# STRATEGY AND RESOURCES

Cambridgeshire County Council

## Thursday, 27 January 2022

**Democratic and Members' Services**
Fiona McMillan
Monitoring Officer

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

## 10:00

## Multi Function Room, New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE
## [Venue Address]

# AGENDA

**Open to Public and Press by appointment only**

**CONSTITUTIONAL MATTERS**

1. **Apologies for absence and declarations of interest**

   *Guidance on declaring interests is available at [http://tinyurl.com/ccc-conduct-code](http://tinyurl.com/ccc-conduct-code)*

2. **Minutes - 17 December 2021 and Action Log**

   Strategy and Resources meeting 17/12/2021

   **Action Log** **5 - 6**

3. **Petitions and Public Questions**

**KEY DECISIONS**

**Attending meetings and COVID-19**

Meetings of the Council take place physically and are open to the public. Public access to meetings is managed in accordance with current COVID-19 regulations and therefore if you wish to attend a meeting of the Council, please contact the Committee Clerk who will be able to advise you further. Meetings are streamed to the Council's website: Council meetings Live Web Stream - Cambridgeshire County Council. If you wish to speak on an item, please contact the Committee Clerk to discuss as you may be able to contribute to the meeting remotely.

The Strategy and Resources comprises the following members:

Councillor Lucy Nethsingha (Chair) Councillor Elisa Meschini (Vice-Chair) Councillor Chris Boden Councillor Steve Count Councillor Steve Criswell Councillor Lorna Dupre Councillor Mark Goldsack Councillor Richard Howitt Councillor Samantha Hoy Councillor Peter McDonald Councillor Mac McGuire Councillor Edna Murphy Councillor Tom Sanderson Councillor Josh Schumann and Councillor Graham Wilson

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

Agenda Item No.2

# STRATEGY AND RESOURCES COMMITTEE MINUTES-ACTION LOG

This is the updated action log as at 19th January 2022 and captures the actions arising from the most recent Strategy and Resources Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

| Minutes of 17th December 2021 | | | | | |
|---|---|---|---|---|---|
| Minute number | Item title | Responsible officer(s) | Action | Comments | Completed |
| 33 | Minutes – 2nd November 2021 and Action Log | A Askham | The Corporate Peer Review to consider the reporting arrangements for County Farms in February 2022. | To be picked up in the Peer Review 6 month follow up session on 4th March 2022. | Completed |
| 36 | Integrated Finance Monitoring Report for the period ending 31 October 2021 | D Snowdon | Queried whether it was possible in future to share amendments on the screen for the public to view whilst they were being discussed | There are some complexities around whether this can be achieved easily which will need to be discussed at Group Leaders. For example, the system is not yet attached to the CCC network and would require it to be networked for ease and simplicity. | Ongoing |
| | | S Howarth | Review the Integrated Finance Monitoring Report for the start of the new financial year. | A review of financial reporting is underway ahead of the start of the new financial year. | Completed |
| | | S Procter<br>Cllr McDonald | Written response on why the safety audits were taking 10-12 weeks, why Local Members were not being asked to accelerate Parish Council approvals, project team | Information will be circulated to the committee via e-mail before the meeting. | Completed |

| | | | | | |
|---|---|---|---|---|---|
| | | | resources and the delay in invoicing Parish Councils. | | |
| | | Cllr Nethsingha | The Leader to consider whether she would be prepared to review the deadline for amendments to Policy and Service Committees. | There will be a full review of how the Committees are working when the corporate peer review team return in February, however feedback from committees so far is that the current system is working. | Completed |
| 39 | Corporate Services Performance Report Quarter 2 2021-22 | S Grace<br>C Birchall | To identify what media coverage the Council had instigated as part of the F20 group. | Communications is in conversation about ongoing proactive comms on this issue with the administration leads and Director of Resources. | Completed |

# Integrated Finance Monitoring Report for the period ending 30 November 2021

To: Strategy & Resources Committee

Meeting Date: 27 January 2022

From: Chief Finance Officer

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2022/003

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

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

a) Approve the proposals for the use of uncommitted Public Health reserves totalling £2.9m, as set out in section 5.1;

b) Note the forecast £300k Alconbury Weald Enterprise Zone National Non-Domestic Rates (NNDR) retained business rates income, as set out in section 5.2;

c) Note the decisions taken by Adults and Health Committee to approve the allocation of the discretionary elements of a series of ring fenced Covid-19 grants, as set out in section 5.3;

d) Note the use of additional £0.3m revenue contributions for Strategy and Scheme Development work, as set out in section 6.6; and

e) Note and comment on the Finance Monitoring Report for Corporate Services (Appendix 3).

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# 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.

## Finance and Key Activity

| Revenue budget forecast outturn | This is a £0.633m increase in the forecast revenue underspend compared to last month. | Capital programme forecast outturn |
|---|---|---|
| -£7.661m (-1.8%) forecast year end variance, however, there continues to be uncertainty about the pandemic impact in the coming months<br><br>Green | There is a £3.625m decrease in the forecast capital year-end expenditure compared to last month. | -£10.9m (-6.3%) forecast year end variance<br><br>Green |

## Number of service users supported by key care budgets

| Older people aged 65+ receiving long term services | Budgeted no. of care packages 2021/22 | Actual Nov 21 | Actual May 21 | Trend in service user numbers since May 21 | Trend in average weekly unit cost since May 21 |
|---|---|---|---|---|---|
| Nursing | 585 | 520 | 492 | Increasing | Stayed the same |
| Residential | 987 | 876 | 864 | Increasing | Stayed the same |
| Community | 2,387 | 1,945 | 1,932 | Increasing | Stayed the same |

| Working Age Adults receiving long term services | Budgeted no. of care packages 2021/22 | Actual Nov 21 | Actual May 21 | Trend in service user numbers since May 21 | Trend in average weekly unit cost since May 21 |
|---|---|---|---|---|---|
| Nursing | 60 | 67 | 69 | Stayed the same | Increasing |
| Residential | 346 | 360 | 358 | Stayed the same | Increasing |
| Community | 2,836 | 2,918 | 2,868 | Increasing | Increasing |

| Children in Care | Budgeted no. of placements 2021/22 | Actual Nov 21 | Actual May 21 | Trend in service user numbers since May 21 | Trend in average weekly unit cost since May 21 |
|---|---|---|---|---|---|
| Children in Care placements | 314 | 294 | 308 | Decreasing | Increasing |
| Fostering and Supervised Contact | 297 | 247 | 226 | Decreasing | Decreasing |
| Adoption | 477 | 422 | 430 | Decreasing | Stayed the same |

Further details can be found in the quarterly service committee performance reports.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end underspend of -£7.661m. The forecast underspends are largely within People & Communities (P&C) (-£4.6m), Funding Items (-£1.8m), CS Financing (-£0.7m) and Corporate Services (CS) (-£0.6m). There is a small forecast pressure within Place & Economy (P&E) (+£0.052m) See section 3 for details.

- The Capital Programme is forecasting a year-end underspend of -£10.9m at year-end. This includes use of the capital programme variations budget. See section 6 for details

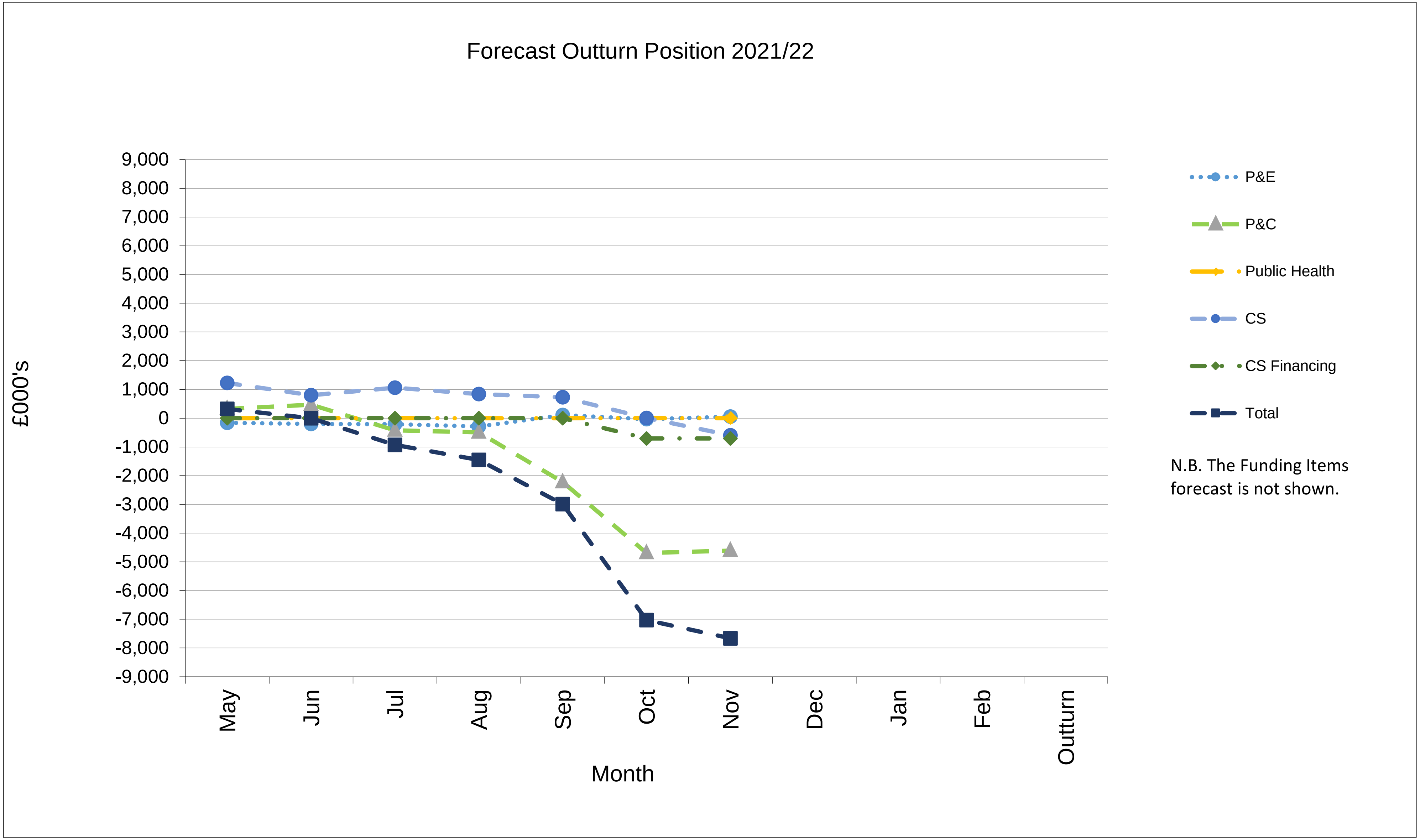
# 3. Revenue Budget

## 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 (Oct) £000 | Service | Current Budget for 2021/22 £000 | Actual (Nov) £000 | Forecast Variance (Nov) £000 | Forecast Variance (Nov) % | Overall Status | DoT |
|---|---|---|---|---|---|---|---|---|
| 64,317 | -31 | Place & Economy | 64,257 | 33,014 | 52 | 0.1% | Green | ↓ |
| 302,530 | -4,693 | People & Communities | 299,771 | 165,289 | -4,609 | -1.5% | Green | ↓ |
| 0 | 0 | Public Health | 0 | -22,800 | 0 | - | Green | ↑ |
| 25,489 | 6 | Corporate Services | 26,614 | 16,916 | -595 | -2.2% | Green | ↑ |
| 31,295 | -705 | CS Financing | 31,295 | 4,913 | -705 | -2.3% | Green | ↓ |
| **423,632** | **-5,423** | **Service Net Spending** | **421,937** | **197,332** | **-5,856** | **-1.4%** | Green | ↑ |
| 11,745 | -1,604 | Funding Items | 13,440 | 13,440 | -1,804 | - | Green | ↑ |
| **435,377** | **-7,027** | **Grand Total Net Spending** | **435,377** | **210,771** | **-7,661** | **-1.8%** | Green | ↑ |
| 155,583 | | Schools | 155,583 | | | | | |
| **590,960** | | **Total Spending 2021/22** | **590,960** | | | | | |

1 The budget figures in this table are net.
2 For budget virements between Services throughout the year, please see Appendix 1.
3 Public Health's budget is stated to be zero as it is entirely funded by ring-fenced grant, mainly the Public Health Grant. Public Health is expected to be underspent by £2,308k on its service budget, but this will be carried-forward into the public health grant reserve.
4 The 'Funding Items' budget comprises the £9.2m Combined Authority Levy, the £424k Flood Authority Levy and £3.8m 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.


Forecast Outturn Position 2021/22
£000's
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
-1,000
-2,000
-3,000
-4,000
-5,000
-6,000
-7,000
-8,000
-9,000
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Outturn
Month
P&E
P&C
Public Health
CS
CS Financing
Total
N.B. The Funding Items forecast is not shown.

## 3.2 Dedicated Schools Grant (DSG) Deficit Summary

| Opening Balance 2021-22 £m, deficit | Forecast in-year movement, £m | Forecast Closing Balance 2021-22 £m, deficit |
|---|---|---|
| 26.4 | 13.6 | 40.0 |

A cumulative DSG deficit of £26.4m has been carried forward into 2021/22. Based on initial budget requirements for 2021/22 an underlying forecast pressure of £11.2m relating to High Needs was identified. However, as the number of Education Health Care Plans (EHCPs) has continued to increase at a faster rate than previous forecasts the in-year forecast pressure on High Needs has now risen to £13.794m. There are some minimal offsetting underspends elsewhere within the DSG resulting in a net forecast pressure for 2021/22 of £13.619m. This is a ring-fenced grant and, as such, pressures do not currently affect the Council's bottom line. We continue to work with the Department for Education (DfE) to manage the deficit and evidence plans to reduce spend.

## 3.3 Summary of Forecast Covid-19 Related Costs by Directorate for 2021/22

| Directorate | Net Covid-19 Pressure<br>£000 |
|---|---|
| Place & Economy | 837 |
| People & Communities | 10,109 |
| Corporate Services | 3,073 |
| **Total** | **14,019** |

These Covid-19 related costs are a mixture of additional expenditure, reduced income, and savings not delivered as a result of the pandemic. They are also net of any external funding received to cover specific functions and pressures (such as the Contain Outbreak Management Fund). Increasingly, some of these additional costs have been included within initial budgets and as such do not impact on the services' forecast outturns reported elsewhere within this report. However, the overall costs related to Covid-19 are still required to be categorized and reported to central government.

## 3.4 Key exceptions this month are identified below

Exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.

### 3.4.1 Place & Economy:

+£0.052m (+0.1%) underspend is forecast.

- Street Lighting

| Outturn Variance £m | Outturn Variance % |
|---|---|
| -0.301 | (-3%) |

A -£0.301m underspend is forecast. This is due to savings from the PFI contract and vacancy savings in the Commissioning team. Energy inflation costs are increasing but are less than expected, resulting in a further underspend.

- Transport Strategy and Policy

| Outturn Variance £m | Outturn Variance % |
|---|---|
| 0.290 | (-%) |

A +£0.290m pressure is forecast. The Strategy & Scheme development capital budget is under pressure this year. There has not been much work forthcoming from the Combined Authority due to the change of Mayor revisiting its priorities and about what work it wants the Council to do to assist the delivery of its programme.

There are also a number of areas of Council work which the team are expected to deliver for which there is insufficient funding, this includes A428 Black Cat to Caxton Gibbet Examination which has to be delivered as it is part of Council's statutory duty.

Use of revenue funding is now being used to cover this capital pressure. See also sections 6.3.1 (Strategy and Scheme Development work) and 6.6.

- Highways Development Management

| Outturn Variance £m | Outturn Variance % |
|---|---|
| -0.559 | (-%) |

A -£0.559m underspend is forecast. This is an increase of £0.291m on the underspend position previously reported last month. There is an expectation that section 106 fees will come in higher than budgeted for new developments which will lead to an overachievement of income. However, this is an unpredictable income stream, and the forecast outturn is updated regularly.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£0.052m. For full and previously reported details, see the P&E Finance Monitoring Report.

3.4.2 People & Communities:

-£4.609m (-1.5%) underspend is forecast at year-end.

- Strategic Management - Adults

| Outturn Variance £m | Outturn Variance % |
|---|---|
| 0.712 | (+12%) |

A £0.712m pressure is forecast. This is an increase of £0.475m on the pressure position previously reported last month. The Strategic Management – Adults line holds a range of central grant funding and Health funding including the Better Care Fund allocations. Funding from government grants is offsetting increased pressures in Learning Disabilities which have emerged in recent months. In addition, this line is holding a central risk assumption for demand changes and market pressures that are expected to need to be funded over the winter months across all care types. This will be monitored on a regular basis as we move through the remainder of this financial year and the forecast on this line will reduce as the costs appear on the care budgets.

- Mental Health Services

| Outturn Variance £m | Outturn Variance % |
|---|---|
| -0.098 | (-1%) |

A -£0.098m underspend is forecast. This is a decrease of -£0.710m on the pressure position previously reported in August, of which -£0.497m relates to a change since last month. The service has been working to streamline processes and improve the client's journey through the financial assessments process so that their assessment can be completed in a more timely manner. The performance of the Financial Assessments Team has facilitated resolution of a historic backlog of outstanding cases, and this has significantly increased the overall level of income expected from clients contributing towards the cost of their care within Mental Health Services.

We will continue to review in detail the activity information and other cost drivers to validate this forecast position. This remains subject to variation as circumstances change and more data comes through the system.

- Corporate Parenting

| Outturn Variance £m | Outturn Variance % |
|---|---|
| -0.800 | (-10%) |

A -£0.800m underspend is forecast. This is an increase of -£0.400m on the underspend position previously reported in July, of which -£0.300m relates to a change since last month. £300k of the increase is based on the latest service commitment record due to the weekly rate for Care Leavers being increased from £240 to £270 and backdated to 1 April 2021. In the Unaccompanied Asylum Seeker Children (UASC)/Leaving Care budgets activity undertaken in the service to support moves for unaccompanied young people to lower cost, but appropriate accommodation, and the decision by the Home Office to increase grant allowances from 1 April 2020, and again on 1 April 2021, have also contributed to an improved budget position.

- Home to School Transport – Special

| Outturn Variance £m | Outturn Variance % |
|---|---|
| +0.700 | (+5%) |

A £0.700m pressure is forecast. This is an increase of £0.450m on the pressure position previously reported last month. This reflects the significant increase in numbers of pupils with Education, Health and Care Plans (EHCPs). The revised position is due to the continuing demand for places at Special Schools and High

Needs Units combined with an increase in complexity of transport need, often resulting in children being transported in individual taxis with a Passenger Assistant.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of -£4.609m. For full and previously reported details, see the P&C and PH Finance Monitoring Report.

### 3.4.3 Public Health:

-£2.308m underspend is forecast for year-end.

- Public Health Directorate Staffing and Running Costs

| Outturn Variance £m | Outturn Variance % |
|---|---|
| -1.377 | (-62%) |

A -£1.377m underspend is forecast. This is an increase of -£0.821m on the underspend position previously reported in September, of which -£0.760m relates to a change since last month. This is due to vacant posts. The current national demand for Public Health specialists is making recruitment very difficult and repeat advertising is being required for some posts leading to the forecast underspend across the staffing budgets.

- The overall -£2.308m underspend being reported in the Public Health directorate will be transferred to the Public Health ring-fenced grant reserve at year-end, leading to a balanced budget overall. For full and previously reported details, see the P&C and PH Finance Monitoring Report.

### 3.4.4 Corporate Services:

-£0.595m (-2.2%) underspend is forecast for year-end.

- IT & Digital Service

| Outturn Variance £m | Outturn Variance % |
|---|---|
| 0.321 | (+13%) |

A £0.321m pressure is forecast. This is due to the cost of £0.211m for IT licences and £0.110m for hosting Outsystems, a legacy system from LGSS.

- Central Services and Organisation-Wide Risks

| Outturn Variance £m | Outturn Variance % |
|---|---|
| -0.542 | (-22%) |

A -£0.542m underspend is forecast. This is due to CCC mileage savings during quarters 1 and 2.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of -£0.595m. For full and previously reported details, see the CS Finance Monitoring Report.

### 3.4.5 CS Financing:

-£0.705m (-2.3%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details, see the CS Finance Monitoring Report.

### 3.4.6 Funding Items:

-£1.804m underspend is forecast for year-end. This is an increase of £0.442m on the underspend position previously reported in July, of which £0.200m relates to a change since last month. This is primarily due to a forecast additional £126k Business Rates Compensation grant above the budgeted amount, and forecast Alconbury Enterprise Zone NNDR payments of £300k in in respect of rates collected for 2019-20 and 2020-21 as outlined below in section 5.1.

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: Children in Care Placements; Special Educational Needs (SEN) Placements; Adults & Safeguarding; Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest P&C and PH Finance Monitoring Report (section 5).

## 5. Funding Changes

### 5.1 Use of Public Health reserves

At their meeting on 9 December 2021, Adults & Health Committee reviewed the current position on Public Health reserves and agreed a recommendation to request that S&R Committee approve proposals for the use of uncommitted reserves totalling £2.9m. Spend against Public Health reserves has been low over recent months as the Directorate has focussed on the response to the Covid 19 pandemic. However, as we start to emerge from the pandemic response, the Council's Public Health team have been reviewing the potential usage of the reserves that have built up and put forward proposals for work to reduce health inequalities and help the pandemic recovery. Proposals totalling £2.9m of spend over the next 3 years from the current £3.4m of uncommitted reserves are set out overleaf for consideration.

Proposals for use of Public Health reserves:

| Project name | Cost | Timescale | Brief Descritpion | Agreed HWB Priorities |
|---|---|---|---|---|
| **1. Covid Recovery Survey** | £368,000 | 3 years | An annual local survey for 3 years to assess long-term covid impact on topics such as access to health and preventative care, mental health and wellbeing, health behaviours, economic and social stresses. | Linked to all |
| **2. Support to families of children in Cambridgeshire who self-harm** | £102,400 | 2 years | The proposal is based on a pilot piece of work that was commissioned by the local authority in 2016 using the community provider 'Pinpoint'. Please see additional attachments for details of this pilot project and current proposal. | Mental Health / Best Start in Life |
| **3. Gypsy Roma and Travellers Education Liaison officer** | £47,592 | 2 years | Support for children and families of Gypsy Traveller ethnicity to access and maintain education through an education support officer. | Best Start in Life for Children. |
| **5. Psychosexual counselling service (Pilot project)** | £68,936 | 2 years | Pilot Project to provide a psychosexual counselling service for the Cambridgeshire and Peterborough population. The costings are based upon hiring a band 7 psychotherapist, providing clinics within the iCaSH service, with an estimated 94 Patients to access the service anually. Costs are for CCC element. | Mental Health |
| **6. Primary Care Long-Acting Reversible Contraception (LARC) training programme.** | £60,000 | 12-18 months | To fund a LARC training programme for GPs and Practice Nurses, which includes 100 LoCs (Letters of Competence) and course of 5 for a minimum of 20 delegates. | Best Start in Life for Children. |
| **7. Tier 3 Weight Management Services Capacity post COVID 19** | £1,465,400 | 3 years | To provide funding to increase the capacity of Tier 3 weight management. Tier 3 weight management services are commissioned from our Lifestyle Provider Everyone Health. Funding is requested to reduce the backlog of 490 clients = £490k. This will also fill the gap in supply for the next two years. Evaluation costs included in proposal. | Environments to promote healhty living |
| **8. Proposal: To decrease the number of women who continue to smoke during pregnancy.** | £220,000 | 2 years | Funding is requested to provide the following to reduce smoking in pregnancy and bolster other system initiatives to address smoking. This includes incentives for pregnant smokers to quit to run as a pilot. (£60k over 2 years), and an additional Public Health Manager fixed term post to develop and implement the smoking and pregnancy incentive programme and support the Tobacco Alliance Plan delivery objectives (£120k over two years). | Best Start in Life for Children. |
| **11. Public Mental Health Manager** | £105,000 | 2 years | The proposal is to request funding to employ a mental health strategist at Public Health Manager level to work alongside the consultant in Public Health responsible for mental health at the local authority and the consultant in Public Health working with CPFT. The role will include the review of information and data collated by the Public Health analysts and literature reviews of evidence on what works for mental wellbeing, supporting the writing of the mental health strategies. With an additional £37,000 from the mental health partnership (CCG) | Mental health |
| **12. Mapping and understanding the effects of planning policy of the built environment on health inequalities** | £170,000 | 1 year | The proposal is to commission research to pull together disparate data sources to map the current baseline for gambling outlets, licensed premises, and fast food outlets, links to deprivation and tailored policy recommendations for each local authority. Project costs include evalaution costs. | Environments to promote healhty living |
| **14. Strategic Health Improvement Manager** | £165,000 | 2 years | The proposal is to request funding to employ a Public Health Strategic Manager who will be responsible for gathering evidence to inform policy and strategy development for a fixed term of two years. For example, reviewing information, data, and evidence to identify need and providing evidence for interventions. The postholder would also support the commissioning of public health services and their evaluation. The other key role would be to support and engender partnership engagement in developing and contributing to strategies and interventions. | Environments to promote healhty living |
| **15. Public Health Manager - Learning Disability** | £105,000 | 2 years | The proposal is to request funding to employ an Learning Disability (LD) health prevention strategist at Public Health Manager level to work alongside the consultant in Public Health responsible for LD public health at the local authority. The role will include the review of information and data collated by the Public Health analysts and literature reviews of evidence, supporting the writing of the LD health strategies and support for evaluation. | Mental Health |
| **Public Health Reserve Proposals (including Evaluations)** | **£2,877,328** | | | |

In recommending these proposals, attention has been paid to the Health and Wellbeing Board and Integrated Care Partnership system wide priorities. Agreement to use of these reserves will reduce the in-year uncommitted Public Health reserve balance to £521k. The current year forecast position for the Public Heath Directorate is an underspend of £2.3m which it is assumed will be transferred to Public Health reserves at year-end. In addition, proposals are included in the Business Planning process for 2022/23 and beyond for use of £1.045m of Public Health reserves. If all of these proposed reserve movements are approved, this will leave a forecast uncommitted reserve balance on Public Health reserves at the start of 2022/23 of £1.8m.

Strategy & Resources Committee is asked to approve the proposals for the use of uncommitted Public Health reserves totalling £2.9m as above.

5.2 Alconbury Weald Enterprise Zone National Non-Domestic Rates (NNDR) income 2019-20, 2020-21

There is a memorandum of understanding (MOU) between the Council, the Combined Authority and Huntingdonshire District Council (HDC) regarding the development and delivery of the Alconbury Weald Enterprise Zone. As part of this the Council is due to receive its share of 18% retained business rates. The MOU states that payment of distributed Business Rates funds will commence annually with the first payment based on cleared NNDR receipts collected from the year 2019-20. This has now been calculated by the district council and payment will take place in 2021-22. As such the Council is due to receive payments from HDC of £127.6k and £172.7k (estimated) in respect of rates collected for 2019-20 and 2020-21.

Strategy & Resources Committee is asked to note the forecast £300k Alconbury Weald Enterprise Zone NNDR retained business rates income in respect of rates collected for 2019-20 and 2020-21.

5.3 Allocation of Infection Control, Vaccination and Workforce Recruitment and Retention Funding in response to the Covid-19 pandemic

At its meeting on 9 December 2021, Adults & Health Committee approved the allocation of the discretionary elements of the Infection Control, Rapid Testing, Vaccination and Workforce Recruitment and Retention grants which have been issued by central government on a one-off basis. These are ring fenced grants covering spend between 1 October 2021 and 31 March 2022 and the discretionary elements total £2.7m.

The purpose of the funding is to support adult social care providers, including those with whom the local authority does not contract, to:

1. Reduce the rate of Covid-19 transmission within and between care settings through effective intervention prevention and control practices and increase Covid-19 and flu vaccine uptake amongst staff;
2. Conduct testing of staff and visitors in care settings to identify and isolate positive cases to enable clos contact visiting where possible;
3. Support the sector with recruitment and retention challenges.

Subsequently a further £2.9m of ring fenced Workforce Recruitment and Retention grant has been announced to be spent between 10 December 2021 and 31 March 2022. Adults & Health Committee approved the allocation of these monies at its meeting on 13 January 2022.

Strategy & Resources Committee is asked to note the decisions taken by Adults and Health Committee to approve the allocation of the discretionary elements of a series of ring fenced Covid-19 grants as above.

# 6. Capital Programme

## 6.1 Capital financial performance

A summary of capital financial performance is shown below:

| Original 2021/22 Budget as per Business Plan £000 | Forecast Variance - Outturn (Oct) £000 | Service | Revised Budget for 2021/22 £000 | Actual-Year to Date (Nov) £000 | Forecast Variance - Outturn (Nov) £000 | Forecast Variance - Outturn (Nov) % | Total Scheme Revised Budget (Nov) £000 | Total Scheme Forecast Variance (Nov) £000 |
|---|---|---|---|---|---|---|---|---|
| 96,983 | - | P&E | 106,375 | 32,610 | -1,126 | -1.1% | 575,387 | -1,155 |
| 44,588 | -3,507 | P&C | 43,473 | 18,567 | -4,474 | -10.3% | 535,133 | -1,111 |
| 10,261 | -3,781 | Corporate Services | 23,758 | 11,484 | -5,313 | -22.4% | 196,254 | -337 |
| - | - | Outturn adjustment | - | - | - | - | - | - |
| **151,832** | **-7,288** | **Total Spending** | **173,606** | **62,661** | **-10,913** | **-6.3%** | **1,306,774** | **-2,603** |

**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 2021/22 of £40.0m and is currently forecasting a balanced budget 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 2021-22 capital programme variations budgets

6.2.1 A summary of the use of the 2021-22 capital programme variations budgets by services is shown below. These variation budgets are set annually and reflect an estimate of the average variation experienced across all capital schemes, and reduce the overall borrowing required to finance our capital programme. There are typically delays in some form across the capital programme due to unforeseen events, but we cannot project this for each individual scheme. We therefore budget centrally for some level of delay. Any known delays are budgeted for and reported at scheme level. If forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget.

| Service | Capital Programme Variations Budget £000 | Forecast Variance - Outturn (Nov) £000 | Capital Programme Variations Budget Used £000 | Capital Programme Variations Budget Used % | Revised Forecast Variance - Outturn (Nov) £000 |
|---|---|---|---|---|---|
| P&E | -25,237 | -26,363 | 25,237 | 100.0% | -1,126 |
| P&C | -5,805 | -10,279 | 5,805 | 100.0% | -4,474 |
| CS | -5,620 | -10,933 | 5,620 | 100.0% | -5,313 |
| Outturn adjustment | - | - | - | - | - |
| **Total Spending** | **-36,662** | **-47,575** | **36,662** | **100.0%** | **-10,913** |

6.2.2 As at the end of November, Place & Economy, People & Communities and Corporate Services schemes have all exceeded the capital variations budgets allocated to them, forecasting in-year underspends of -£1.1m, -£4.5m and -£5.3m respectively. The current overall forecast position is therefore a -£10.9m underspend; the forecast will be updated as the year progresses.

## 6.3 Capital Current Year Key Exceptions

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

### 6.3.1 Place & Economy:

A -£1.126m (-1.1%) underspend is forecast at year-end.

- A1303 Swaffham Heath Road Crossroads

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 980 | 80 | -900 | -400 | -500 | 0 | -900 |

An in-year underspend of -£0.9m is forecast. This is an increase of -£0.5m on the underspend position previously reported last month. Construction is not expected to begin until early 2022/23 and is subject to ongoing land negotiation.

- Strategy and Scheme Development work

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 908 | 908 | 0 | 287 | -287 | 0 | 0 |

A balanced budget is forecast. This is a change of £0.314m on the position previously reported in September, of which £0.287m relates to a change since last month. Use of revenue funding is now being used to cover the previously reported pressure. See also sections 3.4.1 (Transport Strategy and Policy) and 6.6.

- £90m Highways Maintenance schemes - Other

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 6,566 | 5,757 | -809 | -372 | -437 | 0 | -809 |

An in-year underspend of -£0.8m is forecast. This is an increase of £0.4m on the underspend position previously reported last month. This is primarily due to rephasing of the following schemes:

  - Littleport – Road space issues with Highways England / Suffolk network; 50% of the scheme will be carried out when the diversion route falls within Cambridgeshire (predicted at £452k spend in 2021/22, £450k spend 2022/23).
  - Parson Drove/Murrow Bank (£390k) – Works to be programmed in 2022/23 to realise efficiencies by working alongside a 2022/23 Gull Road scheme.

- Swaffham Prior Community Heat Scheme

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 8,998 | 6,598 | -2,400 | 0 | -2,400 | 0 | -2,400 |

An in-year underspend of -£2.4m is forecast. The scheme is being rephased with £2.4m costs likely to move into 2022/23.

- Oil Dependency Fund

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 500 | 65 | -435 | 0 | -435 | 0 | -435 |

An in-year underspend of -£0.4m is forecast. Funding was agreed at Environment and Green Investment Committee in December 2021 but government policy to support off-gas communities to decarbonise has only just started coming through. Now we understand Government's direction of travel in the Heat and Building Strategy we have reprofiled the spend.

- Climate Action Fund

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 300 | 0 | -300 | 0 | -300 | 0 | -300 |

An in-year underspend of -£0.3m is forecast. The Climate Change and Environment Strategy has been reviewed August-December 2021 and is being considered by Full Council in February 2022. The revised strategy will direct how the funding will be spent.

- School Ground Source Heat Pump Projects

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 3,224 | 1,943 | -1,281 | 0 | -1,281 | 0 | -1,281 |

An in-year underspend of -£1.3m is forecast. Confirmation of the Public Sector Decarbonisation grant funding came forward in May 2021 and the priority is to spend the grant by the end of the financial year. The remainder of the budget will be spent next financial year.

- Connecting Cambridgeshire

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 14,937 | 6,198 | -8,739 | -116 | -8,623 | 0 | -8,739 |

An in-year underspend of -£8.7m is forecast. The Connecting Cambridgeshire budget for 2021/22 has been reprofiled; some spend will now be in next financial year, as the SFBB Phase 4, Contract 2 is now not expected to be completed until mid-2022. There will be a total scheme underspend of £900k from saving from the Openreach SFBB contract 1, Phases 1-3, reducing the original £20m (£16.515m from prudential borrowing, £3.485m from LPSA grant) to £19.1m.

- P&E Capital Variation

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| -25,237 | 0 | 25,237 | 12,062 | 13,175 | 0 | 25,237 |

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 up to the point when rephasing exceeds this budget. Therefore, £25.2m of the net £26.4m underspend is balanced by full utilisation of the capital variations budget. The £13.2m change since last month relates primarily to the variances as reported above, together with more minor variances.

- For full and previously reported details, see the P&E Finance Monitoring Report.

6.3.2 People & Communities:

A -£4.474m (-10.3%) underspend is forecast at year-end.

- Adult Social Care

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 10,719 | 5,615 | -5,104 | -5,370 | 266 | 0 | -5,104 |

An in-year underspend of -£5.1m is forecast across Adult Social Care schemes. This is a decrease of £0.3m on the underspend position previously reported in September and relates in full to a change since last month. The change relates to the following scheme:

  - Disabled Facility Grant

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 4,699 | 4,965 | 266 | 0 | 266 | 0 | 266 |

A £266k pressure is forecast due to higher than anticipated expenditure in 2021/22, however this will be funded by specific additional Disabled Facility Grant (DFG).

- Cultural and Community Services

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 4,064 | 3,121 | -943 | 70 | -1,013 | 70 | -1,013 |

An in-year underspend of -£0.9m is forecast across Cultural and Community Services schemes. This relates to the following scheme:

- Community Fund

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 3,194 | 2,251 | -943 | 70 | -1,013 | 70 | -1,013 |

The Community Fund has been fully committed in 2021/22, however the approved schemes are at differing stages, this has resulted in anticipated rephasing of £1,013k. The budget will need to be carried forward into 2022/23 for those projects with longer construction/implementation timescales. Additional spend of £70k has been approved for one of the projects and will be funded by a specific section 106 contribution.

- For full and previously reported details, see the P&C and PH Finance Monitoring Report.

### 6.3.3 Corporate Services:

A -£5.313m (-22.4%) underspend is forecast at year-end.

- Community Hubs - East Barnwell

| Revised Budget for 2021/22 £'000 | Forecast Spend - Outturn (Nov) £'000 | Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 | Breakdown of Variance: Underspend/ pressure £'000 | Breakdown of Variance: Rephasing £'000 |
|---|---|---|---|---|---|---|
| 1,552 | 20 | -1,532 | 0 | -1,532 | 0 | -1,532 |

An in-year underspend of -£1.5m is forecast. This is due to delays in progressing this scheme. Options are currently being worked on and a further update will follow.

- For full and previously reported details, see the CS Finance Monitoring Report.

## 6.4 Capital Total Scheme Key Exceptions

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

### 6.4.1 Place & Economy:

A -£0.255m (0.0%) total scheme underspend is forecast.

- Strategy and Scheme Development work

| Total Scheme Revised Budget £'000 | Total Scheme Forecast Spend - Outturn (Nov) £'000 | Total Scheme Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 |
|---|---|---|---|---|
| 908 | 908 | 0 | 287 | -287 |

A total scheme zero outturn is forecast on the Strategy and Scheme Development work scheme. This is a reduction of £0.314m from pressure position previously reported in September, of which £0.287m relates to a change since last month. This is due to the change as noted earlier in section 6.3.1

- Connecting Cambridgeshire

| Total Scheme Revised Budget £'000 | Total Scheme Forecast Spend - Outturn (Nov) £'000 | Total Scheme Forecast Spend - Outturn Variance (Nov) £'000 | Variance Last Month (Oct) £'000 | Movement £'000 |
|---|---|---|---|---|
| 45,890 | 44,990 | -900 | 0 | -900 |

A total scheme underspend of -£0.9m is forecast on Connecting Cambridgeshire. This is due to the reasons as noted earlier in section 6.3.1

- For full and previously reported details, see the P&E Finance Monitoring Report.

6.4.2 People & Communities:

A -£1.1m (-0.2%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the P&C and PH Finance Monitoring Report.

6.4.3 Corporate Services:

A -£0.3m (-0.2%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the CS Finance Monitoring Report.

