	↑	↑

RAG Rating

G



Indicator Description

A request is defined as a new request from a user for information, advice, a standard change or access to a service - requests will include system access requests, changes to IT profiles and laptop applications

Commentary

Performance remains above target

Useful Links

Availability of Universal Business System IT Availability (ref: IT02)

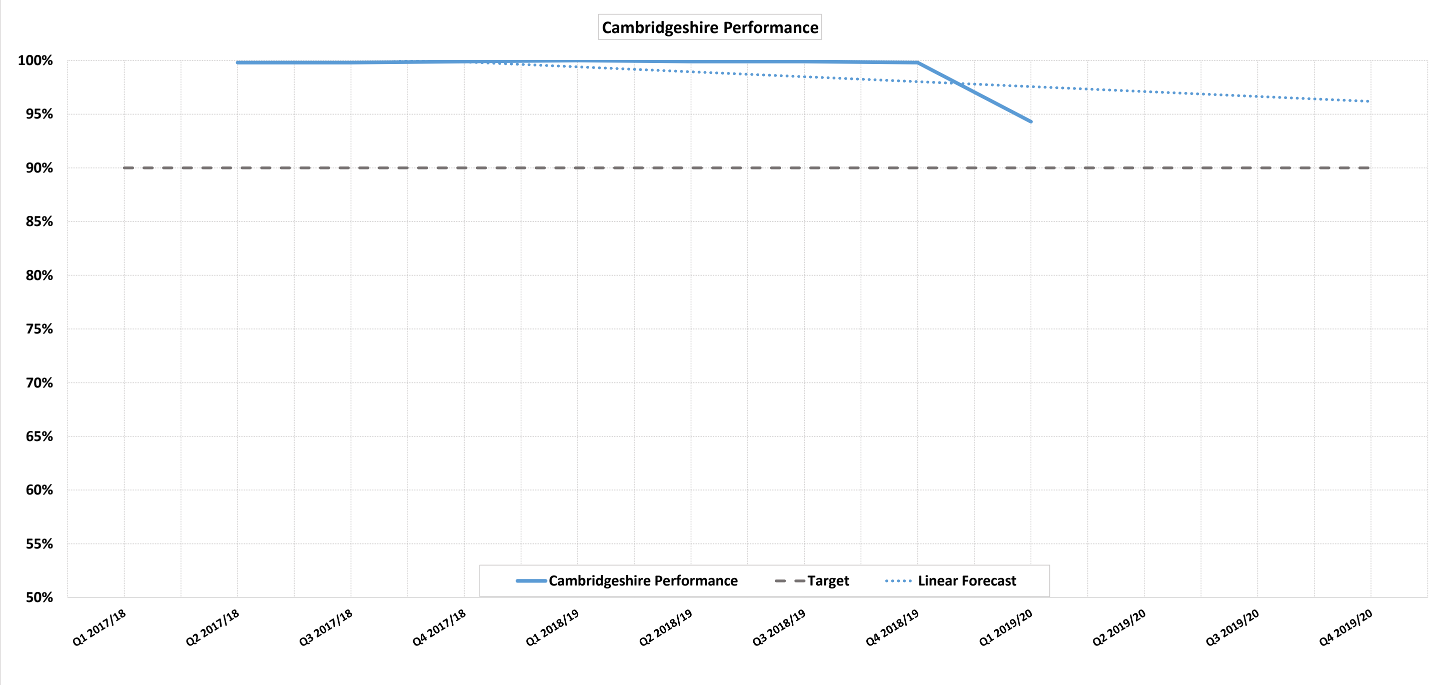
Return to Index

October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
90.0%	94.3%	99.8%	↑	↓

RAG Rating

G



Indicator Description

'Universal Business System' cover a range of key line-of-business applications deployed accross the Council, including Adults and Childrens social care case management systems, the Council IT network, remote access systems and land and mobile telephone networks

Useful Links

Commentary

Performance is above target

Main Index (select from the following outcome areas or directorates)

Outcome 1 | Outcome 2 | Outcome 3 | Adults | CYP | P&E - EE | P&E - HI | Public Health | C&I

Cambridgeshire County Council

Indicator by Outcome (click on indicator to go to page)

VG	= More than 5% above target
G	= On target or up to 5% above target
A	= Less than 10% under target
R	= More than 10% under target
N/A	= No target
	= In development

Outcome 1: A good quality of life for everyone

Return to Index Selection

	Outcome Area	Directorate	RAG Rating
Indicator 18: Admissions to residential and nursing care homes (aged 65+), per 100,000 population	A good quality of life for everyone	Adults	VG
Indicator 105: Percentage of adult safeguarding enquiries where outcomes were at least partially achieved	A good quality of life for everyone	Adults	VG
Indicator 140: Percentage of new clients where the sequel to Reablement was not a long-term service	A good quality of life for everyone	Adults	VG
Indicator 162: Number of carers receiving Council funded support per 100,000 of the population	A good quality of life for everyone	Adults	R
Indicator 50: GUM Access - Percentage seen within 48 hours (Percentage of those offered an appointment)	A good quality of life for everyone	Public Health	VG
Indicator 53: Number of NHS Health Checks completed	A good quality of life for everyone	Public Health	R
Indicator 56: Smoking Cessation - four week quitters	A good quality of life for everyone	Public Health	VG
Indicator 76: Personal Health Trainer Service - Personal Health Plans completed (Extended Service)	A good quality of life for everyone	Public Health	VG
Indicator 82: Percentage of Tier 2 clients recruited who complete the course and achieve 5% weight loss	A good quality of life for everyone	Public Health	VG
Indicator 83: Percentage of Tier 3 clients recruited completing the course and achieve 10% weight loss	A good quality of life for everyone	Public Health	VG

Outcome 2: Thriving places for people to live

Return to Index Selection

	Outcome Area	Directorate	RAG Rating
Indicator 14: Proportion of service users (18-64) with a primary support reason of learning disability support in paid employment (year to date)	Thriving places for people to live	Adults	R
Indicator 21: Proportion of adults, in contact with secondary mental health services, who are in paid employment	Thriving places for people to live	Adults	VG
Indicator 34: The average journey time per mile during the morning peak on the most congested routes	Thriving places for people to live	EE	R
Indicator 37: Number of visitors to libraries/community hubs - year-to-date	Thriving places for people to live	HI	R
Indicator 39: Principal roads where maintenance should be considered	Thriving places for people to live	HI	VG
Indicator 40: Classified road condition - narrowing the gap between Fenland and other areas of the County	Thriving places for people to live	HI	R
Indicator 41: Non-principal roads where maintenance should be considered	Thriving places for people to live	HI	VG
Indicator 43: Killed or seriously injured (KSI) casualties - 12-month rolling total	Thriving places for people to live	HI	R
Indicator 148: Number of Defect Certificates as percent of total number of orders	Thriving places for people to live	HI	VG
Indicator 164: Annual forecast of the net amount of commercial income as a percentage of initial investment	Thriving places for people to live	C&I	R
Indicator 171: Percentage change in value of income obtained from farm estates	Thriving places for people to live	C&I	R

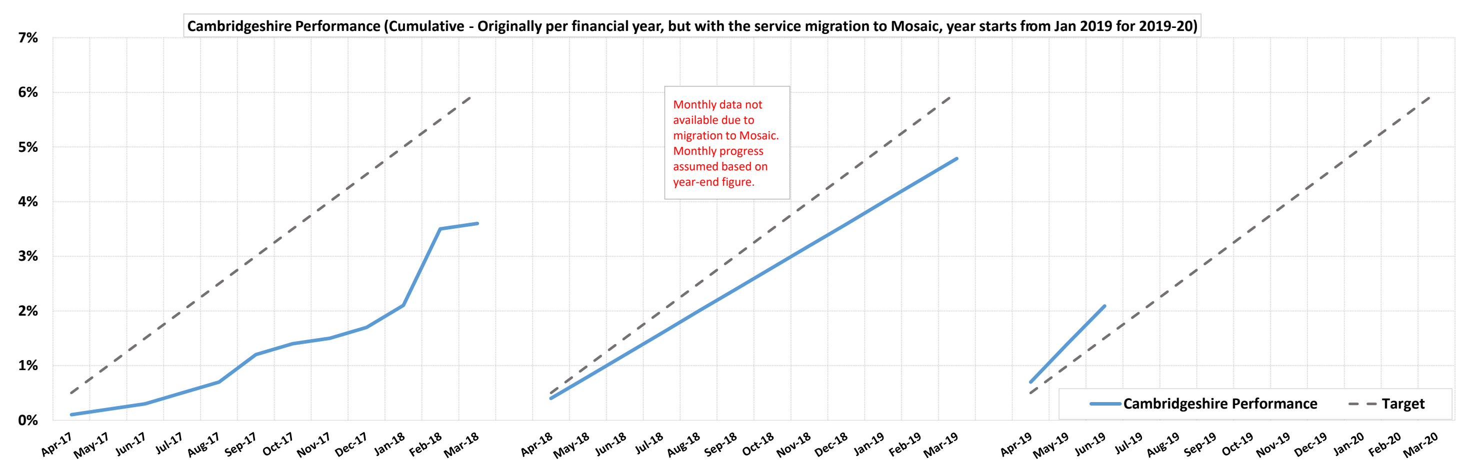
Outcome 3: The best start for Cambridgeshire's children

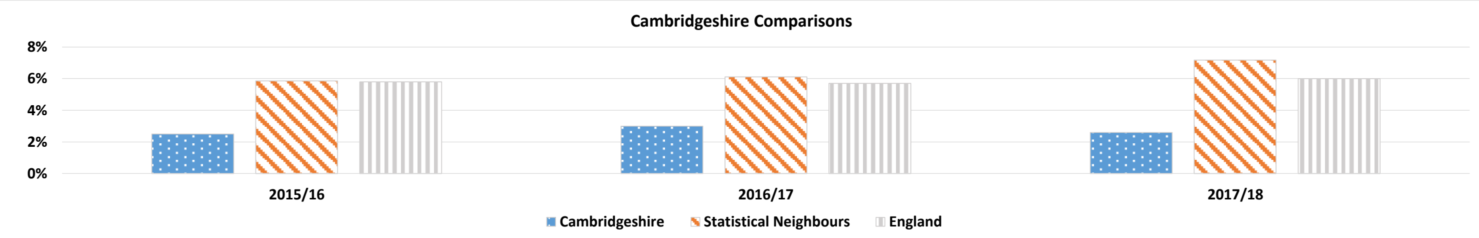
Return to Index Selection

	Outcome Area	Directorate	RAG Rating
Indicator 1: Percentage children whose referral to social care occurred within 12 months of a previous referral	The best start for Cambridgeshire's children	CYP	R
Indicator 3: The number children in care per 10,000 population under 18	The best start for Cambridgeshire's children	CYP	R
Indicator 117: Proportion of children subject to a Child Protection Plan for the second or subsequent time (within 2 years)	The best start for Cambridgeshire's children	CYP	VG
Indicator 10: Ofsted - Pupils attending schools that are judged as Good or Outstanding (Special Schools)	The best start for Cambridgeshire's children	CYP	R
Indicator 128: Percentage of EHCP assessments completed within timescale	The best start for Cambridgeshire's children	CYP	VG
Indicator 132: Percentage of Persistent absence (All children)	The best start for Cambridgeshire's children	CYP	R
Indicator 58: Health visiting mandated check - Percentage of first face-to-face antenatal contact with a HV at >28 weeks	The best start for Cambridgeshire's children	Public Health	R
Indicator 62: Health visiting mandated check - Percentage of children who received a 2 -2.5 year review	The best start for Cambridgeshire's children	Public Health	R
Indicator 173: Number clients completing their PHP	The best start for Cambridgeshire's children	Public Health	VG

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
6.0%	2.1%	1.4%	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
7.2%	6.0%	R





(*Mean England and Statistical Neighbour data obtained from NHS Digital*)

Indicator Description

The measure is intended to improve the employment outcomes for adults with a primary support reason of learning disability support, reducing the risk of social exclusion. There is a strong link between employment and enhanced quality of life, including evidenced benefits for health and wellbeing and financial benefits.

The measure shows the proportion of adults with a primary support reason of learning disability support who are recorded as being in paid employment. The information would have to be captured or confirmed within the financial year reporting period.

The measure is focused on 'paid' employment. Voluntary work is not collected in SALT and thus, is excluded from the measure. Paid employment is measured using the following two categories:
- Working as a paid employee or self-employed (16 or more hours per week); and,
- Working as a paid employee or self-employed (up to 16 hours per week)

Calculation:
(X/Y)*100

Where:
X: All people within the denominator, who are in employment. The numerator should include those recorded as in paid employment irrespective of whether the information was recorded in an assessment, review or other mechanism. However, the information would have to have been captured within the financial year.

Y: Number of working-age clients with a primary support reason of learning disability support "known to CASSRs" during the period.

Source:The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions

Commentary

Performance at this indicator has been improving recently, with the year end figure for 2018-2019 exceeding that of the previous 3 years.

As well as a requirement for employment status to be recorded, unless a service user has been assessed or reviewed in the year, the information cannot be considered current. Therefore this indicator is also dependent on the review/assessment performance of LD.

The migration to Mosaic has had a positive impact on performance at this indicator by prompting workers to update of the employment status at each assessment/review.

To support delivery of the LD Employment Strategy a working group has been formed to develop a targeted workplan to improve employment opportunities for this cohort of service users. 16 individuals have been identified for employment support to add to the 50 already in paid employment.

Although performance is above target at the end of Q1, the indicator remains red as there is still a significant risk that the year end target may not be met at year end due to the complexities involved in securing paid employment in the current economic climate. This judgement will be kept under review and will be revised in subsequent reports if the recent trends continue.

Useful Links

NHS Digital 2017/18 Data:
https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/current

NHS Digital Archived Data:
https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/archive

LG Inform:
https://lginform.local.gov.uk/

The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687208/Final_ASCOF_handbook_of_definitions_2018-19_2.pdf

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
564.0	406.0	370.9	↓	↓

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
535.6	585.6	VG

Indicator Description

Avoiding permanent placements in residential and nursing care homes is a good measure of delaying dependency, and the inclusion of this measure in the framework supports local health and social care services to work together to reduce avoidable admissions. Research suggests that, where possible, people prefer to stay in their own home rather than move into residential care. However, it is acknowledged that for some client groups that admission to residential or nursing care homes can represent an improvement in their situation.

This measure reflects the number of older people whose long-term support needs are best met by admission to residential and nursing care homes relative to the group population. The measure compares council records with ONS population estimates. People counted in this measure should include:
- Users where the local authority makes any contribution to the costs of care, no matter how trivial or location of residential or nursing care
- Supported users and self-funders with depleted funds (set out in The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions)

Calculation:
(X/Y)*100,000

Where:
X: The sum of the number of council-supported older people (aged 65 and over) whose long-term support needs were met by a change of setting to residential and nursing care during the year (excluding transfers between residential and nursing care).

Y: Size of older people population (aged 65 and over) in area (ONS mid-year population estimates).

Source:The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions

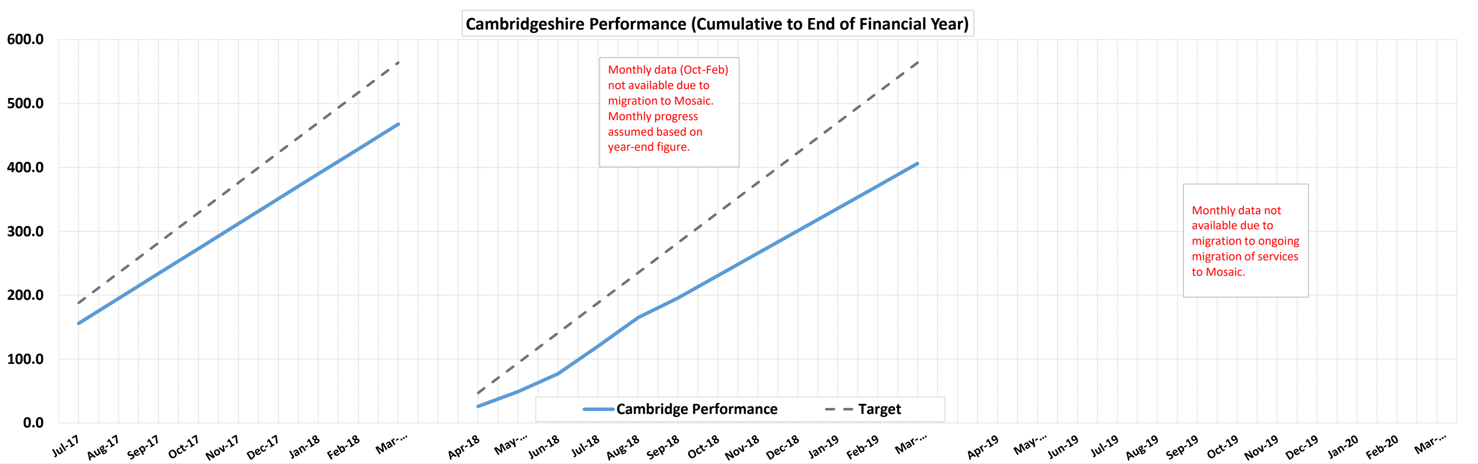
Useful Links

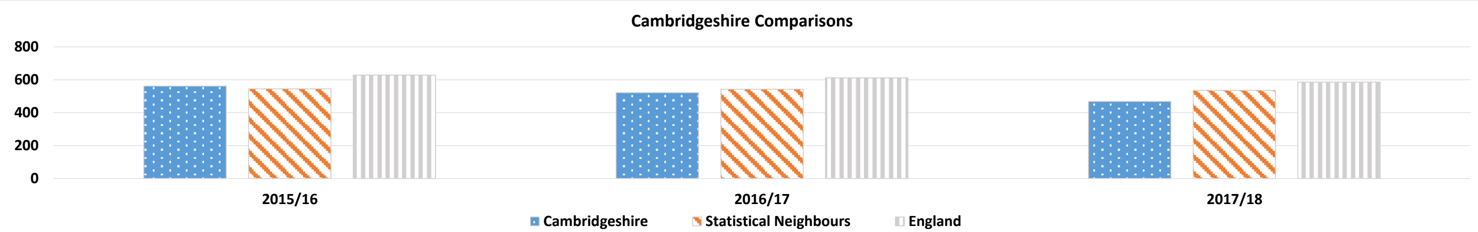
NHS Digital 2017/18 Data:
https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/current

NHS Digital Archived Data:
https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/archive

LG Inform:
https://lginform.local.gov.uk/

The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687208/Final_ASCOF_handbook_of_definitions_2018-19_2.pdf





(Mean England and Statistical Neighbour data obtained from NHS Digital)

Commentary

The implementation of the Transforming Lives model, combined with a general lack of available residential and nursing beds in the area has continued to keep admissions below national and statistical neighbour averages.

N.B. This is a cumulative figure, so will always go up. An upward direction of travel arrow means that if the indicator continues to increase at the same rate, the ceiling target will not be breached.

No new data is currently available for this measure during ongoing migration of service data to Mosaic system.

Indicator 21: 1F Proportion of adults, in contact with secondary mental health services, who are in paid employment

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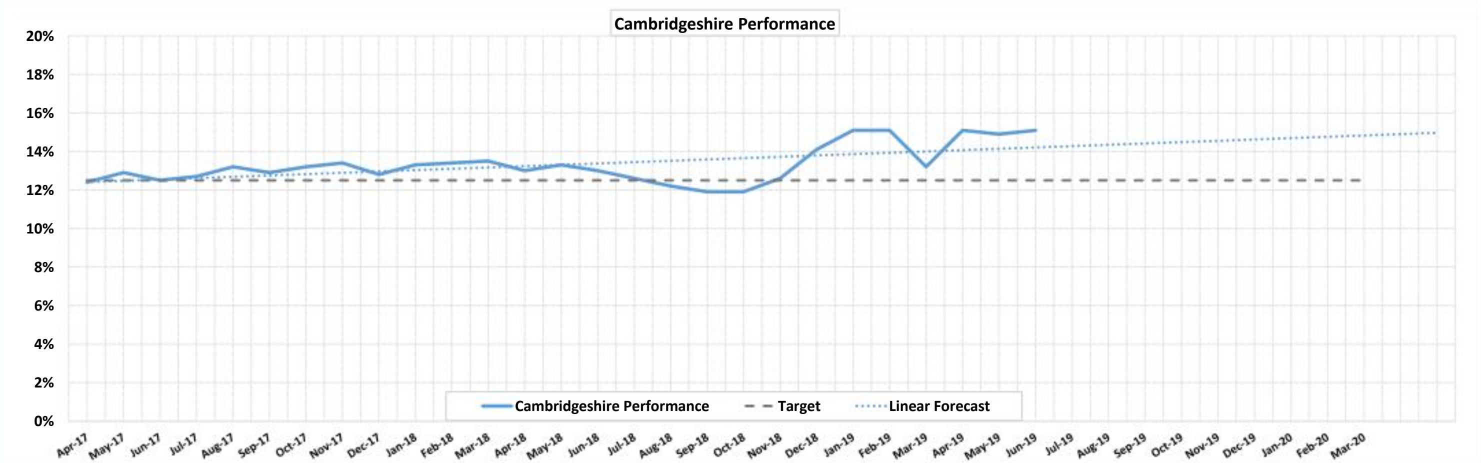
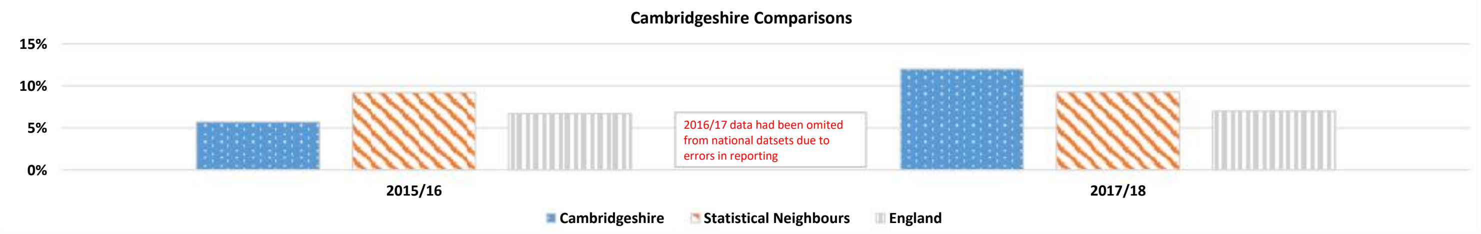
October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
12.5%	13.5%	13.4%	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
9.3%	7.0%	VG





(Mean England and Statistical Neighbour data obtained from NHS Digital)

Indicator Description

The measure is of improved employment outcomes for adults with mental health problems, reducing their risk of social exclusion and discrimination. Supporting someone to become and remain employed is a key part of the recovery process. Employment outcomes are a predictor of quality of life, and are indicative of whether care and support is personalised. Employment is a wider determinant of health and social inequalities.

The measure shows the percentage of adults receiving secondary mental health services in paid employment at the time of their most recent assessment, formal review or other multi-disciplinary care planning meeting.
Adults here are defined as those aged 18 to 69 who are receiving secondary mental health services and who are on the Care Programme Approach (CPA).The measure is focused on 'paid' employment. Voluntary work is to be excluded for the purposes of this measure.

Calculation:
(X/Y)*100

Where:
X: Number of working age adults (18-69 years) who are receiving secondary mental health services and who are on the CPA recorded as being in employment. The most recent record of employment status for the person during the previous twelve months is used.

Y: Number of working age adults (18-69 years) who have received secondary mental health services and who were on the CPA at the end of the month.

Source:The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions

Commentary

Performance at this measure is above target. Reductions in the number of people in contact with services are making this indicator more variable while the numbers in employment are changing more gradually.

Useful Links

NHS Digital 2017/18 Data:
https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/current

NHS Digital Archived Data:
https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/archive

LG Inform:
https://lginform.local.gov.uk/

The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687208/Final_ASCOF_handbook_of_definitions_2018-19_2.pdf

Indicator 105: Percentage of adult safeguarding enquiries where outcomes were at least partially achieved

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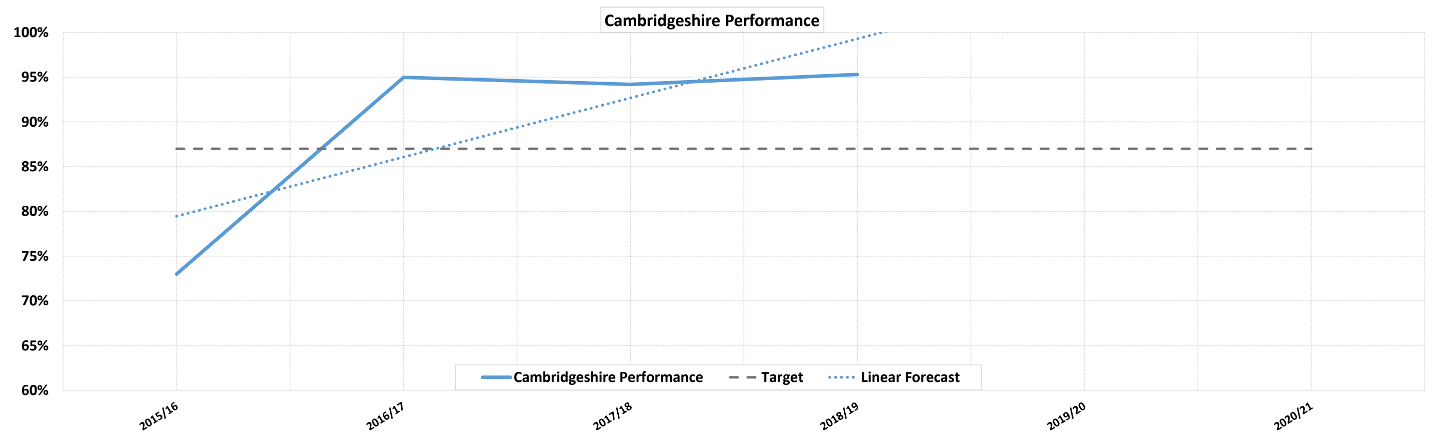
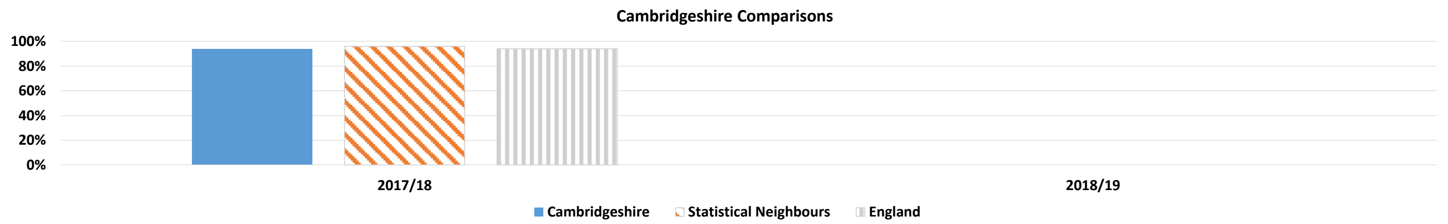
October 2019

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
87.0%	95.3%	94.2%	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
96.0%	94.0%	VG





Indicator Description

The Care Act 2014 (Section 42) requires that each local authority must make enquiries, or cause others to do so, if it believes an adult is experiencing, or is at risk of, abuse or neglect. An enquiry should establish whether any action needs to be taken to prevent or stop abuse or neglect, and if so, by whom.

As part of the statutory reporting of safeguarding cases, those adults at risk may be asked what their desired outcomes of a safeguarding enquiry are. Where desired outcomes have been expressed, upon conclusion of the safeguarding enquiry the achievement of these outcomes is reported.

This data is collected as part of the statutory Safeguarding Adults Collection.

Calculation:
(X/Y)*100

Where:
X: The number of concluded enquiries where outcomes were either achieved or partially achieved.

Y: The number of concluded enquiries where the adult(s) expressed desired outcomes.

Commentary

Performance at this measure is strong and remains consistent with national performance and that of statistical neighbours. There is room for improvement in the number of adults at risk being asked to express their desired outcomes. In 2017/18, approximately 17% of adults at risk who were subject to a S42 enquiry were not asked for their desired outcomes.

Useful Links

NHS Digital 2017/18 Data:
https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/current

NHS Digital Archived Data:
https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/archive

LG Inform:
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The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687208/Final_ASCOF_handbook_of_definitions_2018-19_2.pdf

Indicator 140: 2D Percentage of new clients where the sequel to Reablement was not a long-term service

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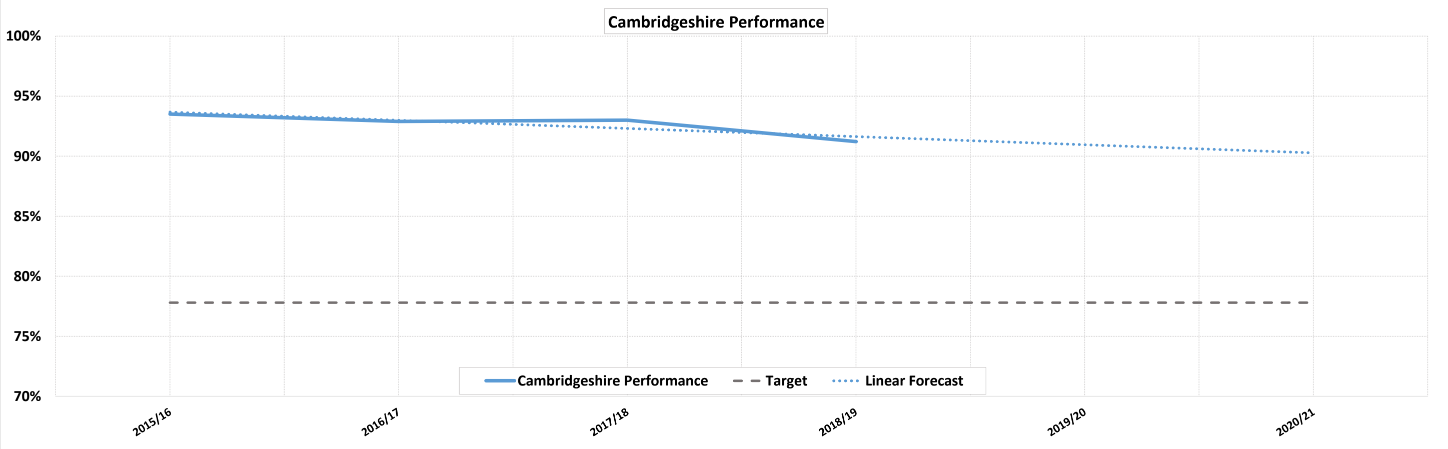
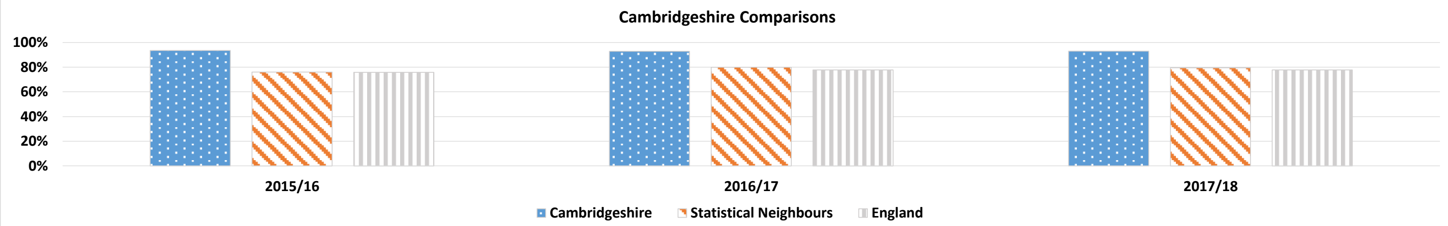
October 2019

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
77.8%	91.2%	93.0%	↑	↓

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
79.5%	77.8%	VG





(Mean England and Statistical Neighbour data obtained from NHS Digital)

Indicator Description

This measure will reflect the proportion of those new clients who received short-term services during the year, where no further request was made for ongoing support. Since short-term services aim to reable people and promote their independence, this measure will provide evidence of a good outcome in delaying dependency or supporting recovery – short-term support that results in no further need for services.

In this context, short-term support is defined as 'short-term support which is designed to maximise independence', and therefore will exclude carer contingency and emergency support. This prevents the inclusion of short-term support services which are not reablement services.

Calculation:

(X/Y)*100

Where:

X: Number of new clients where the sequel to "Short Term Support to maximise independence" was "Ongoing Low Level Support"; "Short Term Support (Other)"; "No Services Provided - Universal Services/Signposted to Other Services"; "No Services Provided - No identified needs".

Y: Number of new clients who had short-term support to maximise independence. Those with a sequel of either early cessation due to a life event, or those who have had needs identified but have either declined support or are self-funding should be subtracted from this total.

Source:The Adult Social Care Outcomes Framework 2018/19 Handbook of Definitions

Commentary

Performance has dipped slightly in 2018/19 but is still comfortably above target, as well as the national and statistical neighbour averages.

Useful Links

NHS Digital 2017/18 Data:

https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/current

NHS Digital Archived Data:

https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/archive

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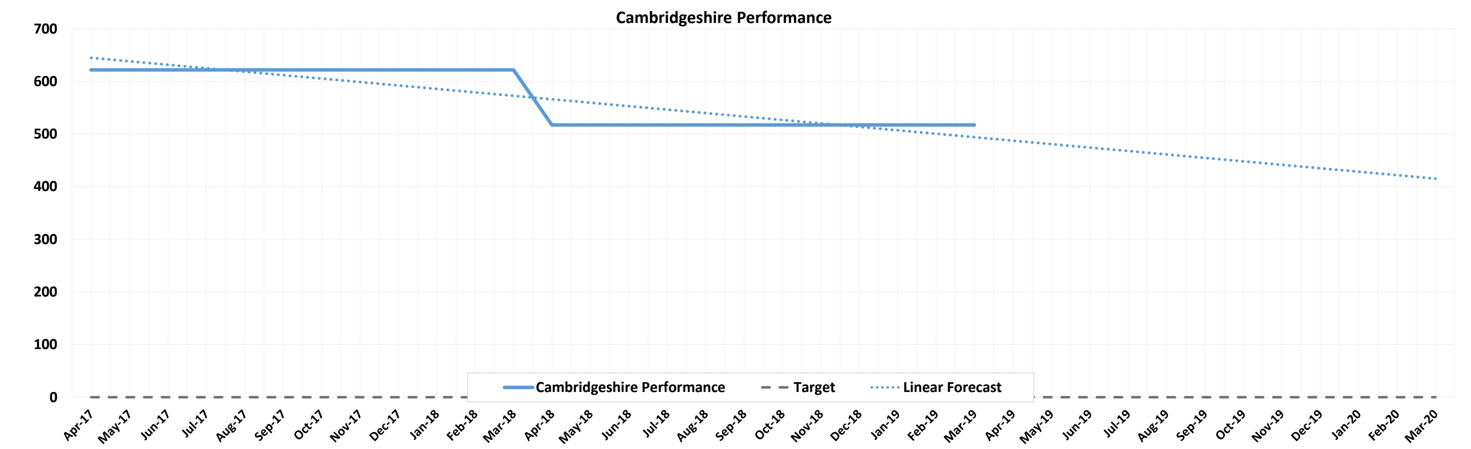
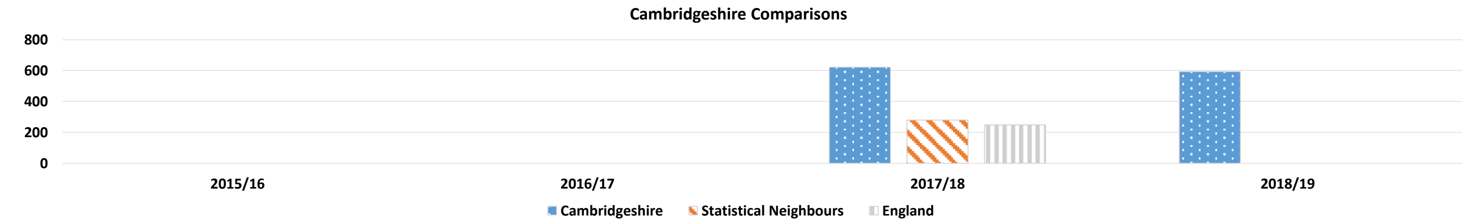
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687208/Final_ASCOF_handbook_of_definitions_2018-19_2.pdf

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
271	622	517	↓	↓

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG rating
280	249	R





Indicator Description

Carers assessment and targeted support can enable carers to continue caring for family members in their own homes and prevent carer breakdown.

The method used for calculating this measure is as follows:

R= X/Y*100000

Where R is the rate per 100 000 members of the population.

X is the sum of all carers supported by the following the following delivery mechanisms (as defined by the Social Care SALT Return): “Direct Payment only”, “Part Direct Payment”, “CASSR Managed Personal Budget”, “CASSR Commissioned Support only” and “Respite or other forms of carer support delivered to the cared-for-person”.

And Y is the adult population of the county based on the relevant mid-year estimate from the Office for National Statistics.

Source: SALT LTS003, Table 1

Commentary

Performance at this indicator appears to be falling, however this does not necessarily mean that fewer carers are being supported. In previous years direct payments were often used as a standard delivery mechanism for support a carer. There is now a greater focus on targeting support to carers in more varied ways which do not necessarily involve one-off grant payments. Recording of these interactions with carers is less robust than those involving a financial transaction and as such, the number of carers being supported appear to be in decline. Target represents a 50% reduction of Carer Direct Payments from the 2018/19 baseline.

Useful Links

NHS Digital 2017/18 Data:

https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/current

NHS Digital Archived Data:

https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/archive

LG Inform:

https://lginform.local.gov.uk/

Indicator 1: Percentage children whose referral to social care occurred within 12 months of a previous referral

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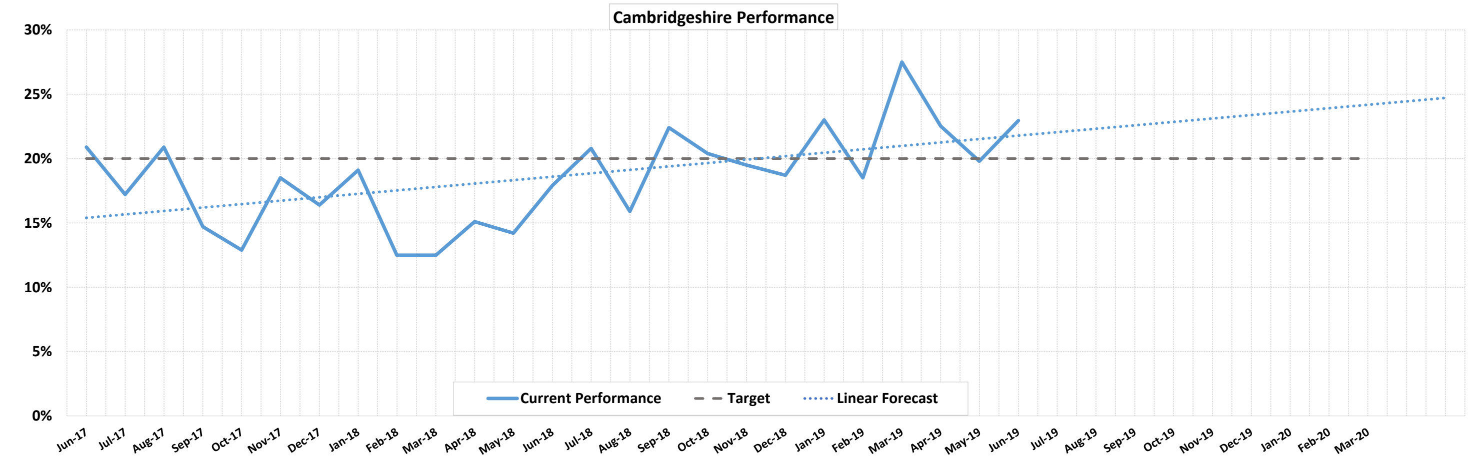
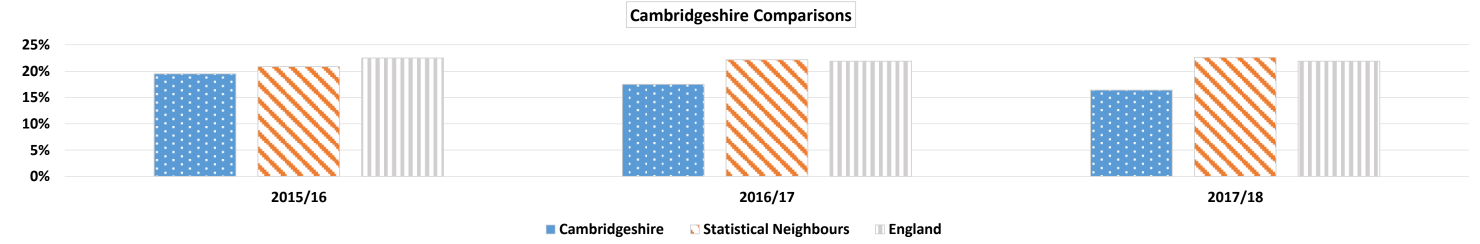
October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
20.0%	23.0%	19.8%	↓	↓

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
22.6%	21.9%	R





(Mean England and Statistical Neighbour data obtained from Local Authority Interactive Tool (LAIT))

Indicator Description

This measure gives an indication of the level of re-referral into children's social care. A re-referral could indicate that the child's needs were not previously fully met, or a significant incident has occurred to change their circumstances.

Expressed as a percentage of children, with a referral to social care, within the reporting month, who have had a previous referral to social care which opened within the last year.

A referral is defined as a request for services to be provide by children's social care and is in respect of a child who is currently not assessed to be in need. A referral may result in an initial assessment of the child's needs, the provision of information or advice, referral to another agency or no further action. New information relating to children who are already assessed to be a child in need is not counted as a referral (Department for Education, 2019).

Calculation:
(X/Y)*100

Where:
X: The number of children with a referral who also have a previous referral starting within the last 12 months.

Y: The number of children with a referral this month.

Sources: Department for Education; Local Authority Interactive Tool (LAIT); Cambridgeshire County Council Business Intelligence Childrens Team.

Useful Links

Local Authority Interactive Tool (LAIT):
https://www.gov.uk/government/publications/local-authority-interactive-tool-lait

LG Inform:
https://lginform.local.gov.uk/

Department of Education - Children in Need Statistics
https://www.gov.uk/government/collections/statistics-children-in-need

Commentary

Recent changes in the way that contacts and referrals are considered within the Integrated Front Door mean that this indicator is likely to swing more than usual. This means that the current reported re-referral rate needs to be viewed with caution. The impact of the changes will reduce as we move towards the end of the year.

In Q1 2019, 21.8% (261) of referrals to social care occurred within 12 months of a previous referral. This is below statistical neighbours and in line with the England average. There has been an upward trend in re-referrals since the beginning of 2018.

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
40.0	58.1	58.9	↓	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
46.3	64.0	R

Indicator Description

This measure gives an indication of the number of children who are in the care of the local authoirty. A child is classed as in care if they are provided with accommodation for a continuous period of more than 24 hours; are subject to a care order, a placement order or accommodated under section 20 Children Act 1989 with parental consent.

Expressed as the number of children in care as a rate per 10,000 children aged 0-17. Children in care includes all children being looked after by a local authority; those subject to a care order under section 31 of the Children Act 1989; and those looked after on a voluntary basis through an agreement with their parents under section 20 of that Act (Department for Education , 2018).

Calculation:
(X/Y)*10,000

Where:
X: The number of children in care at month end.

Y: The population of 0 to 17 year old children.