## 6.5 Capital Funding Changes

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** | 16.1 | 3.5 | -2.0 | 4.2 | **21.8** | 24.7 | 2.9 |
| **Basic Need Grant** | 0.0 | 1.0 | 0.0 | 0.0 | **1.0** | 1.0 | 0.0 |
| **Capital Maintenance Grant** | 3.1 | 2.2 | 0.0 | 0.7 | **6.1** | 6.1 | 0.0 |
| **Devolved Formula Capital** | 0.8 | 1.3 | 0.0 | -0.0 | **2.0** | 2.0 | 0.0 |
| **Specific Grants** | 20.3 | 4.0 | -2.4 | 3.8 | **25.7** | 17.7 | -8.0 |
| **S106 Contributions & Community Infrastructure Levy** | 23.5 | -0.3 | -3.8 | 0.7 | **20.1** | 18.9 | -1.2 |
| **Capital Receipts** | 1.6 | 0.0 | 0.0 | -0.3 | **1.3** | 1.3 | -0.0 |
| **Other Contributions** | 16.0 | 0.6 | -2.8 | 7.1 | **20.9** | 21.2 | 0.3 |
| **Revenue Contributions** | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** | 0.0 | 0.0 |
| **Prudential Borrowing** | 70.4 | 21.6 | -18.6 | 1.3 | **74.7** | 69.8 | -4.9 |
| **TOTAL** | **151.8** | **33.8** | **-29.6** | **17.5** | **173.6** | **162.7** | **-10.9** |

1 Reflects the difference between the anticipated 2020/21 year-end position used at the time of building the initial Capital Programme budget, as incorporated within the 2021/22 Business Plan, and the actual 2020/21 year-end position.

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

| Funding | Service | Amount (£m) | Reason for Change |
|---|---|---|---|
| Additional/ Reduction in Funding (Other contributions) | P&E | +£0.3 | Additional revenue contributions of £0.288m from Transport Strategy and Policy are planned to be utilised in relation to capital Strategy and Scheme Development work to cover the previously reported pressure. (See also sections 3.4.1 Transport Strategy and Policy and 6.3.1 Strategy and Scheme Development work.)<br><br>Strategy & Resources Committee is asked to note the use of additional £0.3m revenue contributions for Strategy and Scheme Development work as above. |

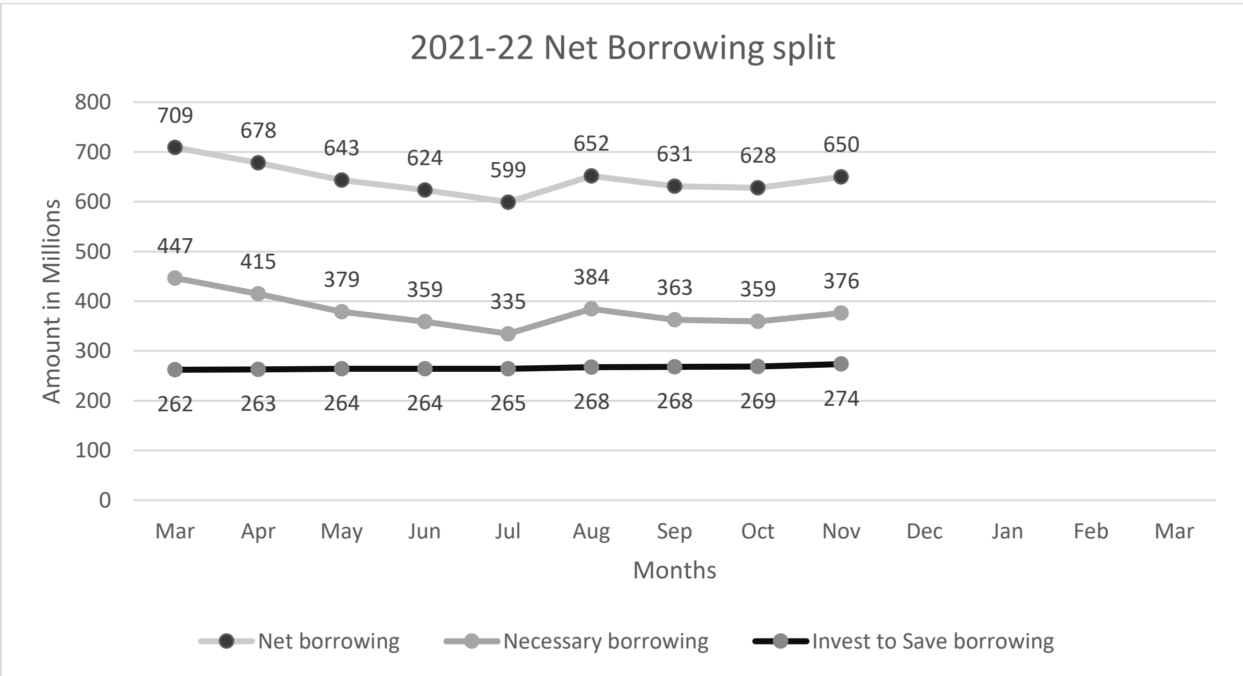
# 7. Balance Sheet

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

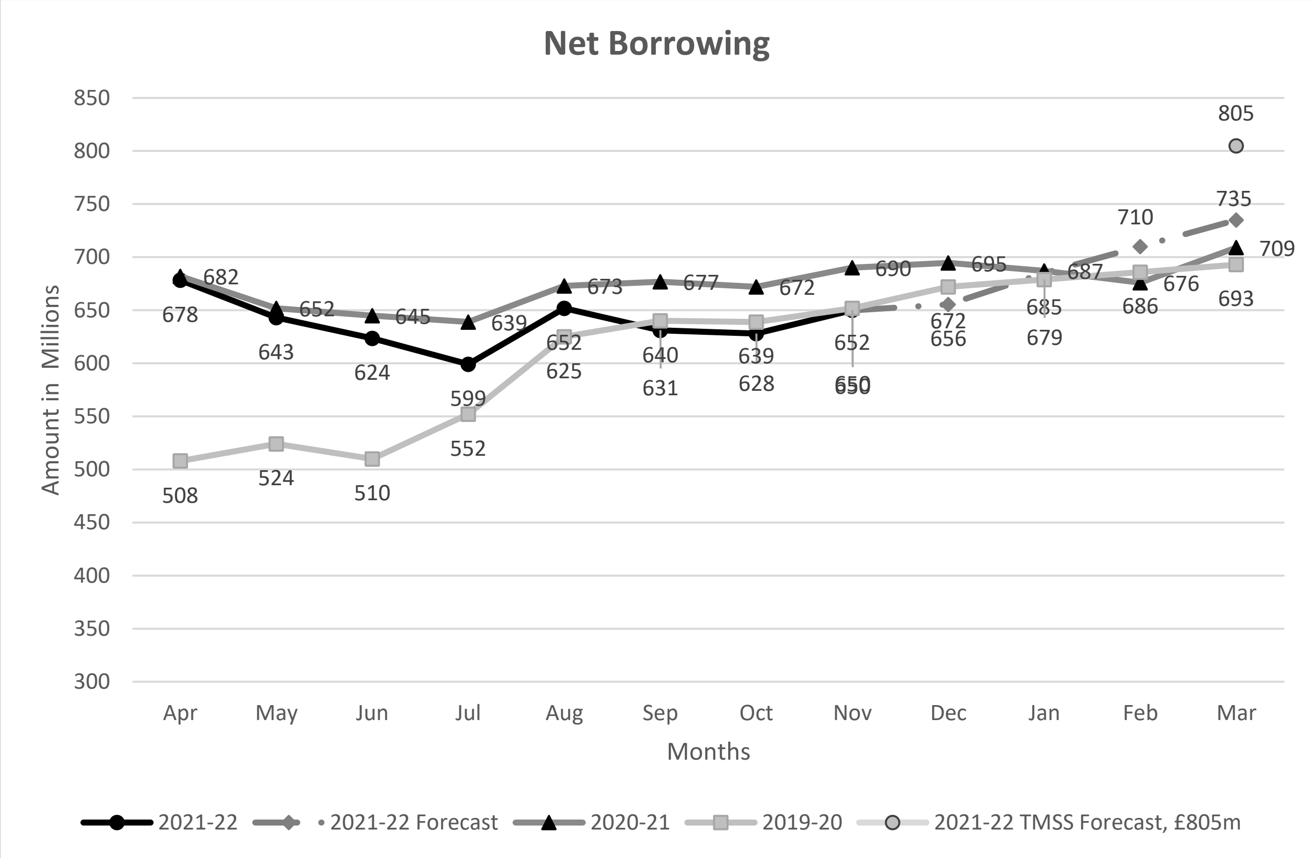
| Measure | Year End Target | Actual as at the end of Nov 2021[1] |
|---|---|---|
| % of income collected (owed to the council) within 90 days: Adult Social Care | 85% | 86% |
| Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care | £3.37m | £10.56m |
| Level of debt outstanding (owed to the council) 91 days +, £m: Sundry | £1.71m | £3.00m |
| % of Undisputed Commercial Supplier Invoices Paid Within 30 Days | 95.0% | 96.4% |
| % of Undisputed Commercial Supplier Invoices Paid Within Terms | 85.0% | 79.3% |

[1] The debt figures exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation. That reconciliation process has now concluded with a payment having been made by the CCG in December to clear aged debt pre-April 2020. We are still working to apply the CCG payments to the relevant invoices along with a payment they made to us on account in 2020/21, but subsequent reports will show a reduction in the Council's overall debt due to this NHS debt being cleared.

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 2021-22, it is estimated that £274m 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 previous financial years. At the end of November 2021, investments held totalled £118.6m (excluding all 3rd party loans, Equity and This Land) and gross borrowing totalled £768.5m, equating to a net borrowing position of £649.9m.




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 2020-21 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 (and due to the current Covid-19 pandemic the Council is in receipt of further grants compared to before the pandemic). The 2021-22 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 2021-22 TMSS was set in February 2021, it anticipated that net borrowing would reach £805.0m by the end of this financial year. Based on the 2020-21 outturn position and subsequent revisions to the capital programme, the net borrowing is currently predicted to be below this, at £735m 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 Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer-term borrowing 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.

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 Communities at the heart of everything we do

There are no significant implications for this priority.

8.2 A good quality of life for everyone

There are no significant implications for this priority.

8.3 Helping our children learn, develop and live life to the full

There are no significant implications for this priority.

8.4 Cambridgeshire: a well-connected, safe, clean, green environment

There are no significant implications for this priority.

8.5 Protecting and caring for those who need us

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.

9.8 Environment and Climate Change Implications on Priority Areas

9.8.1 Implication 1: Energy efficient, low carbon buildings.

Status: Neutral

Explanation: There are no significant implications within this category

9.8.2 Implication 2: Low carbon transport.

Status: Neutral

Explanation: There are no significant implications within this category

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

Status: Neutral

Explanation: There are no significant implications within this category

9.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Status: Neutral

Explanation: There are no significant implications within this category:

9.8.5 Implication 5: Water use, availability and management:

Status: Neutral

Explanation: There are no significant implications within this category

9.8.6 Implication 6: Air Pollution.

Status: Neutral

Explanation: There are no significant implications within this category

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

Status: Neutral

Explanation: There are no significant implications within this category

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 Head of Procurement? No
Name of Officer: Not applicable

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

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

# 10. Source documents

## 10.1 Source documents

P&E Finance Monitoring Report (November 21)
P&C and PH Finance Monitoring Report (November 21)
CS Finance Monitoring Report (November 21)
Capital Monitoring Report (November 21)
CCC Debt Reporting Pack (November 2021)
CCC Prompt Payment KPIs (November 2021)

# Appendix 1 – transfers between Services throughout the year

(Only virements of £1k and above (total value) are shown below)

| Budgets and Movements | P&C £'000 | P&E £'000 | CS Financing £'000 | Corporate Services £'000 | Financing Items £'000 |
|---|---|---|---|---|---|
| **Opening Cash Limits as per Business Plan** | 302,530 | 64,317 | 31,295 | 25,489 | 11,745 |
| Adult's and Children's Recruitment transfer to HR | -177 | | | 177 | |
| Permanent element of 2021-26 BP mileage saving C/R.6.104 | -164 | -5 | | 169 | |
| Centralisation of postage budget | -93 | -40 | | 133 | |
| Redundancy and Pensions Corporate Services budget move to P&C | 846 | | | -846 | |
| ICT Service (Education) transfer from CS to P&C | -200 | | | 200 | |
| Communications transfer | -21 | | | 21 | |
| Budget rebaselining as approved by S&R, 6th July | -2,411 | | | 716 | 1,695 |
| Transfer of Qtr 1 Mileage Savings | -234 | -7 | | 240 | |
| PPE budget to Property | -7 | | | 7 | |
| Transferring three Property budgets from P&C to Corporate services | -93 | | | 93 | |
| Transfer of Qtr 2 Mileage Savings | -205 | -9 | | 214 | |
| **Current budget** | **299,771** | **64,257** | **31,295** | **26,613** | **13,440** |
| Rounding | 0 | 0 | 0 | 0 | 0 |

# Appendix 2 – Reserves and Provisions

| Fund Description | Balance at 31 March 2021 £000s | Movements in 2021-22 £000s | Balance at 30 Nov 2021 £000s | Forecast Balance at 31 March 2022 £000s | Notes |
|---|---|---|---|---|---|
| **- County Fund Balance** | 26,094 | 1,619 | 27,713 | 35,374 | |
| 1 P&C | 0 | 0 | 0 | 0 | |
| 2 P&E | 0 | 0 | 0 | 0 | |
| 3 CS (LGSS Cambridge & Shared Services) | 925 | -22 | 903 | 903 | |
| **General Reserves subtotal** | 27,019 | 1,597 | 28,617 | 36,277 | |
| 4 Insurance | 4,830 | -98 | 4,732 | 4,732 | |
| **Specific Earmarked Reserves subtotal** | 4,830 | -98 | 4,732 | 4,732 | |
| 5 P&C | 0 | 0 | 0 | 0 | |
| 6 P&E | 0 | 0 | 0 | 0 | |
| 7 Corporate Services | 0 | 0 | 0 | 0 | |
| **Equipment Earmarked Reserves subtotal** | 0 | 0 | 0 | 0 | |
| 8 P&C | 8,547 | 153 | 8,700 | 7,241 | |
| 9 PH | 4,624 | 0 | 4,624 | 2,470 | |
| 10 P&E | 5,184 | 1,533 | 6,717 | 5,176 | |
| 11 Corporate Services | 3,867 | 617 | 4,484 | 2,850 | |
| 12 Transformation Fund | 30,653 | -4,545 | 26,108 | 21,644 | Savings realised through change in MRP policy. |
| 13 Innovate & Cultivate Fund | 687 | 37 | 724 | 365 | |
| 14 Corporate- COVID | 26,987 | 0 | 26,987 | 26,987 | Includes remainder of COVID-19 Support Grant 1st, 2nd, 3rd and 4th tranches |
| 15 Council Tax Counter-Fraud work | 0 | 464 | 464 | 464 | £464k as approved by S&R 2nd Nov 2021. |
| 16 Specific Risks Reserve | 2,140 | 0 | 2,140 | 2,140 | |
| 17 This Land Credit Loss & Equity Offset | 5,850 | 0 | 5,850 | 5,850 | |
| 18 Revaluation & Repair Usable (Commercial Property) | 2,940 | 0 | 2,940 | 2,940 | |
| 19 Collection Fund Volatility & Appeals Account | 3,690 | 0 | 3,690 | 3,690 | |
| 20 Grant carry forwards | 18,646 | -18,646 | 0 | 0 | Carry forward of unspent grant to spend in accordance with purposes for which the grant was given. At 2020-21 year-end £14.6m related to specific Covid related grants. |
| **Other Earmarked Funds subtotal** | 113,815 | -20,387 | 93,428 | 81,818 | |
| **SUBTOTAL** | **145,664** | **-18,888** | **126,776** | **122,827** | |
| 21 P&C | 3,592 | 0 | 3,592 | 0 | |
| 22 P&E | 7,315 | -634 | 6,681 | 0 | |
| 23 Corporate Services | 10,861 | 1,151 | 12,012 | 0 | |
| 24 Corporate | 49,816 | 19,407 | 69,224 | 52,330 | Section 106 and Community Infrastructure Levy balances. |
| **Capital Reserves subtotal** | 71,584 | 19,924 | 91,509 | 52,330 | |
| **GRAND TOTAL** | **217,249** | **1,037** | **218,285** | **175,157** | |

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 2021 £000s** | **Movements in 2021-22 £000s** | **Balance at 30 Nov 2021 £000s** | **Forecast Balance at 31 March 2022 £000s** | **Notes** |
|---|---|---|---|---|---|
| 1 P&E | 0 | 0 | 0 | 0 | |
| 2 P&C | 1,955 | -425 | 1,530 | 1,530 | |
| 3 Corporate Services | 2,093 | 0 | 2,093 | 2,093 | |
| **Short Term Provisions subtotal** | 4,048 | -425 | 3,623 | 3,623 | |
| 4 Corporate Services | 3,613 | 0 | 3,613 | 3,613 | |
| **Long Term Provisions subtotal** | 3,613 | 0 | 3,613 | 3,613 | |
| **GRAND TOTAL** | **7,661** | **-425** | **7,236** | **7,236** | |

Appendix 3

Service: Corporate Services
Subject: Finance Monitoring Report – November 2021

## Key Indicators

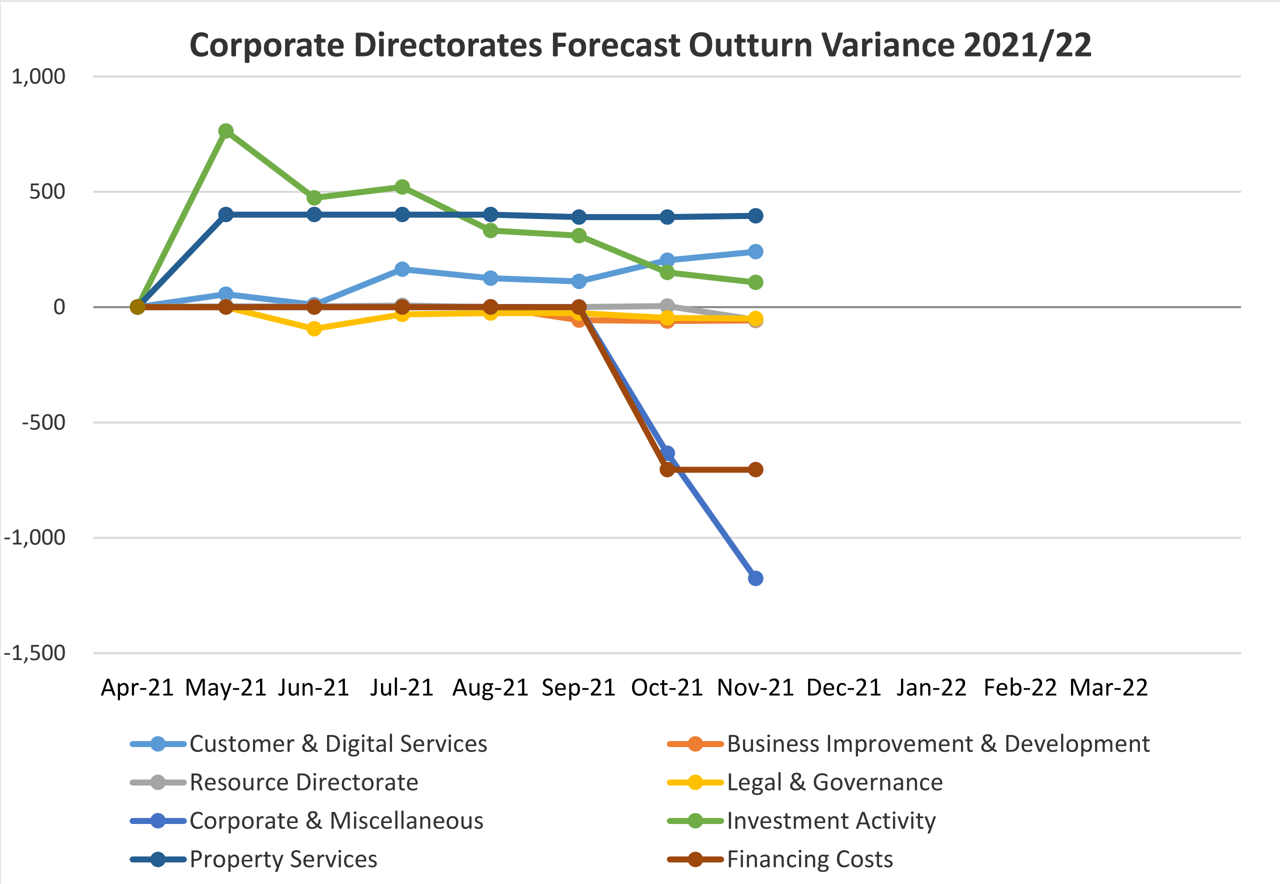
| Previous Status | Category | Target | Current Status | Section Ref. |
|---|---|---|---|---|
| **Green** | Income and Expenditure | Balanced year end position | **Green** | 1.1 – 1.3 |
| **Green** | Capital Programme | Remain within overall resources | **Green** | 2 |

## Contents

# 1. Revenue Executive Summary

## 1.1 Overall Position

Corporate Services & Financing has a budget of £57,909k in 2021/22 and is currently forecasting an underspend of £1,300k.



## 1.2 Summary of Revenue position by Directorate

The service level budgetary control report for Corporate Services & Financing Costs for the year 2021/22 can be found in appendix 1

| Outturn Variance (previous) £'000 | Directorate | Budget £'000 | Actual £'000 | Outturn Variance £'000 | *Outturn Variance %* | Status |
|---|---|---|---|---|---|---|
| 203 | Customer & Digital Services | 17,028 | 14,503 | 240 | 1.4% | Amber |
| -60 | Business Improvement & Development | 1,656 | 2,060 | -58 | -3.5% | Green |
| 4 | Resources Directorate | 6,975 | 3,147 | -55 | -0.8% | Green |
| -47 | Legal & Governance | 2,333 | 1,434 | -49 | -2.1% | Green |
| -634 | Corporate & Miscellaneous | 7,027 | 222 | -1,176 | -16.7% | Green |
| 150 | Investment Activity | -11,056 | -7,129 | 107 | 1.0% | Amber |
| 391 | Property Services | 2,650 | 2,678 | 396 | 14.9% | Amber |
| -705 | Financing Costs | 31,295 | 4,913 | -705 | -2.3% | Green |
| **-699** | **Total** | **57,909** | **21,829** | **-1,300** | **-2.2%** | **Green** |

Further analysis can be found in appendix 2 for Corporate Services

## 1.3 Significant Issues

Corporate Services are currently forecasting an underspend of £1,300k, an increase of £601k since last month.

Significant issues are detailed below:

### Customer and Digital Services

Customer and Digital Services budgets are currently forecasting an overspend of £240k, an increase of £37k from the previous forecast.

There are no exceptions to report this month.

### Business Improvement & Development

There are no exceptions to report this month

### Resources Directorate

The Resources Directorate budgets is currently forecasting an underspend of £55k, an increase of £59k from the previous forecast.

There are no exceptions to report this month.

## Legal and Governance

Legal and Governance budgets are currently forecasting an underspend of £49k.

There are no exceptions to report this month.

## Corporate & Miscellaneous

Corporate & Miscellaneous budgets are currently forecasting an underspend of £1,176k, an increase of £542k from the previous forecast. This underspend is from overachievement of savings from reduced mileage projected across the full year. Lower mileage budgets will be applied to services in 2022/23 to reflect changing work practices.

## Investment Activity

Investment Activity is currently forecasting an overspend of £107k, a decrease of £43k from the previous forecast.

There are no exceptions to report this month.

## Property Services

Property Services is currently forecasting an overspend of £396k.

There are no exceptions to report this month.

## Financing Costs

Financing costs is currently forecasting an underspend of £705k.

There are no exceptions to report this month.

**Covid 19 – Financial Impact**

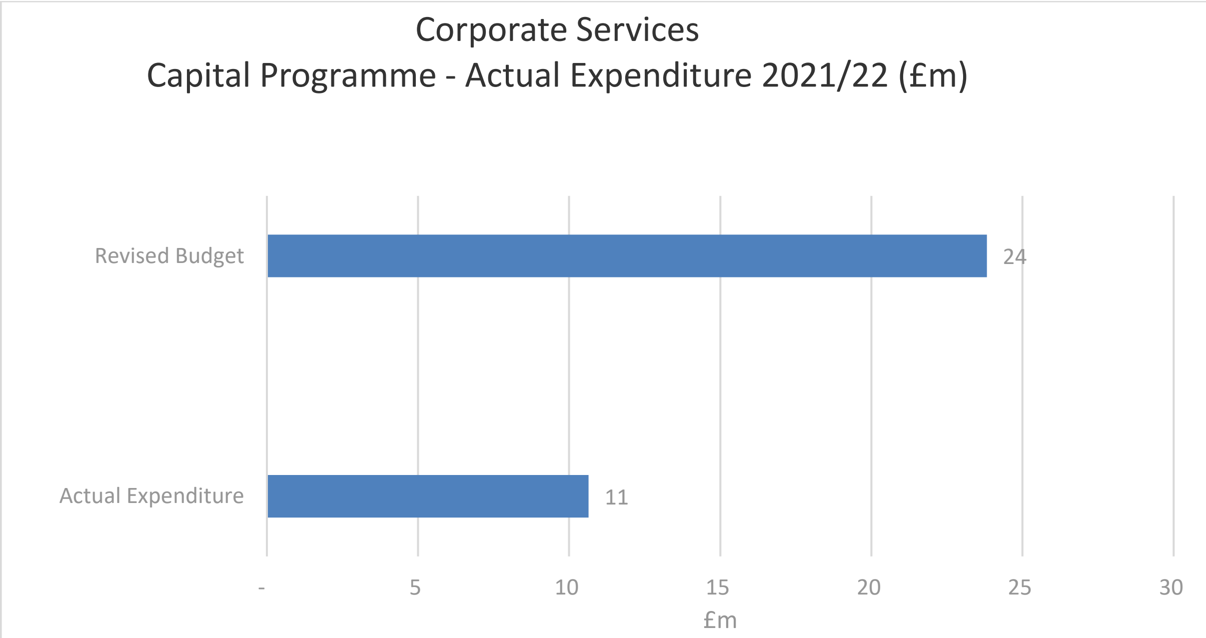
Financial costs associated with managing the implications of the Coronavirus pandemic, including any loss of income:

| Service Area | Details | Estimated cost 2021/22 £000 | Nov 2021 impact £000 |
|---|---|---|---|
| **IT – continued remote working** | Remote working continues as per government guidance. | 378 | 256 |
| **Postage** | Postage directly related to Covid-19 | 23 | 19 |
| **Temporary mortuary** | Site cost for provision of body storage | 30 | 29 |
| **Communications- Test and Trace** | Staff and advertising costs towards the Test and Trace Service | 276 | 117 |
| **Information Management** | Cambs 2020 programme removal costs – delays due to Covid-19 pandemic | 43 | 43 |
| **Democratic & Member Services** | Hire of external venues for Council AGM | 21 | 12 |
| **Elections** | 25% uplift in costs expected for the election | 161 | 0 |
| **Council Tax** | Income saving rephased due to pressures on the District Council's Revenue & Benefits teams impacting timeline for project mobilisation | 650 | 379 |
| **Cromwell Leisure** | We anticipate that in the current climate, two of the restaurant units will generate minimal income during 2021-22 and the cinema is facing further challenges | 395 | 232 |
| **County Farms** | Reduction in income from new investments & a small decline on existing income | 205 | 205 |
| **Pools Property Fund Investment** | Expecting the risk of further challenges ahead, a forecast of 5% income reduction is likely. | 21 | 14 |
| **Property Services** | Health and Safety supplies, cleaning, water testing, additional resource. | 84 | 72 |
| **Brunswick House** | A reduction in the occupancy levels since it is expected that some students will stay at home and opt for online learning and a drop in international student numbers is expected. | 668 | 583 |
| **Compliance** | To carry out ventilation surveys to 109 buildings to ensure the safe capacities of our buildings for Covid-19 management | 83 | 65 |
| **Compliance** | C02 monitors to be installed to ensure safe working in our buildings for Covid-19 management | 350 | 35 |

# 2. Capital Executive Summary

## 2.1 Expenditure

Corporate Services has a capital budget of £23,758k and expenditure to date of £11,484k in 2021/22.




Please note the variations budget has been updated to reflect the recent changes to the hierarchy, resulting in a lower figure and therefore increasing the overall budget from £15m to £23m.

There is one exception to report this month.

Community Hubs - East Barnwell is forecasting an underspend this year of £1,532k due to delays in progressing this scheme. Options are currently being worked on and a further update will follow. This will reduce the borrowing requirement by £1,532k in this financial year.

Details of the capital variances and funding can be found in appendix 3

## 2.2 Funding

Corporate Services has a capital budget of £23m in 2021/22. This includes £5m of funding carried forward from 2020/21.

# 3. Savings Tracker Summary

The savings tracker is produced quarterly. The Q2 table can be found in appendix 4

# 4. Technical Notes

A technical financial appendix has been included as appendix 5 for Corporate Services.

This appendix covers:

- Grants that have been received by the service, and where these have been more or less than expected
- Budget movements (virements) into or out of corporate services from other services (but not within corporate services), to show why the budget might be different from that agreed by Full Council
- Service reserves – funds held for specific purposes that may be drawn down in-year or carried-forward – including use of funds and forecast draw-down.

# Appendix 1 – Corporate Services Level Financial Information

| Previous Forecast Outturn Variance £000's | Service | Budget 2021/22 £000's | Actual November 2021 £000's | Forecast Outturn Variance £000's | Forecast Outturn Variance % |
|---|---|---|---|---|---|
| - | **Customer & Digital Services** | - | - | - | - |
| 30 | Director, Customer & Digital Services | 414 | 244 | 38 | 9% |
| 6 | Chief Executive | 130 | 95 | 6 | 5% |
| 25 | Communication and Information | 737 | 572 | 10 | 1% |
| -170 | Customer Services | 2,034 | 1,306 | -191 | -9% |
| 245 | IT & Digital Service | 2,563 | 2,639 | 321 | 13% |
| 70 | IT Managed | 7,276 | 7,345 | 71 | 1% |
| 0 | Elections | 170 | 70 | 0 | 0% |
| -14 | Human Resources | 1,617 | 1,023 | -19 | -1% |
| 0 | Health, Safety & Wellbeing | 180 | 29 | 0 | 0% |
| 10 | Learning & Development | 1,907 | 1,179 | 3 | 0% |
| **203** | **Customer & Digital Services Total** | **17,028** | **14,503** | **240** | **1%** |
| | **Business Improvement & Development** | | | | |
| 0 | Policy, Design and Delivery | 613 | 1,086 | 2 | 0% |
| -60 | Business Intelligence | 1,043 | 974 | -60 | -6% |
| **-60** | **Business Improvement & Development Total** | **1,656** | **2,060** | **-58** | **-3%** |
| | **Resources Directorate** | | | | |
| 0 | Resources Directorate | 373 | 216 | 0 | 0% |
| 0 | Professional Finance | 1,830 | 1,101 | -59 | -3% |
| 0 | Procurement | 613 | 465 | 0 | 0% |
| 4 | CCC Finance Operations | 338 | 247 | 4 | 1% |
| 0 | Shared Finance Operations | 434 | 544 | 0 | 0% |
| 0 | Insurance | 2,229 | 479 | 0 | 0% |
| 0 | External Audit | 75 | -72 | 0 | 0% |
| 0 | Shared Services | 1,082 | 167 | 0 | 0% |
| **4** | **Resources Directorate Total** | **6,975** | **3,147** | **-55** | **-1%** |
| | **Legal & Governance** | | | | |
| 0 | Legal & Governance Services | 103 | 51 | 0 | 0% |
| 0 | Information Management | 875 | 541 | 0 | 0% |
| 2 | Democratic & Member Services | 325 | 201 | 2 | 1% |
| -50 | Members´ Allowances | 1,030 | 641 | -51 | -5% |
| **-47** | **Legal & Governance Total** | **2,333** | **1,434** | **-49** | **-2%** |
| | **Corporate & Miscellaneous** | | | | |
| 0 | Central Services and Organisation-Wide Risks | 2,444 | 6 | -542 | -22% |
| 0 | Pandemic Risk Provision | 1,650 | 0 | 0 | 0% |
| -650 | Investment in Social Care Capacity | 1,300 | 0 | -650 | -50% |
| 16 | Subscriptions | 110 | 126 | 16 | 15% |
| 0 | Authority-wide Miscellaneous | 94 | -1,339 | 0 | 0% |
| 0 | Transformation Fund | 1,429 | 1,429 | 0 | 0% |
| **-634** | **Corporate & Miscellaneous Total** | **7,027** | **222** | **-1,176** | **-17%** |
| | **Investment Activity** | | | | |
| 522 | Property Investments | -3,544 | -3,357 | 502 | 14% |
| 0 | Shareholder Company Dividends & Fees | -491 | 16 | 0 | 0% |
| -24 | Housing Investment (This Land Company) | -6,063 | -2,857 | -24 | 0% |
| 101 | Contract Efficiencies & Other Income | -201 | -0 | 101 | 50% |
| -293 | Collective Investment Funds | -544 | -207 | -293 | -54% |
| -157 | Investments | 26 | 76 | -180 | -692% |
| 0 | Renewable Energy Investments | -239 | -799 | 0 | 0% |
| **150** | **Commercial Activity Total** | **-11,056** | **-7,129** | **107** | **1%** |
| | **Property Services** | | | | |
| 400 | Facilities Management | 5,274 | 3,871 | 400 | 8% |
| 0 | Property Services | 799 | 584 | 0 | 0% |
| 0 | Property Compliance | 204 | 92 | 0 | 0% |
| 0 | County Farms | -4,329 | -1,828 | 0 | 0% |
| -9 | Strategic Assets | 703 | -41 | -4 | -1% |

| Previous Forecast Outturn Variance £000's | Service | Budget 2021/22 £000's | Actual November 2021 £000's | Forecast Outturn Variance £000's | Forecast Outturn Variance % |
|---|---|---|---|---|---|
| **391** | **Property Services Total** | **2,650** | **2,678** | **396** | **15%** |
| | **Financing Costs** | | | | |
| -705 | Debt Charges and Interest | 31,295 | 4,913 | -705 | -2% |
| **-705** | **Financing Costs Total** | **31,295** | **4,913** | **-705** | **-2%** |
| **-699** | **Total** | **57,909** | **21,829** | **-1,300** | **-2%** |

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

Agenda Item No: 5

# Education Systems Programme

| | |
|---|---|
| To: | Strategy and Resources Committee |
| Meeting Date: | 27 January 2022 |
| From: | Director of Education |
| Electoral division(s): | All |
| Key decision: | Yes |
| Forward Plan ref: | 2022/015 |

Outcome:

The Strategy and Resources Committee is being asked to approve the proposed funding for the Education Systems Programme which will implement a replacement system for Capita One, the contract for which is due to expire and cannot be extended. A fit-for-purpose Education system is critical for continued compliance with statutory duties and obligations for our Education Services.

Expected outcomes are a new system, or systems, that meet the needs of the Education Service, and licensing savings and efficiencies within the Service which will enable the release of capacity so staff can focus on support for children, young people and their families rather than on administration.

Recommendation:

The Strategy and Resources Committee is asked to:

a) Approve the funding of £2.5m for the Education Systems Programme. This would be payable in two financial years: £1.4m in 2022/23 and £1.1m in 2023/24.
b) Give permission to proceed with the procurement of the required system(s).
c) Agree to delegate the decision to award these contracts to the Section 151 Officer in consultation with the Chair of the Strategy and Resources Committee.

Officer contact:
Name: Jonathan Lewis and Sam Smith
Post: Director of Education and Assistant Director of IT and Digital Service
Email: Jonathan.lewis@cambridgeshire.gov.uk; Sam.Smith@cambridgeshire.gov.uk

Member contacts:
Names: Councillors Lucy Nethsingha and Cllr Elisa Meschini
Post: Chair/Vice-Chair
lucy.nethsingha@cambridgeshire.gov.uk; elisa.meschini@cambridgeshire.gov.uk
Tel: 01223 706398

# 1. Background

1.1 The current Management Information System for Education Services is Capita One. This is the central data repository for recording, storing, and reporting on all children and young people's information and used by the majority of Education Services within the Local Authority. It is the key means of information sharing across all Education Services with the Local Authority. Please note that this is the internal system used by the Local Authority and not the SIMS System used by schools which individual schools choose.

1.2 The ambition for the future is to have a system that can link together all the relevant records related to a child from the teams within Education. Where required, it will also link these records to records from teams within Social Care to facilitate up-to-date information sharing. This could be achieved either by using the same system or by having integrated IT systems. This is crucial for the purposes of safeguarding and supporting the education of those children and young people who most need our help.

1.3 The current contract with Capita is due to expire in March 2023. The intention is to re-tender, identify and upgrade/implement a robust and extensive system to support new Education Services work processes.

1.4 This will ensure continued compliance with the Children's Act 1989, the Education Act 1996 and subsequent related Acts and regulations. Some of the statutory duties the Capita System currently supports are: 'Provision of information', ensuring support for children with Special Educational Needs, 'making arrangements to identify' school-age children who are not attending, safeguarding, and promoting the educational achievement of looked after children.[1] However, these, and many others, could be done more efficiently and effectively with a more extensive and better integrated system(s) based upon the current demands on the Education Directorate. For example, by continuing to provide and even improve the data available to the Directorate, the Education Services will be better placed to promote the educational achievement not just of looked after children but all children in Education.

1.5 A new system(s) will be procured to facilitate information sharing; to remove manual data entry; to improve data quality; and to provide secure electronic communications with parents, carers, young people, schools and professionals, and others working in and with Education Services. The introduction of self-service, automation and the ability to pass work onto others securely within and across services, will reduce the administrative burden on officers and release more time for staff, putting children, young people and parents/carers at the heart of our operations.

1.6 Through the procurement of this system(s), a financial review and cost analysis will be undertaken to ensure accurate costings and spend are reported to Capital Programme Board.

[1] The Education Act outlines the Local Authority's duty to make 'provision of information' including compiling it and making reports and returns to the Secretary of State, especially relating to children with Special Educational Needs. In addition, the Act requires the Local Authority 'to make arrangements to identify (as far as it is possible to do so) the identities of children in their area' who are of compulsory school age but not attending. Similarly, the Children's Act 1989 requires the Local Authority 'to safeguard and promote the welfare of a child looked after by them [… and] in particular [has] a duty to promote the child's educational achievement.'