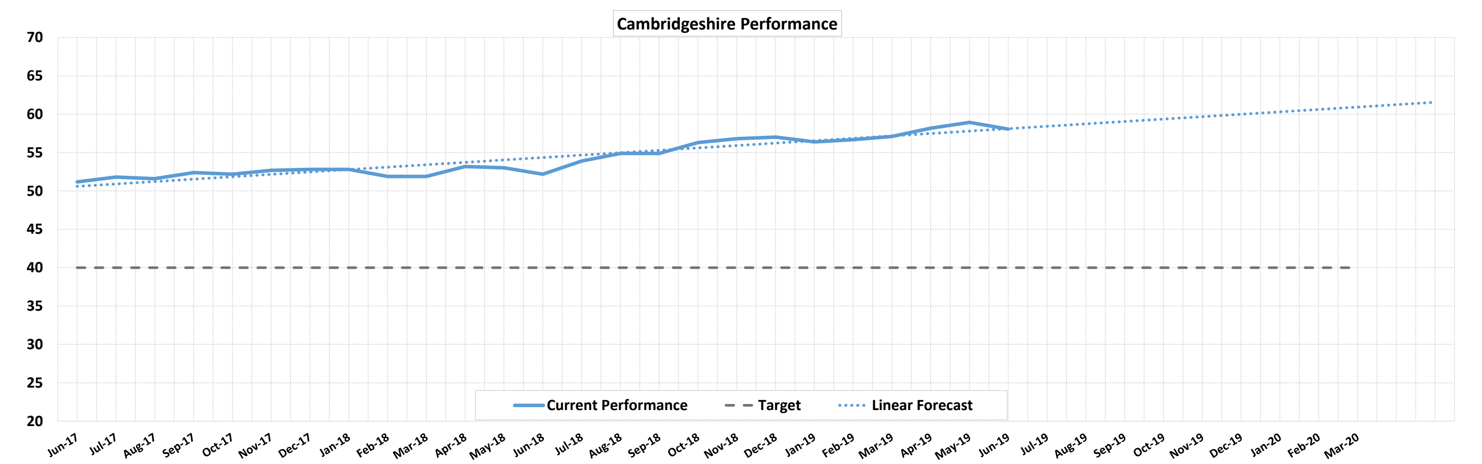
Sources: Department for Education; LG Inform; Cambridgeshire County Council Business Intelligence: Childrens Team

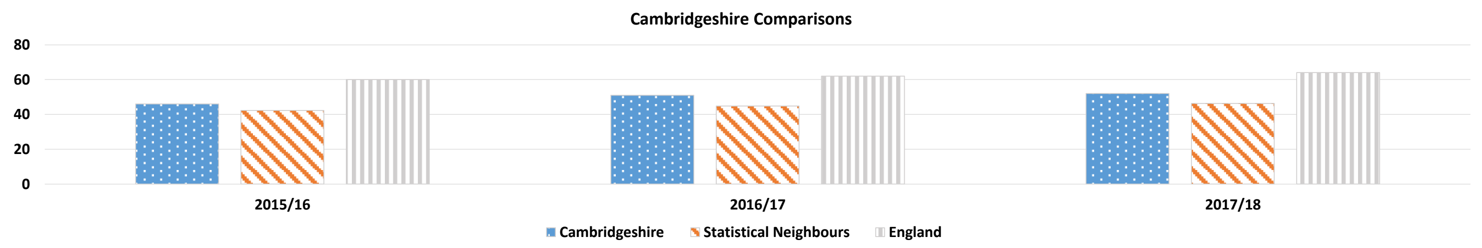
Useful Links

Local Authority Interactive Tool (LAIT):
https://www.gov.uk/government/publications/local-authority-interactive-tool-lait

LG Inform:
https://lginform.local.gov.uk/

Department of Education - Children in Need Statistics
https://www.gov.uk/government/collections/statistics-children-in-need





(Mean England and Statistical Neighbour data obtained from Local Authority Interactive Tool (LAIT))

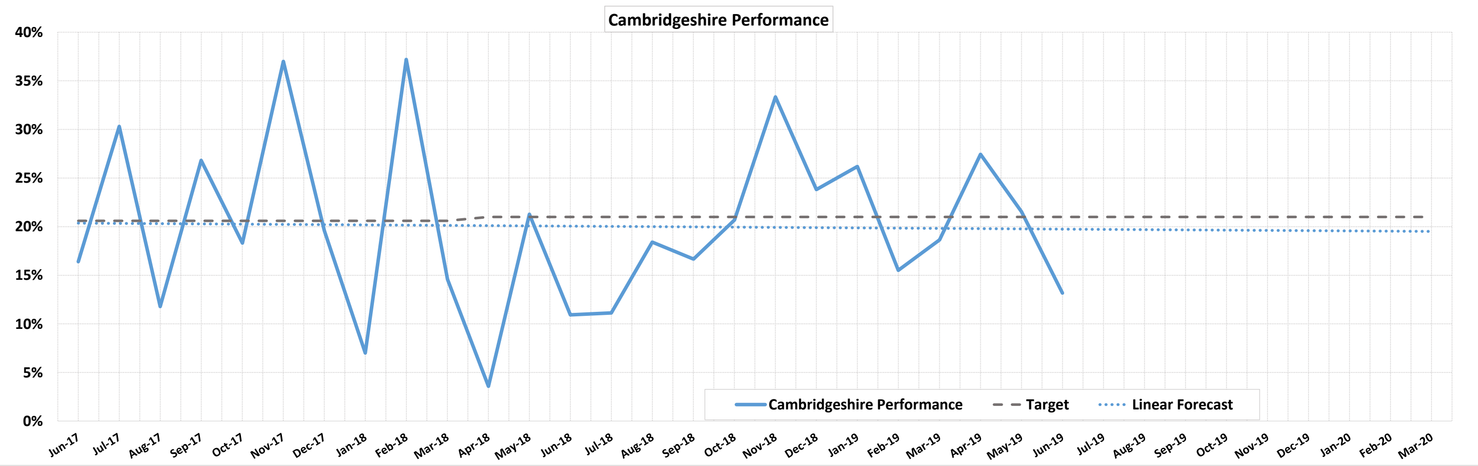
Commentary

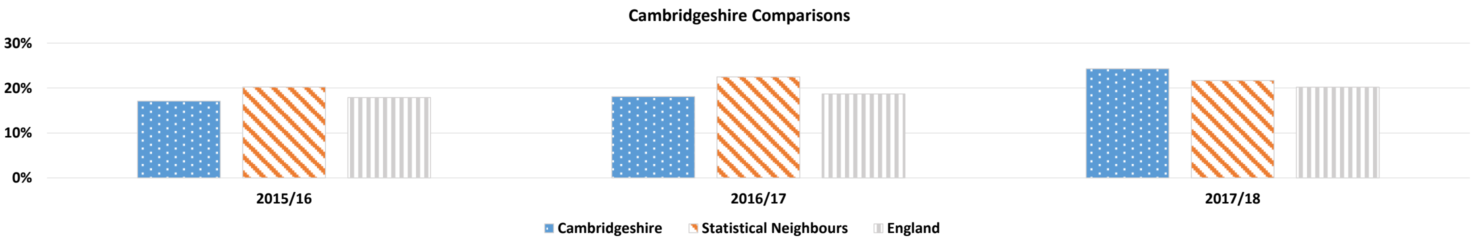
Numbers of children in care remain higher than they should be. The restructure of children's services will address this, as will the implementation of Family Safeguarding in the County.

The number of Children in Care is on an upward trend. The rate is above the Statistical Neighbours but below the England average. At the end of June there were 781 Children in Care in Cambridgeshire, 66 were unaccompanied assylum seeking children.

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
21.0%	13.2%	21.5%	↓	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
21.7%	20.2%	VG





(*Mean England and Statistical Neighbour data obtained from Local Authority Interactive Tool (LAIT)*)

Indicator Description

This measure gives an indication of the number of children at risk of harm for a second or subsequent times. Re-registration of a child indicates that the actions to reduce the risk of harm were not successful or significant event has occured to change thier circumstances.

Expressed as a percentage of children who became subject to a Child Protection Plan at any time during the year, who had previously been the subject of a Child Protection Plan, or on the Child Protection Register of that council (Department for Education, 2018).

Calculation:
(X/Y)*100

Where:
X: The number of children with a child protection plan at month end, who have had a previous child protection plan.

Y: The number of children with a child protection plan, at month end.

Sources: Department for Education; LG Inform; Cambridgeshire County Council Business Intelligence: Childrens Team

Commentary

NOTE: The target for this indicator has been reviewed and is now in line with the statistical neighbours and England average.

In Q1 2019, 47 of the 205 child protection plan registrations were re-registrations within 2 years.The re-registration rate of 13.2% in June is very good performance.
The rate of second or subsequent child protection plans is below target and below the Statistical Neighbours and England Average.

Useful Links

Local Authority Interactive Tool (LAIT):
https://www.gov.uk/government/publications/local-authority-interactive-tool-lait

LG Inform:
https://lginform.local.gov.uk/

Department of Education - Children in Need Statistics
https://www.gov.uk/government/collections/statistics-children-in-need

Indicator 10: Ofsted - Pupils attending schools that are judged as Good or Outstanding (Special Schools)

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October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
100.0%	87.0%	87.0%	↑	⇔

Statistical Neighbours Mean	England Mean	RAG Rating
92.8%	94.2%	R

Indicator Description

This measure gives an indication of how many children are attending state-funded special schools which have been judged, by Ofsted inspection, to be Good or Outstanding.

Expressed as the percentage of children in all state-funded special schools, at month end.

Calculation:
(X/Y)*100

Where:
X: The number of children attending state-funded special schools judged as good or outstanding at their latest Ofsted inspection.

Y: All children attending state-funded special schools where the school has had an Ofsted inspection.

Source: Cambridgeshire County Council Business Intelligence: Education Team.

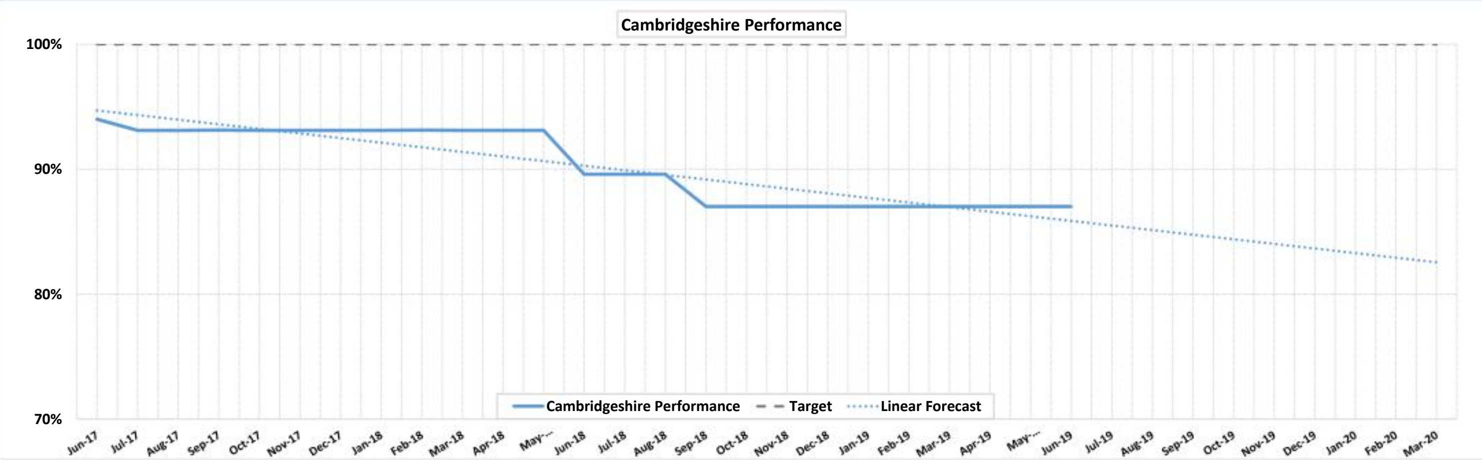
Useful Links

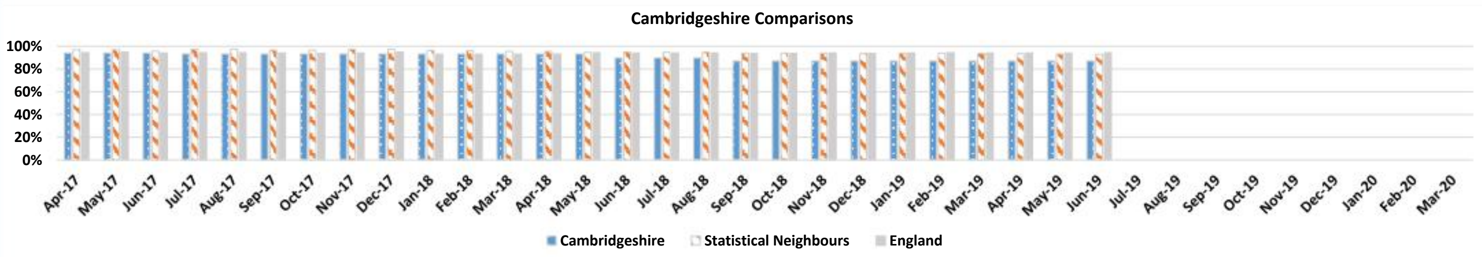
State-funded school inspections and outcomes: management information:

https://www.gov.uk/government/statistical-data-sets/monthly-management-information-ofsteds-school-inspections-outcomes

LG Inform:

https://lginform.local.gov.uk/





(Mean England and Statistical Neighbour data obtained directly from B.I. Learning directorate team)

Commentary

There are ten state-funded special schools in Cambridgeshire. Oftsed have judged three to be Outstanding, four to be Good, one as Requiring Improvement and one as Inadequate. One school has yet to be inspected and is excluded from the KPI calculation.

The school requiring improvement was inspected in 2016 before it academised and has not been inspected since changing to an academy. The Inadequate school was inspected in March 2019.

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
70.0%	82.1%	73.4%	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG rating
64.5%	58.0%	VG

Indicator Description

Education, Health and Care (EHC) plans for children and young people aged up to 25 were introduced on 1 September 2014 as part of the Special Educational Needs and Disability (SEND) provisions in the Children and Families Act 2014.

The percentage of EHCP assessments completed within 20 weeks (including exception cases).

Calculation:
(X/Y)*100

Where:
X: The number of EHCP assessments (including) exception cases issued within the month which took 20 weeks or less to complete.

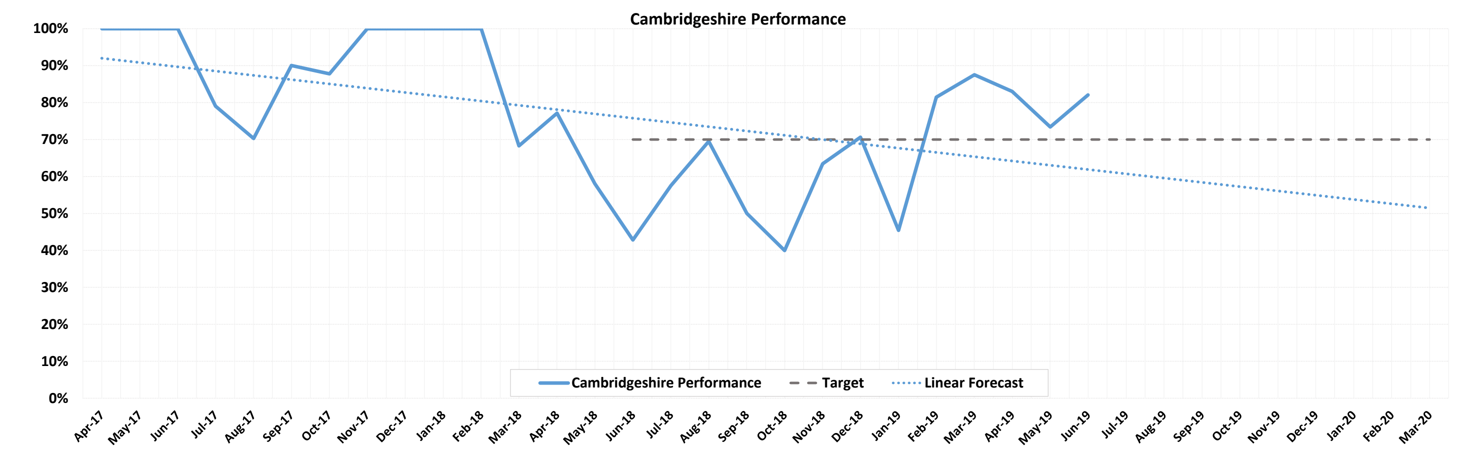
Y: The number of EHCP assessments issued within the month.

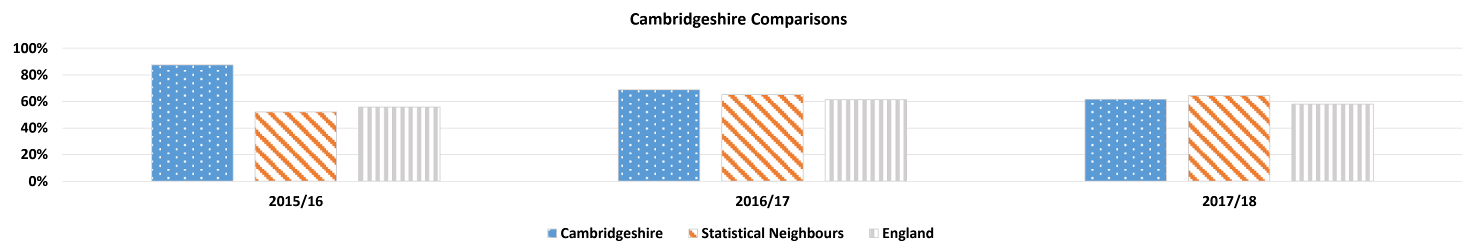
The CCC target of 70% was set in June 2018 when this indicator was included in corporate performance reporting. Prior to this, no target was set.

Useful Links

Local Authority Interactive Tool (LAIT):
https://www.gov.uk/government/publications/local-authority-interactive-tool-lait

LG Inform:
https://lginform.local.gov.uk/





(Mean England and Statistical Neighbour data obtained from Local Authority Interactive Tool (LAIT))

Commentary

Nationally the percentage of EHC plans being issued in timescale has decreased. In 2018, 60% of EHC plans were issued in timescale which shows a decrease from 2017 when 65% of new EHC plans were issued to timescales.

Cambridgeshire has seen a similar drop in line with the national data however since February 2019 performance has remained well above target and significantly above both the statistical neighbour average and the national average.

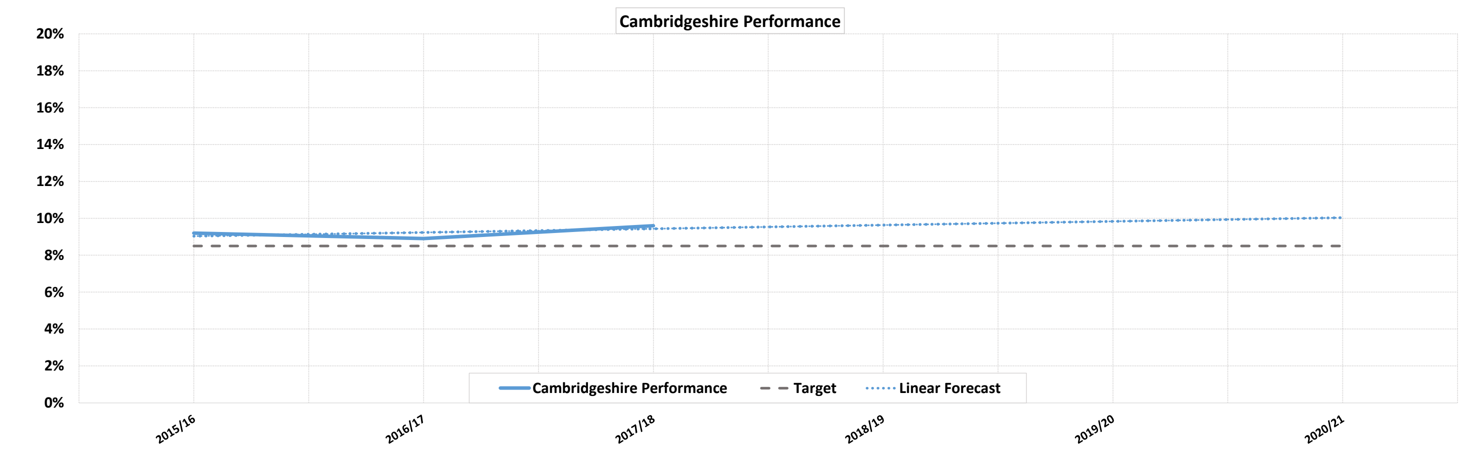
Indicator 132: Percentage of Persistent absence (All children)

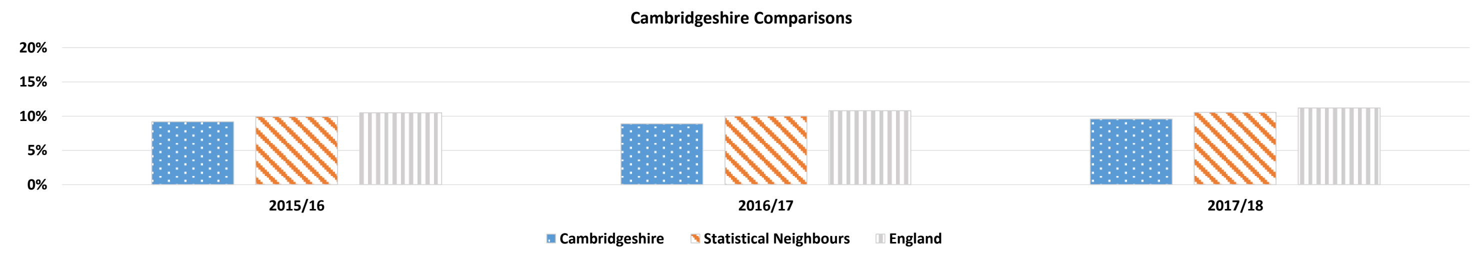
Return to Index

October 2019

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
8.5%	9.6%	8.9%	↓	↓

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
10.6%	11.2%	R





(Mean England and Statistical Neighbour data obtained from Local Authority Interactive Tool (LAIT))

Indicator Description

In law, parents of children of compulsory school age (5-16) are required to ensure that they receive a suitable education by regular attendance at school or otherwise. Failure to comply with this statutory duty can lead to prosecution. Local Authoities are responsible in law for making sure that pupils attend school. Schools are required to take attendance registers twice a day: at the beginning of the morning session and during the afternoon session. In their register schools are required to distinguish whether pupils are present, engaged in an approved educational activity, or are absent. Where a pupil of compulsory school age is absent, schools have to indicate if their absence is authorised by the school or unauthorised.

Since the beginning of the 2015/16 academic year, pupils have been identified as persistent absentees if they miss 10% or more of their possible sessions.

Expressed as a percentage

Calculation:
(X/Y)*100

Where:
X: The number of enrolments classed as persistent absentees

Y: The number of enrolements.

Source: Cambridgeshire County Council Business Intelligence: Education Team.

Commentary

Although persitent absence in all schools rose by 0.7 percentage points from the previous year, it is still well below both the England average (1.6 percentage points below) and the statistical neighbour figure (1.0 percentage points below).

This is the first time in the last five years that persistent absence rose in primary and secondary schools and the increase is 0.6 percentage points for both school phases which is in line with similar increases for statistical neighbours and the England average.

Persistent absence in special schools has risen by 6 percentage points since the previous year. This is higher than both our statistical neighbour average and the England average.

Useful Links

Local Authority Interactive Tool (LAIT):
https://www.gov.uk/government/publications/local-authority-interactive-tool-lait

LG Inform:
https://lginform.local.gov.uk/

Indicator 34: The average journey time per mile during the morning peak on the most congested routes

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October 2019

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
4.0	4.45	4.52	↓	↑

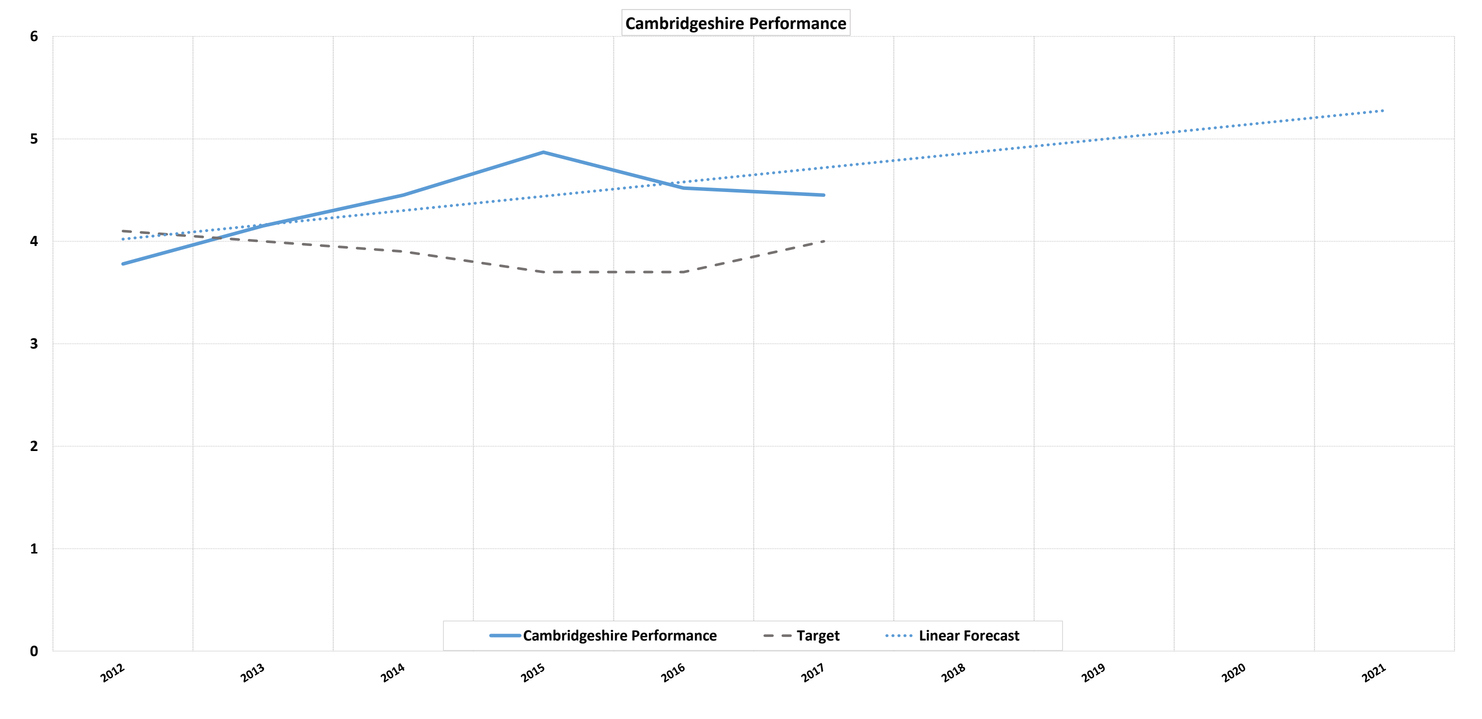
Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	R

Indicator Description

Strategic measure of traffic reduction and management work.

This is a standard indicator for which we have good history.

Useful Links



Commentary

At 4.45 minutes per mile, the latest figure for the average morning peak journey time per mile on key routes into urban areas in Cambridgeshire is better than the previous year's figure of 4.52 minutes.

The figure for Cambridge city is 5.29 minutes compared to the previous year's figure of 5.44 minutes.

The target for 2017/18 is to reduce this to 4 minutes per mile.

Indicator 37: Number of visitors to libraries/community hubs - year-to-date

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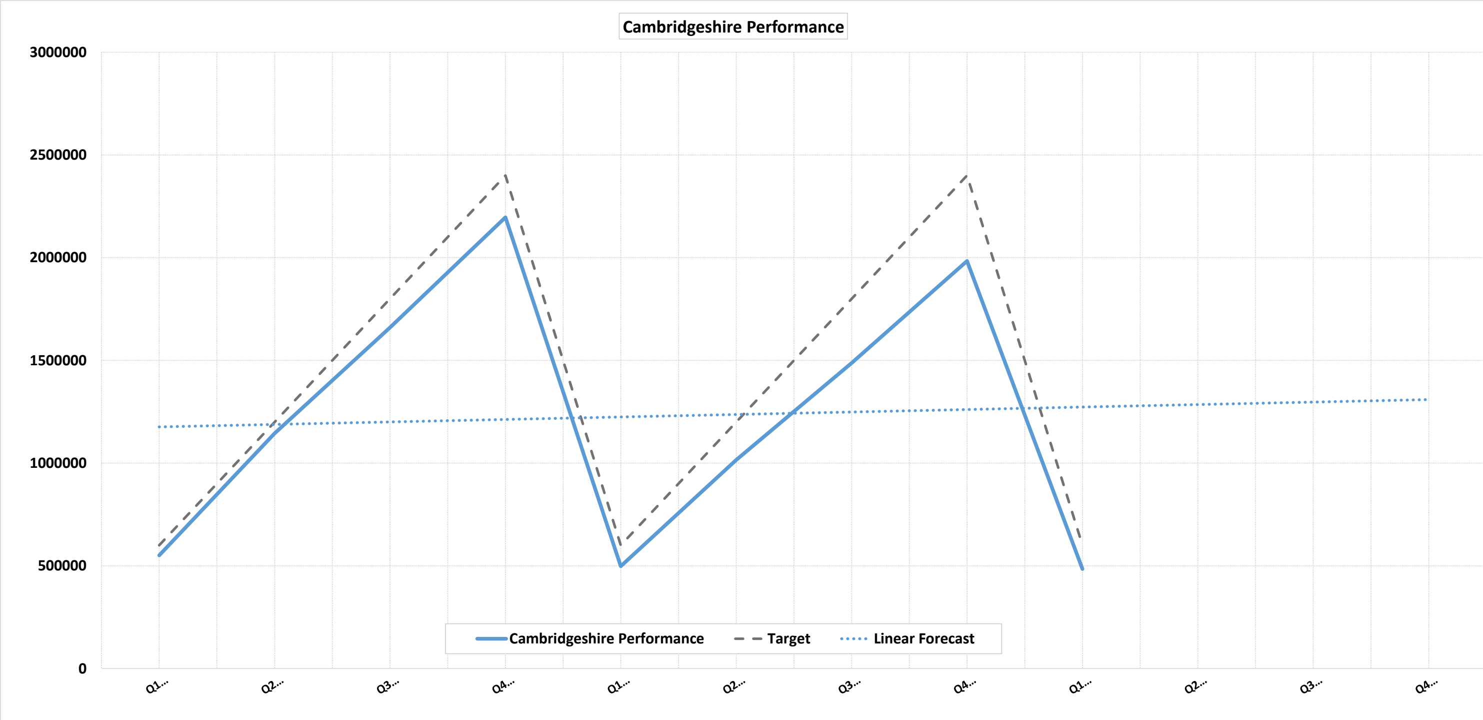
October 2019

Target	Current Quarter	Previous Quarter	Direction for Improvement	Change in Performance
600000	484403	1983487	↑	↓

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	R



Indicator Description

Commentary

Useful Links

LG Inform:

https://lginform.local.gov.uk/

Indicator 39: Principal roads where maintenance should be considered

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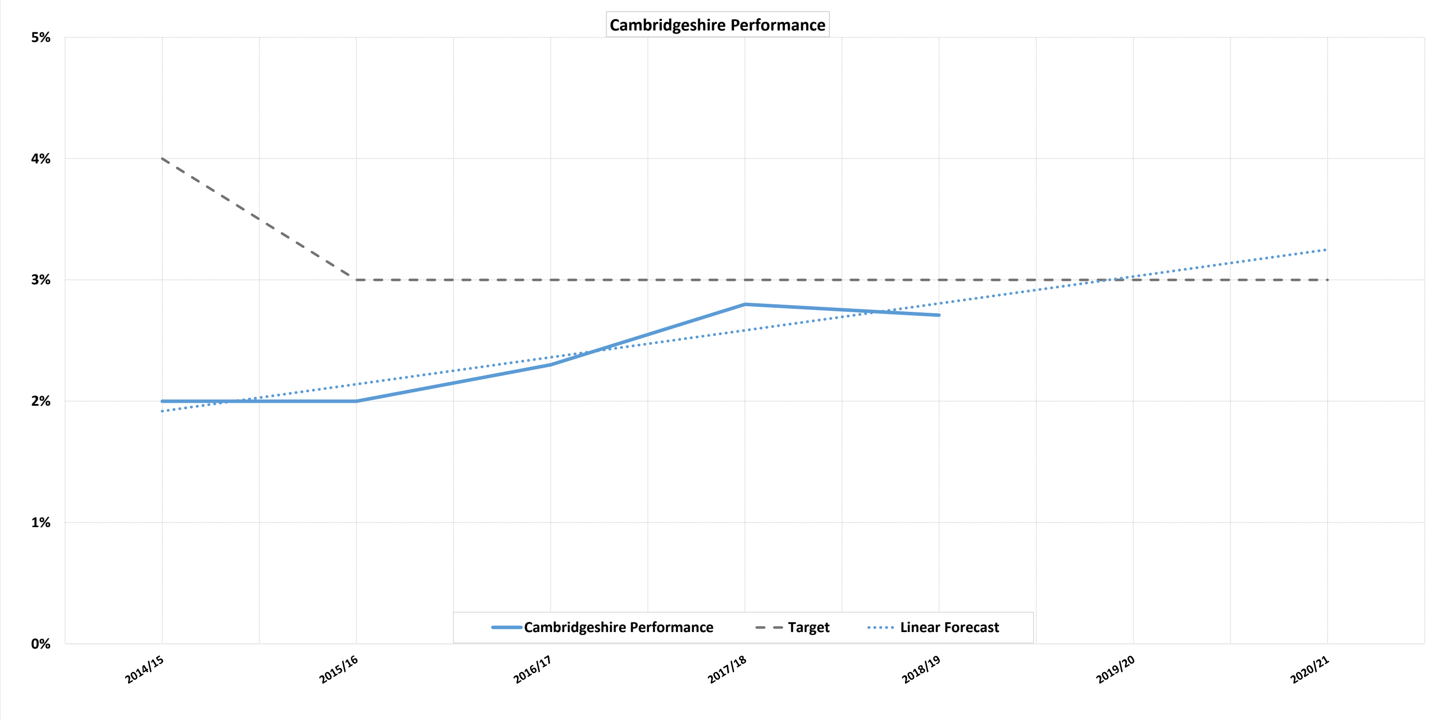
October 2019

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
3.0%	2.7%	2.8%	↓	↑

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	VG



Indicator Description

Principal roads where maintenance should be considered.

This is the percentage of the local authority's A-road and principal (that is, local authority owned) M-road carriageways where maintenance should be considered. This indicator was reported as NI 168, and is an updated version of the former Best Value Performance Indicator (BVPI) 223 (formerly BVPI 96). Note that there are some differences from how this data was collected as a BVPI which may hide/increase differences in performance.

Source name: Department for Transport

Collection name: Road conditions

Polarity: Low is good

Commentary

The actual figure has improved marginally from last year's figure of 2.8% to 2.71%. This is not a material change.

Useful Links

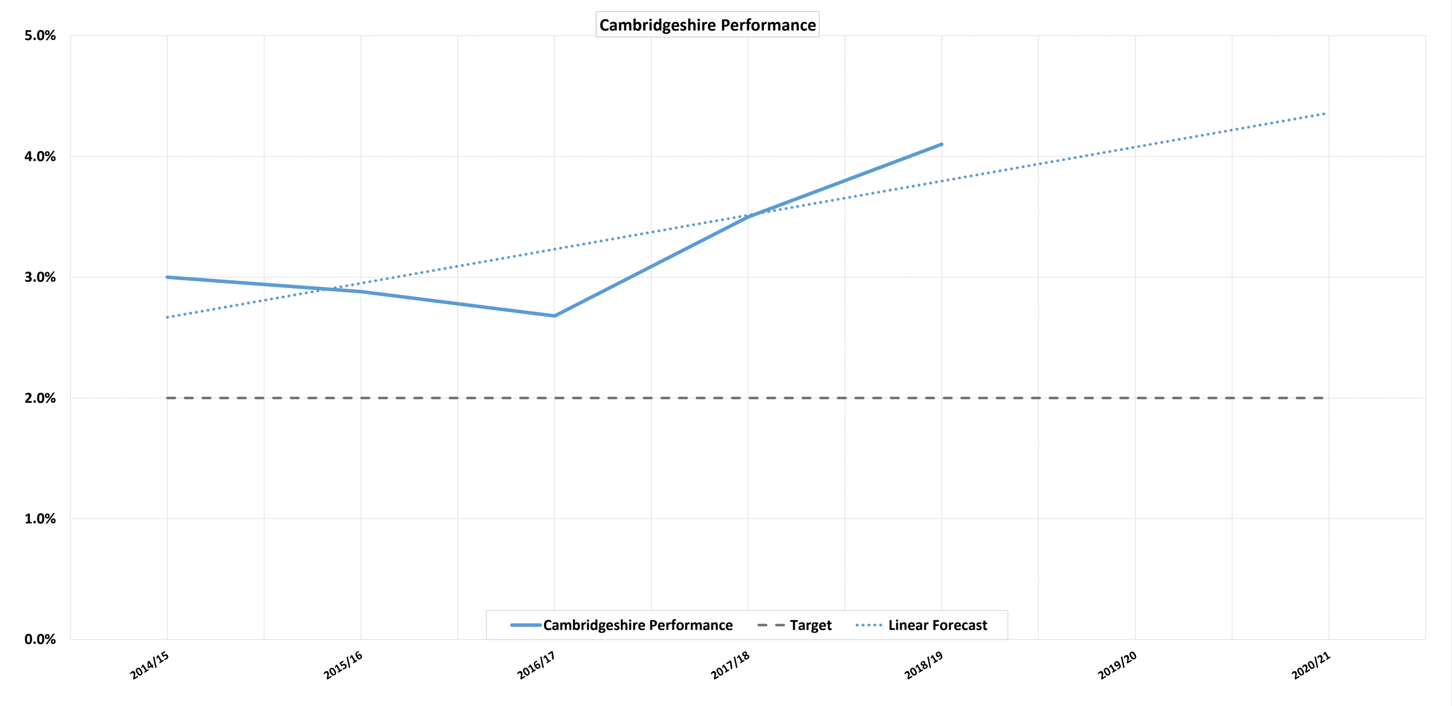
LG Inform:

https://lginform.local.gov.uk/

Indicator 40: Classified road condition - narrowing the gap between Fenland and other areas of the County | Return to Index | October 2019

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
2.0%	4.1%	3.5%	↓	↓

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	R



Indicator Description

Indicator of key priority area for highways maintenance.

Based on national standard definition and data collection methodology so can be benchmarked.

Commentary

Figures show the gap increasing by 0.6%. from 3.5% last year. Although this is of concern, this may be affected by the experimental error within the machine condition survey methodology. Significant investment has also recently been carried out in the Fenland area associated with the DfT Challenge Fund bid, and the effects of some of these works will not have been included in this year's survey.

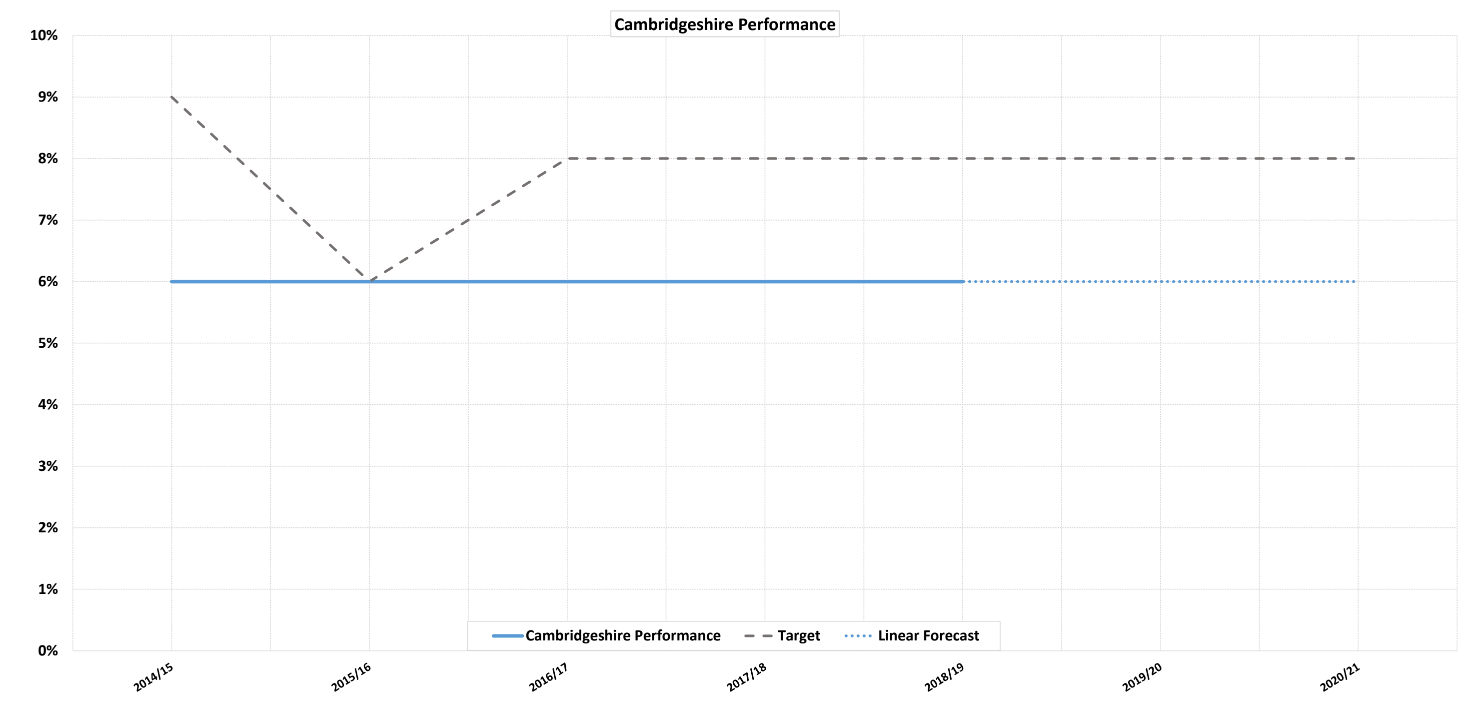
Useful Links

LG Inform:

https://lginform.local.gov.uk/

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
8.0%	6.0%	6.0%	↓	⇔

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	VG



Indicator Description

This is the percentage of the local authority's B-road and C-road carriageways where maintenance should be considered. This indicator was previously reported as NI 169, and is an updated version of the former Best Value Performance Indicator (BVPI) 224a (formerly BVPI 97a). Note that there are some differences from how this data was collected as a BVPI which may hide / increase differences in performance.

Source: Department for Transport

Polarity: Low value is good

Unit of measure: Percentage of the total length surveyed.

Commentary

There is no overall change to the combined condition of B and C roads.

Useful Links

LG Inform:

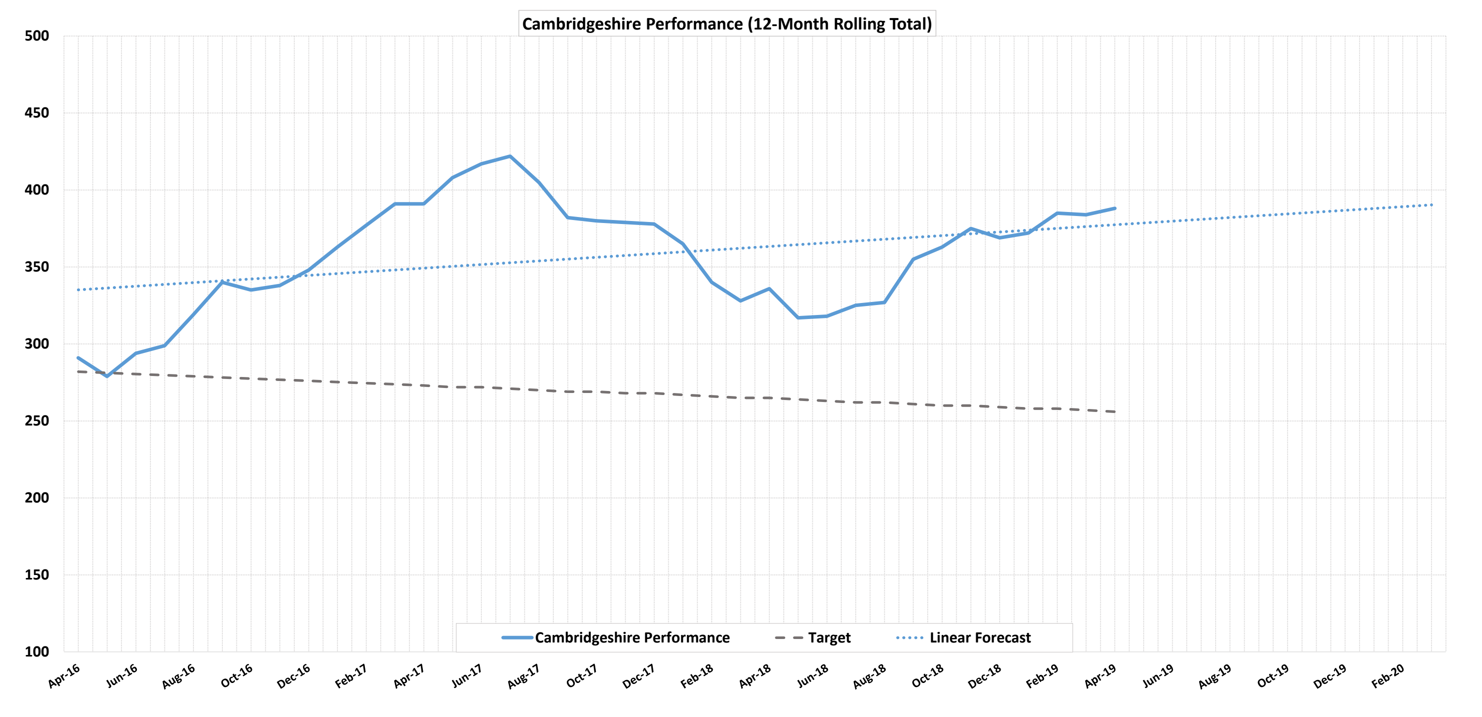
https://lginform.local.gov.uk/

Collection (URL):

https:-/-/www.gov.uk-/government-/statistical-data-sets-/rdc01-roads-where-maintenance-sould-be-considered

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
256.0	388.0	384.0	↓	↓

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	R



Indicator Description

Killed and seriously injured (KSI) casualties is derived from Stats19 data

The number of all people of all ages reported killed or seriously injured (KSI) as a 12 month rolling total on Cambridgeshire roads.