## 2. Main Issues

2.1 Overall the Education Systems Programme will address the complexities of the current system, improving our ability to support children, young people and their families.

2.2 Following a review of all the information flows in the Education Directorate there is a strong case to ensure that the IT systems used are not only robust and efficient but integrated to allow sharing of relevant information, especially for the support of vulnerable children and those with Special Educational Needs. The successful implementation of Liquid Logic into Children's Services is a recent example of the effectiveness of an integrated approach benefitting children and helping the Local Authority to make the best decisions about how to respond when children are referred for support.

2.3 Working with colleagues in Procurement and Legal we have identified that full competitive tender is the best approach to ensure regulatory compliance, value for money and a high-quality product for the Local Authority. A 'soft market test', to identify the ability of the market to meet our needs, confirmed that multiple suppliers exist who can supply a suitable product. Preparatory work has taken place on the business and technical specification for this award so we are confident that it can be achieved in the timeframe proposed by the programme.

2.4 The detailed costs and anticipated savings are set out in the tables below. These are the costs of procuring and implementing a new system(s) for Education based on the estimated costs from suppliers who responded to the soft market test and the cost of implementation based on the Local Authority's experience of implementing a new system for Children's Services. The total request for capital funding is £2.5m. Subject to the Committee's agreement this will be added to the capital programme.

| Capital Costs ‘000 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 |
|---|---|---|---|---|---|
| Resource cost:<br>For external expert programme management, technical, finance and business analysts and data migration specialists | £ 606 | £ 524 | | | |
| Additional cost:<br>Other costs such as backfill of posts, integration of systems, such as those between Transport & Finance, and Legal costs | £ 317 | £ 317 | | | |
| Software cost:<br>Procurement of core modules to support key elements of Education Services such as Passenger Transport, SEND, Admissions, Attendance, Children Missing in Education, Children in Entertainment, Governors and Exclusions | £ 414 | £ 104 | | | |
| Implementation cost:<br>Supplier implementation costs covering their costs for data migration, configuration, training, and project management | £ 48 | £ 144 | | | |
| **Total Capital** | **£ 1,385** | **£ 1,089** | | | |

| Revenue ‘000 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 |
|---|---|---|---|---|---|
| Capita One (Software Only) | £ 413 | £ 386 | | | |
| New System* | | £ 172<br>(estimate not a full year) | £ 343 | £ 343 | £ 343 |

| Savings ‘000 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 |
|---|---|---|---|---|---|
| Efficiencies (Estimate)** | | £ 223 | £ 223 | £ 223 | £ 223 |
| Potential Licence Savings | | £ 70 | £ 70 | £ 70 | £ 70 |
| **Total Savings** | | **£ 293** | **£ 293** | **£ 293** | **£ 293** |

*These are estimated figures based on costs from suppliers who responded to the Soft Market Test

**These estimated savings are based on the identification of efficiencies in the Statutory Assessment Processes for the Special Educational Needs Service only. It is anticipated that further efficiencies will be identified during the Programme.

Please note that these figures were updated with Finance in the New Year.

## 3. Alignment with corporate priorities

3.1 Communities at the heart of everything we do

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

- Increased opportunity for self-service through secure on-line portals helping to bring parents, carers and young people into the heart of the decision-making process
- Improved ability to support families early on through improved communication and information sharing
- For those children and young people whose needs are greater the improved data sharing between services will mean we can be more effective in the help we offer

3.2 A good quality of life for everyone

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

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

3.3 Helping our children learn, develop and live life to the full

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

- Contributing to improving the quality of education for all
- Improved decision-making
- An IT system that supports Officers from different teams/services to work together to support Children, Young People and their families
- Improved communication between Schools and educational specialists and the Local Authority

3.4 Cambridgeshire: a well-connected, safe, clean, green environment

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

- Reducing the production of paper

3.5 Protecting and caring for those who need us

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

- Providing a system that will alert Officers to needs such as safeguarding, educational and behavioural needs and other areas of support
- Improving the ability of the Education Service to interact more directly with Social Care

## 4. Significant Implications

4.1 Resource Implications

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

- Capital and revenue costs for Cambridgeshire County Council: 22/23 -£1.4m, 23/24 -£1.1m
- Possible Licence Savings over 5 years at a minimum of: £280k
- Delivering value for money: Increased efficiency and effectiveness on interventions and delivery of services. Improved quality of service through redeployment of staff. Positive impact on Local Authority performance. Improved compliance with statutory duties.

- Implications for property assets: Increased option for indefinite remote working for many aspects of Education Services

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

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

- Please refer to section 2. All IT systems purchased by the programme have or will go through a full tender process supported by the procurement and legal teams already attending its governance boards to ensure all council procedure and contract rules are followed.

4.3 Statutory, Legal and Risk Implications

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

- Please refer to section 2. For compliance with statutory duties and regulations it is essential for the authority to share, manage and maintain data and information related to children within its jurisdiction across all its services and, where relevant, in relation to social care.
- Failure to share relevant information effectively across Education services and Social Care can lead to potential safeguarding risks, including those of the most serious nature. An effective system will also help to ensure effective Multi-Agency work to protect vulnerable children.
- Were the authority to cease to use the current system and fail to replace it, there would be risks of reputational damage.
- There would be risks of GDPR non-compliance and an increased risk of data breaches in the absence of a robust system.
- Without an effective system, there would be an increased risk of staff turnover due to frustration over a lack of accurate information and the requirement to check data multiple times.
- There are risks of financial loss through manual errors in financial data entry were there not to be a well-designed system in place.

4.4 Equality and Diversity Implications

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

- The aim of the new system(s) is to provide improved access to services by all communities particularly its use of portals enabling people to self-serve and to increase access to specific communities, including but not limited to disabled people, those with Special Educational Needs, travellers, health partners, parents, carers and young people. The service will, however, retain the option for postal communications.
- The Covid pandemic has resulted in a much higher demand for remote access from service users, the new system(s) will help to meet this need.

4.5 Engagement and Communications Implications

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

- The system will provide improved communication with schools, parents, carers, social workers, and education specialists
- Improved timeliness of information exchanged with Schools will improve statutory compliance and help with intervention where this is required.

4.6 Localism and Local Member Involvement
There are no significant implications within this category.

4.7 Public Health Implications
There are no significant implications within this category.

4.8 Environment and Climate Change Implications
The following bullet points set out details of significant implications identified by officers:

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

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Helen Boutell/Tom Kelly

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

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes
Name of Legal Officer: Natalie Moult and Pathfinders Christine Ajayi

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

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

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

4.9 If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? No
Name of Officer: Not applicable

## 5. Source documents

5.1 None.

Agenda Item No.6

# Shareholder review of This Land

| | |
|---|---|
| To: | Strategy & Resources Committee |
| Meeting Date: | 27 January 2022 |
| From: | Director of Resources |
| Electoral division(s): | All |
| Key decision: | Yes |
| Forward Plan ref: | 2022/024 |
| Outcome: | The Committee will receive the results of the review of This Land. Areas for action are identified, in order that the Committee, as shareholder and lender, can gain greater assurance about the company achieving long term objectives, aligned to the Council's priorities and risk exposure. |
| Recommendation: | The Committee is invited to: |

(a) Receive the report into This Land from the reviewer;

(b) Take account of the reviewer's recommendations, as set out at section 3.5;

(c) Agree the actions for the Council, as set out at section 3.6; and

(d) Note that a further monitoring and progress report on This Land will be received at the March meeting.

Officer contact:
Name: Tom Kelly
Post: Director of Resources & Chief Finance Officer
Email: tom.kelly@cambridgeshire.gov.uk
Tel: 01223 699241

Member contacts:
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# 1. Background

1.1 Following a commitment in the joint administration agreement, and a recommendation from the LGA Peer Challenge, the County Council has commissioned a detailed external review of its wholly owned property development company, This Land. The appointed reviewer was Avison Young (AY), a multi-national real estate services consultancy with no prior involvement with the This Land project. The AY review team comprised chartered surveyors and accountants alongside other experienced property and planning professionals. AY have now concluded their work and reported. Their findings are attached as an appendix and are introduced by this report.

1.2 The questions set for the review were as follows:

- Are the assumptions that This Land has made in its latest business plan reasonable and robust?
- Is there a clear understanding about the exposure to risk, particularly in the medium term?
- How could This Land adapt its plans to adjust its risk appetite or strategy?
- How could the firm quicken the pace of housing delivery and are there examples from other local authority related housing companies?
- Does This Land have the skills, capabilities and expertise to be expected of a housing development company of this type?
- Is the company operating effectively and with good governance in order to deliver the business plan?

AY have considered these questions and made recommendations as a result of their findings.

1.3 This Land, for their part, welcomed the commencement of the review, which followed the submission of the 2021 Business Plan to the Council as shareholder. Although the Council has previously commissioned a series of professional reports from advisors and diligence activity in relation to the company (such as appraisal assurance, monitoring surveyor and independent valuations for mortgage purposes on individual developments), this review represents a comprehensive consideration of the company's overall strategy, risk exposure and business activity and assumptions. It is the most thorough overview since the company commenced operations.

1.4 This Land was incorporated in 2016. From the outset, the primary objectives of the company have remained providing homes that are in much demand in this region alongside a revenue income stream to the County Council. As at January 2022, the financing advanced to This Land by the County Council is as follows:

| | |
|---|---|
| Long Term Loans | £113.851m |
| Equity | £ 5.851m |
| Total | £119.702m |

These figures are (as planned) unchanged from the last update to this Committee in September 2021. This Land's statutory accounts, published in October, confirm the This Land group had net liabilities on its balance sheet of £14.1m as at March 2021. It will be evident that, therefore, the Council has significant financial exposure to the company and is invested in its business success. Diminution of the investment value or returns from This Land, or divergence from the long-term plan for overall profitability are a recognised risk in the Council's corporate risk register. Although the structure of the company has enabled the Council to receive revenue interest to date (and a £6m net contribution remains expected this financial year) there have been concerns about This Land's operations in its early years, and in particular the pace of housing delivery which is crucial to the company's commercial success. This underpins the validity of sums the company has already paid to the Council.

1.5 In addition to interest, the Council has also already received capital receipts from This Land in excess of £75m. Property was transferred to This Land at values assessed by an independent appointed valuer.

1.6 In April 2020, the company adopted a significant revision to its business plan in order to address deficiencies in its assumptions and planning that had developed in its early years. The AY review recognises that This Land is making some good progress with delivering against that April 2020 plan, but also highlights the status and position of risk and ambitions further ahead in the current plan. A key initial focus of the April 2020 plan was disposal of a number of land parcels which This Land has identified are best developed by others, and thereby reducing its commercial and cashflow exposure. Having delivered on this relatively successfully for the last 15months or so, much improving its near-term cashflow position, the company is now at an important transition point. Attention will need to switch to housing delivery and construction at five sites during the next twelve months as well as its activities as a 'master developer' (at the largest sites at Worts Causeway, Burwell and Soham) and strategic land promoter. This makes the timing of this review particularly apposite, and an important opportunity to ensure there is confidence in the way ahead emerging from agreed recommendations and next steps.

## 2. Reviewer's findings

2.1 In this section, attention is drawn to AY's key findings. This Land have assured the Council that they actively co-operated with the review and provided in the region of 1200 documents to a short turnaround. However, a general comment made by AY is that there were gaps in the information held by the company and the completeness of replies.

### 2.2 Are the assumptions that This Land have made in its business plan reasonable and robust? Is there a clear understanding about the exposure to risk, particularly in the medium term?

- Overall, individual appraisals for identified properties (those already sold by the Council to This Land) are in-line with market and AY's expectations and benchmarking.
- There were some anomalies or omissions identified on individual sites and some non-standard approaches to accounting for costs (such as for marketing and contingency). AY also highlighted that the accounting for financing costs outside of individual development appraisals is unusual.
- Macro analysis of risk facing the enterprise is in place, but site-specific risk registers were not available. No specific risk management discussion on the board agenda.
- Sensitivity analysis has been carried out, but without a mitigation plan for adverse

scenarios.

- The company's financial model is output reporting tool, rather than a modelling mechanism, which reduces its transparency and functionality.
- Although there has been a 2021 Business Plan update, in several respects this is superficial and lacks detail about downside and upside of actual and projected financial performance. Effectively there has not been a full business plan review for more than 18months.
- Crucially, the Company's business plan relies on further acquisitions and strategic land promotion, in the medium term, but identification of sites is behind schedule. In particular, the assumptions about specific purchases from the Council have not been validated. The profile and awareness of this dependency is not sufficient.

### 2.3 How could This Land adapt its plans to adjust its risk appetite or strategy?

- Opportunities exist for emphasis on broader objectives (e.g. affordable and key worker housing) and greater contribution towards net zero carbon homes target
- These opportunities likely to come at the cost of a negative impact on the financial return received by the Council and increased delivery risk, and will need to be considered in the context of the commercial constraints the company faces

### 2.4 How could This Land quicken the pace of housing delivery? Does This Land have the right skills, capabilities, and expertise? Is the company operating effectively and with good governance?

- More partnership working could increase the delivery capacity of This Land and provide expertise in changing areas of focus (with potential sharing of risk, and reward). Partnerships can also be strengthened with the Council, as shareholder.
- The company structure provides for good oversight and challenge, and there are indications of some recent improvements in transparency and communications.
- There is though, a lack of visibility and robustness in several areas including the downside of financial performance and reporting, meaning governance enhancements are needed
- This Land has a number of high calibre directors, but board composition has weaknesses. Opportunities to consider the size of the board and resourcing balance between different elements of the company.

## 3. Commentary and recommendations

3.1 The review has highlighted several shortcomings at This Land and criticisms of operations or assumptions which require immediate attention. There is ongoing constructive discussion with This Land about the areas for improvement and it is recognised that both short-term urgent actions and longer-term change will be required. This requires both effective leadership by the company, and clear objectives from the Council with robust oversight governance to hold the company to account as shareholder and lender.

3.2. Financial and commercial: A key issue is the dependency on:

- assumed future acquisition of specific land from the Council at three locations (these assumptions are not realistic in terms of timing or scale, and in one case the Council has already made a policy decision not to transfer to This Land at one location)
- strategic land promotion: this is the higher risk activity of promoting planning consent

for land, added to the company plan as a diversification in 2020, but which is behind schedule

AY identified that identification of sites is significantly adrift of the schedule set out in the company business plan.

In regular discussions with the This Land executive, they are upbeat about these deliverables and are confident that reasonable opportunities exist in the property market to meet these requirements, even if it comes forward in a different size and shape from the specifics currently detailed. Whilst this is some reassurance, it remains the case that at this stage these are unsecured and behind schedule aspects of the business plan.

AY have not suggested the overall strategy for land development is unorthodox or that the company has a clear alternative to such activities to deliver the profit expectations built into its financial plans. The Council will need to work with This Land as it identifies appropriate business opportunities to meet the profit levels that the Council is already assuming through its collection of interest.

3.2.1 The financial model used by the company is complex and did play a useful role in progressing the adoption of the company plan that the former Commercial and Investment Committee received in April 2020. However, the model needs to be a live tool and fit-for-purpose, as AY has described, in that it should hold fully up-to-date information and be easily manipulated to model alternative scenarios and sensitivities to aid decision making on an ongoing basis. We understand This Land has committed to additional accountancy and financial modeller capacity to enable these improvements.

3.2.2 As a result of the review and our own ongoing monitoring, the Council is aware that several updates need to be made to the financial model. These include:

- ensuring that the data for all development sites is up-to-date in terms of timings and costs
- where sale disposals have been made, sales values need to be updated as actuals or as revised estimates. (This is an example of a favourable adjustment relative to 2020, which provides some capacity for downside adjustments elsewhere).
- correcting for any individual examples of omissions or double counting highlighted in individual development appraisals as a result of AY or internal review
- applying contingency budgets on a site specific, rather than global basis (as recommended by AY)
- making more appropriate assumptions about future site acquisitions (addressing the issue set out at 3.2 above)

And the presentation of financial information should also be improved by clearly splitting between secured and unsecured assumptions.

3.2.3 As these updates are made, there is a further task to ensure options around risk exposure and broader objectives (see below) are also brought forward and illustrated using a financial model in which there is confidence. This request was first articulated by the Council at the shareholder meeting on 30th September 2021 and supplemented in view of the latest developments and the AY findings at the beginning of December 2021. It is recognised that improving the financial model will be an iterative process, requiring proactive suggestions from the company and engagement from the Council. As at 10

January 2022, Council officers have seen illustrative and high-levelling modelling results for four variations to the current business plan, after making the key adjustments above. A further layer of analysis and narrative has been requested from This Land.

3.2.4 To illustrate the nature of changes that This Land may consider, they have produced an initial option which addresses the points set out 3.2.2 as well as increasing the number of affordable homes delivered, which generates the following results:

| Category | 2021 Business Plan | Revised option |
|---|---|---|
| Interest already paid to CCC | £21.48m | £21.48m |
| Interest due to CCC in future | £54.27m | £58.99m |
| Profitability required from unsecured sites by 2031 | £50.26m | £39.61m |
| Residual cash at 2031 | £9.22m | £4.82m |

This is an initial option provided here to illustrate the dependency on unsecured sites alongside the scope for reducing risk and meeting wider objectives. It is anticipated that the company will engage further with the shareholder, through a planned workshop to look at these factors in detail, before recommending final options to its board.

## 3.3. Resourcing and personnel:

3.3.1 2022 is an important transitional year for the company as it shifts its focus from land selling, to house building and land acquisition/promotion, whilst also addressing the reforms arising from the AY review and summarised in this report. Further progress can be made with culture, communications, governance and meeting any broader objectives agreed with the Council. The leadership of the company in this context is crucial. The chairman of the company completes his term of office shortly, having made a valuable contribution to the progress made to date. The shareholder will take forward the appointment of a successor to lead the board through the important developments ahead.

3.3.2 Inside the company, AY's findings suggest that, whilst recognising the strengths of the current board, there are opportunities to bring wider perspectives and diversity of background into the company over time, and to consider refocusing resource from non-executive input to internal resourcing. Recent steps have been made by the company to secure additional land (acquisition/promotion) expertise and to undertake more financial analysis and modelling directly. The review suggests this is needed, to identify and progress key aspects of the business plan and to accurately understand this through management reporting.

3.3.3 For the Council's part, the proposal from AY to establish "mirror board" type arrangements will be adopted, as a way of formally considering the same information that the This Land board is receiving. The Council will review the additional resource it is engaging to oversee This Land, as well as the commissioned support from professional advisors.

3.4. **Strategy and objectives:** The AY report acknowledges that This Land began with reference to both housing supply and financial objectives, that the company has an arms-length and commercial character and its *structure* accords with good governance standards. The company was set very stretching financial targets and return expectations, and although these were reduced in April 2020, they remain demanding today; further changes may be necessary once the detailed financial update described in 3.2 is complete. Financial return, and security of loans and interest payments has been the overriding priority. Associated with the maturing of the company to house building at greater scale, and the improvements identified as a result of this review, further consideration of strategy and ranking of objectives is needed. Following the shareholder meeting scheduled for 20 January 2022, a further workshop is planned for February 2022 to advance this further.

3.4.1 In their review, AY are careful to highlight that there is a potential tension between maintaining the expected levels of financial return from the company, some reduction in the company's risk exposure, and greater regard to broader objectives such as affordable or key worker housing and the net zero agenda. As improved reporting and analysis is brought forward and taking account of the upside on recent land sales, the Council expects there will be some limited potential to make progress in each of these areas but is also realistic about the tight parameters inherited from earlier company plans.

3.4.2 As set out at section 1.4, current borrowing by This Land is within the £150m envisaged as at the April 2020 submission and given recent favourable cashflows from land sales, This Land have suggested it may not be necessary to actually request all of the £6.3m that had been planned for the near-term. This will remain an uncertainty pending the updated financial modelling and options discussion mentioned elsewhere in this report.

3.4.3 AY draw attention to the tighter stipulations on PWLB borrowing that were implemented in 2020-21, which will need to be considered if, in future, any new lending to This Land is brought forward as part of the capital programme. In that context, ensuring the company prioritises objectives broader than a commercial return looks well-placed. Although the company has ongoing commercial targets which mean it must secure land acquisitions in future, it has exceeded its targets around land disposals and is projected significant surplus cash by 2031 alongside meeting all its capital repayment and interest obligations. On that basis, in accordance with the capital strategy, the Council has assessed that a minimum revenue provision (MRP) does not apply to the lending made to This Land. Draft changes to the MRP regulations nationally may prevent local authorities from excluding any part of our capital financing requirement from the MRP calculation, which would reduce the net revenue benefit that the Council can recognise in interest each year from This Land. This is not yet a certain outcome, as there has been significant sector feedback, and the Council is monitoring the position carefully.

3.5 The full recommendations made by AY, which are accepted by This Land, and submitted to this Committee, to take account of are:

| Target Area / Specific Activity to Address | Success Criteria | Timescale | Impact / Outcome |
|---|---|---|---|
| Develop a new financial model to support business decision making and improved governance | Board has full visibility of secure / unsecure income and expenditure and Board papers reflect enhanced financial sensitivity analysis | 1-3 month development period / 4-6 month implementation & full data transfer | A fully integrated and consistent financial management and monitoring tool. |
| Shareholder and Board Reports to be expanded to reflect secure and unsecure income and expenditure | Improved Board and Shareholder visibility of the financial gaps | 0-1 month | The Council will have a better understanding of This Land's ability to meet its loan payments over coming years |
| Establish a risk orientated approach to the allocation of contingency rather than a blanket 10% | Better shared awareness and visibility of key project risks. Information should be shared with the Board through the Board papers | 0-3 months | Improved risk analysis and quantification of key risks on a site-by-site basis leading to a more robust financial position |
| Greater emphasis on risks and potential mitigation measures | Improved visibility of key risks both impacting on the financial and operational aspects of the business | 0-1 month | Inclusion of a "live" risk register within the Boards pack and shareholder briefings |
| Diarise quarterly shareholder meetings, and agree information pack in advance | Well attended shareholder meetings | 0-1 month | Fully briefed shareholder with clarity of business direction as well as an in depth understanding of key risks and mitigations |
| Formal Shareholder review of This Land's strategic objectives in the context of new political objectives | Providing clarity to This Land of the Shareholders longer term vision for the company | 0-3 months | Improved balance between financial and non-financial outcome that better align to the Council strategic objectives |
| Establish a "Mirror Board" meeting, to take place prior to the This Land Quarterly Board meetings. | Provide greater oversight, challenge and support of the business | 0-3 months | Preparation of briefing for Council representatives on the Board in advance of Board meeting |
| This Land needs to review the sufficiency of internal resources allocated to the production of development appraisal information. | Better awareness of costs and income | 0-3 months | Improved robustness of information contained in the financial model which supports Board reporting |

3.6 Although a number of these activities require initiative from This Land, the actions which emerge for the Council are as follows:

- Confirm and update the company's objectives, through a shareholder/board workshop, including consideration of financial modelling options
- Confirm forward diary of shareholder meetings and review the shareholder agreement to ensure this is up-to-date and fit for purpose
- Establish the 'mirror board' arrangements, including senior officer and Member representation and commissioned professional advice
- Commissioned external assurance that the requested improvements to the company's financial model are implemented
- Implement consolidation of shareholder loans to This Land into a smaller number of loan parts, alongside an update to land/asset valuations for mortgages purposes
- Consider which future property disposals by the Council are most suitable for This Land, making any changes to the current disposal protocol as a result
- Consider the results of a forthcoming board effectiveness review and identify timescales for future board nominations and succession
- Provide an update on progress at the meeting of the Strategy & Resources Committee in March

## 4. Other This Land updates

4.1 The recent update from This Land include:

- Demolition work has started / imminent at three sites (Worts Causeway, which will be a 230 home development in South East Cambridge; Landbeach, which will be the location for two homes, and Fitzwilliam Road, where three town houses will be constructed close to Cambridge City Centre).
- Rebuilding work has started for three plots at Cityglades (Ditton Walk), this follows concerns about the steel frames constructed by the original contractor which have needed to be replaced.
- At Over, where 52 homes will be provided, groundworks are nearing completion and brickwork has begun. The Council and This Land will take forward releases of property charges and remaining overages at Over, in order to enable home sales to begin.
- This Land completed planned sales at Milton Road (Cambridge) and Hartford in late 2021.
- The company has been shortlisted for three industry awards for stakeholder and community engagement

## 5. Alignment with corporate priorities

5.1 Communities at the heart of everything we do

Through its housebuilding, This Land is committed to shaping places in order to contribute to the Council's efforts to create thriving places for people to live.

5.2 A good quality of life for everyone

There are no significant implications under this heading

5.3 Helping our children learn, develop and live life to the full

There are no significant implications under this heading

5.4 Cambridgeshire: a well-connected, safe, clean, green environment
The company has priorities to reduce its landfill to waste, commits to sustainable energy at its developments and engaging with communities

5.5 Protecting and caring for those who need us
There are no significant implications under this heading

## 6. Significant Implications

6.1 Resource Implications
The amount on loan to This Land is set out at section 1.4. Future interest expectations are summarised at 3.2.5. The forward looking assumptions the Council has made rely on the company's commercial success. This report as a whole is concerned with the operations of the company so as to provide increased assurance on the delivery of those expected returns.

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no implications for procurement or contract procedure rules.

6.3 Statutory, Legal and Risk Implications

Assessment of principal risks:

| Description | Impact /Likelihood | Response/Mitigation |
|---|---|---|
| *Construction:* cost, defects, materials, milestones | Impact: Medium<br>Likelihood: Medium | - Monitoring surveyor reviews of cost, progress and quality<br>- Construction contingency budget<br>- Insurance cover / warranties |
| *Planning & regulation:* timing, obligations & cost of meeting planning and building regulations approval | Impact: Medium<br>Likelihood: Medium | - Reviews of project plans/budgets for obtaining planning consent, progress and performance<br>- Staff expertise<br>- Land promotion diversifies planning authorities involved |
| *Workforce & Expertise:* attracting and retaining talent, capacity and experience | Impact: High<br>Likelihood: High | - Director recruitment process<br>- Monitoring turnover & performance<br>- Diversity of experience of team members, succession planning |
| *Health & Safety* - heightened by the coronavirus pandemic | Impact: Medium<br>Likelihood: High | - External independent H&S team<br>- Review by monitoring surveyor<br>- Company policy and procedures |
| *Governance risks:* securing best value, acting | Impact: Medium | - Ongoing legal representation, advice and review |

| | | |
|---|---|---|
| at arms-length, legal challenge by competitors, state aid | Likelihood: Medium | - Adopt formalised memorandum(s) governing Council:Company interface<br>- State aid reference rates adopted for loans |
| *Performance of strategic land promotion:* competitive area, securing agreements, reputation | Impact: High<br>Likelihood: High | - Council seeks independent validation<br>- Careful site selection<br>- Work closely with communities<br>- Risk and sunk costs within financial model<br>- Build successful track record |
| *Master developer and non-residential development models:* complicated and capital intensive | Impact: Low<br>Impact: Medium | - Monitoring surveyor reviews progress and performance<br>- Regular review of complex commercial schemes<br>- Full prior appraisal by This Land's Development & Investment Committees |
| *Housing demand and economic risks* | Impact: High<br>Likelihood: Medium | - Sales strategies prudent and based on regular review of local market<br>- This Land to develop relationships with mortgage brokers and agents |
| *Future land sales to This Land:* land availability | Impact: Medium<br>Likelihood: Medium | - Promotion of land within local plans<br>- Seeking alternative land across wider geography |
| *Underlying company value and security/collateral, impairment to inventory* | Impact: High | - Valuations to validate ongoing value of the firm<br>- Internal appraisals to update This Land financial model<br>- Security over work in progress and visibility that amounts invested lead to increased value |

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

6.4 Equality and Diversity Implications
There are no significant implications within this category

6.5 Engagement and Communications Implications
There are no significant implications within this category

6.6 Localism and Local Member Involvement
This Land executives have committed to enhancing engagement with Members. The next shareholder update meeting is scheduled for 20 January 2022.

6.7 Public Health Implications
There are no significant implications in this category

6.8 Environment and Climate Change Implications on Priority Areas

6.8.1 Implication 1: Energy efficient, low carbon buildings.
Positive – This Land is considering how it can enhance its contribution to lowering carbon in its building plans. The homes the company is building are heated by air source heat pumps rather than gas.

6.8.2 Implication 2: Low carbon transport.
Neutral - No changes proposed in this report

6.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Neutral - No changes proposed in this report

6.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Neutral - No changes proposed in this report

6.8.5 Implication 5: Water use, availability and management:
Neutral - No changes proposed in this report

6.8.6 Implication 6: Air Pollution.
Neutral - No changes proposed in this report

6.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.
Neutral - No changes proposed in this report

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

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

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

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

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

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

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

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

## 7. Source documents

7.1 Appendix 1 Report on This Land from AY (with commercial redactions at Committee)

AVISON YOUNG

# Shareholder Review of This Land

December 2021





Cambridgeshire County Council

this Land.™

A DEVELOPMENT BUSINESS

# Contents

## Section 1



## Appendices



**Report title:** Shareholder Review of This Land
**Prepared by:** James Dair, Barney Hillsdon, Latisha Clark-Dhir, Ishdeep Bawa
**Status:** Final
**Dated:** 21 December 2021

**For and on behalf of Avison Young (UK) Limited**

# Section 1

**IN THIS SECTION**

- Executive Summary
- Introduction
- This Land Business Plan

# 1. Executive Summary

1.1 Avison Young have been appointed on behalf of Cambridgeshire Country Council ('CCC') to undertake a shareholder review into This Land ('the Company'), a commercial housing entity set up to oversee the acquisition and development of land. CCC are the only shareholder of the Company. This report sets out to independently review the robustness of the business plan, specifically focusing upon six key questions:

- Are the assumptions that This Land has made in its business plan reasonable and deliverable?
- Is there a clear understanding about the exposure to risk, particularly in the medium term?
- How could This Land adapt its plans to adjust its risk appetite or strategy, taking account of the revised political priorities of its shareholder?
- How could the firm quicken the pace of housing delivery, are there lessons from other local authority related housing companies?
- Does This Land have the skills, capabilities and expertise that you would expect of a housing development company of this type?
- Is the company operating effectively and with good governance in order to deliver the business plan?

1.2 A fundamental part of this commission is to help shape a strategy that satisfies the Council's objectives through the vessel it has created, being This Land and the overarching appetite to development delivery and risk. Whilst it may seem obvious, identifying the right strategy is critical to assist and enable development and delivery. Through our experience, the objectives set will influence the type of commercial entity being developed and therefore is a key area to consider from the outset. Consideration is required as to how objectives are shaped between qualitative and quantitative objectives as this can dictate the commercial and legal structure that the Council and This Land can establish.

1.3 Transparency of information and conversation has been enshrined in our approach to this commission, through the establishment of an Avison Young Advisory Board. The Advisory Board has acted as the central hub and the focus of all decisions, discussions and reporting to Cambridgeshire County Council ('the Council') and This Land. We have utilised this approach to challenge and inform our approach to this commission, furthermore creating an open and honest dialogue for reporting.

1.4 As part of the report, we reviewed the development assumptions that have been made in the Business Plan. The Company appears to be conducting its affairs in line with the current Business Plan. We noted there were some inconsistencies within the company's individual site appraisals which have resulted in both additional cost contingencies and omissions being applied at both site and company level. Our recommendation to resolve this is to introduce a standard form appraisal template for each site to ensure each cost heading is included. The company must then ensure there is appropriate challenge and review of appraisals by its officers and board.

1.5 We have been asked to consider the understanding of risk within the business. Our review focused on assessing the business plan, financial model and the governance and monitoring arrangements. While there are positives in the approach and processes that This Land have put in place, it is not clear that those processes are operating as effectively as they could be and therefore we surmise that there is not a fully appreciation of risk at all levels of the company. We have set out a number of issues identified and proposed actions to resolve these.

1.6 In addition we have reviewed risk appetite, governance and skills and identified opportunities through best practice examples whereby This Land can elevate their pace of delivery and capabilities by recognizing the value of diversity in personnel, experience and skills.

# 2. Introduction

## Background to This Land

2.1 This Land Limited (the 'Company') together with its subsidiaries (the 'Group') was incorporated on 17$^{th}$ June 2016. The principal activity of the Company is to act as a holding company and a commercial entity whilst the Group oversee the acquisition and development of land and property for subsequent sale. The Company and Group are a wholly owned subsidiary of Cambridgeshire County Council ('CCC').

2.2 This Land aims to develop the land it has acquired (26 properties purchased from the Council), to provide homes that are in much demand in the greater Cambridgeshire region. It has longer term ambitions to acquire further property and promote other land. As well as being the single shareholder of This Land, the County Council is also the company's only lender. The Council has £114m on loan to This Land, in addition to approximately £6m invested as equity. The loans are repayable between 2026 and 2029.

2.3 This Land pays to the Council interest on the above loans which is a significant benefit to CCC. The large part of the loan finance was provided to enable the company to purchase property from the Council, and the Council has the benefit of associated mortgages/legal charges on the property that This Land purchased. As will be evident from this setup the commercial success of the company is important to the Council, both so that it continues to receive interest payments on the loans, and also that it has certainty the loans will be repaid on schedule, in due course.

2.4 The company was incorporated in 2016 and in a large part has followed the business case set at that stage in terms of its structure and financing. The arms-length setup and commercial character of the company place it outside the public procurement regulations. By providing loan finance to This Land and receiving interest, the Council was enabled to gradually benefit from development profits rather than receive a pre-development capital receipt or wait until the end of the development cycle on individual properties several years ahead. This relies upon delivering those profits in the future in order to accelerate benefit before its delivered.

2.5 In December 2017, lending of up to £120m to This Land was agreed following detailed plans for the company. These included selling 26 of the Council's properties in one tranche ("the portfolio sale") and this largely progressed in Spring and Summer of 2018.

2.6 From late 2018 onwards This Land began appointments of non-executive directors. Today there are five independent non-executive directors, two Council appointed directors (the Executive Director of Place and a political Member), and two executive directors (including the Acting Chief Executive).

2.7 Following the departure of the company's finance director in 2019, the company undertook a thoroughgoing review of its business plan, identifying that this was too optimistic and exposing the Council to undue risk. It was unusual for the company to have acquired development sites at an early stage in planning, and delays had been experienced in progressing planning permissions. In April 2020, the Council received and adopted a significantly revised and detailed business plan from This Land. The principal changes at that stage included:

- Focusing the company's development on medium size sites, disposing of smaller sites and acting as master developer (providing infrastructure, place shaping and some of the houses) on larger sites. This means This Land will itself deliver 540 homes.
- Varying the approach to overage whereby the Council was gaining 100% of the uplift in value once planning was achieved;
- Revised lending limit up to £150m [although it is now thought that total borrowing will remain at around £120m]
- Adding land promotion as a further business activity

2.8 Since then and throughout the last year, the company has largely progressed in accordance with that business plan, making good progress achieving the targeted disposals. Construction has albeit experienced difficult challenges, with delays on practical completion of a site resulting from rebuilding three homes. Notwithstanding this, over the last 15 months planning applications have been submitted on 15 sites and construction is scheduled to start on five sites over the next 12 months.

## Governance/ Board

2.9 The responsibilities of the board are to maintain a strong and effective system of governance throughout the Group; which is proportionate to the size and nature of the Group and the interest of the Shareholder. Board members have a pivotal role in overseeing the strategy and management of the business, which is conducted in accordance with a rolling 10 year business plan. This plan is prepared by the board and approved by CCC.

2.10 The board consists of nine Directors; an independent non-executive Chairman, four independent Non-Executive Directors, two Non-Executive Directors (appointed as Shareholder representatives) and two executive Directors. It is to be noted that following the departure of David Gelling as Chief Executive on 31st January 2021, an Acting Chief Executive was appointed with effect from 1st February 2021, and subsequent Board Director within the first month. FIGURE 1 sets out board members. Furthermore there is a protocol in place for one further Councillor, who is a member of the Strategy and Resources Committee of the Council, to attend each board meeting as an observer.

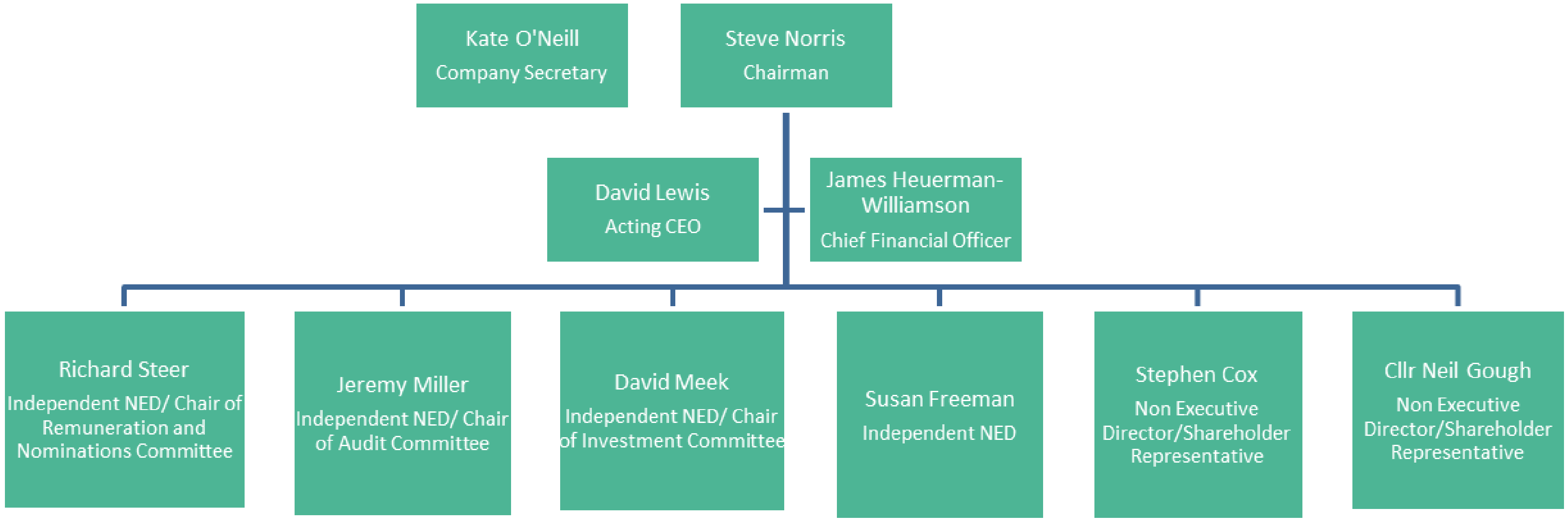



**Figure 1 - This Land Board Members**

2.11 Board meetings are scheduled every two months, with Shareholder meetings planned for every four. Over the last year, meetings have been less regular, partly impacted by the transition to virtual meetings, leading to slow down of communication between members. With the new acting CEO in place, we have seen recently that meetings and communication are beginning to pick up and resolutions and actions are being addressed. Yet, the back log from communications has naturally slowed down the pace and confidence of delivering against the business plan.