This indicator includes only casualties who were fatally or seriously injured and these categories are defined as follows: - Fatal casualties are those who sustained injuries which caused death less than 30 days after the accident; confirmed suicides are excluded. - Seriously injured casualties are those who sustained an injury for which they are detained in hospital as an in-patient, or any of the following injuries, whether or not they are admitted to hospital: fractures, concussion, internal injuries, crushings, burns (excluding friction burns), severe cuts and lacerations, severe general shock requiring medical treatment and injuries causing death 30 or more days after the accident. A casualty is recorded as seriously or slightly injured by the police on the basis of information available within a short time of the accident. This generally will not reflect the results of a medical examination, but may be influenced according to whether the casualty is hospitalised or not. Hospitalisation procedures will vary regionally.

Useful Links

LG Inform:

https://lginform.local.gov.uk/

Commentary

New data for April shows an increase in KSIs from 18 in March to 34 in April.

The provisional 12 month total to the end of April 2019 has been update as new data has been received. The 12 month rolling KSI total is now 388 compared with 336 for the same period of the previous year. The April figure is higher compared to the last reported figure of 384 for March 2019.

During April 2019 there was 1 fatal accident and there were 33 serious casualties.

Indicator 148: Number of Defect Certificates as % of total number of orders

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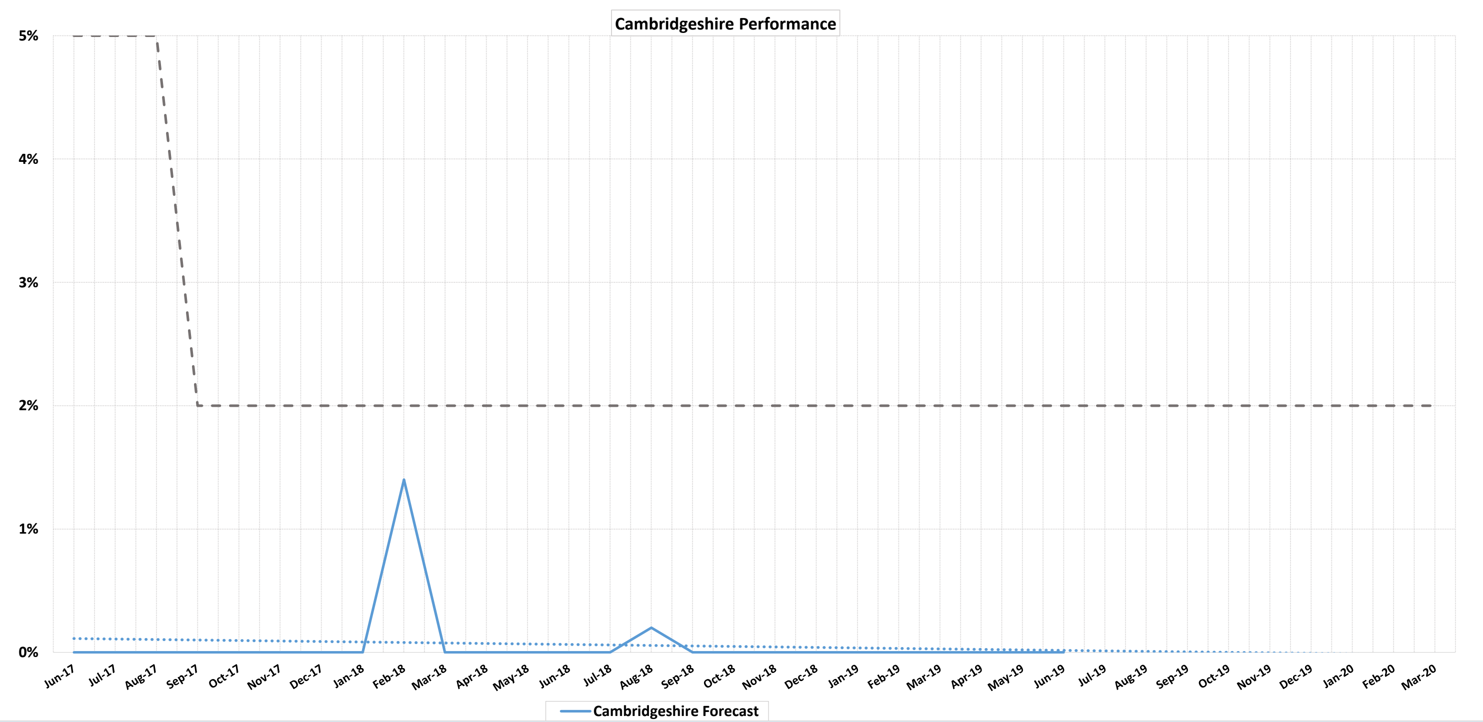
October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
2.0%	0.0%	0.0%	↓	⇔

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	VG



Indicator Description

Key indicator of the quality of highways repairs.

Following any order completed by Skanska, the Cambridgeshire County Council (CCC) officer who raised the order is able to inspect the quality of workmanship. As standard, CCC inspect at least 10% of all orders raised. If the quality is not consistent with the specified standard, a defect certificate is raised. The KPI measures the number of defect certificates raised and is reported as a proportion of the total number of orders completed in a given month.

Previously Members have requested information on how many repairs needed to be rerepaired, but this information is not collected. Members have also requested information on complaints about repairs, however this information is not collected in a reportable format.

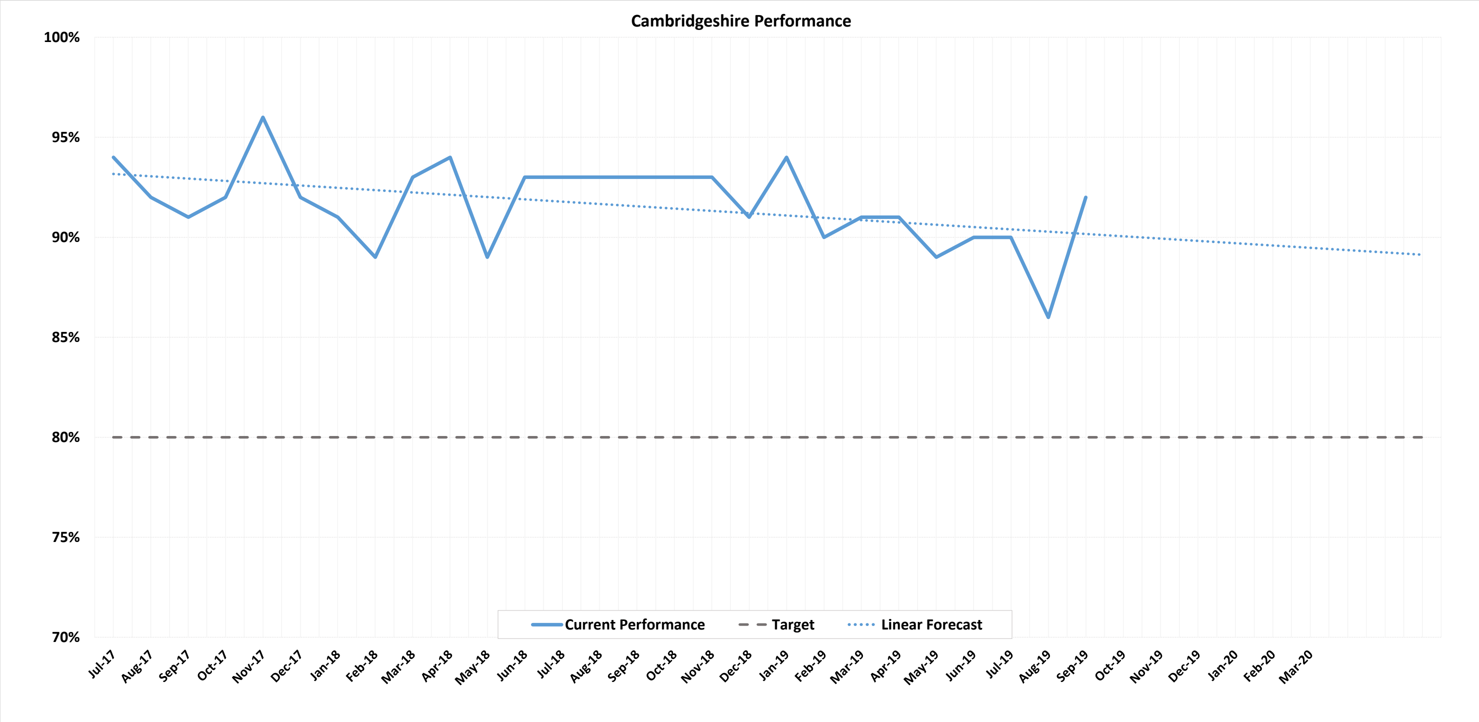
Commentary

There were no failed inspections during June therefore the monthly percentage of defect certificates is 0% of the total number of orders, significantly below the target of 2%.

Useful Links

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
80.0%	92.0%	86.0%	↑	↑

Statistical Neighbours Mean	England Mean	RAG rating
N/A	N/A	VG



Indicator Description

Key quality statement for access to Sexual health Services. Prompt access to sexual health services will promote good sexual health and reduce sexual health inequalities. Quick and easy access to support can help to reduce the likelihood of onward transmission of sexually transmitted infections (STIs).

This measure is the percentage of those offerd an appointment (as per above) who then go on to be seen within 48 hours of contacting the service.

This is a BASHH standard and is a recommended outcome within the Integrated Sexual Health Service National Specification template.

Calculation:
(X/Y)*100

Where:
X: The number of people offered a appointment with a sexual health service seen within 48 hours.

Y: The number of people offered an appointment with a sexual health service.

Source: Integrated Sexual Health National Specification

Commentary

Useful Links

LG Inform:
https://lginform.local.gov.uk/

Integrated Sexual Health National Specification
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/731140/integrated-sexual-health-services-specification.pdf

Indicator 53: Number of NHS Health Checks completed

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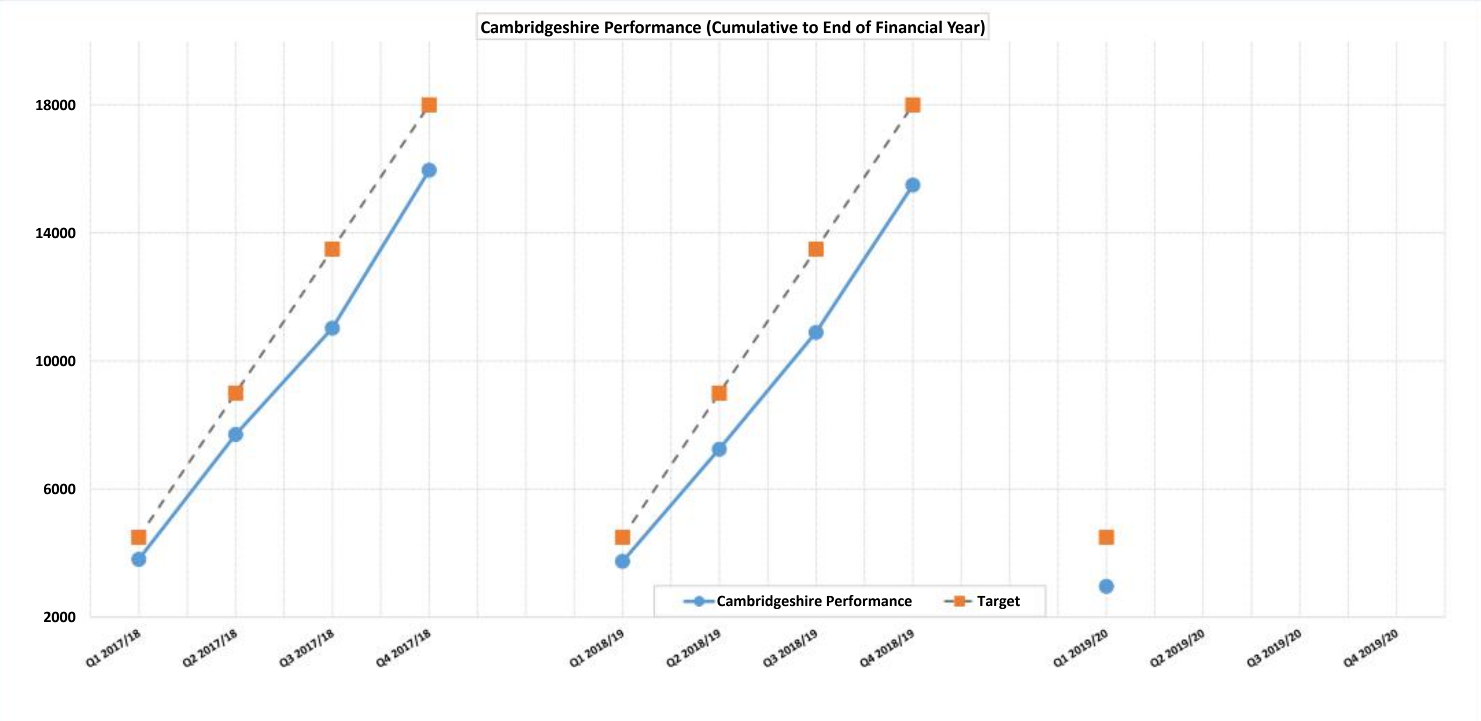
October 2019

Target	Current Quarter	Previous Quarter	Direction for Improvement	Change in Performance
4500	2964	4512	↑	↓

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	R



Indicator Description

This measure is the number of people within the eligible population who receive an NHS health check via their GP Practice.

Targets are set based on the eligible population for an NHS health check, as outlined in the NHS Health Check programme guidance. The Local Authority's Public Health Intelligence Team support with the target setting distribution across all GP practices.

Calculation:
Number of health checks completed within a financial quarter.

Source: NHS Health Check National Guidance

Commentary

Perfomance this quarter is lower (at 66% of target for the period) than for 2018/19 (86% of the target achieved). This reflects the efforts made to support GP practices to trawl their data systems to ensure that all data is reported. NHS Health Checks is a core programme for Public Health as it provides a way of engaging people in an early conversation about their health, risks and lifestyle changes. It also includes potential early detection of risk factors relating to Diabetes, Hypertension, CVD and provides an opportunity to discuss Dementia Awareness.

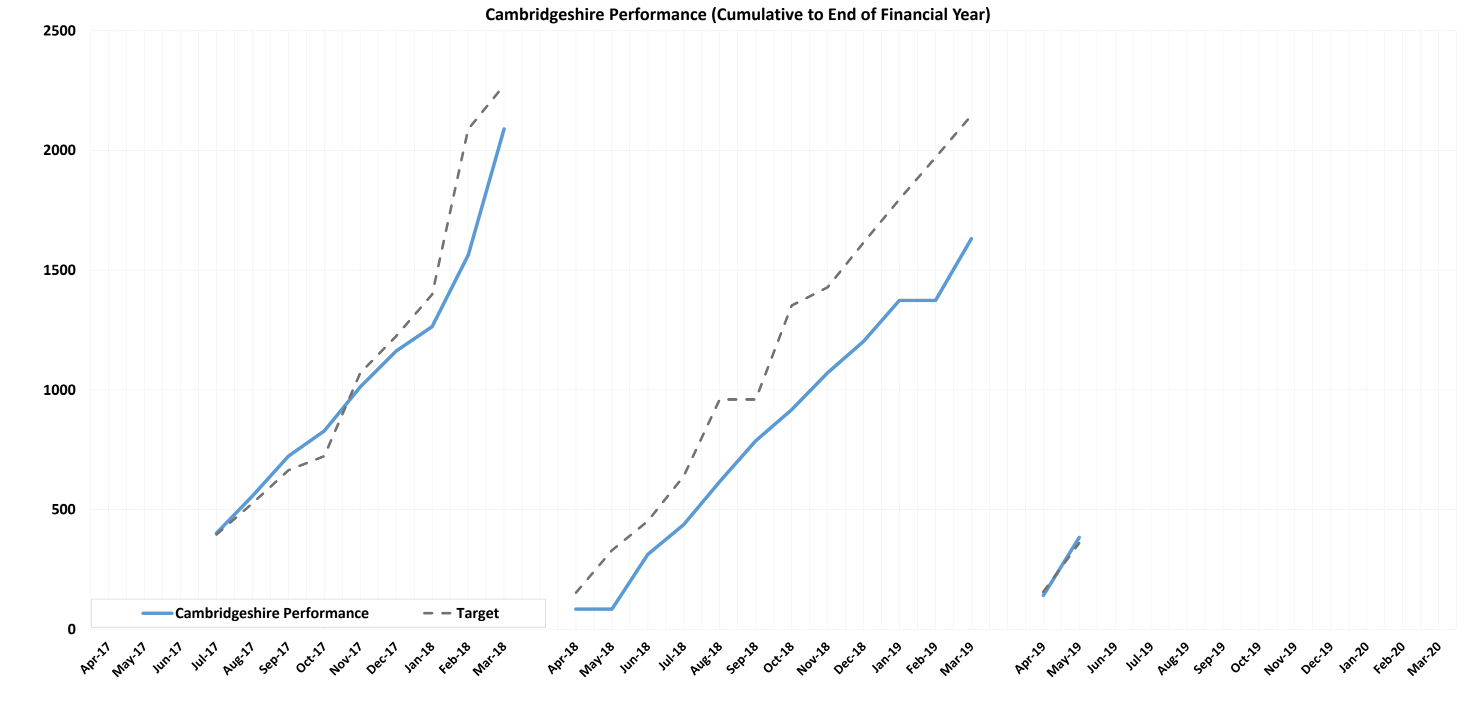
Useful Links

LG Inform:
https://lginform.local.gov.uk/

NHS Health Check National Guidance
https://www.healthcheck.nhs.uk/commissioners-and-providers/national-guidance/

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
360	384	142	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG rating
N/A	N/A	VG



Indicator Description

Smoking remains a Public Health Priority area, it remains the main cause of preventable illness in England.

This measure uses the number of indiviudals receiving stop smoking support via a set programme, who are confirmed as smokefree at 4 weeks post set quit date.

4 week quitters are counted based on the number of indiviudals accessing a stop smoking programme (via GP, Pharmacy or integrated lifestyle provider), who are confirmed as being smokefree 4 weeks after setting a quit date. Targets are calculated by the Public Health Intelligence team based on the national guidance, considering the estimated number of smokers.

Calculation:
Number of 4 week quitters.

Source: NSCST Stop Smoking Guidance

Commentary

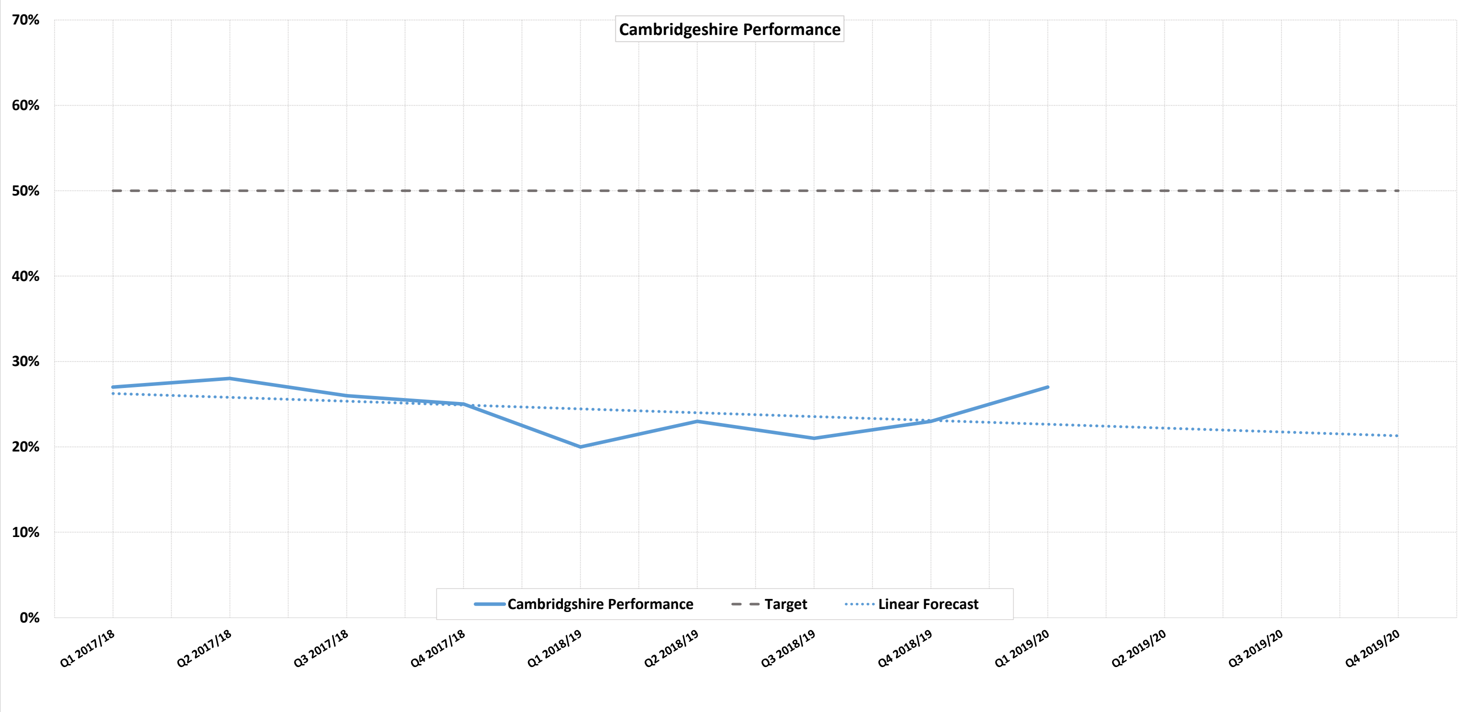
Useful Links

LG Inform:
https://lginform.local.gov.uk/

NSCST Stop Smoking Guidance
https://www.ncsct.co.uk/usr/pub/Guidance_on_stop-smoking-interventions-and-services.pdf

Target	Current Quarter	Previous Quarter	Direction for Improvement	Change in Performance
50.0%	27.0%	23.0%	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
N/A	N/A	R



Indicator Description

Awaiting official descriptions and rationale from directorate

Commentary

In Cambridgeshire a local target has been set for 50%, with the longer term goal of achieving a target of 90% by 2020. Service transformation, which has included use of the Benson Modelling tool to determine workforce required to deliver the service, has accounted for Health Visitors to be completing all antenatal contacts and will start to be worked against from April 2019. Quarter 1 shows an increase of 5% of antenatal contacts achieved across the service in comparison to quarter 4 performance and month on month improvements - reaching 30% in June. If exception reporting is accounted for, consisting of those booked but not attended, this increases to a quarterly average of 35%. Disaggregated into distracts, there continues to be significant variance: Fenland completed 52% of contacts (70% including exception reporting) therefore reaching the target and is a recognisable achievement; Huntingdonshire achieved 47% of contacts (58% including exception reporting); Cambridge City achieved 10% of contacts (12% including exception reporting); East Camb and South Cambs both achieved 8% (11% including exception reporting). Reasoning cited for this disparity continues to be staffing pressures in the South Locality team, which covers East Cambs, Cambs City and South Cambs. These are being addressed and work is underway to streamline the waiting list to aid assessment and contact planning as well as improving communication with Maternity services. Monthly face to face HV/Midwifery meetings are being established to discuss identified vulnerable pregnant women and there is ongoing development to embed an electronic notification process. The provider reports that the locality is committed to improving the volume of antenatal contacts completed and to address the situation in the immediacy, the student nursing cohort have recently started their consolidation of learning, with specific concentration on delivery of antenatal contacts in the area.

Useful Links

LG Inform:
https://lginform.local.gov.uk/

Indicator 62: Health visiting mandated check - Percentage of children who received a 2 -2.5 year review

Return to Index

October 2019

Target	Current Quarter	Previous Quarter	Direction for Improvement	Change in Performance
90.0%	59.0%	73.0%	↑	↓

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG Rating
N/A	N/A	R

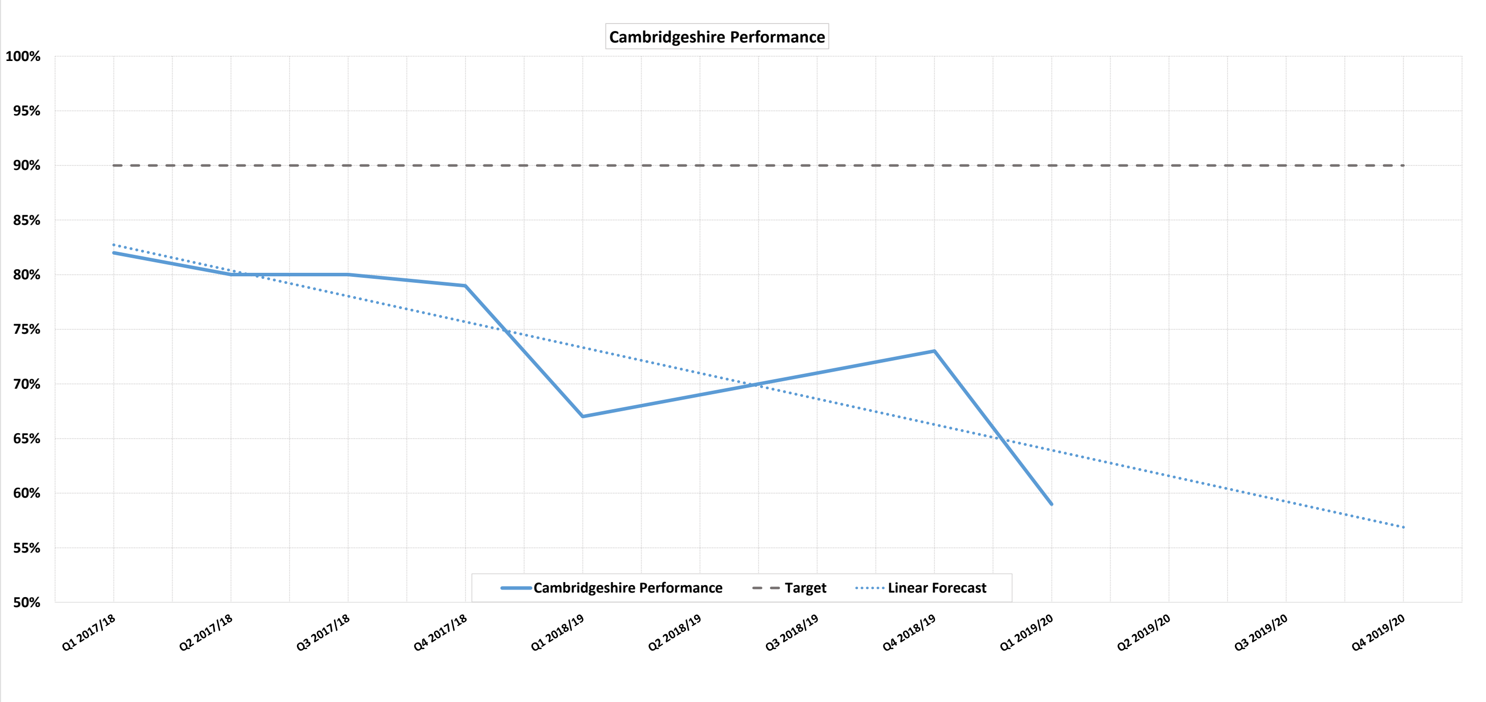
Indicator Description

Awaiting official descriptions and rationale from directorate

Useful Links

LG Inform:

https://lginform.local.gov.uk/



Commentary

Performance has declined significantly this quarter from 73% to 59% of contacts being completed. The main cause of performance issues against this target is staffing and capacity challenges in the South Locality which has resulted CCS needing to implement stage 4 of the Business Continuity Plan across this team based on their staffing prediction tool generating a result of 61% staffing availability for May/June.This has meant the implementation of a number of short term mitigation measures, including 2 year development checks for those who have only universal needs recorded on their records will also be suspended for the summer in the south locality area with parents sent a self-assessment ASQ and asked to contact the Duty Desk with any concerns. Consequently the number of contacts/assessments being completed by the HCP team has reduced substantially and is impacting on overall figures. It is anticipated that BCP measures will cease by September and business as usual will recommence. This quarter however, broken down at district level, 32% of contacts were completed in Cambs City; 39% of contacts completed in South Cambs; 54% of contacts completed in Huntingdonshire. More positively, 95% of contacts were achieved in Fenland. If exception reporting is accounted for, this quarter it was reported that 64 reviews were not wanted and 75 were not attended. 405 contacts were listed as ‘not recorded’ and 208 were not offered.

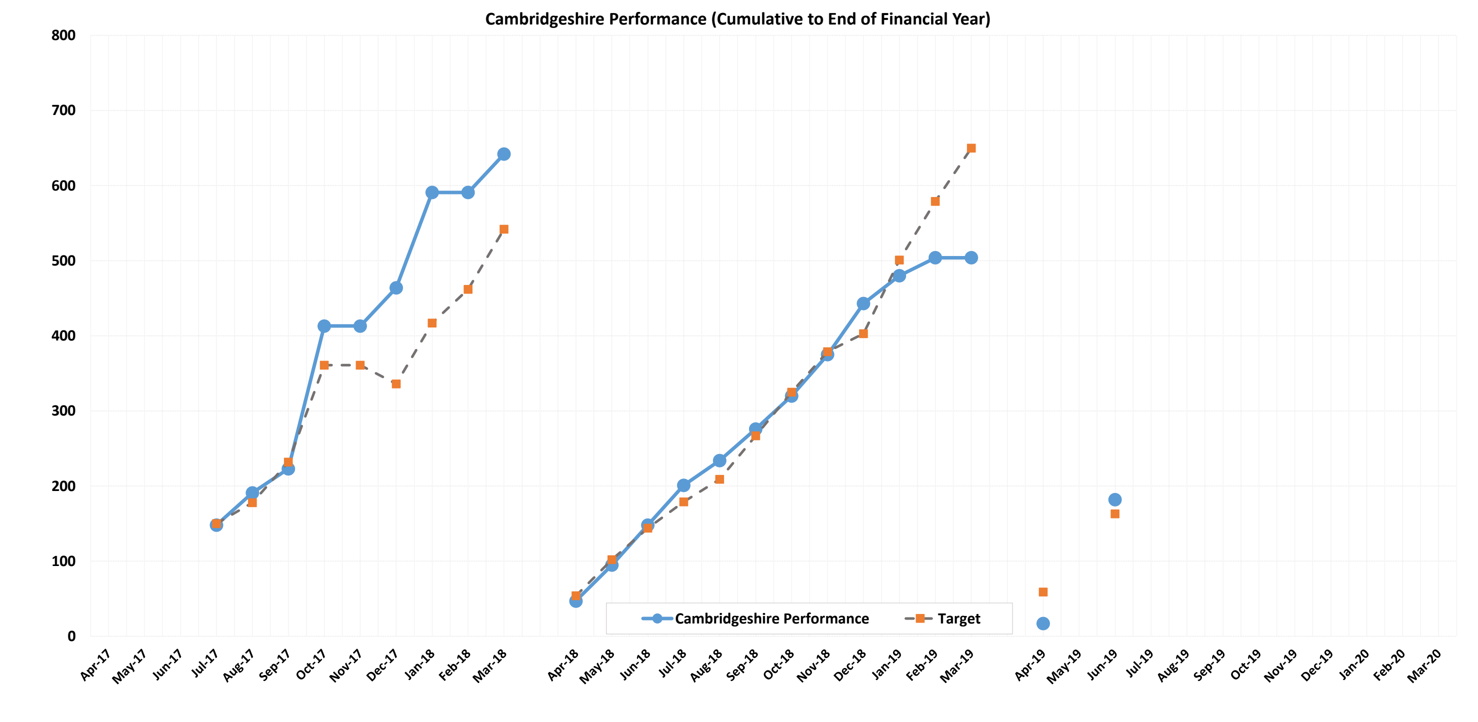
Indicator 76: Personal Health Trainer Service - Personal Health Plans completed (Extended Service)

Return to Index

October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
163	182	17	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG rating
N/A	N/A	VG



Indicator Description

Awaiting official descriptions and rationale from directorate

Commentary

Useful Links

LG Inform:

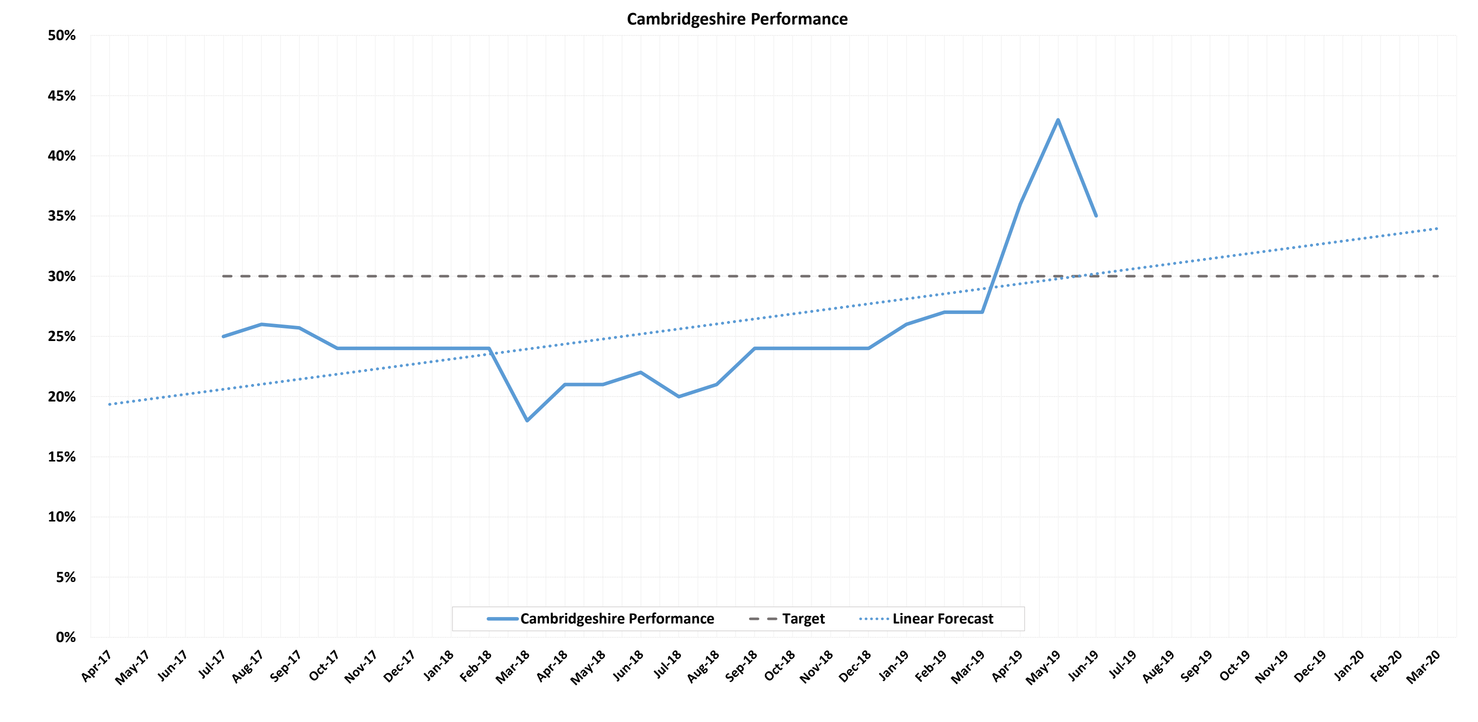
https://lginform.local.gov.uk/

Indicator 82: Percentage of Tier 2 clients recruited who complete the course and achieve 5% weight loss

October 2019

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
30.0%	35.0%	43.0%	↑	↓

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG rating
N/A	N/A	VG



Indicator Description

Obesity is a chronic condition with multiple risk factors associated such as type 2 diabetes, heart disease etc. The Tier 2 weight management services offers individuals a structured programme to make continued lifestyle changes. This is a significant area of Public health Priority.

% of individuals completing a Tier 2 weight management intervention who have a weight loss of 5%.

PHE KPI recommendations for Tier 2 Adult Weight Management suggests that 30% of all participants will lose a minimum of 5% of their (baseline) initial body weight, at the end of the active intervention.

Calculation:
(X/Y)*100

Where:
X: The number of Tier 2 clients recruited who complete the couirse and achieve 5% weight loss.

Y: the number of Tier 2 clients recruited.

Source: NHS Key Performance Indicators Tier 2

Commentary

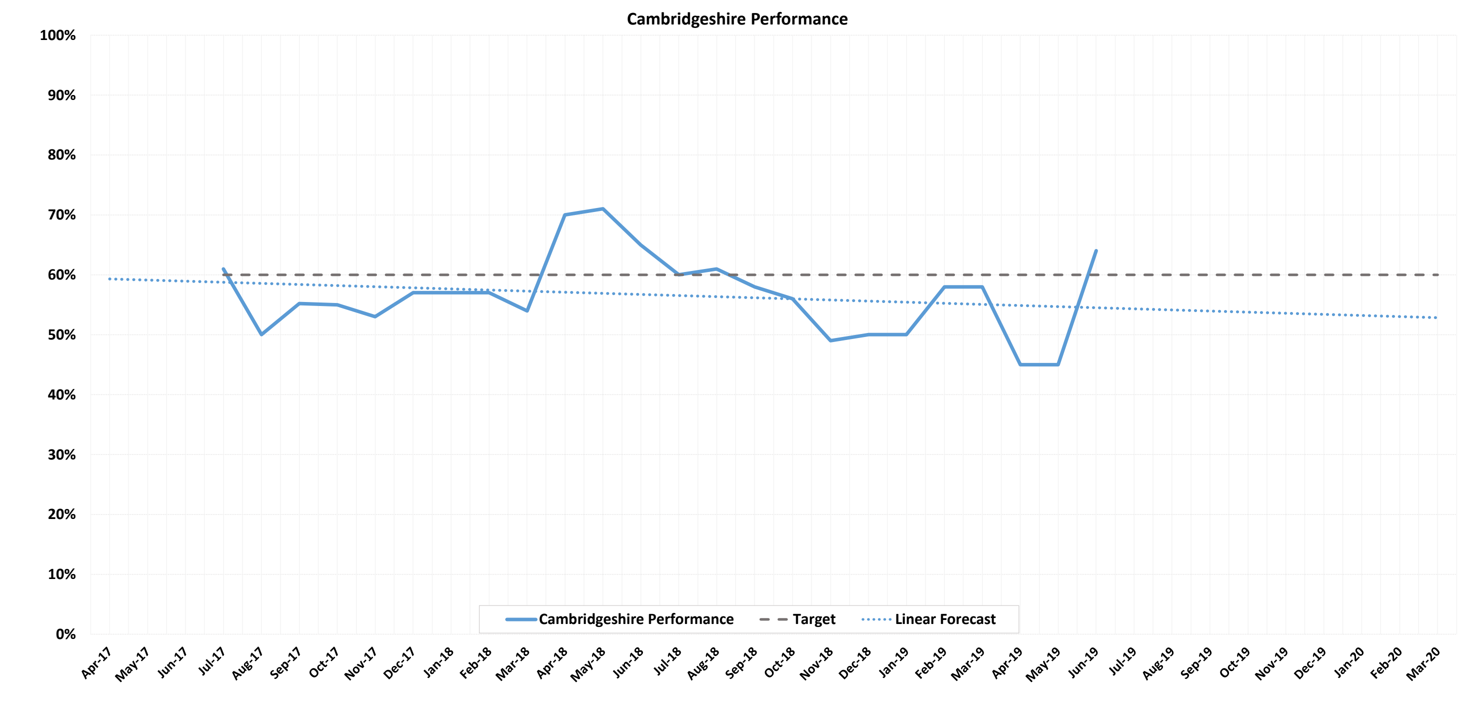
Useful Links

LG Inform:
https://lginform.local.gov.uk/

Public Health Key Performance Indicators Tier 2:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/656531/adult_weight_management_key_performance_indicators.pdf

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
60.0%	64.0%	45.0%	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG rating
N/A	N/A	VG



Indicator Description

Obesity is a chronic condition with multiple risk factors associated such as type 2 diabetes, heart disease etc. The Tier 3 weight management services offers individuals a structured programme to make continued lifestyle changes. This is a significant area of Public health Priority.

% of individuals completing a Tier 3 weight management intervention who have a weight loss of 10%.

PHE KPI recommendations for Tier 3 Adult Weight Management suggests that 30% of all participants will lose a minimum of 10% of their (baseline) initial body weight, at the end of the active intervention.

Calculation:
(X/Y)*100

Where:
X: The number of Tier 3 clients recruited who complete the couirse and achieve 10% weight loss.

Y: the number of Tier 3 clients recruited.