2.12 To ensure governance and terms of references are being met, following a request from CCC in 2021, an independent auditor was appointed in June 2021 to provide internal audit services for a three-year term. It is our understanding that two internal audits have recently concluded but these were not ready for review and we have therefore been unable to comment on independent reports.

2.13 Subsequent committees have also been established to discharge responsibilities from the board. Each of these committees have the remit to recommend action where appropriate to the main Board which will discuss and act upon the recommendations. We have set out below a summary of the committees established, their responsibilities and key members within each board. Committees are not authorized to act independently of the main Board.

## Audit Committee

2.14 The responsibilities of the Audit Committee were adopted through the terms of reference in September 2019. This includes:

- Reviewing the integrity and content of the financial statements;
- Reviewing the adequacy and effectiveness of the Group's internal controls and risk management policies;
- Reviewing the adequacy and effectiveness of the Group's compliance, whistleblowing and fraud policies;
- Review and approve or disallow any related party transactions presented to it;
- Review and approve the annual audit and review the audit findings with the external auditor; and
- Assess the objectivity and independence of the external auditor and review their remuneration and performance.

2.15 Members of the committee are appointed by the Board on the recommendation of the Remuneration and Nomination committee. The chair of the committee consists of a majority of Independent Non Executive Directors of the Board, with one of the company directors nominated by CCC present.

## Investment Committee

2.16 The purpose of the Investment Committee is to support the board in overseeing the real estate investment activities of the Group. Appointed through recommendation of the Nominations Committee and endorsed by the Chairman of the committee, members have responsibility to oversee and guide:

- Review and challenge of proposed real estate investments, development and divestments presented to it;
- Review and recommend to the board an appropriate risk adjusting rate of return for various categories of real estate investment; and
- Review managements key assumptions used in assessing transactions and preparing forecasts.

## Remuneration and Nomination Committee

2.17 A remuneration and nomination committee was established to provide a strategic oversight into the appointment and composition of the board, reflecting on the responsibilities of key members and ensuring best practice is being achieved.

- Determining and recommending to the Board, the framework or broad policy for the remuneration of the Company's chairman, executive Directors and company secretary;
- Review and recommend to the Board the design of, and determine targets for, any performance related pay scheme operated by the Company;
- Regularly reviewing the structure, size and composition of the Board and make recommendations to the Board with regards to any changes; and
- Give full consideration to succession planning for Director and other senior executives of the Company.

# 3. This Land Business Plan

3.1 Drafted in 2020, the business plan has been produced to set out a commercial footing for the company to thrive, with high levels of profit and stakeholder return at the forefront of successful delivery. To achieve this, the business plan is set out into four sections; strategic objectives, land disposal, master development and land promotion, risk management and balance sheets, income statement and cashflow. In this section we highlight the key details within each section and considerations for the review.

3.2 The following strategic objectives have been proposed within the Business Plan:

- Drawdown loans from Shareholders at a frequency and size that matches the business requirements;
- Focus on repaying the existing debt on time and to make early capital repayments when the company can afford to do so;
- Target return of circa £220m to the CCC through a combination of capital and interest payments;
- Borrow new 4 year loans at a fixed interest rate
- Borrow new six year loans at a fixed interest rate
- Pay a planning overage on three sites of £2,125,000 before 2023
- Remove all overage payments, pre-exemption rights and restrictions in the funding agreements that will delay or prevent the sale of land;
- Re-invest cash generated through operations into 12 new strategic land deals outside Cambridgeshire
- Purchase three large sites from CCC, funded from operations, [redacted] to Q2 2027.

3.3 The overarching objectives of the business plan are largely based upon a quantitative assessment and return. As noted previously, it is the Board's responsibility to ensure the objectives are achieved, and where targets have been met and exceeded, this in incentivised into remuneration packages. Whilst the value of quantitative returns is critical to the shareholder and a measurable KPI for board and committee members, it is also important to recognise the value of qualitative outputs in ensuring there is efficient succession planning. Furthermore, qualitative objectives cultivate opportunities for engagement and enthusiasm which leads to many other benefits like retention and increased productivity.

3.4 As stipulated within this section, the business plan sets three key financial targets:

- Sites must achieve a threshold of [redacted], by which sites that did not achieve this would be disposed upon the open market, with capital receipts off setting the cost of significant development sites;
- Acquisition of new third party land should be sufficient to develop circa 150 new homes, subsidised by a £1m equity from CCC in Q2 2020; and

- Borrow a further £50m, with a facility of up to £85m to account for economic fluctuations.

3.5 It is important to the note that the Shareholder Agreement states that within each Business Plan, the company should consider the reliability of funding sources and assess the potential impact on the company's cashflow requirement. The Shareholder at the point of this review, is the only source of funding and as such the risks set out within the business plan are based upon continued financial support from one shareholder. We reflect on the assumptions and considerations in section 5 of this report.

## Land Disposal, Master Development and Land Promotion

3.6 The Business Plan identifies a significant role for the Land team in the promotion, development and disposal of sites;

- Disposal of 15 sites – these sites are those that do not meet the [redacted] target and as such have been identified for disposal 12 months from board approval. The business plan highlights the majority will be completed in Q2 2021, This Land are currently operating ahead of schedule. This is based upon the valuation at the time of reporting the Business Plan. The latest update highlights 7 sites are currently progressing through to disposal. Five of these sites will result in a loss on acquisition cost. The values achieved thus far do typically meet or exceed This Land's estimate.
- Master Developer Role for Soham, Worts Causeway and Burwell – the master developer role allows for an early receipt through the provision of serviced parcels for third party housebuilders to develop out whilst This Land retains control to build out part of the site. For the three sites identified, This Land will provide upfront cost to provide the infrastructure to service the plots across an 18 month programme. The business plan set out a minimum of 1.5 years to the first tranche sale at Worts, factoring in planning delays expected to occur at Soham and Burwell. This Land are continuing to progress these sites through planning, noting that Burwell fell below the [redacted] hurdle rate [redacted] yet long term offered wider growth opportunities.
- Land promotion of 12 strategic sites – the business plan has modelled an additional £34m to be generated through the promotion of 12 strategic sites. 10 of these sites are unidentified and the modelling has been undertaken through categorising small, medium and large sites to offer between 150 to 1000 dwellings and This Land would seek to receive 10% of net sale proceeds. At present, development activity has been focused upon existing land bank sites due to delays resulting from the impact of the COVID-19 pandemic. Therefore, progress has been slower than anticipated.
- Purchase of three sites from shareholder – the business plan has modelled three future purchases from the shareholder to generate an additional £50m without the need for borrowing. The business plan assumes these sites will be secured under an option agreement and purchased at 90% of open market value, with the opportunity to generate circa £54m capital receipt at practical completion. It was anticipated the initial purchase would be

made within two years, however this is yet to come into fruition. It is to be noted that the land value figure is only the opinion of This Land of which there has been no contractual arrangement to purchase these land parcels. Furthermore there is a lack of clarity regarding the how the land will be promoted through CCC local plan process and as such the timescales for the sale and release of land for development is highly questionable.

3.7 Each of the options above are based upon a series of assumptions and scenario analysis. We will review how robust these assumptions are against the market and furthermore reflect on whether the assumptions, and therefore the proposed financial outturns, are reasonable and achievable.

## Risk Management

3.8 The Business Plan sets out how risk is identified, monitored, and mitigated. Historically the risk appetite has been set by Executive directors but from January 2020, a proposal was put forward that this is set by the Board to better align the management and expectations of the shareholder. We welcome this position change to better conform with governance processes.

3.9 The Company is currently performing at a moderate to fair level of operational risk linked to the current activity against the proposed business plan objectives. Whilst it is understood each site has a management strategy, we will review how effective the stages of risk identification and monitoring are from a commercial entity company. Furthermore, what processes need to be in place to effectively manage risk.

## Balance Sheets

3.10 The balance sheets reflect the current financial position at the year ending March 2021. When compared against an estimated balance sheet of December 2019, there has been an increase in net liabilities. This is a result of delays with construction and planning, part of which was caused by the impact of the construction industry closing down for a short period of time at the start of the COVID-19 pandemic. It is to be noted that the business plan does not have a section on financial liabilities and therefore we are unable to comment on the current position.

3.11 The business plan set out that project revenue over the next year was anticipated to be resulted from the sale of two sites. Russell Street was sold last year for £1,138,000. The costs incurred to date on site exceeded the acquisition prices and suggests This Land made a loss of £44,234 on their investment.

## Scope of works

3.12 As development progresses, it is recognised that the Council’s exposure to risk is at its greatest. With the disposal of sites, the company’s assets have reduced and until practical completion of the property, the full benefit realisation is relatively unknown. In 2020, independent valuations were undertaken on properties retained with the company land bank.

3.13 Over the last year, concerns have been raised regarding the progress and communication of key personnel between the Company and the Council. The perception of the challenges the Company has faced have been somewhat attached to previous administration with the departure of the [redacted], coupled with the renewal of the Business Plan, rather than reflect upon the current directors.

# Section 2

**IN THIS SECTION**

- Are the assumptions that This Land have made in its business plan reasonable and robust?
- Is there a clear understanding about the exposure to risk, particularly in the Medium term?
- How could This Land adapt its plans to adjust its risk appetite or strategy, taking account of the revised political priorities of its shareholders?
- How could the firm quicken the pace of housing delivery, are there lessons from other local authority related housing companies?
- Does This Land have the skills, capabilities, and expertise that you expect of a housing development company of this type?
- Is the company operating effectively and with good governance in order to deliver the business plan?

# Are the assumptions that This Land have made in its Business Plan reasonable and robust?

# 4. Are the assumptions that This Land have made in its business plan reasonable and robust?

4.1 This section of the report addresses the question above by reviewing the assumptions made by This Land within its Business Plan and specifically the methodology, inputs and allowances that form the basis of the assumed values within the Plan and Cashflow.

## Summary of Approach

4.2 This section is primarily concerned with the assumptions within This Land's Business Plan, and whether it is deemed to be reasonable and deliverable. In order to address this question, a comprehensive review of all sites cited within the Business Plan has been undertaken.

4.3 This focuses on a review of the main market assumptions within This Land's supporting development appraisals provided to AY. Specifically, where possible our review addresses the following market inputs:

- Residential market values
- Commercial rents
- Commercial yields
- Build costs
- Additional development costs
- Contingency
- Professional fees
- Planning costs
- Sales and marketing
- Profit
- Finance
- Development timings

4.4 In order to assess whether the assumptions within the Business Plan are reasonable and robust we have undertaken the following –

1. Review of all information provided initially by CCC including the Business Plan and some historic valuation reports.

2. Requested information from This Land on each of the sites within the portfolio to include:

   - Report on title, title register & title plan
   - Technical reports and any surveys that have been undertaken e.g. environmental, ground conditions, contamination
   - Feasibility studies or supporting development appraisals
   - Planning details
   - Schedule of accommodation
   - Cost estimates
   - Valuation and associated reports which include details of value, cost and timing assumptions
   - Details of all sites/property sold by This Land
   - Details of any sites This Land are currently looking to acquire from CCC or on the open market including any promotion or option agreements.

3. Undertook a national, regional and local market review in order to analyse the value assumptions made by This Land.
4. Undertook a construction cost baseline review for the Cambridgeshire area.
5. Reviewed all of the information provided by This Land on a site by site basis.
6. Requested further information and issued clarifications to understand further the information provided by This Land.
7. Held a virtual meeting with This Land to further understand the information provided and request further clarity on a number of the assumptions.
8. Reviewed further the additional information provided and provided key findings for this report, noting where outstanding information still needed to be provided.
9. Concluded the draft review having considered all additional information provided, providing recommendations accordingly.

## Site Analysis

4.5 We have been provided with the 2021 Business Plan Overview which separates sites into the following four categories, Master Developer, Self-Develop, sites to dispose of and sites that have been disposed.

## Master Developer Sites

4.6 The portfolio includes three large sites. This Land intends to provide infrastructure to facilitate the sale of serviced plots. This Land also intends to undertake direct delivery of the latter phases of these schemes.

## Self-Develop Sites

4.7 This Land intends to develop a number of sites across the portfolio. There are a broad range of sites to be developed comprising sites with indicative capacity for 3 units, with the largest sites delivering up to 53 units.

## Sites to Dispose of

4.8 This Land identifies a number of sites that are [redacted] and suitable for disposal. The Business Plan states that most of the sites within this category will be sold [redacted]. The Business Plan reports that cash flow modelling indicates that selling [redacted] [redacted] [redacted] [redacted]than borrowing additional [redacted] As it transpired, some of the sites did achieve higher than expected receipts.

## Disposed of Sites

4.9 Although not detailed within the Business Plan, we are also aware of a number of sites that have recently been disposed of and we have undertaken a review of these sites also.

## Site Summary

4.10 A summary table detailing all sites has been set out below.

| Master Developer Sites (3 sites) | Develop Sites (9 sites) | Sites to Dispose of (5 sites) | Disposed of Sites (7 sites) |
|---|---|---|---|
| Cambridge Worts Causeway | Brampton Meadow View | Guilden Morden Dubbs Knoll Road | Cambridge Russell Street |
| Soham Eastern Gateway | Cambridge 137/Camfields, Ditton Walk | Hartford PRU | Cottenham Rampton Road |
| Burwell Newmarket Road | Cambridge Fitzwilliam Road | Landbeach Beach Farm | Guilden Morden Trap Road |
| | Cambridge Malta Road | March 34a Station Road | Litlington Sheen Farm |
| | Foxton PRU | March Sites (Hereward Hall, Norwood House, Queen Street) | Shepreth Meldreth Road |
| | Horningsea Northgate Farm | | Wicken Church Road |
| | Over Mill Road | | Willingham Belsar Farm |
| | Soham Northern Gateway | | |
| | Cambridge Milton Road | | |

## Market Commentary

4.11 To support the analysis of the commercial assumptions provided by This Land, we have compiled a market commentary. We have set out below a review of the national, regional and local market as well as specific local market comparable evidence to understand the suitability of This Land's value assumptions.

### National and Regional Market

4.12 House price growth in the UK remained strong in Q3 despite the initial tapering of the Stamp Duty Land Tax (SDLT) holiday at the end of June. Nationwide reported 10.3% year on year growth in the quarter, the same as in Q2. This puts the average UK house price at £248,742, compared to £226,129 at the same time last year.

4.13 Transactional activity has also remained strong, despite a dip in July following the tapering of the SDLT holiday. The most recent figures for August show 98,300 transactions, 20.8% higher than the same time last year and a 32% rebound from July's figures. Over the past 12 months, transaction levels have been the highest we have seen since the Global Financial Crisis and 25% above the 2019 total.

4.14 Although we expect the market to cool somewhat in the final quarter of the year, the latest RICS Residential Market Survey suggests buyer demand ticked up in September having receded over the previous two months. Zoopla have also reported higher than typical demand for the time of year.

4.15 Another factor which will help support price growth is very limited supply. According to the RICS survey, the number of homes per surveyor at its lowest level on record except for the housing market shutdown in Q2 2020.

### Economy

4.16 At the macro level, high and still rising levels of vaccination should allow the economy to continue to recover from 3% below its pre-virus size in May to its pre-pandemic level by the end of the year. This will help ensure that there is not a spike in unemployment when the furlough scheme ends. Of particular significance is the record level of excess savings households have accumulated since the pandemic began. Some of this will be spent, which will help economic growth but the savings will also continue to provide a boost to deposits on homes.

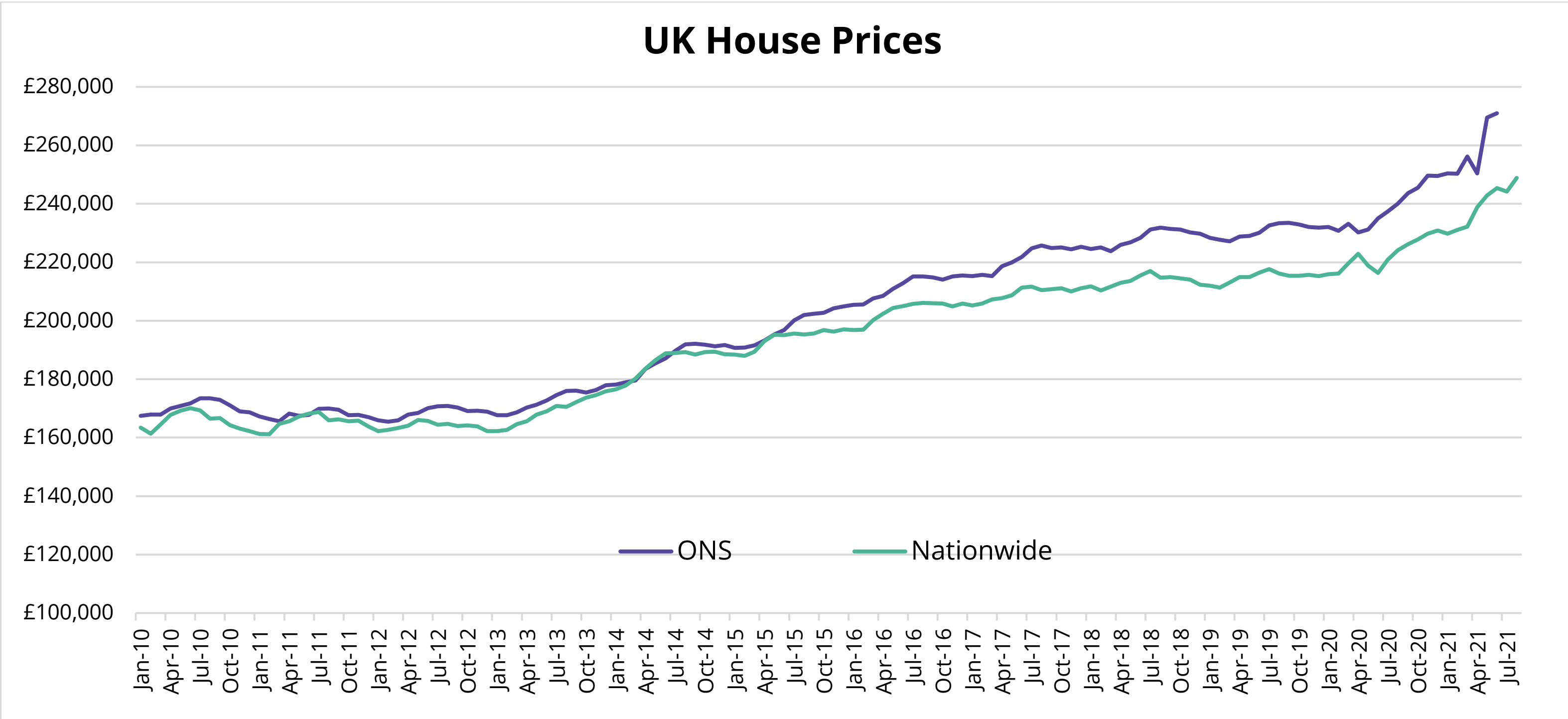
4.17 Inflation is likely to surge well above the Bank of England's target in the near term. But as this spike forecast may be temporary, it is unclear whether the Bank will raise interest rates in response. If rates do not rise then this will help underpin monthly affordability of mortgage payments, which remains very good by historic standards despite high average house prices. A rise in interest rates will likely be reflected by a similar rise in mortgage rates for those on variable products, which will put further pressure on those households affected.

4.18 All the land holdings are in the East of England and Experian forecast that its economy is expected to outperform the wider country in both the short and medium term. They are forecasting growth at 6% in 2021and 7% in 2022. The region's growth is expected to settle at 1.6% p.a. over 2023-25, outperforming UK growth of 1.5% p.a. in this period. This will help underpin strength in the housing market over the forecast time frame.

## Housing Market

4.19 The last year has seen a surge in housing market activity and house prices. This has been primarily driven by a reassessment of housing needs following the pandemic living experience and the SDLT holiday incentivising activity. Nationally, the volume of transactions in the first half of the year was the highest since the statistics started being recorded in their current form in 2005. Similarly, house price growth in the first half of the year reached 13.4%, the highest since 2004.

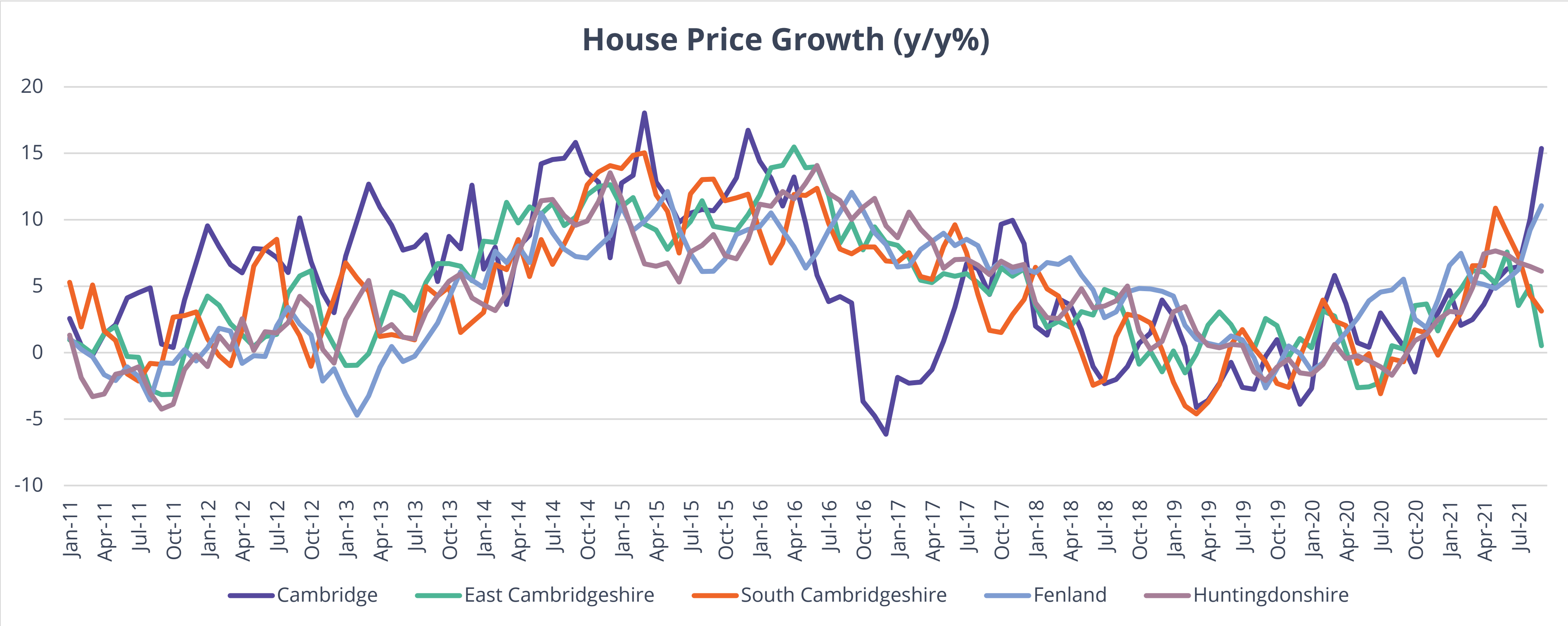
4.20 With the SDLT holiday ending in June, transaction volumes fell as did the rate of house price growth. At the national level house prices fell -0.6% in July before rising 2.1% in August, bringing annual growth to 11.0%.




*Source: Land registry*

4.21 Recent housing market performance in the areas where the land holdings exist has been strong relative to the two years before the pandemic, although has underperformed the national average over the last year. There has also been significant variance in performance between the local authorities where the land holdings are located (Cambridge, South Cambridgeshire, East Cambridgeshire, Fenland, Huntingdonshire).

4.22 House price growth in the last 12 months to September 2021 (Land Registry) fluctuated across the local authorities, with 0.5% in East Cambridgeshire, 3.1% in South Cambridgeshire, 6.1% in Huntingdon, 11.0% in Fenland and 15.37% in Cambridge.




*Source: Land registry*

4.23 We have set out the average house price by property type in the table below as at September 2021:

| | East Cambridgeshire | Cambridge | South Cambridgeshire | Fenland | Huntingdonshire |
|---|---|---|---|---|---|
| **Detached** | £403,376 | £1,030,636 | £547,412 | £288,304 | £432,301 |
| **Semi-detached** | £269,187 | £608,185 | £352,810 | £195,863 | £265,501 |
| **Terraced** | £235,369 | £527,552 | £293,304 | £149,325 | £212,460 |
| **Flat** | £151,880 | £327,936 | £204,993 | £92,120 | £142,417 |

*Source: Land registry*

4.24 Our expectation is that with the end of the SDLT holiday and expenditure of demand, housing market activity in both the near term (next year) and medium term (next five years) will cool but not collapse. This applies to the areas where the land holdings exist and the wider market. This view is based on analysis of the most significant underlying drivers of the housing market; the strength of the economy and labour market, affordability, mortgage market conditions and housing supply.

## Affordability and the mortgage market

4.25 The recent surge in house prices has led to concern in some quarters that the housing market is entering a bubble. At a national level, house prices relative to incomes are at an all-time high (7.5). However, because interest rates have stayed very low, debt servicing costs are well below the levels that have heralded house price corrections in the past. With the expectation that the Bank of England will keep interest rates at 0.10% before raising them slowly, house prices will continue to see further gains.

4.26 Having said this, the Local Authorities where the land holdings exist all have house price to income ratios well above the national average. In the case of Cambridge, the house price to earnings ratio is over 12 which is similar to London. East and South Cambridgeshire have ratios just over 9.

4.27 This is relevant to the outlook for house price growth in the local authorities. Limits on the amount of high LTV and LTI lending banks can have on their loan books mean that high house prices relative to incomes act as a restraint on the ability of buyers to put upward pressure on pricing through stretching borrowing and bidding up prices.

4.28 A counterbalance is that this can be offset through larger deposits, which many will be able to raise as a result of savings during the pandemic.

## Housing supply

4.29 The latest RICS residential market survey points to continuing mis-match between supply and demand in the East of England. New buyer enquiries continue to outpace new instructions and this will help support price increases in the near term.

4.30 Limited stock and a backlog of orders has left homebuilders struggling to keep up with current demand and contributed to a shortage of building materials. Housebuilders reduced their inventory before the pandemic, reflecting subdued housing market activity and the end of the Help to Buy equity loan scheme approaching. The slowdown in construction was then compounded when it had to be paused altogether in Q2 2020 during the strictest lockdown.

4.31 Since then, demand has been much stronger than anticipated, and completions surged in Q1 to meet the initial stamp duty deadline. The result has been a large draw down of inventory. Housebuilders are now struggling to keep up with demand. Indeed, most report work in progress is currently inadequate to meet demand. This has led to a resurgence in planned starts but there is a significant lag before this new supply will hit the market.

## Conclusion and forecasts

4.32 There are already signs that the end of the stamp duty holiday is causing house price inflation to moderate. But as the pandemic has done remarkably little damage to the labour market and mortgage rates should remain broadly stable, we suspect that house prices will record further, albeit more modest, gains in 2022 and 2023. Supporting this is the amount of stock on the market remains very limited, and despite the tapering of the stamp duty holiday, demand remains strong according to RICS and Zoopla.

4.33 The East’s economy is well placed to out-perform the national average over the next five years which will help support house price growth. It has seen the lowest increase in unemployment of all the regions during the pandemic. Also, the close proximity to London should make the region one of the main beneficiaries of the structural shift to more remote working, while the IT services sector is expected to make a key contribution to growth in the region as a whole. This should directly serve as demand boost to housing in the region.

4.34 We have detailed the house price forecasts for the UK and east of England below:

| | 2021 | 2022 | 2023 | 2024 | 2025 | Cumulative |
|---|---|---|---|---|---|---|
| UK | 10.0% | 3.0% | 3.0% | 2.5% | 2.5% | 21% |
| East | 9.0% | 3.0% | 3.0% | 3.0% | 2.5% | 20.5% |

## Local Market Commentary & Evidence

4.35 Residential values vary throughout Cambridgeshire, therefore in this section we have analysed the local markets of the 24 sites, split into 7 postcode sub-areas with reference to average value data provided by platforms such as Zoopla and the Land Registry. We have also analysed the new build residential market within each area and the average asking values. We provide over the page a table indicating the postcode sub-areas and the corresponding sites:

| Postcode | Site | Postcode | Site |
|---|---|---|---|
| PE15 | 34 Station Road | CB1 | Malta Road |
| PE15 | March Sites | CB1 | Worts' Causeway |
| PE28 | Brampton Meadow View | CB2 | Russell Street |
| PE29 | Harford PRU | CB2 | Fitzwilliam Road |
| CB7 | Soham Eastern Gateway | CB22 | Foxton PRU |
| CB7 | Church Road, Wicken | SG8 | Dubbs Knoll Road |
| CB7 | Soham Northern Gateway | SG8 | Trap Road |
| CB24 | Mill Road | SG8 | Sheen Farm Litlington |
| CB24 | Belsar Farm Willingham | SG8 | Medreth Road Shrepreth |
| CB24 | Rampton Road | | |
| CB25 | Burwell Newmarket Road | | |
| CB25 | Landbeach | | |
| CB25 | Horningsea Northgate Farm | | |
| CB4 | Milton Road | | |
| CB5 | Ditton Walk | | |

### PE15

4.36 The 34 Station Road and 'March Sites' fall within postcode district PE15 towards the north of Cambridgeshire.

4.37 According to Zoopla, the average price for property in PE15 stood at £232,666 in September 2021. This is a fall of 3.58% over the last three months and a fall of 2.71% in the last 12 months. In terms of property types, flats in PE15 sold for an average of £101,104 and terraced houses for £159,901. The table below shows the current average values for properties within PE15 according to typology.

| Property Type | Avg. Current Value | Avg. £ per sq ft | Land Registry (Avg Sales YTD) |
|---|---|---|---|
| Detached | £278,125 | £185 | £304,318 |
| Semi-detached | £186,637 | £167 | £189,191 |
| Terraced | £159,901 | £172 | £165,543 |
| Flats | £101.104 | £173 | £95,714 |

*Source: Zoopla, 2021 & Land Registry, 2021*

4.38 Within March and the neighbouring villages, there are a limited number of developments on the market, built by local developers. However, this includes a relatively large scheme by Cannon Kirk Homes in west March. These are outlined below:

- Willow Green, March – Development of c. 120 dwellings comprising a mix of 2, 3 & 4 bed houses by Cannon Kirk Homes. Located in March.
- Willow Gardens, Wimblington – Development of 24 dwellings comprising 2 & 3 bed bungalows by Reason Homes. Located in Wimblington, to the south of March.

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| **1. Cannon Kirk - Willow Green** | 2 | 755 | £229,995 | £305 | Sold March 2020 |
| | 2 | 755 | £165,000 | £218 | Sold Aug 2020 |
| | 3 | 921 | £227,500 | £247 | OTM September 2021 |
| **2. Reason Homes - Willow Gardens** | 2 | 650 | £270,000 | £415 | OTM September 2021 |

### PE28, PE29

4.39 The Brampton Meadowview and Hartford PRU sites fall within the PE28/PE29 towards the west of Cambridgeshire.

4.40 The Brampton Meadowview site falls within the PE28 postcode which represents the area just north of Huntingdon and according to Zoopla, the average price for the PE28 postcode area stood at £362,689 in September 2021. This is a fall of 2.31% in the last three months and fall of 2.3% in the last 12 months. In terms of property types, flats in PE28 sold for an average of £164,174 and terraced houses for £239,550.

4.41 Meanwhile the Hartford PRU site falls within the PE29 postcode which represents the area in and around Huntingdon and according to Zoopla, the average price for the PE29 postcode area stood at £270,579 in September 2021. This is a fall of 3.31% in the last three months and fall of 4.24% in the last 12 months. In terms of property types, flats in PE29 sold for an average of £153,542 and terraced houses for £194,328.

4.42 The following three new build schemes are currently on the market within PE28 and PE29. The average asking prices are shown within the table below.

- Alconbury Weald – Largescale strategic land settlement comprising 6,500 homes promoted by Urban & Civic and being sold through Crest Nicolson and Hopkins Homes.
- Roman's Edge – On its final phase and nearing completion, development of 350 dwellings comprising a mix of 2,3 and 4 bed houses by Barratt Homes/David Wilson Homes. Located in Godmanchester, approximately 2.5 miles east of Huntingdon.
- Brampton Gate – Bellway development comprising 150 dwellings in Brampton, a small village to the west of Huntingdon.

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| **1. Hopkins Homes/Crest Nicolson - Alconbury Weald –** Huntingdon, PE28 | 2 | 900 | £240,000 | £266 | OTM September 2021 |
| | 3 | 1150 | £345,000 | £300 | |
| | 3 | 1350 | £395,000 | £292 | |
| | 4 | 1400 | £400,000 | £285 | |
| | 4 | 1750 | £500,000 | £285 | |
| **2. Barratt Homes – Roman's Edge –** Bearscroft Lane, PE29 | 4 | 1,300 | £409,995 | £315 | OTM September 2021 |
| | 4 | 1,400 | £427,995 | £305 | |
| | 4 | 1,600 | £494,995 | £308 | |
| **3. Bellway – Brampton Gate –** Law's Crescent, | 4 | 1,552 | £470,000 | £303 | OTM September 2021 |
| | 4 | 1,852 | £550,000 | £297 | |

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| Brampton, Huntingdon, PE28 | 5 | 2,198 | £650,000 | £296 | |
| | 5 | 1,681 | £505,000 | £300 | |

## CB7

4.43 The Soham Eastern and Northern Gateways and the Church Road (Wicken) sites all fall within the CB7 postcode which represents land to the north eastern edge of Cambridgeshire, including villages such as Chippenham, Fordham, Wicken and Soham.

4.44 According to Zoopla, the average price for property in CB7 stood at £307,845 in September 2021. This is a fall of 1.79% in the last three months and rise of 2.15% in the last 12 months ago. In terms of property types, flats in CB7 sold for an average of £189,181 and terraced houses for £249,497. The table below shows the average property values within CP7 according to typology.

| Property Type | Avg. Current Value | Avg. £ per sq ft | Land Registry (Avg Sales YTD) |
|---|---|---|---|
| Detached | £409,093 | £240 | £425,304 |
| Semi-detached | £269,833 | £248 | £282,722 |
| Terraced | £249,497 | £255 | £257,292 |
| Flats | £189,181 | £239 | £183,113 |

*Source: Zoopla, 2021 & Land Registry, 2021*

4.45 The following three new build schemes are currently on the market within CB7. The average asking prices are shown within the table below.

- Millers Gate – Development by Hopkins Homes comprising 80 homes including a number of 2, 3 and-4 bedroom homes. Located in Soham with access from Fordham Road.
- Bassingbourn Fields – Development from Bellway of 100 dwellings comprising a mix of 3, 4 and 5-bedroom homes. Located within village of Fordham within east Cambridgeshire.
- Rayners Green – Development from Hill Residential comprising 96 units including 2, 3, 4 and 5-bedroom homes in the village of Fordham.

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| | 2 | 800 | £240,000 | £300 | OTM September 2021 |
| | 3 | 1,000 | £310,000 | £310 | |

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| **1. Hopkins Homes/Crest Nicolson – Millers Gate** – Soham, CB7 | 3 | 1,050 | £320,000 | £305 | |
| | 3 | 1.100 | £330,000 | £300 | |
| | 4 | 1,300 | £400,000 | £308 | |
| **2. Bellway – Bassingbourne Fields –** Fordham, CB7 | 3 | 750 | £280,000 | £373 | OTM September 2021 |
| | 3 | 921 | £345,000 | £375 | |
| | 4 | 1,214 | £405,000 | £334 | |
| | 4 | 1,513 | £467,500 | £309 | |
| **3. Hill – Rayners Green –** Fordham, CB7 | 2 | 900 | £300,000 | £333 | OTM September 2021 |
| | 3 | 1,000 | £360,000 | £360 | |
| | 4 | 1,350 | £420,000 | £311 | |
| | 4 | 1,600 | £500,000 | £312 | |

## CB24, CB25

4.46 The Mill Road, Belsar Farm Willingham, Rampton Road, Burwell Newmarket Road, Landbeach, and Horningsea Northgate Farm sites all sit within the CB24 and CB25 postcode districts, to the north of Cambridge.

4.47 The Burwell Newmarket, Landbeach and Horningsea Farm sites all fall within the CB25 postcode area and according to Zoopla, the average price for property in CB25 stood at £398,425 in September 2021. This is a fall of 1.94% in the last three months and rise of 0.3% in the last 12 months. In terms of property types, flats in CB25 sold for an average of £167,000 and terraced houses for £290,000.

4.48 Meanwhile, the Mill Road, Belsar Farm Willingham and Rampton Road sites falls within the CB24 postcode and according to Zoopla, the average price for property in CB24 stood at £423,345 in September 2021. This is a fall of 1.44% in the last three months and rise of 3.1% in the last 12 months. In terms of property types, flats in CB24 sold for an average of £228,895 and terraced houses for £297,200.

4.49 The following three new build schemes are currently on the market within CB24 and CB25. The average asking prices are shown within the table below.

- Northstowe – Large new build town comprising 10,000 units to be built in the future. Includes homes to be developed and sold by Bovis Homes, Linden Homes, Barratt, Urban Splash, Taylor Wimpey and David Wilson Homes. Located in Northstowe to the north of Cambridge.

- Burwell – A high-end development of 8 two, three and four bedrooms homes located close to the village centre of Burwell to the north-east of Cambridge. Developer unknown.
- Milton – 3 dwelling development by Cooke Curtis in the centre of Milton, a village just north of Cambridge.