Source: NHS Key Performance Indicators Tier 2; Qualitative insights into user experiences of tier 2 and tier 3 weight management services

Commentary

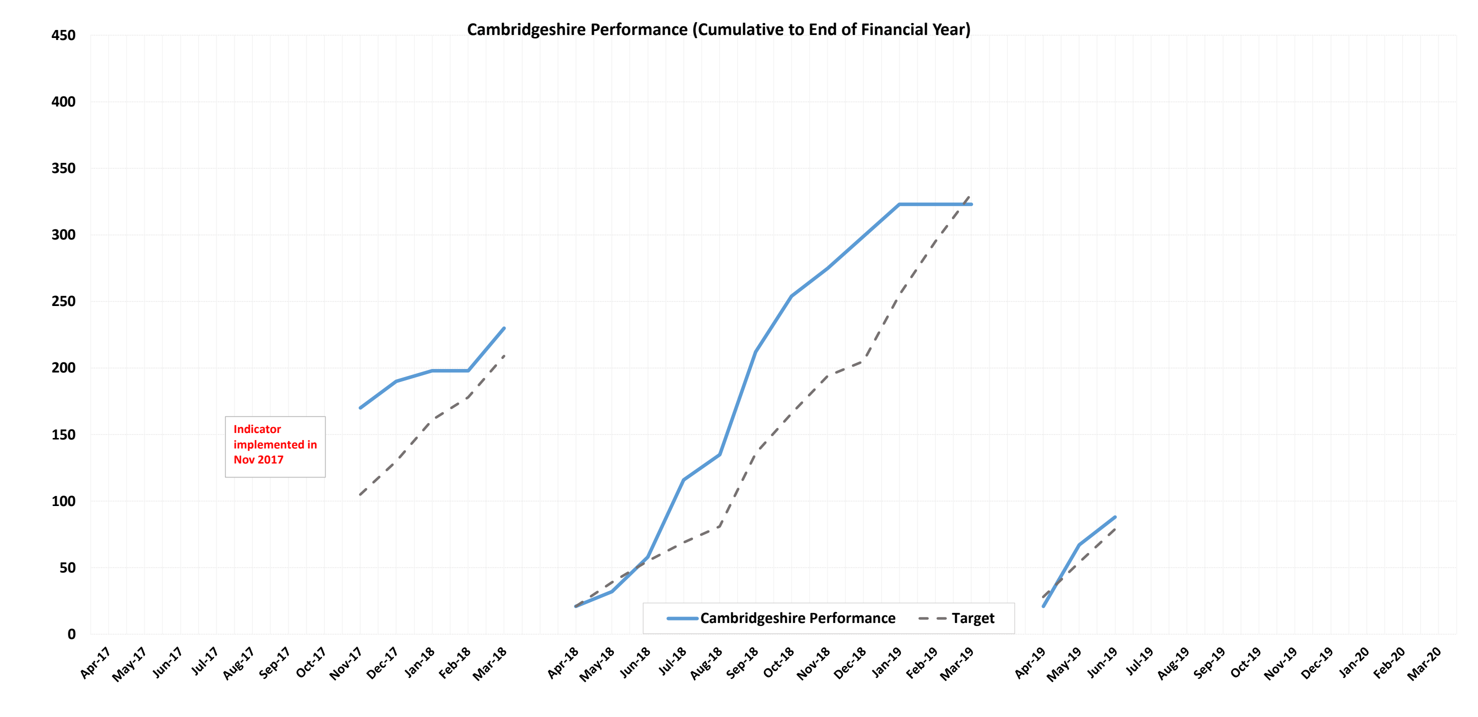
Useful Links

LG Inform:
https://lginform.local.gov.uk/

Qualitative insights into user experiences of tier 2 and tier 3 weight management services:
https://www.innovationunit.org/wp-content/uploads/PHE-Report_with-discussion.pdf

Target	Current Month	Previous Month	Direction for Improvement	Change in Performance
79	88	67	↑	↑

Statistical Neighbours Mean (2017/18)	England Mean (2017/18)	RAG rating
N/A	N/A	VG



Indicator Description

Awaiting official descriptions and rationale from directorate

Commentary

Useful Links

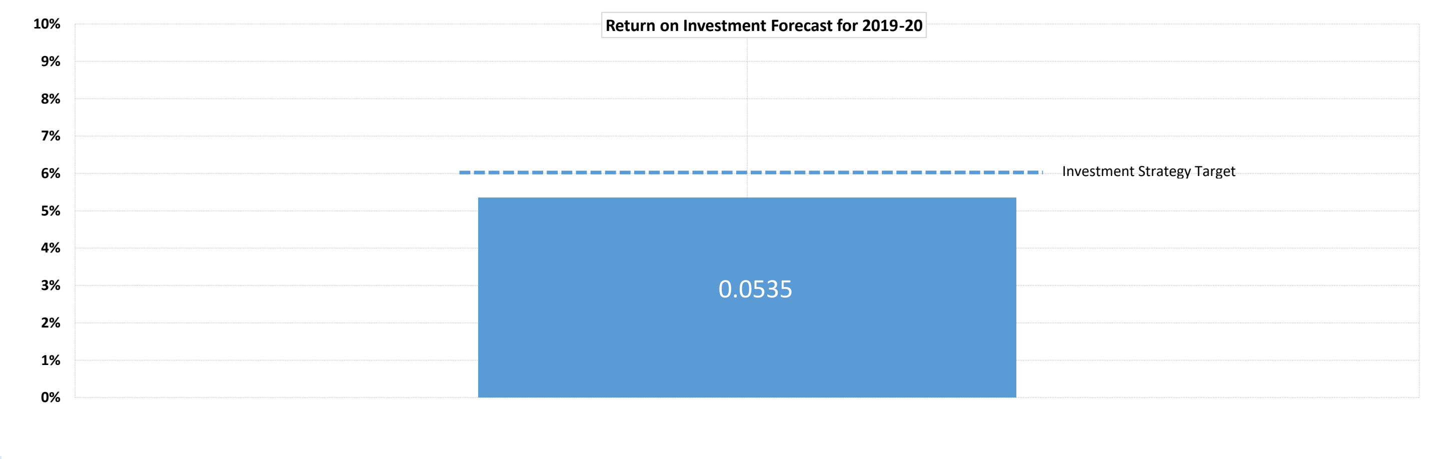
LG Inform:
https://lginform.local.gov.uk/

Indicator 164: Annual forecast of the net amount of commercial property income as a percentage of initial investment

Return to Index

Target	Current Forecast	Previous Month	Direction for Improvement	Change in Performance
6.0%	5.35%	N/A	↑	N/A

Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	R



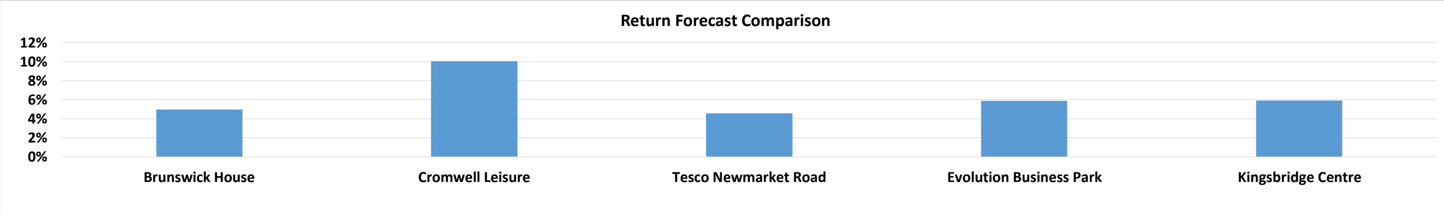
Indicator Description

This indicator projects our expected net income from all commercial property income against the 6% target set within the non-financial Investment Strategy.

It is important to note that not all investments will achieve 6% from the outset, however over the medium to longer term it is expected that the portfolio will meet the target. Any specific variances will be explained within the commentary.

This indicator should be used to judge the performance of our investment portfolio/commercial property income as a whole. It should not be used to predict any variances of actual income against budget - this is detailed within the Finance Report.

The return figure includes investment that has already been made, as well as investment that is expected to be made, up to the end of March 2020.



Commentary

The return on investment forecast for 2019-20 is 5.35%. This is based on the forecast return for the year had the properties been held by the Council for the entire year. The in year return in 3.7%. CCC have only just entered this market and it is critical that consideration is not only given to yield, but also to building a balanced portfolio and the spreading of risk. The intention is that the 6% target will be achieved in the long-term from a balanced portfolio. Returns can vary across properties, depending on the level of income being achieved and the risk profile of the investment.

Useful Links

Target	Current Forcast	Previous Month Forcast	Direction for Improvement	Change in Performance
4.0%	3.1%	3.0%	↑	↑

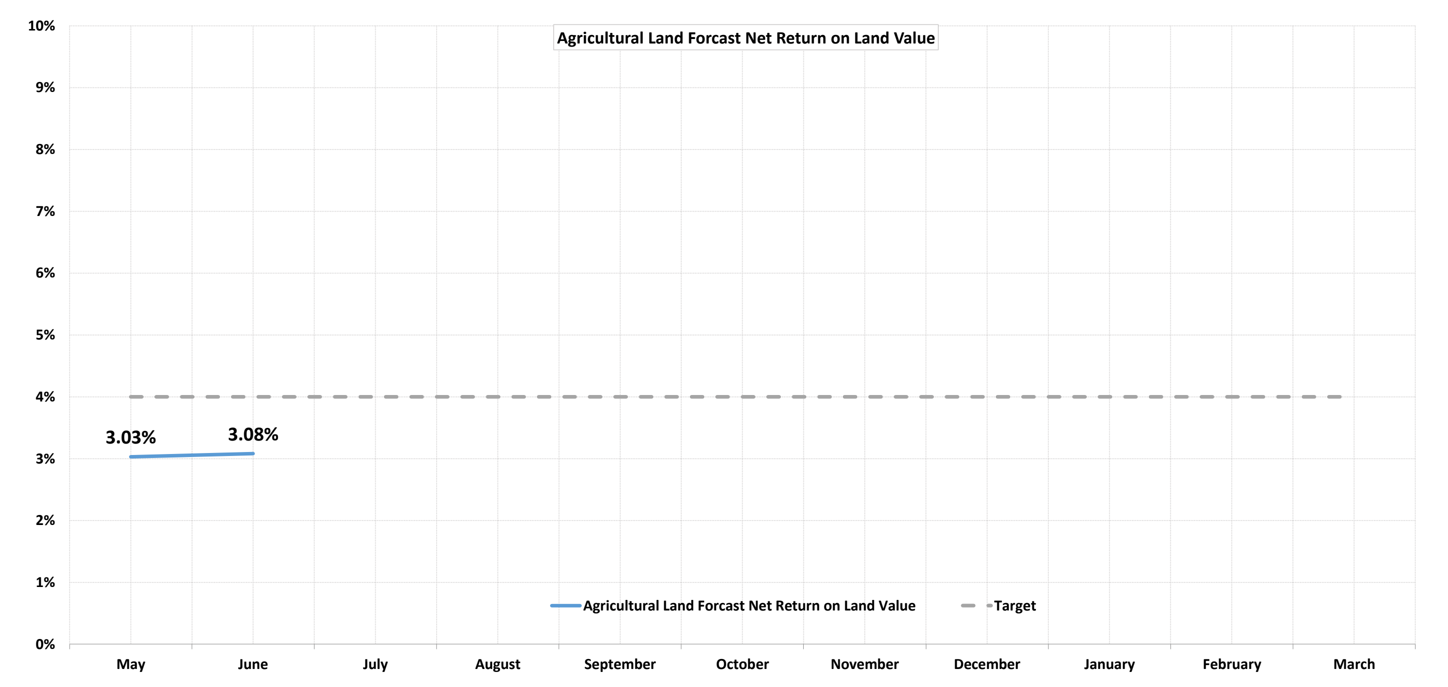
Statistical Neighbours Mean	England Mean	RAG Rating
N/A	N/A	R

Indicator Description

The council owns £127.8m of farm land across Cambridgeshire. This indicator demonstrates the forecast net return on the income received from renting out this agricultural land to tenants. It is recorded as a percentage of the value of the farm's estate that is used for agricultural purposes.

This indicator should be used to understand whether the overall agricultural land is achieving the percentage of returns being targeted.

Useful Links



Commentary

These figures exclude the return generated by the solar farm - income generated by renewable energy investments will need to be reported separately in the future. The 4% target return that was proposed previously included the solar farm, so the target may need to be revised.

This does not yet include debt charges relating to capital investment in the property and as such is not fully showing a net return.

Agenda Item No:13

REPATRIATION OF SERVICES FROM LGSS TO CAMBRIDGESHIRE COUNTY COUNCIL

To:	**General Purposes Committee**
Meeting Date:	**22 October 2019**
From:	**Deputy Chief Executive & Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Purpose:	**To obtain agreement for the repatriation of the Professional Finance Services and Democratic & Members' Services from LGSS to the Council.**
Recommendation:	**It is recommended that:**

(a) Committee notes the contents of the report and;

(b) Agrees that the two service areas are repatriated to the County Council with immediate effect.

	Officer contact:		*Member contacts:*
Name:	Chris Malyon	Names:	Councillor Chris Boden
Post:	Deputy Chief Executive & Chief Finance Officer	Post:	Chairman LGSS Joint Committee
Email:	Chris.malyon@cambridgeshire.gov.uk	Email:	Chris.Boden@cambridgeshire.gov.uk
Tel:	01223 699241	Tel:	01223 706398

1. BACKGROUND

1.1 The issues surrounding the financial position of Northamptonshire County Council (NCC) are well documented. As Members will no doubt recall that following the issuing of the first Section 114 notice Max Caller produced a report setting out his views on some of the causes for the position in which NCC found itself.

1.2 Mr Caller took the opportunity to make comment on the support service partnership between Milton Keynes, NCC and this Council, known as LGSS. Whilst some of these comments may have had an element of substance others were at best unsubstantiated and at worst factually incorrect. However, whether as a direct result of that report or not, a consequence of the general environment in Northamptonshire is that the partnership has been under continual scrutiny. One of the major clients of the partnership, Norwich City Council has given notice to quit and the provision of services to that Council will cease on 31st March 2020.

1.3 In addition, understandably, NCC has been reviewing the partnership in order to identify opportunities to reduce the cost of service delivery in order to contribute to their funding deficit. This 'review' has included a more fundamental discussion with partners over the future shape and funding arrangements of LGSS. This element of the review has not yet come to a conclusion, however as an interim measure NCC took a report to the LGSS Joint Committee on 30 August 2018 requesting that both Professional Finance and Democratic Services be repatriated to the NCC. This decision had little or no effect on the operations of LGSS. This report sets out a proposal to bring CCC in line with the decision taken by NCC and thereby repatriate both Professional Finance and Democratic Services to this Council.

2. REPATRIATION OF SERVICES

2.1 Following the aforementioned Max Caller report, NCC requested that the LGSS Joint Committee agree to the 'repatriation' of both the Democratic Services and Professional Finance teams. The rationale behind this was that there was effectively no sharing of the resources within these teams between partner organisations and therefore there was no demonstrable benefit for their retention within a shared service environment. This was agreed by the Joint Committee without any changes to the financial model save for the direct transfer of the costs employed to discharge these functions moving to the host authority ie NCC.

2.2 As this was a stand-alone request by NCC, neither of the other partners proposed to do the same at that point but reserved their right to consider this at a later point. Both CCC and MKC did however accept that there was no demonstrable added value being obtained by these service areas operating within the LGSS shared service environment.

2.3 It was assumed at the point of considering this request from NCC that the future shared service operating model would follow shortly after and therefore the other two partners decided to leave these service areas within LGSS and deal with the future operating model as a single matter. However what has become clear is that the partners are yet to agree on the future model and the costs associated therein, and therefore a report was considered by the LGSS Joint Committee on 26 July 2019 to bring CCC and MKC in to line with NCC in respect of their treatment of both Professional Finance and Democratic Services through repatriation with effect from 1 October 2019.

2.4 There is one element of the Professional Finance function that is shared across the three partners and this includes tax, treasury management, and schools finance support. As this is a shared function it was not included within the report considered by the Joint Committee. However there have been a number of staff departures in the last couple of months that are making the ongoing delivery of these elements of the service untenable. All three Section 151 Officers have agreed therefore that this matter cannot wait for the final decisions on the new operating model and have agreed that the three partners will work collaboratively in this area to ensure continuity of service but will repatriate elements of the integrated service where this is appropriate to so do.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

There are no significant implications for this priority.

3.2 Thriving places for people to live

There are no significant implications for this priority.

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications within this category.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

4.5 Engagement and Communications Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	No implications
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	No implications
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	No implications:
Have the equality and diversity implications been cleared by your Service Contact?	No implications
Have any engagement and communication implications been cleared by Communications?	No implications
Have any localism and Local Member involvement issues been cleared by your Service Contact?	No implications
Have any Public Health implications been cleared by Public Health	No implications

Source Documents	Location
LGSS Joint Committee Report July 2019	Appended

Agenda Item No: 5

Title:	**The Repatriation of the Professional Finance Teams to Cambridgeshire County Council and Milton Keynes Council and the Cambridgeshire Democratic Services team to Cambridgeshire County Council**
To:	**Joint Committee**
From:	**Chris Malyon and Steve Richardson, Section 151 Officers for Cambridgeshire County Council and Milton Keynes Council**
Date:	**26 July 2019**
Author:	**Chris Malyon and Steve Richardson**
Purpose:	To agree the following change to the Shareholders' Partnering Agreement – The Repatriation of the Professional Finance Teams to Cambridgeshire County Council and Milton Keynes Council and the Cambridgeshire Democratic Services team to Cambridgeshire County Council
Recommendation:	That Joint Committee agree that the Professional Finance and Democratic services Teams return to Cambridgeshire County Council and Milton Keynes Council from the 1st October 2019.

Background

The respective Section 151 Officers have requested that the Professional Finance teams and the Cambridgeshire Democratic Services team are returned to Cambridgeshire County Council (CCC) and Milton Keynes Council (MKC) from the 1st October 2019. This will allow both CCC and MKC to receive the full financial benefit from a proposed restructure and will result in the three partners Council's having aligned arrangements for provision of Professional Finance and Democratic Services with these services no longer in LGSS.

Proposal

That the Professional Finance teams at CCC and MKC and the Democratic Service Team at CCC return to CCC and MKC and report to their respective Section 151 Officers from October 2019.

Professional Finance – Proposed Repatriation

The Professional Finance teams deliver the following functions:

- Lead and co-ordinate the budget setting process, including the Capital Strategy, Capital Programme, Medium Term Financial Strategy and Plan;
- Monitor and support the delivery of Council budgets working with budget holders, directors and the respective corporate leadership teams and Members.
- Professional Finance Business Partnering to support Service Manager and Teams deliver high quality services, transformation and change;
- Provision of high quality advice and expertise relating to the business and financial arrangements of the respective Council's;
- Produce the Council's Statutory Accounts and other financial returns to government to meet statutory obligations and ensure that the Authority meets the Transparency Code (MKC only);
- Provide Elected Members with advice and support to discharge their responsibilities and support effective and transparent decision making with effective scrutiny.

The MKC team is made up of:

- 2 Head of Finance (Deputy Section 151 Officers)
- 3 Senior Finance Business Partners
- 1 Housing Finance Strategy Manager
- 1 Financial Strategy and Planning Manager
- 1 Corporate Financial Control Manager
- 1 Financial Systems and Performance Manager
- 8 Finance Business Partners
- 3 Accountants

- 1 Senior Accounting Technician
- 8 Assistant Finance Business Partners
- 3 Graduate Trainees

The CCC team is made up of

- 1 Head of Finance (Deputy Section 151 Officer)
- 4 Strategic Finance Managers
- 6 Senior Finance Business Partners
- 10 Finance Business Partners
- 6 Assistant Finance Business Partners
- 1 Accounting Technician Trainee
- 3 Graduate Trainees

These teams currently report into the LGSS Managing Director, following the departure of the LGSS Director of Finance.

Democratic Services – Proposed Repatriation

Cambridgeshire County Council's Democratic and Members' Services Team:

- Works efficiently and effectively, safeguarding the Council's decision making process whilst adding value;
- Supports councillors to be effective in their roles by providing clear, accurate advice or signposting where appropriate;
- Supports officers in their roles by providing accurate, timely advice on the decision making process, protocols for dealing with councillors etc.;
- Provides governance support and advice to the Cambridgeshire and Peterborough Combined Authority, Cambridgeshire and Peterborough Fire Authority and other organisations via a Service Level Agreement;
- Arranges education appeals and reviews according to statutory principles, providing a high quality, cost effective service;
- Provides online information about Councillors and Committees via the Council's website; and
- Acts as the Local Government Ombudsman Link Officer for the Council.

This is currently the only remaining Democratic Services team within LGSS and currently reports to the Head of Customer Engagement and Business Development.

These changes will result in a few changes to the MKC and CCC Partnering Agreements and these are attached as an appendix showing changes in red.

Implications of service transfers

Financial implications

When a service is removed from LGSS this requires the transfer of:

- the related share of the LGSS budget;
- the committed savings in the LGSS Strategic Plan related to these areas; and
- consideration of a share of any unidentified savings already in the MTFP proportionate to that service.

These budget transfers will form part of the Deed of Variation. The budget share for an individual partner may not be simply the budget in that partners books. Many LGSS teams are located more in one location than another and a series of "equalisation" adjustments is made to get back to the true share of the LGSS budget paid for by that partner.

Consideration also needs to be given to the costs of transfer. For some services where staff are not moving location or changing employers the costs of transfer may be minimal, but for others the transfer could incur significant costs.

This means that when services transfer, partner Councils may be receiving back budget and unfunded pressures from future savings into their base budget as a consequence.

Timing of transfer

For ease of transfer it has been agreed that once the deed of Variation has been finalised, the transfers back to CCC and MKC of the Professional Finance Service and Democratic Services CCC will be effected from 1 October 2019. The full year budget and related spend is transferred. The alternative would be to split the budget and related spend between LGSS and CCC and MKC through the year but this would require accruals to be undertaken at the point of transfer which would not otherwise be needed. A transfer of the full year budget and related spend at 1st October is also simpler for reporting than part year reporting in both LGSS and CCC and MKC reports.

Budgets

The 2019/20 budgets for CCC and MKC Professional Finance Services and CCC Democratic Services as set out in the current LGSS budget monitoring report total £3,878k net, as shown below. As these teams are only focused on provision of services to their respective Council's no equalisation adjustments are required to these budgets. The Professional Finance team in MKC is currently forecasting a £31k overspend for 2019-20 and this will return to MKC with the budget. The Professional Finance and Democratic Services teams in CCC are currently forecasting a balanced budget for 2019-20.

Table 1: Professional Finance and Democratic Services budgets in LGSS

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000
Professional Finance CCC	1,776	0	-145	1,631
Professional Finance MKC	1,978	-53	-64	1,862
Democratic Services CCC	477	-92	0	385
TOTAL Delegated Budgets	**4,231**	**-145**	**-209**	**3,878**

There is also a managed budget of £1,046k for Member Allowances in CCC, the management of which will return to CCC with the Democratic Services function.

Savings commitments

When NCC repatriated Professional Finance and Democratic Services in 2018, there were discussions at LGSS Management Board about the impact on the ability of LGSS to delivery future savings from a diminished service base. The principle was discussed of repatriating services returning to partner Councils with a share of future LGSS savings allocated to them to reflect this. In the context of the current review of the LGSS operating model, final decisions were not reached on the application of this principle and it was agreed that it should be resolved as part of the operating model review work.

If the Professional Finance and Democratic Services teams which have already repatriated over the past 18 months, and those included in this paper, were to take a proportionate share of the unallocated savings for the authority to which they provide services these would be equivalent to the amounts set out in Table 3. Note: these savings amounts vary significantly between individual authorities because of the variance in the level of savings requested of LGSS by each authority. In particular, the savings ask from CCC is significantly higher than that from MKC and NCC.

Table 3: Proportionate share of unidentified savings for Professional Finance and Democratic Services

	2019-20	2020-21	2021-22	2022-23	Total savings allocation to repatriated services
	£000	£000	£000	£000	£000
CCC Dem Services	27	38	27	13	**105**
CCC Prof Finance	116	162	113	57	**448**
CCC Total	**143**	**200**	**140**	**70**	
MKC Dem Services	0	23	18	0	**41**
MKC Prof Finance	0	86	68	0	**154**
MKC Total	**0**	**109**	**86**	**0**	
NCC Dem Services	0	22	0	0	**22**
NCC Prof Finance	0	72	0	0	**72**
NCC Total	**0**	**94**	**0**	**0**	
Overall Total	**143**	**403**	**226**	**70**	**842**

Costs of transfer

There are no costs of transfer of these services back to CCC and MKC because all staff are employed and located in their respective authorities.

Summary

Delegated budgets

The total LGSS delegated budget transfer back to CCC in 2019-20 should be £1,873k as set out below, and to MKC £1,862k:

Table 4: Budget transfer from LGSS to CCC and MKC 2019-20

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Forecast Variance 2019-20 £000
Professional Finance CCC	1,776	0	-145	1,631	0
Less: savings share of unspecified saving in 2019-20				-116	116
Democratic Services CCC	477	-92	0	385	0
Less: savings share of unspecified saving in 2019-20				-27	27
TOTAL CCC	**2,253**	**-92**	**-145**	**1,873**	**143**
Professional Finance MKC	1,978	-53	-64	1,862	31
Less: savings share of unspecified savings in 2019/20				0	
TOTAL MKC	**1,978**	**-53**	**-64**	**1,862**	**31**

The CCC unidentified savings for 2019-20 are currently being reported as forecast overspends in LGSS reporting and the proportionate share of this for repatriating services is £143k. The MKC Professional Finance budget is subject to a current forecast overspend of £31k.