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| **1. Multi-developers – Northstowe –** CB24 | 3 | 1,100 | £380,000 | £345 | OTM September 2021 |
| | 4 | 1,150 | £390,000 | £339 | |
| | 4 | 1,400 | £490,000 | £350 | |
| | 5 | 1,700 | £556,000 | £328 | |
| | 5 | 1,500 | £505,000 | £336 | |
| **2. Unknown Developer – Burwell –** CB25 | 2 | 1,300 | £510,000 | £392 | OTM September 2021 |
| | 2 | 1,350 | £520,000 | £385 | |
| **3. Cooke Curtis – Milton –** CB24 | 4 | 1,580 | £625,000 | £396 | OTM September 2021 |

### CB4, CB5

4.50 The Milton Road and Ditton Walk sites fall within the CB4 and CB5 postcodes respectively, both of which are located on the north eastern edge of Cambridge. Both sites are equidistant from Cambridge North railway station.

4.51 Milton Road falls within CB4 where according to Zoopla the average price for property stood at £451,336 in September 2021. This is a fall of 1.67% in the last three months and rise of 0.58% in the last 12 months. In terms of property types, flats in CB4 sold for an average of £291,817 and terraced houses for £454,740.

4.52 Meanwhile, Ditton Walk is within where the average price for property stood at £467,872 in September 2021. This is a fall of 1.96% in the last three months and rise of 0.70% in the last 12 months. In terms of property types, flats in CBB sold for an average of £386,143 and terraced houses for £538,177.

4.53 There is limited evidence of new build development within this postcode however the following developments are located within the area:

- High Street Chesterton – Development by Whittledene comprising 4 contemporary duplex units in Chesterton. High spec development.
- Marleigh Development – Large development by Hill Residential comprising 1,300 units in Marleigh on the east side of Cambridge.

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| **1. Whittledene – High Street** – Chesterton, CB4 | 1 | 624 | £415,000 | £665 | OTM September 2021 |
| **2. Hill – Marleigh –** CB5 | 3 | 1,217 | £622,500 | £512 | OTM September 2021 |
| | 3 | 1,217 | £637,500 | £524 | |
| | 3 | 1,217 | £647,500 | £532 | |
| | 5 | 1,581 | £719,950 | £455 | |
| | 5 | 1,757 | £724,950 | £413 | |

### CB1, CB2

4.54 The Malta Road, Worts Causeway, Russell Street and Fitzwilliam Road developments all fall within the CB1 and CB2 postcodes which cover the south of Cambridge.

4.55 Malta Road and Worts Causeway falls within CB1 where the average price for property stood at £508,806 in September 2021. This is a fall of 1.54% over the last three months and rise of 2.48% in the last 12 months. In terms of property types, flats in CB1 sold for an average of £335,873 and terraced houses for £507,611. This is according to the current Zoopla estimates.

4.56 The Russell Street and Fitzwilliam Road site falls within CB2 where the average price for property stood at £707,806 in September 2021. This is a fall of 1.94% over the last three months and rise of 0.2% in the last 12 months. In terms of property types, flats in CB1 sold for an average of £440,436 and terraced houses for £754,695. This is according to the current Zoopla estimates.

4.57 The following three new build schemes are currently on the market within CB1 and CB2 postcodes. The average asking prices are shown within the table below.

- Timber Works / Ironworks – Development of 295 units by Hill. Includes 1 and 2 bed apartments, and a number of 3 bed houses. Located off Cromwell Road in south east of Cambridge.
- Station Square Development – Developed by Weston Homes, comprising 89 1 & 2 bedroom apartments. Located centrally in the heart of Cambridge next to Cambridge train station.
- Trumpington Meadows Development – 1,200 homes developed by Barratt. Set just south of Cambridge near Grantchester.

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| **1. Hill – Timber Works / Ironworks –** Cromwell Road, CB1 | 1 | 485 | £324,000 | £668 | OTM September 2021 |
| | 1 | 500 | £328,000 | £656 | |
| | 2 | 750 | £432,950 | £577 | |
| | 2 | 1000 | £644,950 | £645 | |
| | 2 | 780 | £439,950 | £564 | |
| | 2 | 820 | £449,950 | £549 | |
| | 3 | 1050 | £649,950 | £619 | |
| **2. Weston Homes – Station Square –** CB1 | 1 | 472 | £385,000 | £816 | OTM September 2021 |
| | 2 | 841 | £520,000 | £618 | |
| | 2 | 966 | £665,000 | £688 | |
| | 2 | 1,067 | £725,000 | £679 | |
| | 2 | 1,029 | £685,000 | £666 | |
| **3. Barratt – Trumpington Meadows – CB2** | 2 | 747 | £400,000 | £535 | OTM September 2021 |
| | 2 | 928 | £420,000 | £453 | |
| | 2 | 928 | £443,000 | £477 | |
| | 4 | 1,300 | £630,000 | £485 | |
| | 4 | 1,430 | £710,000 | £497 | |
| | 5 | 1,600 | £800,000 | £500 | |

### CB22, SG8

4.58 The Foxton PRU, Dubbs Knoll Road, Trap Road, Sheen Farm Litlington and Medreth Road Shrepreth sites all fall within the CB22 and SG8 postcode districts in the south west of Cambridgeshire within rural locations.

4.59 The Foxton PRU site falls within the CB22 postcode. According to Zoopla, the average price for property in CB22 stood at £531,319 in September 2021. This is a fall of 1.45% in the last three months and rise of 1.85% in the last 12 months. In terms of property types, flats in CB22 sold for an average of £257,000 and terraced houses for £340,106.

4.60 The Dubbs Knoll Road, Trap Road, Sheen Farm Litlington and Medreth Road Shrepreth sites lie within the SG8 postcode district. According to Zoopla, the average price for property in SG8 stood at £456,048 in September 2021. This is a fall of 3.21% in the last three months and a fall of 1.34% in the last 12 months. In terms of property types, flats in SG8 sold for an average of £193,356 and terraced houses for £311,157.

***New Build Developments***

- The Hawthorns – Development by Hill in Swaston, CB22, comprising 94 new homes as either 1 and 2 bedroom apartments or 2,3 and 4 bedroom homes.
- All Saints Garden – Development by Redrow comprising 144 large 3, 4 and 5 bedroom homes on the edge of Barrington to the South West of Cambridge.
- Meridian Gate – Development by Linden Homes of c. 190 homes including 3, 4, and 5 bedroom houses. Located near Royston, south west of Cambridge.

| | Beds | Average Size (sqft) | Average Price | Average Price (£ psf) | Price Date |
|---|---|---|---|---|---|
| **1. Hill – The Hawthorns Development –** Swaston, CB22 | 1 | 538 | £299,950 | £558 | OTM September 2021 |
| | 3 | 1,001 | £449,950 | £450 | |
| | 3 | 1,001 | £454,950 | £454 | |
| | 4 | 1,356 | £499,950 | £369 | |
| | 4 | 1,356 | £509,950 | £376 | |
| **2. Redrow – All Saints Garden –** Barrington, CB22 | 3 | 1,200 | £514,950 | £429 | OTM September 2021 |
| | 3 | 1,500 | £627,950 | £419 | |
| | 4 | 1,350 | £607,950 | £450 | |
| | 4 | 1,600 | £664,950 | £416 | |
| **3. Linden Homes – Meridian Gate –** Royston, SG8 | 3 | 1000 | £410,000 | £410 | OTM September 2021 |
| | 4 | 1,200 | £495,000 | £413 | |
| | 4 | 1,280 | £525,000 | £410 | |
| | 5 | 1350 | £550,000 | £407 | |
| | 5 | 1400 | £580,000 | £414 | |

## Construction Baseline

4.61 We have established a construction cost baseline to compare This Land's cost assumptions against.

4.62 We have reviewed average tender prices from BCIS within Cambridgeshire which provide the following range assuming a base build cost including preliminaries. In addition to the base build costs we would expect an allowance for externals, contingency and professional fees.

| **Base Build Cost £/sq ft (GIA)** | Lower Quartile | Mean | Upper Quartile |
|---|---|---|---|
| Houses | £105 | £123 | £134 |
| Flats | £144 | £121 | £162 |
| Restaurants & Cafes | £206 | £265 | £265 |
| Light Industrial | £57 | £97 | £107 |

4.63 Based upon our experience at similar locations in the East of England the BCIS build costs appear to be on the low side which we anticipate is due to them not fully incorporating broad infrastructure requirements typically seen within this locality. BCIS data is based on average tender prices for the core construction rather than the actual costs incurred and therefore can underestimate build costs. Build costs are inherently variable and may fluctuate over the length of a project which is common for larger scale development initiatives. This is why it is important to have site specific contingency allowances.

4.64 We also recognise that BCIS data is not site specific therefore individual sites will have varying costs dependent on the existing use, topography, scale of development etc.

4.65 We have taken the above into account when reviewing the build costs assumptions for each of the sites. This is currently an important risk factor, with significant pressure on labour and materials costs. It is also worth noting that we have not been provided with detailed cost estimates verifying the inputs adopted by This Land during this process. Please see the site proformas later in the report for a review of the construction costs assumed on a site by site basis.

## Site by Site Review

4.66 We have reviewed the information provided for each of the 24 sites with a focus on the development appraisals and cashflows to consider whether This Land's market assumptions are reasonable based on our market research and experience.

4.67 Specifically, where possible our review addresses the following market inputs:

- Residential market values
- Commercial rents
- Commercial yields
- Build costs
- Additional development costs
- Contingency
- Professional fees
- Planning costs
- Sales and marketing
- Profit
- Financing
- Development Timings

4.68 Please see Appendix I for the full proforma reports for the master developer, self-develop and sites to dispose of. These proformas provide a full analysis of the assumptions which are summarized below.

## Master Developer Sites

### Site 1 - [redacted]

4.69 We were provided with an initial appraisal in September and a further updated appraisal in October, both made up of 80 units, therefore we have reviewed each of these separately.

4.70 We have reviewed the assumptions within the September appraisal for [redacted] and consider the private sales GDV and professional fees to be reasonable, however we have highlighted potential issues with the serviced land parcel, base build costs and profit assumptions. We also note that there is no allowance for contingency, sales & marketing, and finance. In addition we have been unable to comment on the affordable housing GDVand S106 due to limited information. Of particular concern was the omission of [redacted] infrastructure costs within this initial appraisal. This was raised during our call with This Land and was rectified within the updated appraisal.

4.71 In the October appraisal the private GDV, affordable GDV, serviced land parcels, build costs, professional fees and profit have been updated, for all of which our comments above still apply. In addition the following assumptions have now been included within the appraisal; S106 and sales & marketing. The S106 costs appear reasonable and the sales & marketing budget appears low.

[redacted]

### Site 2 – [redacted]

4.73 We were provided with an initial appraisal in September and a further updated appraisal in October, both made up of 100 units, therefore we have reviewed each of these separately.

4.74 We have reviewed the assumptions for [redacted] and consider the private sales GDV, serviced land parcels, base build costs, sales agent & legal fees, and professional fees to be reasonable, however we have highlighted potential issues with the infrastructure & abnormal costs and profit assumptions. We also note that there is no allowance for contingency, marketing fees, and finance. In addition we have been unable to comment on the affordable housing GDV and S106 & CIL due to limited information.

4.75 In the October appraisal the profit has been updated which still appears high. In addition a marketing fee has now been included in the appraisal which appears reasonable. [redacted].

### Site 3 – [redacted]

4.76 We were provided with an initial appraisal in September and further updated appraisals in October, all made up of 100 units that This Land intend to develop themselves and the sale of two plots of 150 units. In October we received three updated appraisals however it is unclear what these different options represent and which one we should be using, we have raised this with This Land. We were only able to access one of the updated appraisals and have therefore reviewed the September and October appraisals separately.

4.77 We have reviewed the assumptions for [redacted] and consider the private GDV, affordable GDV, base build costs and contingency to be reasonable, however we have flagged potential issues with the professional fees, CIL and profit assumptions. We also note that there is no allowance for contingency, sales & marketing, and finance. In addition we have been unable to comment on the S106 due to limited information.

4.78 In the October appraisal the private GDV, affordable GDV, serviced land parcels, base build costs, professional fees, CIL and profit have been updated, for the majority of which our comments above still apply, with the exception of the CIL & profit which now appear reasonable. In addition, the contingency has now been removed from the appraisal.

4.79 Again, it is concerning that the assumptions within the appraisal have changed following our initial review.

## Self-Develop Sites

### Site 4 - [redacted]

4.80 We have reviewed the assumptions for [redacted] and consider the build costs, sales fees and letting agent fees to be reasonable, however we have flagged potential issues with the commercial revenue, commercial yields, professional fees and profit assumptions. We also note that there is no allowance for contingency, letting legal fees, purchasers' costs and finance. In addition we have been unable to comment on the S106 due to limited information.

### Site 5 – [redacted]

4.81 We have reviewed the assumptions for [redacted] and consider the base build costs, contingency, professional fees, sales and marketing budget and profit to be reasonable, however we have highlighted potential issues with the private sales GDV and S106 assumptions. We also note that there is no allowance for finance. In addition, we have been unable to comment on the affordable housing GDV due to limited information.

### Site 6 – [redacted]

4.82 We have reviewed the assumptions for [redacted] and consider the contingency (phase 2), professional fees, sales & marketing and profit to be reasonable, however we have flagged potential issues with the base build costs and S106 assumptions. We also note that there is no allowance for [redacted] and finance. In addition we have been unable to comment on the affordable housing GDV due to limited information.

### Site 7 – [redacted]

4.83 We have reviewed the assumptions for [redacted] and consider the contingency, professional fees, sales & marketing and profit to be reasonable, however we have flagged potential issues with the private sales GDV and base build cost assumptions. We also note that there is no allowance for S106 and finance.

### Site 8 – [redacted]

4.84 We have reviewed the assumptions for [redacted] and consider the private sales GDV, contingency, sales fees and profit to be reasonable, however we have highlighted potential issues with the base build costs, abnormal costs and professional fee assumptions. We also note that there is no allowance for , S106, marketing fees and finance.

### Site 9 – [redacted]

4.85 We have reviewed the assumptions for [redacted] and consider the private sales GDV, base build costs, sales fees and profit to be reasonable, however we have flagged potential issues with the professional fee assumptions. We also note that there is no allowance for [redacted] contingency, [redacted] and finance[redacted]

### Site 10 – [redacted]

4.86 We have reviewed the assumptions for [redacted] and consider the private sales GDV, sales & marketing and profit to be reasonable, however we have noted potential issues with the base build costs and S106 assumptions. We also note that there is no allowance for contingency and finance.

### Site 11 – [redacted]

4.87 We have reviewed the assumptions for [redacted] and consider the private sales GDV, base build costs, contingency, professional fees, S106, sales & marketing, finance and profit to be reasonable, however we have flagged potential issues with the net to gross area assumptions.

### Site 12 - Cambridge Milton Road

4.88 The site is located on Milton Road to the north east of Cambridge city centre.

4.89 The Milton Road site comprises seven apartments and a library. The library is leased to Cambridgeshire Country Council for a 25 year term, now extended to 45 years (as at September 2021).

4.90 This Land purchased the site in July 2017 for £605,000 and built out the site under a design and build contract.

4.91 The Milton Road site was identified for disposal within the 2020 Business Plan for £2.9m in May 2020.

4.92 This Land sought to dispose of the asset during the peak of the pandemic, but the purchase failed to complete given the challenging market conditions. The highest bid did not exceed £3m and included a number of break clauses which de-valued the asset. The removal of the break clauses was agreed with the Council for an upfront payment of £100,000 made in Q1 2021.

4.93 A new marketing campaign commenced in April 2021 under a joint instruction led by Strutt & Parker. Following this, the recommendation from the agents to This Land was to proceed with the offer of £3.251 million from [redacted]

4.94 This Land have not provided an appraisal or cashflow for this site given they have had clear offers from the market.

4.95 We have set out below the details of the 2020 Business Plan and 2021 Business Plan:

| | 2020 Business Plan | 2021 Business Plan |
|---|---|---|
| Total spend (including land) | £2,595,229 | - |
| Total carrying value | - | £2,480,171 |
| Total Revenue | £2,958,479 | £3,200,000 |
| Profit | £363,250 | £719,829 |
| Return on costs | 14% | 29% |

## Sites to Dispose of

### Site 13 – [redacted]

4.96 We have reviewed the assumptions for [redacted] and consider the sales fees to be reasonable, however we have flagged potential issues with the professional fee assumptions. We also note that there is no allowance for contingency, marketing fees, S106 and finance. In addition we have been unable to comment on the private sales GDV, affordable housing GDV and build costs due to limited information.

### Site 14 - [redacted]

4.97 We have reviewed the assumptions for [redacted] and consider the sales fees, finance and profit to be reasonable, however we have flagged potential issues with the affordable housing GDV, base build costs and professional fee assumptions. We also note that there is no allowance for contingency orS106

### Site 15 - [redacted]

4.98 We have reviewed the assumptions for [redacted] and consider the private sales GDV, base build costs, S106, sales & marketing and profit to be reasonable, however we have flagged potential issues with the professional fee assumptions. We also note that there is no allowance for contingency and finance.

### Site 16 - [redacted]

4.99 We have reviewed the assumptions for [redacted] and consider the private sales GDV, professional fees and sales fees to be reasonable, however we have flagged potential issues with the base build costs and profit assumptions. We also note that there is no allowance for contingency, S106, marketing and finance.

### Site 17 [redacted]

4.100 This site includes three appraisals therefore we have reviewed the assumptions for each:

- [redacted] We consider the private sales GDV, base build costs, professional fees, S106, and sales & marketing to be reasonable however we have flagged potential issues with the profit. We also note that there is [redacted]
- [redacted] – We consider the private sales GDV, base build costs, sales & marketing, and S106 to be reasonable, however we have highlighted potential issues with the professional fees and profit assumptions. We also note that there is [redacted]
- [redacted] – We consider the private sales GDV, professional fees, S106 and sales & marketing to be reasonable, however we have flagged potential issues with the base build cost assumptions. We also note that there is [redacted]

## Disposed of Sites

### Site 18 - Cambridge Russell Street

4.101 The Cambridge Russell Street site was initially acquired for £970,000 following an independent valuation instructed by the Council.

4.102 The site was purchased without planning consent however post acquisition an application was made for seven flats which was subsequently refused in September 2019. Further revisions to the planning application proved unsuccessful. A decision was therefore taken to refurbish the existing units and dispose of the residential units.

4.103 As part of the development of the 2020 Business Plan, all sites underwent a full review to establish profitability and therefore return to the Shareholder. A minimum hurdle [redacted] were readied for disposal and marketed appropriately.

4.104 35 Russell Street was sold for £560,000 and 37 Russell Street was sold for £545,000. Two car parking spaces independent from the properties were sold for £33,000 excluding VAT. The total sale value was therefore £1,138,000.

4.105 The table below sets out the costs incurred to date and sold price for the Cambridge Russell Street site. The costs incurred to date is based on the acquisition price and the impairment values as set out in the excel provided by This Land. This suggests This Land made a loss of £44,234 on their investment.

| Cost incurred to date | Sold Price | Difference |
|---|---|---|
| £1,182,234 | £1,138,000 | -£44,234 |

## Site 19 - Cottenham Rampton Road

4.106 The Cottenham Rampton Road site was initially acquired for £13,200,000 following an independent valuation instructed by the Council.

4.107 The site was purchased with outline planning consent for 154 units. An application was submitted for reserved matters approval, however this was refused and an appeal was submitted to keep the consent live. The site was therefore disposed of with the benefit out outline consent.

4.108 As part of the development of the 2020 Business Plan, all sites underwent a full review to establish profitability and therefore return to the Shareholder. A minimum hurdle [redacted] were readied for disposal and marketed appropriately.

4.109 The table below sets out the costs incurred to date and sold price for the Cottenham Rampton Road site. The costs incurred to date is based on the acquisition price and the impairment values as set out in the excel provided by This Land. This suggests This Land made a loss of [redacted] on their investment.

| Cost incurred to date | Sold Price | Difference |
|---|---|---|
| [redacted] | [redacted] | [redacted] |

## Site 20 - Guilden Morden Trap Road

4.110 The Guilden Morten Trap Road site was initially acquired for £950,000.

4.111 The site was purchased without a planning application or consent. Planning consent was later secured for seven units.

4.112 As part of the development of the 2020 Business Plan, all sites underwent a full review to establish profitability and therefore return to the Shareholder. A minimum hurdle [redacted] were readied for disposal and marketed appropriately.

4.113 The table below sets out the costs incurred to date and sold price for the Guilden Morden Trap Road site. The costs incurred to date is based on the acquisition price and the impairment values as set out in the excel provided by This Land. This suggests This Land made a loss of £264,804 on their investment.

| Cost incurred to date | Sold Price | Difference |
|---|---|---|
| £1,024,804 | £760,000 | -£264,804 |

### Site 21 - Litlington Sheen Farm

4.114 The Litlington Sheen Farm site was initially acquired for £1,750,000.

4.115 The site was purchased with full planning consent for 22 units. Attempts were made to improve the financial position of the site (i.e. to increase the number of units etc) but this proved unsuccessful with the Local Planning authority.

4.116 As part of the development of the 2020 Business Plan, all sites underwent a full review to establish profitability and therefore return to the Shareholder. A minimum hurdle [redacted] were readied for disposal and marketed appropriately.

4.117 The table below sets out the costs incurred to date and sold price for the Litlington Sheen Farm site. The costs incurred to date is based on the acquisition price and the impairment values as set out in the excel provided by This Land. This suggests This Land made a loss of £46,939 on their investment.

| Cost incurred to date | Sold Price | Difference |
|---|---|---|
| £2,122,939 | £2,076,000 | -£46,939 |

### Site 22 - Shrepreth Meldreth Road

4.118 The Shepreth Medreth Road site was initially acquired for £2,000,000.

4.119 The site was purchased with full planning consent for 25 units. Attempts were made to improve the financial position of the site (i.e. to increase the number of units etc) but this proved unsuccessful with the Local Planning authority.

4.120 As part of the development of the 2020 Business Plan, all sites underwent a full review to establish profitability and therefore return to the Shareholder. A minimum hurdle [redacted] were readied for disposal and marketed appropriately.

4.121 The table below sets out the costs incurred to date and sold price for the Shepreth Meldreth Road site. The costs incurred to date is based on the acquisition price and the impairment values as set out in the excel provided by This Land. This suggests This Land made a loss of £451,018 on their investment.

| Cost incurred to date | Sold Price | Difference |
|---|---|---|
| £2,676,018 | £2,225,000 | -£451,018 |

## Site 23 - Wicken Church Road

4.122 The Wicken Church Road site was initially acquired for £350,000.

4.123 The site was purchased without planning consent however consent was later secured for six units.

4.124 As part of the development of the 2020 Business Plan, all sites underwent a full review to establish profitability and therefore return to the Shareholder. A minimum hurdle [redacted] were readied for disposal and marketed appropriately.

4.125 The table below sets out the costs incurred to date and sold price for the Wicken Church Road site. The costs incurred to date is based on the acquisition price and the impairment values as set out in the excel provided by This Land. This suggests This Land made a loss of £49,714 on their investment.

| Cost incurred to date | Sold Price | Difference |
|---|---|---|
| £549,714 | £500,000 | -£49,714 |

## 24. Willingham Belsar Farm

4.126 The Willingham Belsar Farm site was initially acquired for £1,500,000.

4.127 The site was purchased with full planning consent for 25 units. Attempts were made to improve the financial position of the site (i.e. increase the number of units etc) but this proved unsuccessful with the Local Planning authority.

4.128 As part of the development of the 2020 Business Plan, all sites underwent a full review to establish profitability and therefore return to the Shareholder. A minimum hurdle rate [redacted] were readied for disposal and marketed appropriately.

[redacted] The table below sets out the costs incurred to date and sold price for the Willingham Belsar Farm site. The costs incurred to date is based on the acquisition price and the impairment values as set out in the excel provided by This Land. This suggests that This Land made a loss [redacted]

| Costs incurred to date | Sold Price | Difference |
|---|---|---|
| [redacted] | £1,910,000 | [redacted] |

## Key Findings

4.130 We have undertaken a review of the assumptions for each of the sites including the master developer sites, self-develop sites, sites to dispose of and disposed of sites.

4.131 We have summarised our findings from the review below for each of the key assumptions including private sales values, build costs, finance, profit, contingency and cashflow. We have taken this approach where we have been provided with appraisals for the sites. This includes each of the master developer sites, develop sites (exc. Milton Road) and sites to be disposed of.

4.132 For the disposed of sites we have not received appraisals and have therefore provided separate comments on these below.

4.133 Please see the site proformas in the appendices for further details.

### Private Sales Values

4.134 We have reviewed the private sale value assumptions for each of the sites based on our comparable research in section 3 of this report.

4.135 The majority of the sites have adopted reasonable sales value assumptions with the exception of [redacted]. The sales value assumed at these sites appear high against our comparable research. However, the values assumed for the [redacted] may be reflective of a high specification given the build costs also appear high.

4.136 Of note, [redacted] includes light industrial revenue however the plans we have received do not include this. We would require further information to provide analysis of this element.

## Build Costs

4.137 We have reviewed the build cost assumptions for each of the sites based on our construction baseline in section 4 of this report. The construction baseline is based on BCIS average tender prices for Cambridgeshire.

4.138 The build costs assumptions for the master developer sites, develop sites and sites to be disposed of vary from site to site, with residential build costs ranging from £100 to £252 per sq ft.

4.139 When reviewing the build cost assumptions we have considered the typology (i.e. flats, terraced, semi-detached, detached) and the height of development where information is available in order to consider whether the build costs assumptions seem reasonable. Our findings are outlined in the table below:

| | Site | Build cost (£ per sq ft) |
|---|---|---|
| Low | [redacted] | £100 - £110 |
| Reasonable | [redacted]<br>Hartford PRU<br>[redacted] | £120 - £252 |
| High | [redacted] | £172 - £245 |

4.140 Of note, the build cost assumptions for Worts Causeway (Master Developer site) do not correlate with the independent advice provided by [redacted] Chartered Surveyors. We would question as to why this cost advice has not been followed.

4.141 We also note that in addition to the base build costs a couple of the sites include significant infrastructure and abnormal costs.

## Finance

4.142 We have reviewed the finance assumptions for each of the sites based on our experience at similar schemes. Typically, we would expect a finance charge of 6-7%.

4.143 The majority of the site-specific appraisals provided have assumed no finance charge. This appeared to be an omission and we have queried the lack of finance with This Land who have suggested the finance rate is a blended [redacted] and is included within the overarching 10-year cashflow. This method of accounting for finance charges is picked up later within this report, but we would typically expect to see finance charges within a site-specific appraisal when assessing land value and profit.

4.144 An anomaly to the above is that two of the sites do include a finance rate within the site-specific appraisal, namely [redacted] which both seem at reasonable levels based on our experience, but potentially contrary to the aforementioned method used for accounting for finance charges and raise concerns over double counting.

## Profit

4.145 We have reviewed the profit assumptions for each of the sites based upon our experience. We would typically expect a profit rate of 15-22% on GDV for private residential dependent on the level of risk and 6% on GDV for affordable residential. We also note that This Land have a target hurdle [redacted]

4.146 The adopted profit rate for the majority of the sites appears to be reasonable.

4.147 [redacted], include a considerably high profit rate of 34% and 38% on GDV respectively. These margins reflect the considerable amount of income from the [redacted].

4.148 It is very unusual and, in our opinion inaccurate to include revenue from land sales within a residual appraisal of this nature. The appraisal is designed to assess the residual land value taking into account the value associated with the sale of completed residential units, less the costs and fees associated with the construction of those units and the profit level required to deliver them. By including the land sale revenue with the appraisal, a distorted figure is produced which does not properly assess the overall value of the land given the strategies proposed to sell serviced land and self-develop plots. This therefore provides an inaccurate figure for the expected receipts and profit for the sites, which feeds into the Business Plan.

4.149 [redacted] on GDV for a wholly private scheme which appears low based upon our experience. In addition the appraisal for [redacted] suggests the site is currently loss making.

## Contingency

4.150 We have reviewed the contingency assumptions for each of the sites based upon our experience. We would typically expect a contingency rate of 5-10% dependent on the level of risk and likely variances in build costs.

4.151 The majority of the site-specific appraisals have not included an allowance for contingency. We have raised this with This Land who have suggested that there is an allowance of 10% for contingency within the 10-year cashflow which is based on construction spend in the month and is a forward looking only spend. We would typically expect a contingency amount to be provided within a site-specific appraisal to reflect the potential cost risk and variances of the particular site. This is particularly important given the diverse nature of the portfolio which includes small sites of 2-3 units up to large master developer sites of hundreds of units. An overarching contingency also does not account for the varying delivery strategies associated with the different sites.

4.152 One of the Master Developer sites ([redacted])and a number of the Develop Sites ([redacted]) do include a site-specific contingency of 5-10% which seems reasonable based on our experience. Where a contingency has been included, the higher rate of [redacted] appears to have been used for sites with a higher base build cost.

4.153 When queried, This Land have suggested that an allowance for contingency is included within the all in build costs on some sites in addition to the contingency at 10% in the 10 year cashflow (Business Plan) based on the construction costs. It is unclear (despite clarification) as to why some site appraisals seem to have additional contingency allowances within them and would require further clarity whether this reflects an additional amount on top of the contingency provided within the costs or whether this has been double counted.

## Sales & Marketing fees

4.154 We have reviewed the sales and marketing fees for each of the sites based upon our experience. We would typically expect sales legal fees at c. 0.5%, sales letting fees at c.1% and marketing cost at c.1-2.5% of the GDV.

4.155 Where sales and marketing fees have been included these appear reasonable in all cases. However, only 5 of the sites include a full sales and marketing budget, inclusive of sales legal fees, sales letting fees and marketing costs.

4.156 The majority of the sites include some form of sales and marketing budget (either sales legal, sales letting or marketing costs) with the exception of [redacted] both [redacted]. This Land have suggested that the [redacted] includes sales and marketing costs within the build costs, which is not an assumption we have come across before.

4.157 No reference has been made to the omissions at the remaining sites where they are missing an allowance for sales legal fees, sales letting fees or marketing costs.

4.158 Given the level of GDV on some of the larger sites in particular, the omission or low level of sales and marketing costs could have a reasonably significant effect on residual land value and or profit.

## Cashflow

4.159 We have received cashflows for 12 of the sites which cover all of the master development sites, all but one of the develop sites and one of the sites to be disposed of. We are yet to receive cashflows for Guilden Morden, Dubbs Knoll Road, Hartford PRU, March 34a Station Road, March Sites and Cambridge Milton Road and have therefore been unable to review these sites.

4.160 Where possible we have reviewed the cashflows for the sites, breaking this down in the pre-construction, construction and sales period to understand if the assumptions appear reasonable.

4.161 A majority of the sites appear to have a long pre-construction period, as the cashflows include all spending from the date the site was purchased through to construction and sale of the units.

4.162 The construction and sales timings vary from site to site and we have commented on this individually within each of the site proformas. For the larger sites we would expect volume housebuilders to sell c.1-1.5 units per week whereas for the smaller sites we would expect a slower rate of sale. The same approach applies to construction timings, as large scale developers are able to deliver units more quickly and benefit from greater economies of scale.

## Disposed of Sites

4.163 We have reviewed seven sites that have been disposed of. These sites were selected by This Land for disposal based on [redacted]

4.164 The information provided by This Land in relation to the disposed of sites is limited to the following:

- Acquisition price
- Details of how the site was progressed throughout This Land’s ownership
- Sold price
- Carrying value in WIP

- Impairment value
- Costs incurred to date

4.165 Without the date of acquisition and sale, site details and site area it is difficult to comment of whether the values seem reasonable. We have requested this information from This Land. We would however note that all of the sites that have been disposed of have been loss making.

## General

4.166 Of note, there are still gaps in the information we have received from This Land and the information requested does not appear to be readily available and therefore we have not always been able to undertake a full analysis of each site. We have also received updated information when requested which is significantly different to information provided only a few weeks before.

4.167 In particular, we are lacking information on the scheme for [redacted] and have therefore been unable to make a judgement on the value and cost assumptions for this site. It would be useful to have the scheme details including the number of units, unit sizes and unit mix from This Land so that we can undertake a more detailed review of the site.

4.168 We would expect the This Land team to be regularly producing up to date information and appraisals to support the assumptions within the Business Plan. From our experience of requesting and analysing the information, this did not seem to be the case and is an area for further review.

# Is there a clear understanding about the exposure to risk, particularly in the Medium term?

# 5. Is there a clear understanding about the exposure to risk, particularly in the Medium term?

5.1 When assessing whether This Land have a clear understanding of the risk exposure to the business, we have considered the following information sources:

- Business Plan (2020 plus 2021 Overview)
- Financial Model (Dated 16th June 2021)
- Governance and monitoring/reporting arrangements

5.2 We have been provided with the This Land business plan overview for 2021, which in itself is not a full business plan but a document which provides an update to how the business has progressed since the 2020 business plan was approved and a restatement of areas of focus for the business. Below we set out some of the limitations of the 2020 business plan, however, it is important to note that the This Land is operating under a business plan which is 18 months old and has not had a proper refresh since. From a risk understanding perspective, we do not consider this to be best practice and would expect that the business plan is revisited and refreshed as a minimum on a bi-annual basis.

5.3 The 2020 business plan has been developed following the appointment of non-executive directors to the board of This Land. The business plan does not set out overarching objectives, however it does set out that it:

- Aim to put the company on a more stable financial footing
- Generating long term profits for the Council.
- Reduce the Council's financial exposure

5.4 The business plan seeks to achieve by disposing of sites that do not meet a [redacted] hurdle rate, development of sites that meet that hurdle and taking a master developer approach on the larger sites in the portfolio. Alongside this, the company is seeking to further diversify by increasing land promotion activities on behalf of third-party landowners.

5.5 It should be noted that aims set out above are not always complementary and the reduction of the Council's financial exposure will at times conflict with the aim to generate greater returns. We therefore would expect the business plan to set out a hierarchy of objectives that it wishes to achieve. Through conversations with the Council and This Land, we understand that from the Council's perspective, repayment of loans in line with the facility agreements is a priority with interest receipts supporting the Council's medium term financial plan.

## Approach to risk management

5.6 The business plan has a risk management section, which seeks to identify principal risks facing the company. The risk management section sets out that the protocols for risk management, which include 'regular' reviews of the risks facing the business, however it does not prescribe a frequency as to how often this should happen. The business plan sets out that the Board will take overall responsibility for the stewardship of risk management and internal controls, however it does not prescribe personnel who are expected to produce and update the risk registers and provide the information to the Board for consideration.

5.7 The business plan also sets out the intention for the Board to set risk appetite and define the company's risk profile and acceptable tolerance. However, there is no description of how the risk appetite will be formulated and the risk tolerance will be measured. The business plan goes on to state that the Board has assessed that the business strategy being adopted by the company is within an acceptable tolerance. Given the lack of documented detail around the company's risk appetite and level of risk tolerance, we would consider it that there is a risk that the company does not have the ability to objectively assess its risk exposure.

5.8 The principal risks identified within the risk register cover a wide range of risks. The table below sets out the categories of risk captured in the business plan.

| Themes Captured in Risk Register | |
|---|---|
| **Weakened Economy, Reducing housing demand and Mortgage availability** | **Policy and regulation changes** |
| **Reduced Land availability** | **Health and Safety** |
| **Availability of working capital and finance and retained earnings** | **Cyber security** |
| **Loan Covenant Breaches and Impairments** | **Staff retention and recruitment** |
| **Governance delays** | **Supply chain issues (materials and skilled labour)** |

5.9 We consider that a wide range of risks have been identified as part of the business plan process in 2020 which cover key macros risks which the business is exposed to. We have not had sight of any site risk registers which we would expect to include detail technical risks associated with the delivery of those site plans along with planning, programme and viability risks. We are therefore unable to comment on whether these are robust and all encompassing. We would expect both risk registers are monitored, updated, and reported against regularly.

5.10 The 2020 business plan includes various financial scenarios and sensitivities. The financial scenarios have been run to demonstrate the financial viability of different delivery routes from the original plan of developing each of the sites out to completion through to the preferred business plan option, with a range of other scenarios in between. The preferred business plan option has then been subjected to sensitivity analysis, looking at cost and income movements as well programme delays.

5.11 While it is positive that a range of realistic sensitivities have been run, where an adverse impact to the cashflow is shown, there is no commentary as to what measures the business would seek to adopt to bring the financial position back into a positive and viable position. Showing the impact of adverse movements in the projects is important but even more crucial is the plans that could be implemented to safeguard the position, thereby demonstrating that the risks are understood, and the overall risk position of the business is manageable.

5.12 While general sensitivities have been conducted as part of the preparation of the business plan, we note that there has not been an attempt to quantify individual risks that may materialise. While we understand this cannot be done in all instances, where there are known changes coming in the future we would expect an estimate to be made. For example, changes in building regulations and sustainability have been mentioned within the risk register however this has not been factored in either the base appraisals or the within the risk assessment. Future Homes Standard regulations are due to come in 2025, which will have a cost implication that can be estimated, it would be prudent for This Land to quantify the potential impact of these changes which would be over and above the general inflation sensitivities that have been carried out.

5.13 To manage financial and cashflow risks, the business plan has set out that the company will ensure that there is a minimum cash balance of £5m always maintained. While providing for a global £10.6m construction contingency amount. There is no reasoning behind why the £5m is an appropriate balance, which should be linked to the future liabilities of the business overlaying the sensitivity analysis undertaken. For the purposes of this review, we have assumed that £5m is an appropriate figure and welcome that the business has set this requirement as a risk management tool. However, upon reviewing the financial model that underpins the business plan we have noted 12 periods where the cashflow position for the business falls below this level with the lowest balance at just over £2m. It is a concern that risk management measures are not being translated into the business plan that the company is working to.

5.14 With respect to the construction contingency, again it is a positive that the business plan includes a contingency amount, however there is no link to the sites themselves. Just applying 10% contingency on costs without reference to site specific constraints means there is no correlation to the developments themselves and therefore increases the risk that the contingency could be eroded should unforeseen events occur on sites. We would expect contingency to be factored within the site cashflows. More broadly, we would expect that there would be monthly budgeting reports that are produced, which monitor the progress of costs and actuals on a site-by-site basis and the outcomes of which are fed into the main business plan model.

5.15 When reviewing the financial model, we have discussed the operations of the model with This Land. The model has 36 different tabs, many of which we understand are no longer used and others which are exports tabs from the This Land accounting system. We do not consider it best practice to have a model which has unused functionality or calculation/source information which can be accidently overwritten. The overall model build is also not considered to adhere to financial modelling best practice and as such that leaves room for error.