Future savings shares

The future year's savings ask of LGSS to deliver for MKC will be reduced in the MKC MTFP to £306k in 2020-21 and £267k in 2021-22 as set out in Table 5 below. For CCC the adjustment is to £707k for 2020-21, £426k for 2021-22 and £214k in 2022-23 as set out in Table 6 below:

Table 5: Adjustment required to MKC MTFP savings asks for LGSS

	2020-21	2021-22
	£000	**£000**
MKC Business Planning commitments		
Per current LGSS Strategic Plan (Table 8)	415	353
Less: MKC share of future savings (Table 3 above)	-109	-86
Revised LGSS saving to MKC	**306**	**267**

Table 6: Adjustment required to CCC MTFP savings asks for LGSS

	2020-21	2021-22	2022-23
	£000	**£000**	**£000**
CCC Business Planning commitments			
Per current LGSS Strategic Plan (Table 8)	907	566	284
Less: CCC share of future savings (Table 3 above)	-200	-140	-70
Revised LGSS saving to CCC	**707**	**426**	**214**

List of Appendices

Appendix 1 Changes to Schedule 2 LGSS Scheme of Delegation

Appendix 1

Schedule 2 The LGSS Joint Committee Scheme of Delegation - Shared Services and Delegated Functions

1. The Shared Services

1.1 Cambridgeshire County Council (CCC), Northamptonshire County Council (NCC) & Milton Keynes Council (MKC):
- Integrated Financial Services;
- Internal Audit and Risk;
- Information Systems and Communication Technology;
- Procurement;
- Insurance;
- Human Resources;
- Learning and Development;
- HR Transactions and Payroll;
- Financial Transactions – accounts payable, accounts receivable & financial assessments;
- Enterprise Resource Planning (ERP) and business systems; and
- Business Support Service to schools.

1.2 Cambridgeshire County Council and Northamptonshire County Council:
- Pensions - Administering Authority and Employer;

~~1.3 Cambridgeshire County Council and Milton Keynes Council:~~
- ~~Finance Business Partners~~

~~1.4 Cambridgeshire County Council:~~
- ~~Democratic Services~~

1.3 Client Authorities:
- See section 4.

2. Delegation of Functions and Responsibilities

General Principles

2.1 The Councils each agree that the Shared Services listed above will be provided under the auspices of the Joint Committee (LGSS) which shall be responsible for the provision of the Shared Service under delegated authority from the Councils to the Joint Committee, which is set out below at Section 6.1 in respect of all of the Councils, and at Section 6.2 in respect of CCC and NCC only~~, at Section 6.3 in respect of CCC only~~. These delegations are subject to the conditions, limitations and the specific reservations, set out below.

2.2 In order to facilitate the efficient and effective conduct of the Shared Services, the Joint Committee shall delegate certain functions and responsibilities to the LGSS Managing Director and to the LGSS Service Directors. The LGSS Managing Director and the LGSS Service Directors, where they consider it necessary, may sub-delegate to officers within their respective service Directorates. Such delegations must be made in writing and must be available for inspection by the Monitoring Officers and Section151 Officers of the Councils.

2.3 Where an Officer listed in this scheme of Delegation is absent for any period, the LGSS Managing Director may nominate in writing another officer to act in his/her place during his/her absence and shall make a record of all such nominations. Without prejudice to the generality of the above and to any specific delegation listed below, the officers listed in this section are authorised to exercise the following functions of the Council, the Leader and the Head of Paid Service, which relate to their area of responsibility.

Conditions Relating to the Exercise of Delegated Authority

2.4 The exercise of functions delegated to officers under this scheme must comply with:

i) any legal requirement or restriction
ii) the relevant Council's Constitution
iii) the relevant Council's policy framework and any other plans and strategies approved by the relevant Cabinet or Full Council/relevant Committee
iv) the relevant in-year budget
v) the relevant officers code of conduct
vi) relevant Procurement standing orders and financial regulations
vii) all other relevant policies, procedures, protocols and provisions.

Limitations to the Exercise of Delegated Powers

2.5 Officers in the exercise of functions delegated by this scheme may not:

i) make Key Decisions as defined in the relevant Council's Constitution, unless where specifically provided for by that Council's constitution;
ii) change or contravene policies or strategies approved by the Council/Committee (in the case of CCC) or the Council/Cabinet (in the

case of MKC or NCC) in the absence of specific delegated authority to do so;

iii) create or approve new policies or strategies, in the absence of specific delegated authority to do so;

iv) take decisions to withdraw public services, in the absence of specific delegated authority to do so;

v) take decisions to significantly modify public services without consulting the appropriate Cabinet Member (in the case of MKC and NCC) or Full Council/Committee Chairman/woman (in the case of CCC) before exercising the delegated power.

Consultation

2.6 Where an officer takes a decision under delegated authority on a matter which has significant policy, service or operational implications or is known to be politically sensitive, the officer shall first consult with the appropriate Cabinet Member and Section 151 Officer (MKC or NCC) or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman) and Section 151 Officer (CCC) before exercising the delegated powers. When exercising delegated powers, officers shall ensure that local Members are kept informed of matters affecting their divisions or wards.

3. Specific Delegations

The delegations are listed as follows:

- Section 6.1 – All authorities (CCC, NCC and MKC);
- Section 6.2 – CCC and NCC only;
- ~~Section 6.3 – CCC only;~~

and in the following order:

- Not delegated;
- Delegated to Chief Executives;
- Delegated to all LGSS Directors;
- Delegated to LGSS Managing Director;
- Delegated to Specific LGSS Directors

4. Powers and Duties delegated by client authorities

4.1 The LGSS Joint Committee shall be responsible for the provision of shared services under delegated authority from the councils concerned to the Joint Committee. The nature of services provided and the conditions, limitations and the specific reservations which apply are set out below. Where a council has delegated authority to the LGSS Joint Committee, those powers and duties shall be set out either generally or specifically in that council’s constitution or scheme of delegation.

4.2 Under the auspices of the Partnership and Delegation Agreements in place between the client authorities and the Delegation and Joint Committee Agreement between Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council (LGSS) and by virtue of Sections 101, 112 and 113 of the Local Government Act 1972, officers of the aforementioned authorities are authorised to undertake any and all of the specified functions on behalf of the client authorities.

5. Financial Limitations

The following table sets out the financial limits of powers delegated to the LGSS Joint Committee and directors:

Limits of powers delegated to the LGSS Joint Committee	**£**
Key decision threshold	500k (CCC, NCC) 100k (MKC)
Issuing orders for goods and services	Unlimited (CCC), 500k (NCC, MKC)
Capital virement	250k (CCC), 100k (NCC), N/A (MKC)
Revenue virement	160k (CCC), 100k (NCC), N/A (MKC)*
Loans to people or organisations	5k (CCC), N/A (NCC)**, N/A (MKC)**
Loans and expenditure of client funds	300k (CCC), N/A (NCC), N/A (MKC)
Property transactions, capital value	500k (CCC), 100k (NCC), N/A (MKC)
Property transactions, Revenue value	150k (CCC), 100k (CCC), N/A (MKC)
Debt write off	25k (CCC), N/A (NCC), 20k (MKC)

*** Revenue Virements reserved to Chief Finance Officer at MKC, in accordance with the Financial Scheme of Delegation**

****Power to make loans reserved to Chief Finance Officer at NCC and MKC**

Exceptions: decisions relating to the management of services and resources where the matter is likely to lead to controversy or have an impact beyond that considered usual for a managerial decision. These decisions must be referred back to the Cabinet (MKC, NCC) or the relevant Service Committee (CCC).

6.1 Delegations from all authorities

Delegation to LGSS Joint Committee - General	**Delegation to Officer**	**Condition**
To have overall responsibility for the provision, to the Councils, of the Shared Services.	None	In accordance with all relevant financial, accounting, constitutional and legal requirements
To consider and approve the annual report for LGSS.	None	
To consider and approve the annual service plan for each Shared Service and make recommendations to the Councils as to the provision of financial and other resources.	None	
To instigate and undertake the selection, recruitment and appointment to the post of LGSS Managing Director.	None	In accordance with any protocol agreed by the Joint Committee and in consultation with the LGSS Director responsible for Human Resources or their nominee and the Chief Executives of the Partner Authorities.

Delegation to LGSS Joint Committee - General	**Delegation to Officer**	**Condition**
In respect of the LGSS Managing Director to: a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal, and b) implement all other relevant HR policies and exercise any associated decision-making	Chief Executive	Where the authority concerned is the employing authority for LGSS Managing Director and in consultation with the LGSS Director responsible for Human Resources or their

powers.		nominee and in accordance with the relevant councils HR policies and procedures.

Delegation to LGSS Joint Committee - General	**Delegation to Officer**	**Condition**
LGSS Directors have responsibility for the operational management of the Shared Services, including authority to determine the number, grade, title and nature of staff deployed and all other terms and conditions, in addition to ensuring their proper management within the remit of those services for which they are allocated responsibility by the LGSS Managing Director.	LGSS Managing Director for all Shared Services. All LGSS Directors in respect of the services within their remit.	Subject to budget and in accordance with the relevant Council's policies and procedures and in consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures.
To arrange for and undertake the recruitment and appoint of all relevant employees with the exception of the LGSS Managing Director and LGSS Service Directors.	LGSS Managing Director and/or LGSS Directors.	In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures.
In respect of Relevant Employees other than the LGSS Managing Director and LGSS Directors, to: a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal, and b) implement all other relevant HR policies and exercise any associated decision-making powers.	LGSS Managing Director and LGSS Directors (in relation to posts within their Directorate).	In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures.
To invite tenders and to enter into contracts In respect of goods or services directly relating to the provision of the Shared Services.	LGSS Managing Director and/or LGSS Directors.	In accordance with relevant procurement standing orders and any financial limits in place.

Delegation to LGSS Joint Committee - General	**Delegation to Officer**	**Condition**
To arrange for and undertake the recruitment and appoint to, the posts of LGSS Directors.	LGSS Managing Director	In consultation with the LGSS Joint Committee Chair and Vice Chairperson(s), and with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures.
In respect of the LGSS Directors, to a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal and appeal, and b) implement all other relevant HR policies and exercise any associated decision-making powers.	LGSS Managing Director	In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures and subject to the provisions of the Local Authority (Standing Orders) Regulations.

Delegation to LGSS Joint Committee – Finance Services	**Delegation to Officer**	**Condition**
Authority for management of transactional and integrated Finance Services, excluding Section 151 responsibilities and excluding Finance Business Partners except those supporting LGSS budgets ~~for NCC~~	LGSS Director responsible for Finance	Subject to budget and in accordance with the relevant Council's policies and procedures.
To determine and implement arrangements for Treasury Management in accordance with the (CIPFA) Treasury Management in the Public Services Code of Practice.	LGSS Director responsible for Finance	
To be responsible for operating banking arrangements including determining	LGSS Director responsible for	

Delegation to LGSS Joint Committee – Finance Services	Delegation to Officer	Condition
arrangements for the signing and security of cheques and the operation of the BACS, CHAPS and Direct Debit processes.	Finance	
To undertake investigations and reports, where appropriate, in support of Anti-Fraud Policy and financial governance arrangements.	LGSS Director responsible for Finance	
Authority for management of Finance Operations	LGSS Director responsible for Finance Operations	Subject to budget and in accordance with the relevant Council's policies and procedures.

Specific Reservations

The Delegated functions relating to Finance do not include the following Reserved Functions:

- approving financial strategies and plans on behalf of the councils;
- approval of corporate plans on behalf of the councils;
- approving schemes for the use of (non-LGSS) earmarked reserves or contingency provision;
- approval of the annual statement of accounts on behalf of the councils;
- approval of renewal terms for insurances; and
- approval of Financial Procedure Rules, Standing Orders and Procedures.

Delegation to LGSS Joint Committee – Internal Audit and Risk Management	Delegation to Officer	Condition
Authority for management of Internal Audit and Risk Management Services.	LGSS Director responsible for Internal Audit and Risk	In accordance with the Audit and Accounts Regulations 2003 or any successor legislation. Subject to budget and in accordance with the relevant Council's policies and procedures.
To maintain an adequate and effective	LGSS Director	

Delegation to LGSS Joint Committee – Internal Audit and Risk Management	Delegation to Officer	Condition
system of internal audit of the accounting records and control systems in accordance with proper internal audit practices and be authorised to visit all establishments and have access to all documents, other records, computer systems and property and to require relevant information or explanation from any officer in connection with the above.	responsible for Internal Audit and Risk	

Specific Reservations

The Delegated Functions relating to Internal Audit and Risk Management do not include the following Reserved Functions:

- Approval of each authority's Annual Governance Statement

Delegation to LGSS Joint Committee – Insurance	Delegation to Officer	Condition
Authority for management of Insurance Services.	LGSS Director responsible for Insurance	Subject to budget and in accordance with the relevant Council's policies and procedures and any relevant legislation.

Specific Reservations

The Delegated Functions relating to Insurance do not include the following Reserved Functions:

- Policy and strategy decisions on Insurance and decisions which fall outside of the principles of decision making set out in Article 12 (CCC) and Article 14 (MKC and NCC) of the relevant authority's constitution.

Delegation to LGSS Joint Committee - IT	Delegation to Officer	Condition
Authority for management of IT Services.	LGSS Director responsible for IT	Subject to budget and in accordance with the relevant Council's policies and procedures.
Strategic and operational accountabilities for management of Information Technology development and systems	LGSS Director responsible for IT	

administration.		
Responsibility for the security of information technology and infrastructure.	LGSS Director responsible for IT	

Specific Reservations

The Delegated Functions relating to IT do not include the following Reserved Function:

- Approval of IT Strategy and Policies where these are under the remit of the Cabinet (MKC and NCC) or Service Committee concerned (CCC).

Delegation to LGSS Joint Committee - Procurement	Delegation to Officer	Condition
Authority for management of procurement services.	LGSS Director responsible for Procurement	Subject to budget and in accordance with the relevant Council's policies and procedures.

Specific Reservations

The Delegated Functions relating to Procurement do not include the following Reserved Function:

- approval of the contract procedure rules and schemes of delegation relating to any Council's procurement activity.

Delegation to LGSS Joint Committee - Human Resources, Learning and Development and Transactional Services	Delegation to Officer	Condition
Authority for management of Human Resources, Learning and Development, Payroll and HR Transactions	LGSS Director responsible for Human Resources, Learning and Development, Payroll and HR Transactions	Subject to budget and in accordance with the relevant Council's policies and procedures.
To co-ordinate the Council's response to national consultations on terms and conditions of employment, in consultation	LGSS Director responsible for Human	

with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)	Resources	
To implement national and local pay awards/ changes to terms and conditions of employment for employees.	LGSS Director responsible for Human Resources	
To negotiate recognition agreements and local agreements with the trade unions on behalf of the councils, in consultation with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)	LGSS Director responsible for Human Resources	
To consult and negotiate agreements and local agreements with the trade unions on behalf of all 3 shareholding councils through the LGSS Joint Consultation Forum for all staff working for services under the remit of the LGSS Joint Committee. Full delegation to consult and negotiate on changes to local agreements, protocols, changes to LGSS structures and roles across all LGSS employees irrespective of which their employing council is. In the event of a dispute this would be referred to the LGSS Joint Committee. Any proposed changes to terms and conditions of employment affecting all LGSS staff would be routed back to each Council's local consultation forums	LGSS Director responsible for Human Resources	
To co-ordinate the Council's response to retention/recruitment problems within the agreed financial and policy framework, in consultation with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)	LGSS Director responsible for Human Resources	
To advise the Chief Executive on the Council's response to any industrial action affecting Council services, in consultation with the relevant Cabinet Member or	LGSS Director responsible for Human Resources	

Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)), so that he/she can determine the Council's response.		
To mediate on individual cases or collective disputes to attempt to resolve issues before they are referred to members either at appeal or via the collective disputes procedure	LGSS Director responsible for Human Resources	
To implement national and local pay awards and increase payments under the Pension Increase Acts.	LGSS Director responsible for Human Resources, Learning and Development, Payroll and HR Transactions	

Specific Reservations

The Delegated Functions relating to Human Resources do not include the following Reserved Functions:

- appointment of Officers other than Relevant Employees
- decision making on disciplinary, grievance, dismissal and appeals against dismissal, relating to Officers other than Relevant Employees
- decision making on disciplinary, grievance, dismissal and appeals against dismissal for the Head of Paid Service and Chief Officers of the Councils.

6.2 Delegations from CCC and NCC only

Delegation to LGSS Joint Committee - Pensions	Delegation to Officer	Condition
Responsibility for the operations management of the shared services within the remit of Pension Service (LGPS only) and in accordance with the requirements of the Pension Fund Committee (CCC) and Pension Committee (NCC) and the Investment Sub-Committee (CCC/NCC), including authority to determine the	LGSS Director responsible for Pensions	Subject to budget and in accordance with the relevant Council's policies and procedures and in consultation with the LGSS Director responsible for

Delegation to LGSS Joint Committee - Pensions	Delegation to Officer	Condition
number, grade and nature of staff deployed and all other terms and conditions, the collection of contributions, payment of benefits and investment of assets in addition to ensuring their proper management.		Pensions or their nominee.

~~6.3 Delegations from CCC only~~

~~Delegation to LGSS Joint Committee – Democratic & Members' Services~~	~~Delegation to Officer~~	~~Condition~~
~~Authority for management of Democratic & Members' Services.~~	~~LGSS Director responsible for Democratic Services & Members' Services~~	~~Subject to budget and in accordance with the relevant Council's policies and procedures.~~

- ~~Reservation on changes to the constitution and other matters which must be approved by Cabinet/ Council~~

# GENERAL PURPOSES COMMITTEE AGENDA PLAN	Published on 1st October 2019 as at 14th October 2019 **Agenda Item No.14**	Cambridgeshire County Council

Notes

Committee dates shown in bold are confirmed.
Committee dates shown in brackets and italics are reserve dates.

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.
* indicates items expected to be recommended for determination by full Council.
+ indicates items expected to be confidential, which would exclude the press and public.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.
The agenda dispatch date is six clear working days before the meeting.

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
22/10/19	1. Minutes – 26/09/19	M Rowe		**09/10/19**	**14/10/19**
	2. Resources Report (August) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources Report (August)	R Barnes	2019/012		
	4. Cambridge University Science and Policy Exchange What actions must Cambridgeshire county council take today to meet the government pledge of 80% carbon emission reduction by 2050?	S French	Not applicable		
	5. Service Committee Review of Draft Revenue Business Planning Proposals for 2010/21 to 2024/2025	C Malyon	Not applicable		
	6. Medium Term Financial Strategy	C Malyon	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	7. Service Committee Review of Draft 2020/21 Capital Programme	C Malyon	Not applicable		
	8. Transformation Fund Bid - To identify and deliver savings in home to school, SEND and adults social care transport	A Askham/ N Capuano	Not applicable		
	9. The Commercial Team	A Askham/ C Sutton	Not applicable		
	10. Transformation Fund Monitoring Report Quarter 1 2019/20	A Askham	Not applicable		
	11. Performance Report – Quarter 2	T Barden	Not applicable		
	12. Repatriation of Services from LGSS	C Malyon	Not applicable		
	13. Capital Strategy	C Malyon	Not applicable		
26/11/19	1. Minutes – 22/10/19	M Rowe		**13/11/19**	**18/11/19**
	2. Resources Report (September) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources Report (September)	R Barnes	2019/013		
	4. Treasury Management Report – Quarter 2*	C Oliver/ J Lee	Not applicable		
	5. Draft 2020/21 Capital Programme and Capital Prioritisation	C Malyon	Not applicable		
	6. Business Planning 2020-21 to 2024-25 – update	C Malyon	Not applicable		
	7. Transformation Fund Monitoring Report Quarter 2 2019-20	A Askham	Not applicable		
	8. Social Impact Bond, Life Chances Fund	A Howard	2019/068		
	9. Corporate Risk Register	S Grace/A Askham	Not applicable		
	10. Draft Climate Change and Environment Strategy	S French	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	11. Learning Disability Partnership – Baseline 2020/21 (Pooled Budget Review)	M Darbar W Patten	2019/045		
	12. Future Operating Model LGSS	C Malyon	2019/075		
17/12/19	1. Minutes – 26/11/19	M Rowe		**04/12/19**	**09/12/19**
	2. Resources Report (October) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources Report – (October)	R Barnes	2019/014		
	4. Amendments to Business Plan Tables (if required)	C Malyon	Not applicable		
	5. Draft Revenue and Capital Business Planning Proposals for 2020-21 to 2024-2025 (whole Council)	C Malyon	Not applicable		
	6. Treasury Management Strategy	C Oliver/ J Lee	Not applicable		
	7. Performance Report – Quarter 3	T Barden	Not applicable		
	8. Nearly zero energy buildings Policy: Implications for new Public Sector Buildings	S French	2019/039		
	9. Cambridge University Science and Policy Exchange – Transport Report	S French	Not applicable		
28/01/20	1. Minutes – 17/12/19	M Rowe		**15/01/20**	**20/01/20**
	2. Resources Report (November) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources Report –(November)	R Barnes	2020/001		
	4. Local Government Finance Settlement	C Malyon	Not applicable		
	5. Business Plan*	C Malyon	Not applicable		
	6. Consultation Report	S Grace	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
[25/02/20] Provisional Meeting					
24/03/20	1. Minutes – 28/01/20	M Rowe		**11/03/20**	**16/03/20**
	2. Resources Report (January) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources Report (January)	R Barnes	2020/002		
	4. Transformation Fund Monitoring Report Quarter 3 2019/20	A Askham	Not applicable		
	5. Treasury Management Report – Quarter 3	C Oliver/ J Lee	Not applicable		
	6. Performance Report – Quarter 4	T Barden	Not applicable		
[28/04/20] Provisional Meeting					
02/06/20	1. Minutes – 24/03/20	M Rowe		**19/05/20**	**22/05/20**
	2. Resources Report (March) – Corporate and Customer Services and LGSS Managed	T Kelly	Not applicable		
	3. Integrated Resources Report (March)	R Barnes	2020/003		
	4. Treasury Management Report – Quarter 4 and Outturn Report*	C Oliver/ J Lee	Not applicable		
	5. Performance Report – Quarter 1	T Barden	Not applicable		