5.16 The model operation is not overly transparent in its working or flexible in its use and from a risk management perspective we consider this to be an issue. We would expect the financial model to have functionality which enables This Land to readily amend assumptions on sites (e.g. costs, values, programme), which would then be able to inform the financing requirements of the business as well as carry out sensitivity analysis and scenario testing. Currently, the information comes from a separate source system, is exported into the excel and the model is only used as a form of reporting. In practice the financial model is simply a reporting tool rather than a functioning model.

5.17 This opaqueness of underlying assumptions increases the likelihood of errors be made therefore an inaccurate position being reported and an underappreciation of the risks. In section four of this report, we have highlighted assumptions which were omitted from site appraisals and an inconsistent approach to different sites, where would expect there to be consistency. With the current construct of the financial model, it is not possible to easily identify such errors. It is also somewhat difficult to run scenarios on financing and how This Land could better manage the outstanding loans and interest payments it needs to make to the Council.

5.18 A particular issue identified in section 4 related to the absence of finance costs within individual appraisals. We understand that the This Land reasoning is that the financing is captured through the corporate facilities provided by the Council. This is an acceptable approach for sites that This Land is developing directly and for the servicing of master developer sites. This approach however, does not make sense for sites that This Land are disposing of given that the approach to valuing the sites is on a residual value basis. A purchaser would factor the cost of finance when considering the price that they would pay for the land is valuing on this basis and therefore This Land are overstating the value that could be achieved. We assume that the for master developer sites, where plots are being disposed of, the plot values capture an allowance for finance, however if this is not the case, then the same issue would be prevalent. More broadly, as part of review into the assumptions, it has been noted that information was not readily available in some instances and appraisals had to be produced on request. This would indicate that either information was not available or not up to date and therefore this would be a concern from a risk management perspective.

5.19 Another key concern is that the financial model is a point in time and we have not been provided with a 'live' operational model which accounts for the actual income expenditure. While actual income and expenditure is recorded within This Land's accounting system, this should be translated into the financial model so accurate forecasts can be made around future performance. We would expect that the model is updated as part of the monthly management accounting process and updates provided to the Board setting up the current position and comparing performance against previous forecasts.

5.20 As part of the review of risk management we have been provided with monthly board reports (July and September). As stated earlier, the business plan prescribes that risk management is the overall responsibility of the board and that risks are to be reviewed on a regular basis. We note that the last two meetings do not have a separate agenda item for risk management. The meeting notes that have been provided do not include any discussions on risk and therefore we surmise that risk was not discussed. This is a concern and calls into question the board's understanding of the risks facing the business and how often the risks are updated and reported. The board papers indicated that a financial update was provided to the board, however, the notes from the meeting indicate that this was at a relatively high level without reporting against the detail of each site.

5.21 A key takeaway from the business plan produced is that the existing sites in the This Land portfolio, are unable to generate sufficient value to repay the principal on the Council's loan alongside servicing the interest payments. Therefore, This Land have set out the requirement to identify 12 strategic land sites along with acquiring 3 additional sites from the Council, which according to the forecasts will generate sufficient cashflow to the business to support the finance obligations of the company and generate an overall surplus of £8.6m by 2032.

5.22 Therefore, there is significant reliance on both the strategic land and additional Council sites to deliver the business plan. From the business plan and the financial model reviewed, we understand that most of the strategic land sites have yet to be identified. The financial model forecasts are predicated on This Land promoting all 12 sites by the end of 2021. However, we understand that this is not the case and This Land are likely to be promoting a maximum of 3-4 sites. This is a significant risk, and it is not clear whether the board are aware of the dependencies on the timing of strategic land sites coming online and the financial implications of not having this secured in the timeframe prescribed in the business plan. From discussions with the Council we understand that the Council were not aware of this expected timeframe either. Similarly, the business plan assumes that the 2 of the 3 additional sites will have been acquired from the Council by the end of 2021, with the third acquired by the end of 2022. However, from discussions with the Council we understand that there is limited prospect with respect to This Land's purchase of these specific sites and therefore another significant element of the business plan does not appear to have been delivered upon. Combined the strategic land sites and additional Council sites equate to £57m of receipts to the company, without which the business plan would not be deliverable. It should be noted that the £57m is the gross benefit to the company as financing costs are netted off this number, however due to the lack of functionality within the reporting tool, it is not possible to remove the loan draw downs that are associated with the costs of sites and therefore the net impact on the company is not readily possible to determine.

5.23 The lack of transparency on this risk, is partly driven in our opinion by the fact that there is no differentiation in the business plan and financial model between sites which have been secured and which are yet to be identified. As set out above the business plan is wholly reliant on the successful delivery of strategic land sites and currently unidentified sites are included in the forecast which makes it appear that the business plan has a fully funding position, when the reality is that, if you remove the forecasts of receipts of non-identified sites, the business plan has a significant financial gap within it. Delays in securing the sites would result in a further borrowing requirement than currently forecast in the business plan, for example, shifting the profile of income and expenditure on unsecured sites by 1 year would potentially require additional £10m of borrowing from the Council (should you attempt to keep a £5m cash balance).

5.24 We would expect there to be a separation of sites in This Land ownership/under option, from those which are unsecured and that the board should be provided with regular updates on the progress with identifying securing new promotional sites. It is a concern that since the need for strategic land sites was identified in the 2020 business plan (to be secured by the end of 2021), there is very modest progress in securing the sites and importantly this does not appear to have been discussed at the board meetings. We consider the strategic land sites as the biggest risk to the deliverability of the business plan and therefore would expect there to be a detailed strategy to identify these sites and specific risk mitigation plan should these not be successfully secured.

5.25 Overall we do not consider that there is a full understanding within This Land of the level of risk exposure the business is under. In summary:

- The last proper update of the business plan was in 2020. While there was an progress update appended in 2021, the actual business plan itself is now 18 months old and out of date. The business plan should be regularly updated at least bi-annually.
- While the business plan captures a wide range of risks, it does not quantify the risks where it is able to do so. We have not been given sight of site-specific risk registers and therefore cannot comment on the robustness of these.
- Risk reporting does not appear adequate at board level, with no specific risk management discussion on the agenda. We would expect risk and performance monitoring to be standard agenda items for the board meetings. There could be clearer lines of responsibility as to who is responsible operational for the risk management process.
- Furthermore there does not appear to be a 'live' financial model which reports up to date information against forecast assumptions. We would expect that each site should have a financial monitoring report, which considers actuals vs forecast and consolidated into a overall monitoring report.
- Sensitivity analysis is carried out, without a mitigation plan identified for adverse impacts on the business plan
- The business plan sets out a key financial parameter around cash retention, yet the financial model which underpins the business plan does not deliver on the minimum cash requirement.
- The business plan is highly reliant on strategic land sites and additional site acquisitions from the Council, however most of the required sites strategic promotion sites have not been identified and the business plan and the Council sites have yet to progress in line with the business plan.
- The financial model is more of an output reporting tool than a functional forecast and operational model which can be updated with ease. There is a lack of transparency and functionality which we would not expect for a business of these size.
- Errors have been identified as part of review of assumptions, which indicates that risk management processes are not fully robust.

# How could This Land adapt its plans to adjust its risk appetite or strategy, taking account of the revised political priorities of its shareholders?

# 6. How could This Land adapt its plans to adjust its risk appetite or strategy, taking account of the revised political priorities of its shareholders?

6.1 In May 2016 the Council's Asset and Investment Committee, received and approved an initial report which set out the rationale in the form of an outline business case (OBC) to establish a housing development vehicle (HDV) for property development.

6.2 This report sets out some key recommendations to the committee for consideration. Whilst the report does not determine the exact detail and form of the new company, it does start to establish some key characteristics of the HDV.

6.3 The below recommendation was included in the Asset and Investment Committee report approved on 27th May 2016:

*Approve the principle of and business case for a wholly owned company or companies to be established and operated by Cambridgeshire County Council for the purpose of identifying, developing and managing residential and commercial property developments within the UK with a view to generating capital and revenue income for Cambridgeshire County Council.(Source: Cambridge County Council, Asset and Investment Ctte 27th May 2016)*

6.4 In May 2016, the Council's intension was to use the HDV, as a means of generating a revenue and capital income stream for the Council. Importantly the report also emphasised that the company should be established to "identifying, developing and managing residential and commercial property developments within the UK ".

6.5 The report also provides a broader financial backdrop to reinforce the approach being adopted, and references the unprecedented financial challenges facing the council which have been driven by a combination of reduced funding from central government and increased demand for Council services. At this time the Council also recognised that the housing market in Cambridge was "extremely buoyant" and linked with the Councils extensive land holdings across the County they were well placed to capitalise on the opportunity.

6.6 The report in May 2016 set out a clear intent to transform the County Council from a seller of sites to being a developer of sites, through utilisation of the powers granted to the Council through the Localism Act 2011.

6.7 Importantly the report set out the principles of how the HDV could be funded, and provides indicative examples of the likely financial return the council and it could benefit from interest rate arbitrage, based a comparison between the interest rate charged by the Treasury in relation to Prudential Borrowing and the interest rate that it would on lend to This Land. The report also makes reference to the substantial time lag between commencing development on site and the generation of a financial return, and a broad acceptance that the HDV will make substantial losses for many years until a return is generated, the impact of which will be contained within a business plan for the company.

6.8 Back in May 2016 whilst not formally agreed the construct of the housing delivery company was very much being tailored towards the provision of a commercial return to the benefit of the Council which would ultimately assist with bridging some of the financial challenges the council was facing.

6.9 In the interest of balance the report also sets out some of the non-financial benefits that could be generated by the HDV, as set out below: -

6.10 Non-financial benefits include:

- Boosting housing supply to support economic growth.
- Quicker provision of affordable homes.
- Increasing competition in the market for developers and providing an example of good development practice.
- The ability to create key worker housing.
- The ability to design housing supply that could reduce the long term demand for CCC services.
- Addressing gaps in Cambridgeshire's existing provision for specialist housing.
- (Source: Cambridgeshire County Council, Asset and Investment Ctte 27th May 2016)

6.11 Whilst the Council continues to identify the above benefits as key deliverables of the company, its reasonable perhaps the say that they have received less emphasis over recent years, this could be attributed to a combination of increased restriction in the use of PWLB for commercial purposes, but also the Councils need to maintain a sustainable source of income from This Land.

6.12 Following approval of the above report, This Land (the company) was formed on 17th June 2016. It was established as a separate legal entity to the Council and with a commercial character, what this means in principle is that the company whilst having a range of objectives to satisfy, a commercial approach and return are paramount to its successful operations.

6.13 In December 2017, the Councils Commercial and Investment Committee, received an update report which considered the following recommendations.

  - To authorise a loan facility to Cambridgeshire Housing and Investment Company for up to £120,000,000 for land acquisition, construction and associated costs.
  - Delegate the negotiation of the final terms of the sale and loan agreement
  - (Source: 15th December 2017, Commercial & Investment Ctte report)

6.14 The council confirmed that the preference in exchange for the £120m loan facility that This Land would service this debt from income generated through its operational activity and return payments to the council in the form of revenue income stream rather than one off capital receipts.

6.15 During the initial period of the business plan where the company was not generating land receipts from sales the loan provided by the council was effectively being reused to service the interest payments. This approach is entirely legitimate however the perception is that the Council is servicing the annual loan payments by the capital it has advanced to This Land, therefore the capital loan made comes back to the Council in the form of revenue income, which it is able to make an interest rate margin on. Ultimately This Land has to perform and generate significant surpluses so the debt sitting with the Council can be fully repaid.

6.16 At its meeting on 24th April 2020, the Commercial and Investment Committee approved a range of recommendations which were mostly targeted around the funding and financing of the company given the context of it busines plan for 2020 which was tabled, but also and importantly the report noted This Land's intension to begin its investment into strategic land acquisition. This approach was a departure from its original business plan, however in the 2020 business plan land promotion accounted for a significant proportion of the financial forecasts.

6.17 Complementary to the report recommendations it was confirmed that This Land also has the staff with relevant expertise from previous roles to undertake this new area of work, however the report noted that land promotion is a higher risk activity and that not all promotions will be successful. Success of the land promotion activity is contingent on a number of key areas however the ability of This Land to obtain planning approval as intended is fundamental to it being a successful venture.

6.18 In part, it is important to reflect on the historical decision making because it does have a fundamental bearing on why the company seeks to operate in the way it does and the style of business plan that comes forward.

6.19 This Land continues to operate within the policy parameters that were set originally in May 2016, which have been subsequently approved over the last four years. The political parameters manifest in the objectives set for the company by the Council.

6.20 It is however important to reflect on the potential changes to This Land's priorities following a change in political administration during recent months.

6.21 Although no formal approval is in place to change the objectives and priorities of This Land by the council (the shareholder) this report seeks to analyse how This Land might need to adjust its risk appetite and broader strategy to take account of changes in council objectives following recent developments.

6.22 For the purposes of this report we have focused on a few keys areas which feature in the political manifestos in circulation. These include:-

- Provide **affordable homes** for sale and rent by refocusing the county owned 'This Land' as a genuine local housing provider.

- Invest when opportunities arise to diversify on County Council assets…without compromising our commitment to sustainability and **net zero carbon goals**.

6.23 In providing a robust analysis of the above strategic objectives and how This Land could provide, in part a solution to address these key areas we firstly need to set out the basis of assessment. In this case it is the risk which the organisation faces in pursuing those strategies.

6.24 If the council were to compel This Land to consider an increase in the delivery of affordable homes compared to the largely policy compliant delivery at present it is likely that this will negatively impact on the currently forecast business plan values. Broadly affordable homes will not deliver the same level of commercial return as private sale homes, therefore if the council wanted to target This Land with the delivery of greater number of affordable homes it may need to revisit the long term business plan of the company and specifically the period by which the council loans will be repaid. Of course a proportion of the affordable homes could be delivered through a third party, either via This Land or directly by the council.

6.25 This Land has set out within its business plan for 2021 its commitment in delivering sustainability and protecting the environment, however this approach is largely centred around the delivery of energy efficient homes and by using a local supply chain. Whilst this is admirable, it perhaps fall short of a holistic Net Carbon strategy.

6.26 In the short term moving to an ambitious net carbon strategy will require investment which again is likely to impact on commercial returns, however over the long term this should payback. As an observation This Land does not have a clear Net Carbon strategy in place.

## Conclusions

6.27 Whilst over recent months some discussions have taken place between This Land and the Council to consider a range of options over the medium to long term period of the business plan, formally the company continues to plan and operate as an entity which is required to make a positive commercial return for its shareholder.

6.28 This in part supports the approach that This Land is adopting in pursuing commercial propositions as a priority. Unless the council formally changes the company’s prime objectives it is likely to continue to operate in this manner. That said, the council can ask This Land to consider how it might support some of the broader political objectives as long as the company can continue to operate with commercial character. If the Council wishes This Land to depart completely from its commercial model this could impact on the legitimacy of the original legal advice provided to the Council to substantiate how the company was formed.

6.29 It is important to note that in capitalising This Land initially the council elected to borrow using the Public Works Loan Board (PWLB). At the point of inception of the loans the council utilised its powers under the Localism Act 2011 to provide commercial loans for an investment purpose. Over the last 12-18 months the Treasury has tightened the rules which significant restrict councils undertaking this type of new borrowing. Therefore, it is unlikely, unless compelling regeneration grounds can be identified that these types of loans would be permissible currently, and with this in mind future business plans put forward by This Land must need to be self sustainable and not reliant on new loans from the Council.

6.30 If the Council decided to compel This Land to deliver a greater proportion of affordable homes than what is currently assumed within the business plan, it would be our view that rather than simply increasing the quantum of affordable homes delivered an approach is adopted which seeks to optimise the balance between these competing objectives so the council can understand the trade off between a longer payback period compared to an increase in affordable home delivery.

How could the firm quicken the pace of house delivery, are there lessons from other local authority related housing companies?

# 7. How could the firm quicken the pace of housing delivery, are there lessons from other local authority related housing companies?

7.1 Before being able to set out the actions that This Land could put in place to help accelerate the pace of delivery it is important to fully understand what are the barriers to delivery. Increasing the pace of delivery should be a potential outcome of unlocking some of the barriers faced by This Land.

7.2 This section of the reports sets out below what are the key delivery barriers facing housing delivery more generally, we have then provided an analysis of This Lands current status against each barrier.

7.3 Perceived barriers facing the housing development market: -

- **Up front infrastructure requirement creating negative cashflow** – Due in part to the amount of upfront infrastructure required to unlock the development opportunities of new settlements, this creates a upfront financial burden which adds significant risk to profitability in the early years of a project. Infrastructure can include the provision of new transport links, new schools, utility (power and water) provision, flood alleviation, green infrastructure and new healthcare provision. This is scalable depending upon the size of the development.
- **Market Failure** – Although market failure can take many forms, in the purest financial sense this is where the values attributed to the new homes are less that the cost associated with constructing them.
- **Marginal Financial Returns** – in situations where values do exceed cost but only generate a marginal return the commercial market perception of risk means that they will require a greater level of surplus to allow for increased profit and finance costs in a situation whereby equity is likely to be the only source of funding for the private sector.
- **Site Assembly costs** - often one of the biggest challenges facing the delivery of new settlements is how the land is assembled/controlled into an ownership structure that is capable of delivery and attracting investment.
- **Scale** - Scale of development and or timeframe of return make what would otherwise be a reasonable project unattractive to commercial developer / investors where they do not have
- **Land value capture mechanisms** – Financial contribution by statutory authorities or conversely their demand for payment such as CIL/Section 106, to meet statutory obligations creates a barrier for development.
- **Placemaking** – quality of place is established initially through a clear vision but ultimately delivered through high quality design and place considerations. Placemaking will ultimately create long term value however is likely to take many years to establish, which is off-putting to many developers when they cannot see how and when the cost of placemaking will be returned.

7.4 Whilst the above factors are faced by many housing delivery company’s, we have analysed below the relevance to This Land.

| Delivery Barrier | Relevance to This Land |
|---|---|
| Up front infrastructure requirement creating negative cashflow | For all of the projects that This Land is pursuing the cost of enabling infrastructure is a challenge and will create a negative cashflow, however This Land already has access to capital (Council loan) which can be used to fund the upfront costs. The extent of enabling works required on a site by site basis will impact upon the returns realised, however we would expect these to be understood and accounted for within the business plan cashflow |
| Market Failure | For the site drawn down from the Council initially an assessment was made which concluded that whilst not all sites returned the minimum profit levels, overall the package of site delivered a positive return that falls within the tolerances set by the shareholder. For sites acquired by This Land for promotion, and early and robust assessment s needed to ascertain profitability before land is acquired, this approach should minimise risk exposure |
| Marginal Financial Returns | Overall the sites drawn down from the Council generate a reasonable profit margin, and the funding provided by the Council is available to This Land |
| Site Assembly Costs | This has not been a challenge for This Land as it historically inherited council assets, however there are potential exposure increases when pursuing land promotion opportunities, however this is planned and accounted for in advance. |
| Scale of the development | It is clear that levels of profits are impacted in bringing forward smaller sites, that don't provide an opportunity for economies of scale, however on balance this must be considered across the overall portfolio. |
| Land Value capture mechanisms | This Land is subject to CIL, Section 106 costs in the same way any housing deliver would be, ultimately this is a planning requirement |
| Placemaking | Placemaking, whilst should generate long term value, it is likely to have an upfront cost impact, however the extent of placemaking on each site is a subjective and should be manageable within the overall cost envelope for the project. |

7.5 One of the areas which not covered above is the issue of capacity. Based on the current business plan it is reasonable to assume that This Land does not have much surplus capacity to apply to additional areas. This will ultimately act as barriers in accelerating delivery.

7.6 One way that this could be address at pace is for This Land to form a strategic partnership with another housing delivery body, this could be a privately owned company or a registered provider.

7.7 This type of strategic partnership does give rise to a different risk profile; however it is worth considering if delivery acceleration is a desired outcome in the short term.

**Case Study: [redacted]**

In September 2019, [redacted] a subsidiary company of housing association [redacted], formed a strategic partnership with [redacted] to develop a former engineering site in [redacted] a £44m development on a derelict 16 acre site.

The scheme is of strategic importance locally as being the first to be supported by a multi million pound grant from the [redacted] Combined Authority [redacted] 'brownfield first' policy. [redacted] the JV partnership, seeks to combine the skills and resources of both the private and public sector to deliver much needed homes to the local area, increasing the pace of delivery, access to grant funding and risk sharing.

Once completed the development will provide 132 open market sale homes for [redacted] with [redacted] taking on 120 properties including 32 for private rent, 38 for affordable rent and shared ownership and a 50 unit wellbeing scheme. Since the partnership was formed [redacted] continue to bid for sites and have recently been successful in securing future development sites across [redacted]

# Does This Land have the skills, capabilities, and expertise that you expect of a housing development company of this type?

# 8. Does This Land have the skills, capabilities, and expertise that you expect of a housing development company of this type?

8.1 Board members play a pivotal role in ensuring that companies are well run, effective and deliver on their mission. The board of directors is a fundamental component of corporate governance, serving as the voice of shareholders in overseeing executive leadership. Housing is a complex and ever changing world and those with decision making powers are expected to reflect this and positively respond through the adoption of a corroborated and proactive approach.

8.2 The longevity and succession of housing development companies is delivered through providing an end to end service with development, finance, customer service and compliance at the forefront of the desired criteria for a successful team. The role of the Board in particular, has the ultimate responsible for directing the activity of the company, ensuring it is well run and delivering the outcomes for which it has been set up. In the case of This Land, the principles of the company have been established in corroboration with the Council, and therefore the roles of the Council must work in harmony and be structurally established, and not dependent upon the skills of the individual. This is an important consideration as board members are appointed on a three year term, as set out within the terms of reference, and therefore there is less reliance on individual skills but more so how boards are structured.

8.3 In section two, we set out the current operational structure of This Land. From the current structure, we have noted that key senior members have a notable background in the private sector, be it a financial, housebuilder, advisory firm or property company. Such backgrounds possess the necessary skills required to understand the operational running of a housing company. This Land was set up to act as a commercial entity and therefore the skills and experience from these private sector industries are vital in the successful running of the company.

8.4 In the section below we set out how board members have been appointed and nominated to committees.

## Remuneration Strategy

8.5 The purpose of the remuneration strategy is to ensure that This Land is seen as an employer of choice in the industry, creating an employee base that responds positively to the property life cycle and market changes. To achieve this, the strategy stipulates that the market offer is not to compete but furthermore compliment the strategic objectives set up for a mature property development business, rather than a large PLC housebuilder.

8.6 This is reflected in the structure which places emphasis on attracting the right calibre of staff and overall package of incentives. This is articulated in two reward brackets being 'fixed remuneration', that attracts and retains executives with skills and experience needed to respond to complex challenges and 'short term' incentives that drives cultural transformation and operational improvement. To ensure recognition and reward is monitored, a short term incentive plan (STIP) has been established that reviews and monitors individual contributions, against corporate strategic goals and ambitions. The STIP operates as a mechanism for continuous engagement with staff, with a view to support continued retention.

8.7 Table 1 below sets out the policy framework within which remuneration and retention of staff is achieved. The framework is set out against nine principles to the remuneration offer. An annual review of executive pay and remuneration reviews are conducted and informed by external market influences and individual performance. Every three years, this review will include an evaluation to compare the Company's approach against direct sector competition. The nine principles are:

1. Competitive when compared to similar sized organisations in our sector
2. Drive the delivery of organisational objectives
3. Motivate and drive outstanding performance
4. Visible and based on outputs achieved and performance, rather than reward for tasks, duties and responsibilities
5. Create a structure so that incentives engender collective responsibility and a team mentality
6. Ensure that people should not be paid extra for achieving what they are paid to achieve – Output and quality levels are not voluntary
7. Ensure that positive action is undertaken within its recruitment processes in its aim to have a diverse and balanced workforce
8. Guarantee a level of pay that is based on the level of responsibility in the organisation and the size of the job
9. No-one is guaranteed an annual pay increase

**Table 1 – Renumeration and Staff Retention Policy Framework**

| Area | Strategy Principles | Process | Target/ Peformance |
|---|---|---|---|
| Base Salary | 1,2,4,5,6 | • Executive roles are benchmarked against sector comparisons when roles become vacant<br>• Roles are market tested and approved by Board via Remuneration and Nominations Committee<br>• The paper sets out the proposed salary, market trends, company outturn and business plan for coming year<br>• There is a capped limit in turnover budget | Review of individual performance levels and company performance |
| STIP | 1,2,3,4,5,6 | • Based on company and individual targets aligned with the Annual Business Plan<br>• Period of clawback recovery is restricted to a period of three years<br>• Incentives will only be payable to senior executives and only where included in market tested<br>• STIP payments are aligned with delivering and exceeding company's targets. | Targets will be a mix of company and individual performance, ratio of 60:40. |

| | | | |
|---|---|---|---|
| | | • Bonuses will be set out within the annual business plan and agreed by Board | |
| Non Executive Fees | 1 | • Needs to remain competitive to attract suitably skilled and experienced individuals<br>• Market comparison to be undertaken every three years<br>• Phased replacement INED programme commencing in 2023<br>• Budget provision is included within the Business Plan | Company performance and Board effectiveness review |

8.8 It is the responsibility therefore of This Land to ensure they have access to a diverse range of skills, experience and knowledge needed to run the organization effectively. Yet, the success of such needs to be supported by the Council, as the main shareholder, in understanding their role to the Board, and furthermore how responsibilities are discharged internally. Collectively this will enable This Land to best respond to the challenges and opportunities it faces.

**Case Study: [redacted]**

The [redacted] formed in 2015 through the merge of [redacted] and [redacted]. The two entities had previously celebrated a decade of success however recognised the need to respond to rapidly changing social and economic needs, not only in [redacted], but throughout the UK. This meant expanded the financial capability and experience in community regeneration to unlock future development opportunities further afield.

Operating as a charity, the Group ethos is to support community-led housing development and it is the Board's responsibility to provide strategic oversight in delivering the objectives set out in the recently adopted Corporate Plan (2020-25), which includes include creating safer homes, vibrant communities and business excellence. The corporate objective is for The Pioneer Group to significantly invest in growing their asset portfolio (250 homes by 2025) and create resilient communities. The core purpose of the Group Board therefore is to ensure that the Group is financially viable, properly governed and properly managed to succeed.

The board consists of an independent chair, chief executive of [redacted], four group directors, four non executive directors and one [redacted] resident. To assist in carrying out its responsibilities, the Group Board has created a series of committees; [redacted] Community Housing; Development Committee; Finance, Audit and Risk Committee; Remuneration Committee [redacted] Green Housing Trust. The purpose of sub committees is to create appropriate delegation and discussion on core areas of the busines, noting that the Group Board takes final responsibility for these areas of activity. Representatives from each of these committees sit with the Group Board and support the overall decision making.

Diversity is at the core of the board and with recent appointments, the Board now offers a spectrum of skills and experience across ages, background, and experience. This has expanded the skills based that the Board hold, and in particular relate directly to the functionality of discussing and resolving matters to support the resilience of the Group. These are demonstrated in the list below:

- Asset Management
- Commercial Management
- Customer Service
- HR/Organisational Development
- Social Housing
- Treasury Management
- Audit Risk Management
- Community Service
- Development
- Knowledge of the current legal and regulatory framework in which the group operates
- Strategic Financial Management

The [redacted] has adopted the National Housing Federations (NHF) Excellence in Governance Code for Members; a guidance which is often applied to social housing providers to support the recruitment, selection and succession planning for board members. The NHF Governance Code provides a key standing to ensure the appropriate governance processes and policies are in place to support the future proofing of the housing provider. As an audited procedure, the NHF guidelines ensure a level of care and weighting to the quality of governance internally.

The Group has continued to go from strength to strength and some of the key highlights over the last year, demonstrate that there is a strong level of respect and determination to ensure Board Members are valued, well informed and developed throughout their terms. This is achieved through a clear training plan for new members and away days to strategize corporate objectives. Furthermore, the added voice of resident board member ensures discussions are transparent and welcoming to the wider community. This in turn positively impacts the customer satisfaction and aftercare – promoting the organisation as a landlord of choice.

8.9 In case study one, we set out an example of a housing association based in the [redacted]. As a charity based organization, social return of investment is at the heart of the association and this is reflected in the diversity of the board, whereby the skills and expertise of members have been selected to represent the community in which they serve. To adhere to the standards of the Code of Governance, by the which the organization is audited on, the remuneration strategy is reported and updated annually to ensure it reflects the currently corporate strategy, and furthermore pace of delivering objectives. As a result, the board consists of both professionals and residents to provide the customer voice. This has been hugely successful and during a recent audit, the organization has received an outstanding response to their customer satisfaction as well as positive feedback from the auditor.

8.10 This case study is of particular interest whereby a board has been developed around the objectives and purpose that the organization serves. As an observation, this is currently not apparent within the structure of This Land as whilst the breadth of skills and experience is of a high calibre, the visibility of the internal voice is somewhat unknown. The advantage therefore to include a staff member, to represent the voice of colleagues and customer, provides a useful pool of real term knowledge to board members to make informed decisions on issues that are of particular interest to This Land employees and customers.

8.11 The case studies provided demonstrated examples of best practice across similar organizations, outlining the structure and capabilities of the board. Throughout each of these case studies there are five notable areas of experience that possess the knowledge that board members require:

- Providing effective strategic leadership;
- Governance, finance, business and management;
- Human resources and diversity;
- Housing management; and
- Other specific knowledge appropriate to the needs of and services provide by the organisation i.e. business development, customer services, planning and construction.

8.12 We recognize that This Land already encompass a strong skills and knowledge based across its existing Board and internal appointments. As demonstrated in case study two, the current structure compliments a private housebuilder offering with valuable experience of the development life cycle. Yet, as highlighted with Homes for Lambert, key to success is transparency of objectives and information. Board members need to be clear on what their role is, how it fits into the corporate ambitions and furthermore how to best align their skills to create added value. Without the appropriate guidance and nurturing of objectives into the remuneration and governance process, there is a risk this exposes the Board and Shareholders to gaps of expertise.

**Case Study:** Homes [redacted]

As one of the measures to address the housing challenges in the [redacted], the council set up [redacted] a new wholly council-owned house building and management group of companies, to:

- build and manage more and better homes;
- help reduce the substantial pressures on the council's housing waiting list; and
- improve the lives of those residents currently living in poor quality and overcrowded homes.

[redacted] seeks to deliver housing in a more efficient way than could otherwise be done within [redacted] Council (such as the building and long-term ownership of private rented homes) with greater access to funding sources not otherwise available to the council for housing purposes. In developing the strategy for [redacted], other options were considered by [redacted] such as divesting delivery to other parties such as private sector developers or housing associations, entering into a joint venture with private sector partners or housing associations, creation of a not-for-profit industrial and provident society (or equivalent charitable entity). However, [redacted] represented the best option whereby [redacted] are able to maintain democratic control of the new group of companies and the council is able to ensure that the new companies are focused on maximising the delivery of more and better affordable homes.

HfL was set up to help the council address market failure and furthermore optimise the proportion of genuinely affordable homes into the borough. This has provided the Council with a greater level of control over the design of new homes and estate regeneration projects that seeks to influence the type of homes development, length of tenancies and subsiding new homes through income generating tenures (i.e. PRS).

The following principles were established for [redacted] to pursue in order to fulfil this vision:

1. Building more and better homes to help tackle the housing crisis
2. Providing high quality services for residents
3. Investing resources efficiently and to maximise housing and regeneration outcomes
4. Maximising partnerships with public and private sector organisations
5. Being a strategic delivery partner for the [redacted]
6. Building and maintaining financial strength and deliver more homes
7. Engaging with local communities and invest for the long term
8. Providing social housing.

In the lead up to incorporation of the new companies, the council has initiated an estate regeneration programme and a small sites programme of housing developments that it is intended [redacted] will build out and then own thereafter. These projects represent the initial pipeline of developments that form the basis of this business plan for the [redacted] group of companies.

Within the period of this Business Plan (to March 2019), [redacted] expects to commence building 300 new homes and over the five years forecast in this Business Plan expects to have over 500 newly built homes under management.

[redacted] expects to commit to the delivery of the Phase 1 Estates and several housing developments within this business plan period; the capital investment that will be required to deliver all those projects that will be commenced during the business plan period, to build new homes and improve the quality of homes for existing residents, is around £300m.

Sound financial management is critical to the success of [redacted] because it is a new company. [redacted] is beginning with no existing income or assets and will be undertaking major development activity within the first eighteen months of being established. As such, it is important that the growth and risks are carefully managed, and that the company has sufficient financial and human resources to do so.

8.13 Boards need to ensure they achieve two things; diverse background and experience – so there is no one lens or one size fits all approach, and investment in personal development including recognizing what is best practice and critically reviewing any skills or resource gaps. Through our review we have identified these two areas of improvement:

- Skills monitoring; and
- Board Diversity.

## Skills Monitoring

8.14 Reflecting upon the five key areas of expertise above, it is good governance for a company to create a skills matrix in relation to its board of directors. A skills matrix identifies the skills, knowledge, experience and capabilities of a board to enable it to meet both the current and future challenges of the entity, and furthermore, considered reflection and productive discussion on the effectiveness of the organizational structure. The matrix is not a measure of compliance obligations, but a means of identifying the competences and skills desired by the board to fulfill its role and strategic direction. Furthermore, this provides confidence to the shareholder of a metric in place to assess the competencies of board members at remuneration and appraisal stage.

8.15 Figure 2 sets out an exemplar skills matrix informed through our research of best practice case studies. While disclosure of the skills matrix is indeed to provide shareholder(s) assurance with the confidence that the board has turned its collective mind to the skills needed to supervise the business, there can be tension between the transparency needed to provide insight to board thinking and the need to ensure that any gaps in board skills is not seen as detrimental to the company.


**Figure 2 - Skills Matrix**

## Board Diversity

8.16 Over recent years positive moves have been made in the industry in creating more diverse board structures. As an observation, we recognize there is a current lack of diversity amongst the board that represent a range of backgrounds, experience, and knowledge. The advantage of such means creating a board that represents the communities in which they serve, and as such holistic developments that will stand the test of time. Diverse boards are seen to be extremely effective in the property and construction industry, resulting in efficient governance and constructive board meetings.

8.17 The size and composition of companies are essential aspects to determine where or not the board is effectively meeting its responsibilities. A key board function is to help shape and guide the company's long term strategic positioning within it's industry, and core to its effectiveness of understanding complexities requires diverse talent and perspectives. With this regard, there should be a good representation of ages, experience, and background to foster constructive debate and decision making.

8.18 Often reflecting on diversity in a board of directors, we focus upon gender and ethnicity; two areas of which This Land has representation of. However, it is reasonable to conclude that this area can be approved through ensure there is equal representation. The corporate composition should reflect diversity in thinking, background, skills, experiences and expertise of which is shown to strengthen board performance and promote the creation of long term shareholder value.

## Conclusion

8.19 Overall, This Land incorporates a strong base of shared skills, knowledge and experience that supports the functionality of the Company. However, we have highlighted above that there are weaknesses amongst the composition of the board and the recognized value this can bring. Through the case studies presented, we have highlighted that by creating a diverse soundboard and a mechanism of assessing and monitoring skills, This Land will continue to demonstrate a strong governance procedure and help with establishing a positive succession strategy for the business.

8.20 Identification of inadequate skills or competences in one area does not itself indicate a dysfunctional board, but rather so indicate a proactive board that is actively considering the futureproofing of an organization and what added value skills sets bring.

# Is the company operating effectively and with good governance in order to deliver the business plan?

# 9. Is the company operating effectively and with good governance in order to deliver the business plan?

9.1 Our analysis of This Land in the context of good governance is not just limited to how decision are made and supported by the company but how the Council also supports the overall governance arrangements in its capacity as the shareholder.

9.2 This section of the report will consider the following key areas:-

- Definition of Good Governance as set out by the Financial Reporting Council (FRC)
- This Land Board reporting

9.3 We will consider the above areas in the context of best practice and how each element supports the delivery of the agreed business plan. We understand that This Land is undertaking a Board Effectiveness review led by Mazars, which should also consider the following areas. We understand this review is a requirement of the shareholder agreement.

## Good Governance

9.4 The question of good or bad governance is an expansive question. Before we start to review the detail of This Lands governance arrangements and start to answer the question of whether or not they help or hinder the delivery of the approved business plan, it is important to set out the parameters by which we will compare the company with.

9.5 The Financial Reporting Council (FRC) published The UK Corporate Governance Code in July 2018. The aim of the FRC is promote transparency and integrity in business. The code itself focuses on five key areas, as follows:-

- Board Leadership and Company Purpose
- Division of Responsibilities
- Composition, Succession and Evaluation
- Audit, Risk and Internal Control
- Remuneration

9.6 This section of the report provides analysis of the corporate governance arrangements in place and compares the adopted approach to the FRC published guidelines.

| Pillars of Governance | FRC Principles | Analysis of This Land |
|---|---|---|
| **Board Leadership & Company Purpose** | A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society | Whilst we cannot speak of the previous Board composition, we can however confirm that in our experience that the current company Board is that it operates in an entrepreneurial manner and one that explores opportunities in increase revenues back to its shareholders. This approach is balanced against the shareholders continued confirmation for the company to deliver a commercial return to the Council as a priority over the immediate financial period. The board continues to review the 10 year business plan of the company this taking a long term view with regard to financial sustainability, that said the Board is not always appraised of the sensitivities and financial risk exposure associated with delivery. |
| | The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture. | Without embedding ourselves in the company operations for a reasonable period of time it is not possible to conclude whether or not the strategy and cultures are aligned. That said from we have been exposed to thus far, we have no evidence to support a conclusion to the contrary. We would conclude that at a senior officer and Board level their appears to be openness and transparency. |
| | The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. | Whilst comments have been made elsewhere in this report about the depth of financial analysis required to ensure the Board and shareholder is properly appraised of the financial position. More broadly the board appears to resource the team to allow it to perform the role it has been given, the only question that remains is whether some of the resources currently allocated to certain areas could be reprioritised to meet new demands and address some short comings in the detailed site analysis which could benefit from an allocation of more junior resources being allocated against it. It is critical that This Land seeks to address these short comings otherwise the credibility of the information reported to the Council will remain in question regarding its robustness. |
| | In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties. | Historically engagement with the shareholder has been piecemeal which has led to a lack of clarity of purpose of the company and unfortunately created the space for a negative narrative to be promoted. With the recent Shareholders meeting which took place in September and a willingness to hold these sessions more regularly going forwards it is hoped that both parties can effectively engage and the shareholder can ensure that its aims and objectives for This Land are clearly understood an articulated. |
| | The board should ensure that workforce policies and practices are consistent | We have not been able to fully appraise the company internal policy's to draw a conclusion. |

| | | |
|---|---|---|
| | with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern. | |

| | | |
|---|---|---|
| **Division of Responsibilities** | The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information. | From our observations of the Shareholders meeting and review of recent Board reports it is clear the Chair of the Board takes their role seriously and it is undertaken in highly professional manner. From what we have seen the Board operates in a transparent and open manner, and welcome comment from officers of the council and elected members, but also creates an environment for collaboration. It is important to note that this is our experience of the Shareholders meeting attended and review of subsequent Board papers and correspondence. |
| | The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division management to account. I. of responsibilities between the leadership of the board and the executive leadership of the company's business | The Board and associated committees comprises of seven Non-Executive Directors, which is hugely positive and provide the Board with high quality professional oversight. The NED's have been appointed from a wide pool of professionals which helps provide depth of experience that can be deployed for the benefit of the company. |
| | Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account | Although we have only limited exposure to the operations of the Board, the professional backgrounds of the highly experienced NED's are exceptional from a company of this size and have the ability to provide a very diverse range of support and challenge to the senior management team of This Land. In reviewing the corporate governance structure of the company it appears that a fair and reasonable distribution of responsibilities across the various committees is in place. |

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| | The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently | Although concluding this point would require an extended period of review, which is outside the scope of our commission, we have not observed anything which would lead us to believe that appropriate policies are not in place as directed by the Board |

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| **Composition, Succession & Evaluation** | Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths | We have not been able to make an assessment of the board recruitment policy and therefore cannot comment. |
| | The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed. | The structure put in place by the Board and senior management team is new, and whilst we are able to confirm that the NED's have been distributed fairly and professionally across the sub committees their effectiveness in those roles has yet to be fully assessed. |
| | Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively | It is too early to make an assessment of the effective composition of the Board, however its is important to note that the current NED's and Senior Management are very credible individuals from a wide range of professional backgrounds which should add real value to the successful operation of the Board. |

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| **Audit, Risk &Internal Control** | The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements | The board has made positive improvements over the last 12 months to formally establish a range of policies and processes to help better the business. Some additional work is required to improve the robustness of the financial reporting observed by the Board and Shareholder, it is hoped this can be undertaken over the next 6 months |
| | The board should present a fair, balanced and understandable assessment of the company's position and prospects | On the whole the Board does present fair and balanced assessment of the company's position and prospects, however we would observe that improved risk and sensitivity analysis would help the Board better understand its financial risk exposure. |
| | The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives | In reviewing the latest Board reports, we have not seen the inclusion of a risk register which is something we would anticipate being included in all board reports. |

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| **Remuneration** | Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy. | AY have not reviewed the renumeration policies of This Land |
| | A formal and transparent procedure for developing policy on executive remuneration and determining director and senior managementremuneration should be established. No director should be involved in deciding their own remuneration outcome. | AY have not reviewed the renumeration policies of This Land |

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| | Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances. | AY have not reviewed the renumeration policies of This Land |

9.7 In summary it is reasonable, whilst this may not have always been the case, that the Board governance arrangement are fairly robust, that is not to say that some detailed improvements cannot be made to ensure that the Board and Shareholder has better visibility of financial risk, however on balance the Board is structured in a way that positively accords with the Financial Reporting Council guidelines.

## This Land Board reporting

9.8 This Land has provided the most recent Board reports for review, being the 21st July 2021 and 30th September 2021. The Board reports provide a critical insight into the decision making process of the company and help provide a robust source of information to base decision on. In addition it is important for the effective operations of a company such as This Land that the Board report contains certain information, such as details of health and safety issues and actions trackers.

9.9 Following review of the Board papers provide by This Land, we have set out below some of the positive and negative attributes of these reports.

### Positive attributes

- Inclusion of a detailed health and safety update as a standing item on the agenda.
- Planned paper considering the concept of establishing a housing association subsidiary. We understand this is planned to be discussed at the December 2021 Board meeting, this is helpful given the discussion with the Shareholder regarding the potential introduction of complementary objectives.
- Reference made to the establishment of a “sustainability Task Force” to consider sustainability in terms of both operation and future homes e build.
- Detailed financial reporting covering both site by site performance but also the operations of the business and matters such as cashflow. And broader treasury management.

### Negative Attributes

- Although detailed financial information is provided to the Board, unfortunately the narrative doesn’t provide a sufficiently robust analysis of the key variations. For example the consolidated profit and loss statement states that sales actuals in July 21 were £1.088m compared to the in month budget of £1.715m, thus generating an in month variation of £627k, however no narrative is provided which allows the Board to fully understand what the variation relates to. The Board paper refers to the disposal of plot 4 at Ditton Walk and implies that the sales value was less than anticipated in the forecast but does not say why. This is concerning considering the cumulative variation in sales to date of £2.038m, whilst the variation is inevitably related to programme delays as the cost of sales is also much lower that the cumulative budget.

- Whilst it is acknowledged that the business plan forecast are reviewed regularly with the Board, I would suggest that greater analysis of the forward looking impact of current variations is important and should be reported more frequently.
- The inclusion of a regularly reviewed and updated risk register would add value to the Board governance and recognition of the risks the company is exposed to and required to manage and mitigate where possible.

## Conclusions

9.10 It is clear that the Board including the Non Executive Directors has been established to support improved governance and transparency of decision making, and on the whole the company is structured in a way that provides good oversight and challenge.

9.11 We have identified some areas of improvement that should be put in place to improve visibility and robustness of the financial reporting.

# Section 3

**IN THIS SECTION**

# 10. Conclusions

## Business Plan & Development Assumptions

10.1 Following our extensive review of the information provided by This Land, we set out below our conclusions to address the question of whether we believe the assumptions within the Business Plan are reasonable and robust.

10.2 On a general basis, we have noted that it has been difficult to extract information from This Land which we would normally expect to be readily available from a company who are managing and delivering directly, a portfolio of development opportunities. In particular information with regards value and cost assumptions and up to date development appraisals have taken some time to be produced. As requested, we have set out below in **Appendix II** a table documenting the process and timescales associated with requesting and receiving the information from This Land as well as information which we believe is still outstanding despite requesting more than once. This has meant our review has taken longer than anticipated and has had to accommodate gaps in information. This does raise a level of concern with regards to the robustness of the information and the assumptions provided.

10.3 This was further reiterated during a virtual clarification session, when a number of anomalies within the assumptions were raised [redacted]. It did not seem that there was a sufficient level of familiarity and understanding of the sites during this meeting.

10.4 As has been set out within the 'Key Findings' section a number of the assumptions included within the site specific appraisals were robust and reasonable. In general, sales figures and cost assumptions were in line with our expectations, market research and bench marking.

10.5 Affordable housing values were difficult to review, as in the main and despite requesting, we weren't provided with the tenure split of the affordable units to enable us to review whether the assumed values were appropriate.  Typically, there are significant variances between tenures within affordable housing assumptions with social rented units being valued very differently to intermediate type accommodation.

10.6 As has been mentioned previously, finance costs are accounted for centrally on the 10 year cashflow, rather than on a site specific basis as we would normally expect to see. This is picked up further in the section on the financial model. As with some other assumptions there was also a few examples of inconsistency, where finance was allowed for within site specific appraisals, raising the question of double counting.

10.7 Contingency was also generally accounted for in the overarching cashflow rather than on a site specific basis, although again there were example of allowances also being made in the site specific appraisals. This is another potential risk item as typically we would see varying levels of contingency for sites of differing scale and complexity, which is true of This Land's portfolio. We believe a site specific contingency allowance would be more appropriate.

10.8 As highlighted above, we believe the inclusion of the receipts from serviced land parcels within the GDV of the site specific appraisals provides for inaccurate residual land value and profit assumptions which feed into the Business Plan. We believe these should be presented separately rather than being run through the residual appraisals.

10.9 Sales and marketing costs were also an area of concern and one which has the potential to impact on assumed land value and profit margin. This was another assumption that was dealt with in an inconsistent way on the various appraisals, from not being allowed for, to being included within build costs and also being accounted for at low levels.

10.10 A number of the sites within the original portfolio transferred over from CCC have subsequently been sold on for a loss. [redacted] a number also suffered planning setbacks which have meant that previous assumptions are now not appropriate. Sites have also been sold where the target profit [redacted] can no longer be achieved. [redacted]

10.11 In a similar way, a number of sites have also been targeted for disposal this year for the same reasons as mentioned above. Again, some of the sites will incur a loss when taking into consideration the original acquisition price and costs incurred since then. Whilst this is generating cash into the business it is a loss overall.

10.12 It was also established through the review of the current portfolio and subsequent clarifications that no further sites had recently been acquired or were about to be acquired by This Land and that the prospect of further sites being transferred over from CCC was unlikely in the short term.

10.13 The conclusions arrived at within this section are picked up further in other sections of this report. In particular in the review of the financial model and also the exposure to risk of This Land.

10.14 Overall, the lack of readily available and up to date information along with some inconsistent methodology, non standard appraisal techniques, potential double counting and omissions within the assumptions raises concerns over the robustness of the overall assumptions that have helped to formulate the Business Plan.

## Is there a clear understanding about the exposure to risk, particularly in the medium term?

10.15 Overall we do not consider that there is a full understanding within This Land of the level of risk exposure the business is under. In summary:

- While the business plan captures a wide range of risks, it does not quantify the risks where it is able to do so. We have not been given sight of site-specific risk registers and therefore cannot comment on the robustness of these.
- Sensitivity analysis is carried out, without a mitigation plan identified for adverse impacts on the business plan

- The business plan sets out a key financial parameter around cash retention, yet the financial model which underpins the business plan does not deliver on the minimum cash requirement.
- Risk reporting does not appear adequate at board level, with no specific risk management discussion on the agenda
- The business plan is wholly reliant on strategic land sites, however most of the required sites have not been identified in the business plan
- The financial model is more of an output reporting tool than a functional forecast and operational model which can be updated with ease. There is a lack of transparency and functionality which we would not expect for a business of these size.
- Errors have been identified as part of review of assumptions, which indicates that risk management processes are not fully robust.

10.16 The 2020 and 2021 business plan does not provide sufficient detail of downside and upside financial performance for the Council to fully understand the impact of changes in delivery, therefore the Council does not fully understand its exposure to risk in the medium term alongside This Land.

## How could This Land adapt its plans to adjust its risk appetite or strategy, taking account of the revised political priorities of its shareholder?

10.17 Whilst the political priorities which support the objectives set for This Land have not formally changed since its inception in 2016, we understand that in the medium term the Council is open to considering additional objectives to be set. Having regard to recent developments and political priorities, This Land may consider delivery of more affordable homes or key worker homes and for the company to make a greater contribution towards the delivery of net zero Carbon homes in Cambridge.

10.18 Diverting, in part from the primary commercial objective that This Land is currently operating within, may have a negative impact on the financial return realised by the Council and potentially exposure to greater delivery risk, however this must be balanced against the delivery of additional objectives that may be desirable for the shareholder to achieve.

## How could the firm quicken the pace of housing delivery, are there lessons from other local authority related housing companies?

10.19 This Land could increase the pace of delivery through partnering with another developer/house builder. Another entity could provide delivery capacity to This Land to support the objectives set out in the business plan.

## Does This Land have the skills, capabilities and expertise that you would expect of a housing development company of this type?

10.20 Overall, This Land incorporates a strong base of shared skills, knowledge and experience that supports the functionality of the Company. However, we have highlighted above that there are weaknesses amongst the composition of the board and the recognized value this can bring. Through the case studies presented, we have highlighted that by creating a diverse soundboard and a mechanism of assessing and monitoring skills, This Land will continue to demonstrate a strong governance procedure.

10.21 Identification of inadequate skills or competences in one area does not itself indicate a dysfunctional board, but rather so indicate a proactive board that is actively considering the futureproofing of an organization and what added value skills sets bring.

## Is the company operating effectively and with good governance in order to deliver the business plan?

10.22 From a reporting perspective the Council has lack of oversight in regard to downside financial performance, currently the financial reports fail to provide sufficient upside and downside performance sensitivities, which will ultimately impact on the Boards decision making and Council endorsement of the business plan.

10.23 It is clear that the Board including the newly appointed Non Executive Directors has been established to support improved governance and transparency of decision making, and on the whole the company is structured in a way that provides good oversight and challenge.

10.24 We have identified some areas of improvement that should be put in place to improve visibility and robustness of the financial reporting which should enhance the overall governance of the company.

10.25 This Land's Board comprises of a number of Non-Executive Directors, which is viewed positively and through their oversight provides a platform for independent challenge and thinking. In addition the broad quality of the NED's is outstanding in terms of commercial orientation and it's a real credit to the team that they have been able to secure such high quality individuals to support the Company.

10.26 The number of Non-Executive Directors which currently stands at seven in total could be reduced over time and in our experience, somewhere between 3-5 is ample to provide strategic direction and oversight. The current annual remuneration [redacted]

# 11. Recommendations and Next Steps

11.1 The financial model used by This Land [redacted] and does not provide a truly integrated approach to monitoring and reporting the performance of its business plan, we would recommend a new integrated financial model is developed to better suit the needs of the business. We would recommend that the model is developed over the next six months and integrated ahead of the business plan cycle. A new financial model will help improve the transparency of decision making.

11.2 We would recommend that This Land considers its internal resources and seeks to bolster its team to help support delivery of improved reporting and development information which complements the business plan.

11.3 It is critical that This Land 's business plan aligns to the Council strategic objectives , and we would recommend that a session is held with the senior leadership of the council to discuss the potential for expanding the role of This Land in support of new objectives, however we would recommend this is undertaken in a way whereby the financial risks and issues are well understood and illustrated to enable effective decisions to be made.

11.4 Whilst the Council meets regularly with This Land officers to discuss progress against the delivery of the business plan, this arrangement could be further improved and we would recommend the Council establishes a mirror client meeting each quarter (ahead of the proposed quarterly shareholder meeting)

11.5 The shareholder meeting held on 30th September 2021, provided a positive opportunity for the Council's officers and members to hear first hand the plans for the company over the coming months. This meeting also created the platform for questions and queries to be raised by This Land directly with the political leadership of the Council. It is our understanding that this session was the first of this type of meeting to be held, we would encourage the Council and This Land to continue to hold these meeting on a quarterly basis.

11.6 We would anticipate many of the above issues flagged can be resolved relatively quickly with the Councils and This Land's Board support, and we would recommend a review in 6 and 12 months be undertaken to evaluate progress made against agreed outcomes. The assist the Shareholder we have set out over the page a improvement plan table which provides a list of actions required over the near future and how through address each one of these action it will lead to improvements in the way the company operates and the Council will have greater visibility and understanding of key issues.

| arms | Success Criteria | Timescale | Impact / Outcome |
|---|---|---|---|
| Develop a new financial model to support business decision making and improved governance | Board has full visability of secure / unsecure income and expenditure and Board papers reflect enhanced financial sensitivity analysis | 1-3 month development period / 4-6 month implementation & full data transfer | A fully integrated and consistent financial management and monitoring tool. |
| Shareholder and Board Reports to be expanded to reflect secure and unsecure income and expenditure | Improved Board and Shareholder visibility of the financial gaps | 0-1 month | The Council will have a better understanding of This Land's ability to meet its loan payments over coming years |
| Establish a risk orientated approach to the allocation of contingency rather than a blanket 10% | Better shared awareness and visibility of key project risks. Information should be shared with the Board through the Board papers | 0-3 months | Improved risk analysis and quantification of key risks on a site by site basis leading to a more robust financial position |
| Greater emphasis on risks and potential mitigation measures | Improved visability of key risks both impacting on the financial and operational aspects of the business | 0-1 month | Inclusion of a "live" risk register within the Boards pack and shareholder briefings |
| Diarise quarterly shareholder meetings, and agree information pack in advance | Well attended shareholder meetings | 0-1 month | Fully briefed shareholder with clarity of business direction as well as an indepth understanding of key risks and mitigations |
| Formal Shareholder review of This Land's strategic objectives in the context of new political objectives | Providing clarity to This Land of the Shareholders longer term vision for the company | 0-3 months | Improved balance between financial and non financial outcome that better align to the Council strategic objectives |
| Establish a "Mirror Board" meeting, to take place prior to the This Land Quarterly Board meetings. | Provide greater oversight, challenge and support of the business | 0-3 months | Preparation of briefing for Council representatives on the Board in advance of Board meeting |
| This Land needs to review the sufficiency of internal resources allocated to the production of development appraisal information. | Better awareness of costs and income | 0-3 months | Improved robustness of information contained in the financial model which supports Board reporting |

[Appendices intentionally omitted from Committee bundle]

**Avison Young**

3 Brindleyplace, Birmingham B1 2JB

Agenda Item No: 7

# Strategic Framework

| | |
|---|---|
| To: | Strategy and Resources Committee |
| Meeting Date: | 27 January 2022 |
| From: | Julia Turner, Head of Policy, Design and Delivery |
| Electoral division(s): | All |
| Key decision: | No |
| Forward Plan ref: | Not applicable |
| Outcome: | To provide an overview and seek endorsement of the Strategic Framework and Performance Management Framework. |
| Recommendation: | Strategy and Resources Committee is asked to: |

a) Review and recommend the Strategic Framework to Full Council as part of the 2022/23 Business Plan; and

b) Review and recommend the Performance Management Framework

Officer contact:
Name: Julia Turner
Post: Head of Policy, Design and Delivery
Email: julia.turner@Cambridgeshire.gov.uk
Tel: 01223 699051

Member contacts:
Names: Cllr Lucy Nethsingha / Cllr Elisa Meschini
Post: Chair/Vice-Chair
Email: lucy.nethsingha@cambridgeshire.gov.uk
elisa.meschini@cambridgeshire.gov.uk
Tel: 01223 706398

## 1. Background

1.1 The Joint Administration published the Joint Administration Agreement in May 2021 which describes the ambitions of the new administration. This prioritises COVID-19 recovery for all of Cambridgeshire and puts healthy living and bringing forward targets to tackle the climate emergency, central to its agenda. It also signals a commitment to form strong and positive partnerships in the areas of public health, support for business, climate change, public transport, and building affordable, sustainable homes.

1.2 The Joint Administration created an action plan to identify and monitor progress against areas of priority. This has formed the foundations of the Strategic Framework, which will continue to drive forward the Strategic Vision of the Council.

## 2. Strategic Framework 2022-23 Overview

2.1 This Strategic Framework (Appendix A) signals a change to the Council's direction and priorities whilst ensuring that the delivery of core council services is maintained, particularly at this crucial time as we recover from COVID-19 and address the inequalities this has created or made worse.

2.2 In this constantly changing environment, we need to respond to the ongoing challenge of COVID-19, continue to do all we can to tackle climate change, make sure that all of our communities benefit from growth, and keep pace with the dynamic changes, to the way the world connects. Our strategic framework ensures that our resources and investments are driven by our strategic vision of creating a greener, fairer and more caring Cambridgeshire and recognises the importance of working in partnership across the public and voluntary sector, businesses and residents.

The framework outlines our five corporate priorities:

1. Environment and Sustainability - tackling climate change and sustainability
2. Health and Care - people in Cambridgeshire enjoy healthy, safe and independent lives
3. Places and Communities - communities are inclusive, better connected and cohesive
4. Children and Young People - children and young people have the opportunity to thrive
5. Transport - enabling safer and sustainable travel around the county

Delivering on these priorities is at the heart of our strategic planning and service design and therefore drives the Business Plan as well as Service Plans and Strategies.

## 3 Performance Management Framework

3.1 The Performance Management Framework (Appendix B) sets out how the Council will manage its performance in delivering the corporate priorities. It explains how the Council will approach performance management at a strategic level in the different Committees.

3.2 We have refreshed and updated our approach to performance management in response to an internal audit and the peer review. A key change is the addition of the concept of 'strategic' performance management as well as 'operational' and 'individual' performance management. Strategy and Resources Committee will have central oversight of the framework and will monitor a strategic KPI set of 15-25 indicators, which will help us identify whether we are making progress on our corporate priorities. An initial proposal for a strategic set of KPIs is included in the draft document.

3.3 Policy and Service Committees will continue to monitor KPIs relating to their areas of oversight and will have indicator sets that look at their areas in more detail. Following the confirmation of the Strategic Framework, the Policy and Service Committees will start work to develop their indicator sets. Some of the indicators which are proposed in the Performance Management Framework are reliant on that more detailed work being completed, and so the indicators which the Strategy and Resources Committee receive may change. The final set will highlight changes and be presented to Strategy and Resources for approval.

3.4 This work is part of a broader performance management development workstream that also includes revision of the KPI Suite, associated training for Members, and a research project about engagement with performance management.

## 4. Alignment with corporate priorities

There are no significant implications directly involved with the development of the Corporate Strategy as part of the 2022-23 Business Plan.

4.1 Communities at the heart of everything we do

This paper describes the proposed Corporate Strategy for 2022-23 which includes reviewing and updating the priorities in line with the Council's vision.

4.2 A good quality of life for everyone

This paper describes the proposed Corporate Strategy for 2022-23 which includes reviewing and updating the priorities in line with the Council's vision.

4.3 Helping our children learn, develop and live life to the full

This paper describes the proposed Corporate Strategy for 2022-23 which includes reviewing and updating the priorities in line with the Council's vision.

4.4 Cambridgeshire: a well-connected, safe, clean, green environment

This paper describes the proposed Corporate Strategy for 2022-23 which includes reviewing and updating the priorities in line with the Council's vision.

4.5 Protecting and caring for those who need us

This paper describes the proposed Corporate Strategy for 2022-23 which includes reviewing and updating the priorities in line with the Council's vision.

## 5. Significant Implications

### 5.1 Resource Implications

There are no significant implications within this category directly involved with the development and approval of the Corporate Strategy. However, the strategy does guide the focus of our resources.

### 5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category directly involved with the development and approval of the Corporate Strategy.

### 5.3 Statutory, Legal and Risk Implications

There are no significant implications within this category directly involved with the development and approval of the Corporate Strategy.

### 5.4 Equality and Diversity Implications

There is a particular focus in the Corporate Strategy on reducing inequality and designing services with citizens, mandating inclusion of a diverse range of views and voices.

### 5.5 Engagement and Communications Implications

The Corporate Strategy will be communicated through different channels and to different audiences in a variety of formats.

### 5.6 Localism and Local Member Involvement

Member engagement will be critical to the success of the new Corporate Strategy. Throughout the development of the strategy, Members have championed the needs, priorities and ambitions of local people in their neighbourhoods.

### 5.7 Public Health Implications

Public Health and population outcomes are key measures in delivery of the priority outcomes and Public Health are closely involved in the design and delivery of several priority areas.

### 5.8 Environment and Climate Change Implications on Priority Areas:

Environment and sustainability is one of the five corporate priorities and as work progresses on this priority the implication against the seven implications below will be identified and explained.

5.8.1 Implication 1: Energy efficient, low carbon buildings.

5.8.2 Implication 2: Low carbon transport.

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

5.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

5.8.5 Implication 5: Water use, availability and management:

5.8.6 Implication 6: Air Pollution.

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

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

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

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: Beatrice Brown

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

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

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

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

## 6. Source documents

6.1 Joint Administration Agreement between Liberal Democrat, Labour and Independent groups – May 2021

Location here

Cambridgeshire County Council

Appendix A

# Strategic Framework

## 2022-2023

cambridgeshire.gov.uk

## Leaders' foreword

While it has been an enormous privilege to take on the responsibility of running Cambridgeshire County Council, the scale of the financial challenge we have inherited is substantial. Following the COVID-19 pandemic and Brexit we have needed to re-set our understanding of the risks and challenges facing Cambridgeshire. COVID-19 has left many of our most vulnerable residents with even more complex needs, and the combination of COVID-19 and Brexit has left many of our businesses and partners facing major staffing and financial challenges. As a Council we need to ensure that we are in a position to meet these challenges, not only for the short, but for the long term, while also giving support the households that need us most.

The Local Government Association's peer review report, which we commissioned on taking office, and which reported in September, made clear the scale of the financial difficulties we face. At that time, £82 million of savings were needed in the coming four years. The scale of this challenge, and the need to ensure long term financial security, mean we have some tough choices to make. Our policy on council tax reflects the need to ensure the council is able to support its vulnerable residents and maintain services in the future. However, we are also painfully aware of just how difficult the coming year will be for some households, with the recent cut to Universal Credit from central government coming at the same time as rapidly rising inflation, and astronomic increases in energy costs facing many families in April.

We know the Council will need to make sure financial support is there for those facing hardship in the coming year, which is why we are so determined to maintain our support for children on free school meals into the coming year.

We will also be extending the time during which families can apply for support beyond the winter, with the winter support grant process being continued throughout the coming financial year.

While we are inevitably having to focus on the short-term issues of ensuring the council is financially viable, and on COVID-19 support and recovery, we are also deeply aware that the climate crisis is the biggest long-term threat and that action on this is also urgently needed.

The new "Just Transition fund" will provide funding through local committees to bring communities and partners together from across Cambridgeshire to find the best ways for each community to tackle the impact of climate change, along with longer term goals of addressing inequalities in health, education, and opportunity across Cambridgeshire. We are hugely proud of our ambitious programme in this area and looking forward to working with parish councils and voluntary sector organisations to cut carbon emissions, improve biodiversity and reduce inequality.

These are tough times for local councils as well as for many families. The demand on our services is huge, and with staffing a major issue across the whole of local government we finish with another thank you to all the council staff who have responded incredibly to the challenges of the past year. With COVID-19 still causing huge problems, and the need to manage "business as usual" alongside vaccination programmes and support for those isolating, staff across the County Council have been amazing in responding with imagination and flexibility to keep residents safe. I profoundly hope the coming year will be a little less demanding, and that we can all see a gradual return to something closer to normality. In the meantime, thank you all, for everything you do.

Add in signatures

Cllr Lucy Nethsingha Cllr Elisa Meschini Cllr Tom Sanderson

## Background

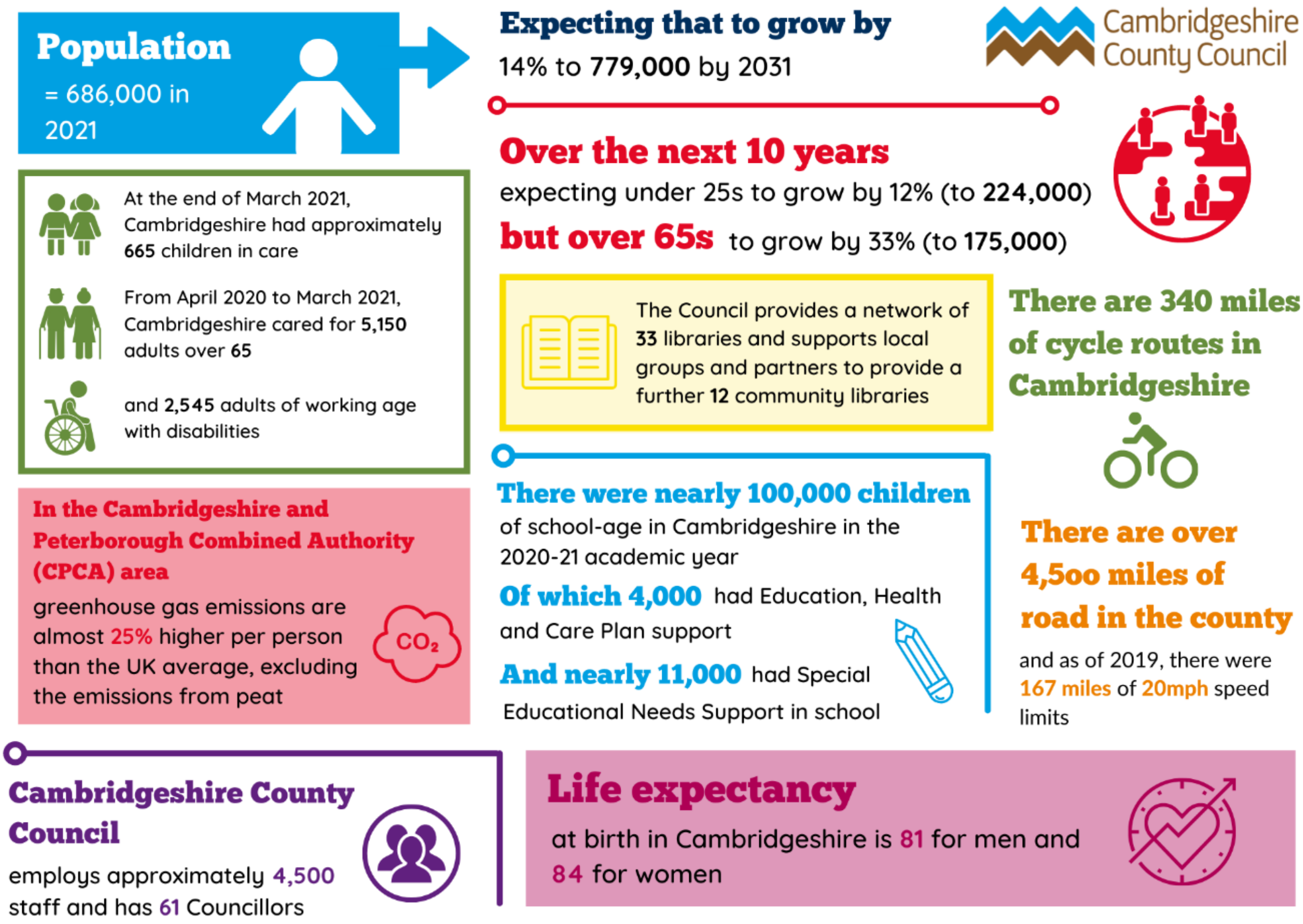
In May 2021 our County Council's Joint Administration published an agreement setting out their priorities for Cambridgeshire. They included targets for COVID-19 recovery, healthy living, combating poverty and tackling the climate emergency. It also signalled a commitment to forming strong and positive partnerships in the areas of public health, support for business, public transport, and building affordable, sustainable homes. An action plan was created for the interim period of nine months. Some progress already made against this actions plan includes:

- Food vouchers provided for eligible children who receive free school meals during October half term as well as holiday food vouchers and other household support through the recently launched Household Support Fund.
- The 'real living wage' paid to all council staff identified as not reaching this level
- The Climate Change and Environment Strategy has been refreshed bringing forward the net-zero climate change and environmental targets towards 2030,
- Focussed on an integrated approach to support Children and Young People's Mental Health.
- Established and delivered a co-chaired Young Carers County Wide Steering group, Youth Advisory Board, and a range of training.
- Diversity & Inclusion training delivered to Safeguarding Partnership Board members.

This Strategic Framework reflects the change to the Council's direction and priorities whilst ensuring that the delivery of core services is maintained. It builds on the Joint Agreement action plan and develops this into five Strategic Priorities detailed below, which reflect the change to the Council's direction and priorities whilst ensuring that the delivery of core council services is maintained, particularly at this crucial time as we recover from COVID-19 and address the inequalities this has created or made worse. We are also facing more complex social and environmental challenges; therefore, we need to adapt our approach and solutions.

In this changing environment it is important that we have a clear strategic approach which enables us to flex and adapt to the situation and works in collaboration across the public sector, our communities and our partners.

## Cambridgeshire and its people



## Strategic Framework

The Strategic Framework for this administration period is being developed as a two-phase approach; the first phase is a one-year short-term tactical approach to balance the 2022-23 budget and reflects that the Local Government Finance Settlement figure for 2022-23 was only a one-year budget settlement.

The second phase, 2023-2025, will take a longer-term, more visionary, and strategic approach.  It will build upon the foundations of the first years change of direction and priorities for the Council such as social and environmental value and working more strategically with our public sector partners. We will do this whilst continuing to be responsible and sensitive in the decisions that we make so as not to disrupt the balance of our core statutory and regulatory services such as adult and children’s social care and our road network.

The Department for Levelling Up, Housing and Communities (DLUHC) has launched a consultation and will be working with Local Government during 2022-23 to determine how to distribute funding for 2023-24 onwards and we will continue to lobby government for a fairer share of funding for Cambridgeshire.

This Strategic Framework sets the tone and direction that will enable our delivery of the strategy and our policy setting to achieve the Council’s vision of a creating a greener, fairer, and more caring Cambridgeshire. This will be reflected in key policies and strategies that enables us to prioritise and make decisions, including investments, using financial, environmental, and social criterion.

The Strategic Framework, of which the Business Plan forms a central part, comprises the following elements:

- A **Strategic Vision**, describing the Council’s long-term vision for Cambridgeshire
- A set of **Corporate Priorities** which drive our work to achieve the vision
- The Council’s **Business Plan** which describes how we will allocate resources to deliver these outcomes within the resources we have

- A set of **strategies**, partnership agreement and action plans to deliver these outcomes within the resources (not included within this document)
- **Service plans** which describe how each of our directorates work to deliver our Business Plan objectives and any transformational change
- The **Performance Management Framework** which underpins our performance management and allows us to track progress

## Strategic Vision

Our councillors and staff across Cambridgeshire are committed to:

**Creating a greener, fairer and more caring Cambridgeshire**

## Corporate Priorities

Our five Corporate Priorities are our key areas of focus which drive and direct the council to achieve its vision:

### 1. Environment and Sustainability

**We are committed to tackling climate change and sustainability, so we will:**

- Take proactive measures in moving forward the net zero target for Cambridgeshire County Council towards 2030
- Promote biodiversity in Cambridgeshire and increase our county's natural capital
- Ensure all spending and investment decisions consider net zero to reduce carbon emissions, and environmental criteria have equal weight to social and financial criteria in all our contracting

- Work with partners to respond to changes in Government strategy around waste, promote a circular economy and more sustainable waste management practices
- Build climate resilience into our service delivery and infrastructure

## 2. Health and Care

**We are committed to ensuring people in Cambridgeshire enjoy healthy, safe and independent lives, so we will:**

- Move towards delivering care at neighbourhood level, empowering people and communities using different models of delivery including more in-house provision, based on the concept of 'Care Together'
- Work with partners to establish the Integrated Care System to provide more seamless services to users, ensuring local democratic accountability, focusing on prevention and early help, to enable children and young people to have the best start in life and people to live healthy lives independently for longer
- Drive up the quality and dignity of care work and care services to be regarded as a profession, integrating the Council's social value approach
- Improve outcomes and combat health inequalities based on population health management across the county including leading the 'health in all policies' approach across the authority
- Work with partners to develop and deliver a system wide Health and Wellbeing Board Strategy to improve the health and wellbeing of local communities.

## 3. Places and Communities

**We are committed to ensuring Communities are inclusive, creative and equitable so we will:**

- Establish local area committees to enable decision making in the community which is as close to the people they affect as possible
- Deliver practical, localised and evidence-led actions that improve social mobility, reduce poverty and address inequalities
- Establish the principles and practice of Community Wealth Building to enable the economic system to build wealth and prosperity for everyone
- Enable communities to work creatively and collaboratively to address their local needs
- Creating 'Places' that support communities to live low carbon, resource efficient lifestyles

## 4. Children and Young People

**We are committed to ensuring Children and young people have the opportunity to thrive, so we will:**

- Focus on the early years of a child's life to provide them with the best opportunities possible to give them the Best Start in Life
- Develop the Children's Collaborative as part of the Integrated Care System in order to better align health, early help and social care support, to improve outcomes in areas including mental health and child criminal exploitation
- Work across the partnership including health, district councils, the community and voluntary sector to deliver targeted support at neighbourhood and district level in line with our Strong Families, Strong Communities partnership early help strategy
- Continue the Family Safeguarding approach in our children's social care services, so that children and young people are safeguarded from harm

- Support our children and young people in care to achieve the best possible outcomes and ensure that our care leavers are able to access the support they need as they move into adult life
- Ensure that our schools have the support they need in order that all of our children, including those with Special Educational Needs succeed in learning.

## 5. Transport

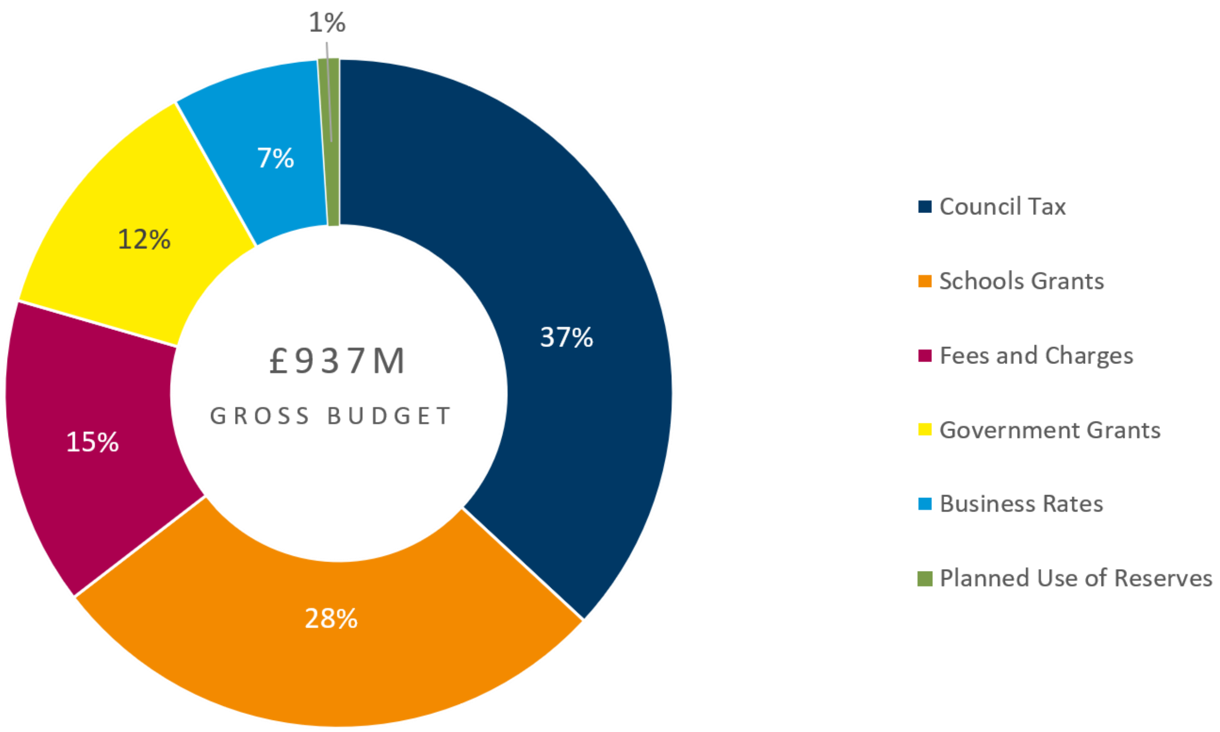
**We are committed to enabling safer and sustainable travel around the county, so we will:**

- Investing more in road, footway and cycleway maintenance as well as routine gully clearance
- Undertake consultation with communities openly and transparently on highways projects that affect them
- Encourage more residents to make use of active and sustainable travel options
- Support infrastructure development and securing safe routes and connections for pedestrians and cyclists
- Work in partnership with local communities to make the option of 20MPH zones more widely available, and easier to obtain

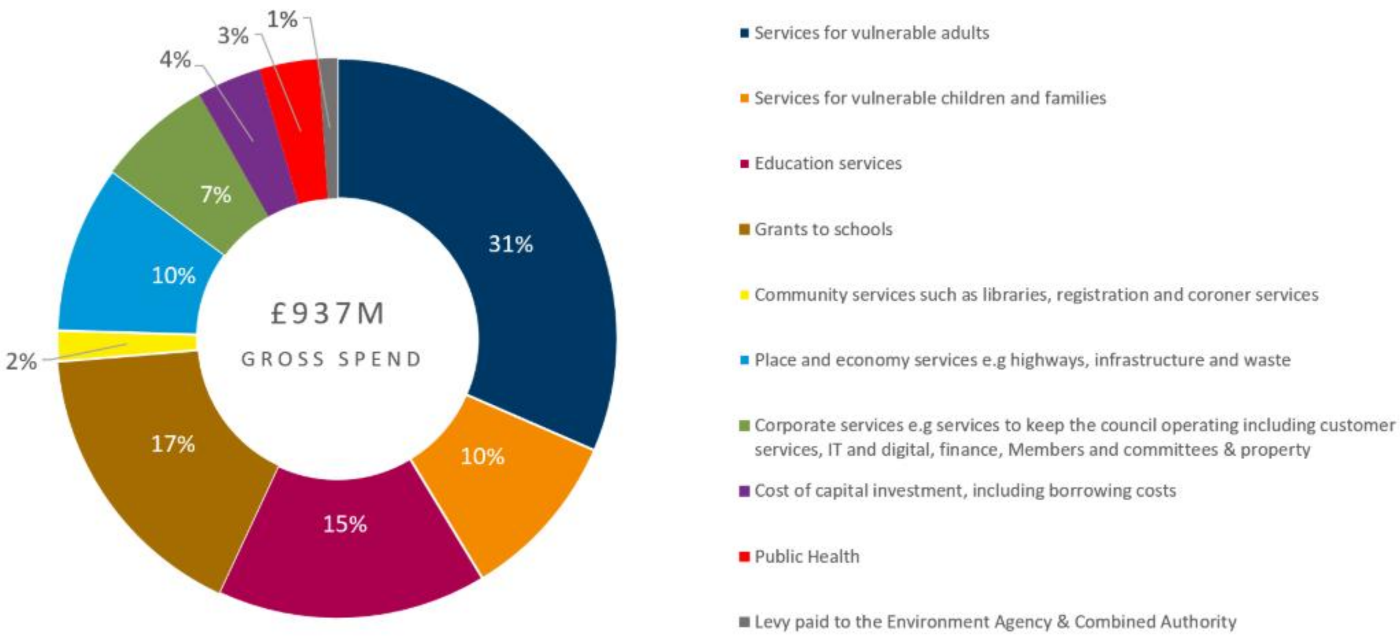
# Business Plan

Our annual Business Plan describes how we use our resources to achieve the priorities of the Council. The graphs below show how the 2022-23 budget is made up and where we will be spending it:

WHERE THE COUNCIL'S BUDGET COMES FROM



WHERE THE COUNCIL'S BUDGET IS SPENT




# Performance Framework

Performance management is a tool that allows us to measure whether we are on track to achieve our corporate priorities. If we are off-track, we change our activities to improve service delivery, value for money and the outcomes people experience. The Performance Framework will further develop alongside the second phase of the Strategic Framework.

# Developing the 2023-2025 Corporate Strategy

This 2023-2025 framework, our second phase, will build on the foundations created in the 2022-2023 Strategic Framework, our first phase. Recognising the complex environment and challenges we face we must therefore expand our use of relevant social, economic and environmental information and evidence and our strategic partnerships to further shape our delivery of our longer-term priorities. This approach will enable us to focus our local resources to the most relevant and impactful issues. This work will need to be guided by some values for how we work internally, with communities and across the wider public service system; these could include:

- The economic view. Understanding Cambridgeshire's unique economy and its success, the link with the household and individuals economic positions and potential, and the influence public and private organisations have.
- Nurture human nature and enable their voice. We should reflect long-term human wellbeing and ecological stability in all decision making. We will promote diversity, participation, creativity and collaboration across all areas of our business, strengthen community networks and work with a spirit of high trust.
- Thinking in systems. The ambitions we have will require us to think differently about how we work. We recognise that we are part of a complex system and we will aim for effective, transparent and inclusive democratic processes at all levels, recognising areas for control, for stewardship, for influence and participation.
- Reducing inequalities. We recognise that inequity exists in Cambridgeshire, whether wealth, health, education, life expectancy or access to opportunities, and so we need to purposefully address these inequalities to shift to a more balanced and fair local area. We will work in the spirit of open design and share the opportunity that is created with all those who co-created it.
- Climate and environment. We will ensure our decisions enable us to reduce the impact of climate change and achieve Net Zero. We will focus on being regenerative – bringing back the nature that's been lost to our region. We will act as a sharer, repairer, innovator, regenerator and a steward to the natural resources within our County, through circular economies and more.
- We will also take the opportunity to work in partnerships across the public, private and voluntary sectors and with communities to develop and implement solutions.  This will further embed a new way of thinking across the Council, understand the connections of our organisations, our lives and the decisions we make across a broad set of priorities.

Our next steps are:

- To continue to build this social foundational approach in our organisation
- Analyse and design measurable, achievable and specific targets
- Further develop this approach by working with our partners, communities and stakeholders to recognise our values and complementary delivery of our local priorities, where appropriate
- Our five Corporate Priorities will be reviewed in line with our supporting principles, the above proposed values and reflecting the current climate including the results of the DLUHC financial settlement consultation and the COVID-19 pandemic.

Appendix B

# Performance Management Framework

## 2022-2023

cambridgeshire.gov.uk

# Contents

# Introduction

Performance management is central to delivering our vision:

**Creating a greener, fairer and more caring Cambridgeshire**

Effective performance management comes from a clear idea of where we want to get to, what impact we want to have and how we will do that. For the Council, this starts with our Strategic Framework and Business Plan.

Public services in Cambridgeshire are facing a range of challenges. Performance management helps us make informed choices about how to respond. We review our progress against our corporate priorities:

1. Environment and Sustainability: We are committed to tackling climate change and sustainability
2. Health and Care: We are committed to ensuring people in Cambridgeshire enjoy healthy, safe and independent lives
3. Places and Communities: We are committed to ensuring Communities are inclusive, creative and equitable
4. Children and Young People: We are committed to ensuring children and young people have the opportunity to thrive
5. Transport: We are committed to enabling safer and sustainable travel around the county

This Performance Management Framework sets out how we manage the performance of the Council. The framework ensures that there is a consistent, streamlined and joined-up approach to performance across the Council. It sets out:

- the purpose and scope of performance management
- how our culture underpins our performance management
- the elements that make up our performance management system

- the roles of our Councillors, our employees, and citizens
- our Strategic Key Performance Indicators
- the procedure for adding and removing KPIs
- a KPIs quality standards checklist

## Purpose of performance management

Performance management is a tool that allows us to measure whether we are on track to achieve our corporate priorities. If we are off-track, we change our activities to improve service delivery, value for money and the outcomes people experience. Effective performance management enables diagnosis and interaction. It requires an effective performance management system and a strong performance management culture.

We are open and transparent about our services. We communicate our progress to everyone who has an interest in it. This includes citizens, funders, regulators, Councillors and officers. In addition, we have a statutory responsibility to report to our funders and regulators.

Many stakeholders have roles to play to ensure we are managing our performance. Our staff check their progress to see where their work contributes to the vision for Cambridgeshire. This is sometimes called the 'golden thread' which links our strategic planning and our service delivery.

Our employees, teams and senior leaders all check and report performance:

- Strategic performance management is part of good governance. It involves our Councillors and senior managers considering data and information. They assess whether we are achieving our priorities and take action to improve performance where needed.

- Operational performance management works on a day-to-day level. It enables our teams to assess the effectiveness and efficiency of our services and operations. This then helps us make informed decisions about actions to take.

- Individual performance management ensures we do the things that make the biggest impact for our citizens. Our people work towards corporate, team and individual outcomes.

# Our approach to performance management

## Holistic, continuous and quality assured

Organisational performance has many dimensions. We take a holistic approach to performance, looking at our impact on society, our citizens, our customers and our people. We know that, to achieve the best impact, we need the right leadership, strategy, planning, people, partnerships, resources and processes. We think of these as our enablers. We examine the cause-and-effect relationships between our enablers and our impact. This is the foundation from which we learn and innovate.

Performance management is a continuous cycle. We collect, analyse and interpret information. We create insights and make judgements to understand the links between cause and effect. Based on this understanding, we take decisions and act on our decisions. Then we collect further data to learn and review.


To be effective, our performance management system must meet quality standards:

- Accessible: our stakeholders can access and understand our performance information.
- Joined Up: our performance information presents the big picture.

- Accountable: we provide relevant information to the right people at the right time.
- Flexible: our performance management system can adapt to a changing environment.
- Value for Money: the cost of our performance management system is proportional to its benefit.

## A strong performance management culture

Much of this document focuses on the systems we have developed to help us manage performance. No less important in driving improvement is the culture that underpins our organisation.

Our culture has performance and continuous improvement at its core. Our four values are central to our culture, driving everything we do. Our employees embody these values to help us all work towards a common purpose.

Excellent performance management demonstrates our values by:

- using our resources wisely to deliver on our priorities to the community (demonstrating our value 'Lives Over Services').
- encouraging open, honest and inclusive debate (demonstrating our value 'Collaborative').
- positively challenging why we do things the way we do based on data and evidence (demonstrating our value 'Creative and Aspirational').
- being open and transparent about our outcomes – good and bad (demonstrating our value 'Accountable').

We ensure that our people have the right skills, capabilities and behaviours that enable them to deliver in their role. Our leaders are confident to focus on performance. They create the environments that enable our people to be accountable. Our employees review the services they provide to citizens. They suggest better ways to deliver individual, team and corporate outcomes. Everyone involved in performance management needs data literacy. We are developing training to support our people to engage with data.

We launched a new approach to individual performance management in 2021. Regular and meaningful discussions are at the heart of our approach. All employees meet with their managers to give and receive feedback on performance. The conversations focus on the benefit we are seeking to achieve from service delivery. Our new approach separates out performance related pay discussions from regular conversations. We base pay progression on employees' outcomes and behaviours.

## An effective performance management system

Our performance management system comprises roles and responsibilities, a business planning cycle, measurements, communication, reporting and quality assurance.

### Roles and responsibilities

Our Strategy and Resources Committee has a central role in our performance management. This committee:

- defines our corporate priorities
- oversees our performance management framework, and
- selects and monitors strategic measures.

Our Policy and Service Committees track the progress of the services they oversee quarterly.

Our management teams monitor performance more frequently. Performance is reviewed at individual, team, service, directorate and Joint Management Team levels. The frequency of consideration of reports and the KPIs that are reported on are dependent on what the management team has responsibility for. Service management teams review more operational indicators more frequently than JMT, which reviews strategic indicators quarterly.

Our Business Intelligence team supports the implementation of all stages of the data to decisions cycle.

The roles and responsibilities of the stakeholders involved in our performance management are set out in Appendix 1.

## Business planning cycle

The Council produces a Strategic Framework each year.  This is a set of documents that includes the following elements:

- A **Strategic Vision**, describing the Council's long-term vision for Cambridgeshire
- A set of **Corporate Priorities** which drive our work to achieve the vision
- The Council's **Business Plan** which describes how we will allocate resources to deliver these outcomes within the resources we have
- A set of **strategies**, partnership agreement and action plans to deliver these outcomes within the resources
- **Service plans** which describe how each of our directorates work to deliver our business plan objectives and any transformational change
- This **Performance Management Framework** which underpins our performance management and allows us to track progress

## Useful measurements

We collect data from several sources, including:

- business systems used in case management
- data that our contractors provide to us
- information about our performance provided by regulators and funders, for example Ofsted and the Care Quality Commission
- surveys of service users or residents

We sort the data into measures called Key Performance Indicators (KPIs). To be useful, our measures need to be relevant, reliable, clear, fit for use and balanced.

We ensure that our measures are relevant by adding and removing them in response to changes to our corporate priorities, strategies and operating models. To ensure correct oversight, relevant Service and Policy Committees approve changes to our KPIs and a formal procedure is followed. This is described in Appendix 3.

We use quality assurance to ensure that our measurements and calculation of indicators are accurate and based on reliable data sources. Our checklist of quality standards is described in Appendix 4.

We present clear performance measures. We collect, sort, analyse and interpret data to produce meaningful information. We seek an optimal number and mix of measurements to support our decision making. Our measures are fit for use by all our stakeholders.

Performance reports may be produced in different templates or on different platforms. Some static reports are produced in Excel. We use Power BI for interactive and dynamic visualisation of information by an individual user. This platform also allows for high frequency updates of reports and data. For example, our Adults and Children's Services dashboards for operational management are updated every day.

Sometimes we use targets, so that we can see when we are off track. But we recognise that there are risks to using targets in the wrong way and take measures to ensure our targets are not causing bias. Not all indicators have targets. This may be because they are being developed or the indicator is being monitored for context. If we are not meeting our targets, we take action to get us back on track.

We ensure there is the right blend of financial and non-financial, and leading and lagging indicators. Lagging indicators measure whether we have reached our goals. Leading indicators help us understand whether we are delivering the activities that will lead to our goals. This helps us work out how confident to be about whether we will achieve them.

Having a comparison available is very useful in interpreting performance indicators. We often use indicators that have a standardised definition for councils across the country. This enables comparison to:

- other similar areas (called 'statistical neighbours')

- similar authority types (other shire counties)
- similar geographies (comparisons with other areas in the East of England)
- national averages in England or UK.

## Transparent communication

We commit to being accountable to our citizens. We publish our performance information on public websites and social media, so that people can review our performance.

- Visit the Council section of our website to read our business plan and performance reports. Performance reports are provided to Committees which are published and discussed publicly. These are available on the Council's 'Agenda and Minutes' pages.

- LG inform is the local area benchmarking tool from the Local Government Association. All English councils submit statutory data returns to the Government. This website draws together the data and statistics. This allows comparisons and benchmarking by region, county or district.

- Cambridgeshire Insight is a shared knowledge base for Cambridgeshire and Peterborough. It enables users to access and share information and research for deeper insights about their local area.

- We share information about our performance via social media. This includes our corporate Twitter feed and Facebook page. Councillors also share information on their own social media accounts.

## Reporting

Our Policy and Service committees receive and consider performance reports quarterly. Reports contain information about each measure including:

- Current and previous performance and the projected linear trend.
- Current and previous targets.
- Red / Amber / Green / Blue (RAGB) status.
- Direction for improvement, showing whether an increase or decrease is good.
- Change in performance, showing whether performance is improving or deteriorating.
- The performance of our statistical neighbours.
- Indicator description.
- Commentary on the indicator. The commentary adds qualitative information about the service or circumstances the indicator measures. If the indicator is off target, it explains what action is being taken to return to target.

Our Committee meetings are open to the public. We record and publish them on our YouTube channel.

We report on some aspects of educational achievement and social care to Ofsted and the Care Quality Commission (CQC).

We use dashboards to support operational performance management. We are exploring how dashboards could help our citizens and councillors understand our performance information.

## Framework quality assurance

Our Joint Management Team and Strategy and Resources Committee review this framework annually, and our Internal Audit team audits this framework periodically. Business Intelligence officers edit and communicate revisions of the framework in response to Audit, Councillor and Director recommendations.

# Appendix 1: Roles and responsibilities

| | |
|---|---|
| All Councillors (Full Council) | • Set corporate priorities and outcomes at annual budget setting meeting of Full Council.<br>• Contribute to the formation and challenge of policies, budget, strategies and service delivery |
| Strategy and Resources Committee | • Defines corporate priorities and outcomes<br>• Oversees performance management culture and system<br>• Selects and approves addition and removal of strategic KPIs<br>• Reviews and approves Performance Management Framework annually.<br>• Tracks progress against corporate priorities quarterly using strategic KPIs<br>• Considers whether performance is at an acceptable level<br>• Seeks to understand the reasons behind the level of performance<br>• Identifies remedial action |
| Chairs and Vice Chairs Strategic Forum | • Drives corporate priorities and outcomes<br>• Monitors progress fortnightly |
| Policy and Service Committees | • Set outcomes and strategy in the areas they oversee<br>• Select and approve addition and removal of KPIs for the committee performance report<br>• Track progress quarterly<br>• Consider whether performance is at an acceptable level<br>• Seek to understand the reasons behind the level of performance<br>• Identify remedial action |

| | |
|---|---|
| Joint Management Team (JMT) | • Responsible for delivering our corporate priorities.<br>• Tracks achievement of corporate priorities, focussing on Strategic KPIs<br>• Monitors and manages performance<br>• Challenges slippage<br>• Agrees actions to overcome problems and changes to timescales |
| Directorate Management Teams | • Manage performance of their Service as appropriate according to risk and priority<br>• Translate corporate priorities into team outcomes, strategies and action plans<br>• Develop milestones, targets and responsibilities<br>• Ensure staff have the right training and tools<br>• Link team performance to individual performance<br>• Extract and process information from data systems and other sources<br>• Quality assure data and KPIs produced by Directorate Management Teams and external contractors<br>• Ensure that Information Asset Registers are complete and up-to-date<br>• Track progress against service plans<br>• Assess and communicate the impact of services<br>• Analyse and investigate issues, to understand them and identify appropriate remedial action<br>• Report performance to Committees |
| Audit Team | • Audits Performance Management Framework and KPI Suite annually.<br>• Undertakes sample tests of KPIs |

| | |
|---|---|
| Business Intelligence Team | • Edits and communicates revisions of the framework and KPI Suite<br>• Maintains register of KPIs<br>• Extracts and processes information from data systems and other sources<br>• Quality assures data and KPIs produced by Business Intelligence Team<br>• Supports Directorate Management Teams to produce performance reports for Committee, including technical commentary on suitable indicators and interpretation of trends<br>• Extracts and analyses data in response to performance issues and investigations |
| All employees | • Identify actions required to achieve priorities and objectives<br>• Identify measures and set targets for achievement of desired outcomes<br>• Identify risks to achieving good performance and manage them<br>• Record data using business systems |

# Appendix 2: Strategic Key Performance Indicators

We are developing between a manageable number of strategic KPIs to help us quantify our corporate priorities and measure progress. The following is a list of possible indicators, which we will refine in January-March 2022.

| | **Strategic KPI** | **Mapping to Corporate Priority** | **Rationale** | **Comments / data source** |
|---|---|---|---|---|
| 1. | Council's total carbon footprint, scopes 1, 2 and 3 (tonnes CO2e per year) | Environment and Sustainability | Emissions from Council's own operations | Baseline and net zero projection scenarios.<br><br>Follows UK Government guidance applied to our own data.<br><br>Reported annually |
| 2. | Cambridgeshire county-wide carbon footprint (tonnes CO2 per year) | Environment and Sustainability | All greenhouse gas emissions that occur – includes commercial and industrial, domestic, transport, land use change, agriculture and forestry. | National data, for local authority level.<br><br>Reported annually |
| 3. | Measurement of biodiversity net gain (TBC) | Environment and Sustainability | | Data source, target and indicator detail TBC<br><br>Will need to align with national measurements. |
| 4. | Natural capital | Environment and Sustainability | | To be developed, will draw on data from multiple sources |
| 5. | Healthy life expectancy at birth | Health and Care | Aligns to 10 year vision for Health and Wellbeing Strategy | Public Health England Fingertips |
| 6. | Premature mortality | Heath and Care | Aligns to 10 year vision for Health and Wellbeing Strategy | Public Health England Fingertips |

| | Strategic KPI | Mapping to Corporate Priority | Rationale | Comments / data source |
|---|---|---|---|---|
| 7. | Social care related quality of life | Health and Care | Uses an annual survey to aggregate quality of life amongst long term care package service users. National comparator (ASCOF) | Annual Service User Survey |
| 8. | Carer quality of life | Health and Care | Uses a bi-annual survey to assess quality of life amongst carers. National comparator (ASCOF) | Bi-annual Carer's Survey |
| 9. | Permanent admissions to care homes (18-64 and 65+) | Health and Care | Measures impact of preventative measures to keep people living independently. National comparator (ASCOF) | Local activity data |
| 10. | People who use services and feel safe | Health and Care | Measures whether vulnerable people supported by social care feel safe | Annual Service User Survey |
| 11. | Annual Survey of Hours and Earnings (ASHE) broken down by gender and with comparisons to region and England | Places and Communities | Allows for local geographical comparison and gender inequalities split | Annual salary survey – available April.<br><br>Cambs Insight |
| 12. | Percentage of people who feel that they have influenced local decision making | Places and Communities | Indicates achievement of priority to shift decisions as close to the places and communities they affect as possible | Requires new bespoke annual survey<br><br>Precise wording TBC |
| 13. | Number of Universal Credit claimants | Places and Communities | Can be broken down by in/out of work | Regular local data source with lag of 3-4 months |

| | Strategic KPI | Mapping to Corporate Priority | Rationale | Comments / data source |
|---|---|---|---|---|
| 14. | Community Wealth Building measure | Places and Communities | Various measures are available, consultation needed to select best measure | To be developed |
| 15. | School readiness at EYFS | Children and Young People | National indicator In the Best Start In Life Outcomes Framework | DfE / Education statistics |
| 16. | Number of children with a Child Protection Plan per 10,000 population (aged 0-17) | Children and Young People | National indicator, time series, in the Stronger Families Outcomes Framework | Local activity data and national comparator |
| 17. | KS2 educational attainment | Children and Young People | National indicator | DfE / Education statistics |
| 18. | KS4 educational attainment | Children and Young People | National indicator | DfE / Education statistics |
| 19. | KS4 SEND educational attainment | Children and Young People | National indicator | DfE / Education statistics |
| 20. | Proportion of road in need of maintenance | Transport | Indicator measurement linking to the improvement of assets.<br><br>This is a headline indicator returned to the Department for Transport in understanding the condition of the road network. | Non-motorised routes measurement to be developed.<br><br>To be developed in line with national comparator indicators. |

| | Strategic KPI | Mapping to Corporate Priority | Rationale | Comments / data source |
|---|---|---|---|---|
| 21. | Number of people killed or seriously injured on the roads | Transport | Supports monitoring against the Cambridgeshire and Peterborough Vision Zero target. | Annual measurement.<br><br>Nationally defined KPI, will need to align with national measurements.<br><br>Targets and trajectory to net zero target to be included.<br><br>Non-motorised routes measurement to be developed in line with national comparator indicators. |
| 22. | Modes of transport measurements tbc to include cycling, bus and car use | Transport | Variety of transport modes to be monitored to measure any increases against potential displacement or decreases. | Develop options from national and locally collected survey data.<br><br>Annually reported.<br><br>To be developed in line with national comparator indicators. |

# Appendix 3: Procedure for adding and removing KPIs

| Stage | Actions |
| --- | --- |
| Trigger | • Member or Director proposes addition or removal of KPI in response to change in delivery model, policy, strategy, priorities or outcomes |
| Scope | • Officer identifies committee and directorate proposal relates to<br>• Officer provides status report for existing KPIs related to committee |
| Draft | • Officer drafts KPI including description of mapping to priority/strategy, rationale and data source<br>• Officer checks draft KPI against KPIs Quality Standards Checklist |
| Plan | • Director of identified directorate decides who should be consulted<br>• Officer organizes consultation with relevant stakeholders as recommended |
| Consult | • Director leads and officers facilitate stakeholder consultation<br>• Officer checks KPI against quality standards checklist |
| Report | • Consultation produces recommendations for addition/removal of KPIs<br>• Equality and Diversity Impact Assessment ensures we take account of needs and impacts of proposal in relation to people with protected characteristics |
| Approve | • Relevant Committee approves or rejects recommendations to add or remove Key Performance Indicator(s) |
| Adopt | • If approved, changes to KPI Suite are adopted and reported to Committee in next available reporting period<br>• Business Intelligence team updates register of Key Performance Indicators |

# Appendix 4: KPIs quality standards checklist

KPIs are produced by the Business Intelligence Team, Services teams and external contractors. This checklist is used for assuring the quality of our KPIs.

**KPIs**

- Does the KPI measure a relevant priority, strategy or outcome?
- Is there a comparator?
- Are the calculations used to produce the KPI accurate?

**Data**

- Is the data included in the relevant information asset register?
- Is the data source reliable?
- Is the data sufficiently recent?
- Is a time series available if needed?

**KPI Suite**

- Is the KPI suite balanced? (leading/lagging, financial/non-financial)
- Does the KPI suite have an optimal number of KPIs to be fit for use?

**Presentation**

- Is the best template and platform being used, to provide clear and meaningful information for stakeholders?
- Should a target be used?
- If used, is the target appropropriate and not likely to cause bias?

Agenda Item No: 8

# Business Planning Proposals for 2022-27: Current position

| | |
|---|---|
| To: | Strategy and Resources Committee |
| Meeting Date: | 27 January 2022 |
| From: | Amanda Askham, Interim Chief Executive<br>Tom Kelly, Chief Finance Officer |
| Electoral division(s): | All |
| Key decision: | No |
| Forward Plan ref: | Not applicable |
| Outcome: | The committee is asked to consider an overview of the key issues contained within the Business Plan prior to formal recommendation by S&R for Council decision in February. |

Recommendation: It is recommended that the Committee:

1. Considers the Business Plan, including supporting budget, business cases, consultation responses and other material, in light of all the planning activities undertaken to date.

2. Agrees the proposed approach to balancing the budget in 2022-23 set out in section 3.

3. Reviews the following recommendations to Council:

a) Approve the Service/Directorate budget allocations as set out in each Service/Directorate table in Section 3 of the Business Plan.

b) Approve a total county budget requirement in respect of general expenses applicable to the whole County area of £922,004,000, including a levy of £9,684,976 payable to the Cambridgeshire and Peterborough Combined Authority for the delivery of Transport Services and a levy of £433,000 payable to the Environment Agency for flood and coastal services.

c) Approve a recommended County Precept for Council Tax from District Councils of £346,853,825.13 (to be received in equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995).

d) Approve a Council Tax increase for each Band of property, based on the number of “Band D” equivalent properties notified to the County Council by the Districts (235,800.2), reflecting a 3% ASC precept increase and a 1.99% increase in Basic Council Tax Precept:

| Band | Ratio | Amount |
|---|---|---|
| A | 6/9 | £979.74 |
| B | 7/9 | £1,143.03 |
| C | 8/9 | £1,306.32 |
| **D** | **9/9** | **£1,469.61** |
| E | 11/9 | £1,796.19 |
| F | 13/9 | £2,122.77 |
| G | 15/9 | £2,449.35 |
| H | 18/9 | £2,939.22 |

e) Approve the Capital Strategy as set out in Section 6 of the Business Plan including:

- Commitments from schemes already approved;
- Expenditure on new schemes in 2022-23 shown in summary in Section 2, Table 8.2 of the Business Plan.

f) Approve the Treasury Management Strategy as set out in Section 7 of the Business Plan, including:

i. The Council’s policy on the making of the Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008.

ii. The Affordable Borrowing Limit for 2022-23 (as required by the Local Government Act 2003).

iii. The Investment Strategy for 2022-23 and the Prudential Indicators as set out in Appendix 3 of Section 7 of the Business Plan.

4. Authorise the Chief Finance Officer, in consultation with the Leader & Deputy Leader of the Council, to make technical revisions to the Business Plan, including the foregoing recommendations to the County Council, so as to take into account any changes deemed appropriate. This includes updated information on District Council Tax Base and Collection Funds, Business Rates forecasts and Collection Funds, capital receipts and prudential borrowing, and updated grant values from awarding bodies

Officer contact:

| | |
|---|---|
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# 1. Background and context for business planning

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

1.2 This paper builds on the information which has been provided to this Committee during November and December and sets out the latest financial position for the period 2022-27 together with potential decisions Members could take in order to set a balanced budget in February.

1.3 The financial situation, detailed in previous Committee papers remains challenging. COVID-19 has resulted in increased costs for our supply chain, an increase in the complexity of needs for those we support, and the Council continues to be disadvantaged by an unfair central government funding distribution. The recent announcement that fairer funding may be implemented in 2023/24 is welcome, however it continues to leave Cambridgeshire at a disadvantage for at least another financial year. Despite this, we continue to strive to support our citizens to ensure Cambridgeshire is a place we are all proud to call home. The Council continues to take a central role in coordinating the response of public services to respond to the complex public health situation, impact on vulnerable people, education of our children and young people and economic consequences. We are in the middle of the winter pressures of a new variant coupled with other seasonal illnesses impacting hospital capacity, alongside delivery of an accelerated vaccine booster programme. We are already seeing the impacts of the pandemic on our vulnerable groups as well as those who have become vulnerable as a result of health or economic impact of the pandemic.

1.4 Longer term there will be significant increases and changes in the pattern of demand for our services alongside the economic aftereffects. In this proposed business plan, there are COVID-19 impacts across demand for services, pricing and supplier changes, and impacts on funding and income. Emerging work is shifting the Council's decision-making framework to prioritise sustainable development for our county, whereby our citizens' social foundations are strengthened in the context of pandemic recovery and ongoing ecological emergency.

1.5 With changes in local and national policy coinciding with hopes for a stabilisation of the public health response to the pandemic, in section 2 of this report we summarise the Council's revised strategic framework including the five corporate priorities.

1.6 As part of the December Committees, a number of assumptions and risks to the presented business planning figures were highlighted. The Council must make its best estimate for the effect of known pressures when setting its budget and retain reserves to mitigate against unquantifiable risks. Risks which remain are as follows:

- High Needs Deficit

The Council is spending £11m more per annum on meeting costs of high needs education than it receives in funding. Additional funding and national and local reforms are urgently needed. If the Government changes the approach to deficits, the Council could have to fund the accumulated overspend, which could result in the exhaustion of unallocated reserves.

- COVID-19

As stated earlier in the report, COVID-19 remains a high risk to our budgets. The long-term impact continues to be unknown and if there are further waves of COVID-19 and additional restrictions, then services may face additional disruption resulting in additional cost pressures.

- Staff Pay Award

As mentioned in previous reports, unions have rejected the most recent offer. If staff pay award is negotiated higher than budgeted for, then costs will be higher than predicted resulting in a cost pressure. Some additional budget has been factored in following the Autumn Budget.

- Central Government funding and reforms

If Central Government brings in reforms/ changes funding, then costs to deliver services may increase/ funding received may reduce resulting in additional cost pressures.

- Uncertainty about demand for services

Predicting demand continues to be difficult due to COVID-19 and if demand projections are inaccurate due to COVID-19 or other reasons, then financial projections will be incorrect resulting in incorrect budget provision allocated for demand.

- Inflation/ interest rates

If inflation/interest rates increase by more than our economic advisors predict, then costs to deliver services and borrowing will increase, resulting in a cost pressure.

- Adult Social Care Provider Sustainability and Variation

If the ASC market continues to be unstable, there may be an increased number of provider failures or variation requests for additional funding, resulting in increased budget pressures for the service. As part of this budget additional funding is proposed to prevent this impacting on service provision.

- Children’s social care

Demand patterns within children’s services during the pandemic have fluctuated, and there is uncertainty about how much demand will spike in the short-term. There is also a national shortage of social work staff that could present a financial risk. This draft business plan assumes some growth in the cost of children’s services resulting from the above, after several years of containing cost rises.

- Funding from Partners

Budgets are based on an assumption of a certain level of funding from our partners, such as the NHS. Close monitoring is taking place to understand whether assumptions are correct.

- Implications of the Care Act part 2 reforms.

We are currently waiting for further details but implementing the Care Act could result in a number of potential financial risks to the authority e.g., proposal of a cap to contributions. The implications are being monitored closely.

1.7 The Joint Administration is committed to ensuring that it invests the limited funding available to the Council in the right functions to help create a greener, fairer and more caring Cambridgeshire. As a result, the Council will make major investments into improving outcomes for the county achieving the vision of a Just Transition. The Just Transition framework is internationally recognised and supports social, political and economic actions to tackle inequalities, improve lives for people in their local places and achieve greater environmental sustainability. The Just Transition Fund will enable a fairer, greener and more sustainable future for Cambridgeshire through a series of investments, across the term of the medium-term financial strategy. The Just Transition Fund will enable ongoing positive interventions and innovation, supported by investment cases, throughout the MTFS period. The first set of investments intended to be funded from the Just Transition Fund were brought to committees in December as investment proposals and are confirmed in this update as drawing down from that fund. Any investments already confirmed against the former transformation fund will continue to be funded from reserves, but no new transformation funding allocations will be made. The Just Transition Fund will begin with at least £14m of funding.

1.8 The areas which we are considering using this fund to invest in as part of this budget are listed in the table below. Details of these are included with the business case proposals which can be found within Section 4 of the Business Plan.

| £000 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Total |
|---|---|---|---|---|---|
| Floods prevention Investment | 75 | | | | 75 |
| Managing Climate Risk | 340 | 260 | 150 | | 750 |
| Think Communities, and Innovate & Cultivate | 1,354 | | | | 1,354 |
| Special Educational Needs & Disability Capacity increase | 325 | | | | 325 |
| Independent Living Services | 180 | | 70 | | 250 |
| Expansion of Direct Payments and Individual Service Funds | 222 | | | | 222 |
| Care Together programme expansion | 689 | 735 | 739 | 751 | 2,914 |
| Future Parks / 'Active Parks' | 40 | | | | 40 |
| Total | 3,225 | 995 | 959 | 751 | 5,390 |

1.9 As well as implementing a Just Transition Fund, this draft business plan includes significant investment into initiatives to tackle climate change. Over £50m of capital funding is allocated to schemes such as the installation of low carbon energy generation assets on park and ride sites, installation of clean energy schemes on closed landfill sites, a new solar farm and a community heat project. On top of these schemes, further capital funding of around £20m is made available to implement net zero energy buildings principles within existing capital schemes. Tackling climate change and biodiversity is at the heart of the Council's work. The Climate Change and Environment Strategy has been reviewed and an accompanying Net Zero Programme and Resourcing Plan (NZPRP) is under development for March 2022. We are committed to delivering environmental gains across the Council.

## 2. Updates to position from December Committee

2.1 At its December meeting, Strategy and Resources Committee received information about the draft business planning proposals. These have been developed in liaison with Members throughout the year using the strategic approach outlined above. The proposals were reviewed by Service Committees in December before coming forward to S&R to form part of the Business Plan. Through this process we been able to make progress towards closing the budget gap in 2022-23 through budget rebaselining, savings and additional income generation opportunities. At the same time, large additional pressures have been added because of revised inflation and demand projections, as well as government reforms such as the increase in national insurance.

2.2 The position set out to Committees in December was:

| December Committee Position | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| Unidentified Savings | 15,216 | 24,384 | 21,917 | 17,593 | 17,198 |

2.3 We have continued to review the draft budget. Updated forecasts have been received from district council colleagues around their tax bases, and some further opportunities to optimise budgets have been identified. A further significant budget pressure has become apparent, however, in Adult Social Care services. The social care market is under strain this Winter, and so several proposals to bring forward and increase fee uplifts to care providers have been drawn up. These are being considered at Adults & Health Committee in January 2021, but it is prudent to factor them into the draft budget at this stage. We will further draw down £6m of our Covid grant carry-forward to sustainably offset part of the rising demand in Learning Disability services over four years, reflecting the ongoing increased in need that has been caused by the pandemic.

2.4 The following section highlights the key developments which have occurred since the December Committees which have impacted the gap for both 2022-23 and beyond:

| £000 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|---|---|---|---|---|---|
| Gap at December Committee | 15,216 | 24,384 | 21,917 | 17,593 | 17,198 |
| ASC Market Pressures | 1,984 | 0 | 0 | 0 | 0 |
| Retention payments for ASC Staff | 427 | 223 | -79 | 18 | -71 |
| Increase in estimate for staff pay inflation to 2.5% | 664 | 692 | 728 | 766 | 804 |
| Real Living Wage - Impact on social care supply chain (reduction in economic estimate) | -399 | -1,661 | -1,364 | -202 | -205 |
| Real Living Wage - Impact on CCC Staff | 60 | 0 | 0 | 0 | 0 |
| Revised income estimates | 391 | -834 | 289 | -20 | -50 |
| Retain mileage budgets at 2021-22 levels | -378 | 0 | 0 | 0 | 0 |
| New IT System – savings and efficiencies | 0 | -293 | 0 | 0 | 0 |
| Revised estimates of savings | 245 | -96 | 25 | 335 | 0 |
| Revised estimates of miscellaneous pressures | -53 | 0 | 0 | 0 | 0 |
| Combined Authority Levy increase | 263 | 113 | 119 | 124 | 133 |
| Updated council tax base forecasts | -1,023 | -1,467 | -1,587 | -966 | 264 |
| Updated Business Rates estimates | -963 | 587 | -119 | -124 | -133 |
| Debt charges | -434 | 178 | 3,198 | -2,518 | 791 |
| Further application of Covid grant reserve – offset Learning Disability demand pressures | 0 | -1,500 | 0 | 0 | 0 |
| Pooled budget with NHS rebaselining - rephasing | 700 | -700 | 0 | 0 | 0 |
| Gap before local government finance settlement | 16,700 | 19,626 | 23,127 | 15,006 | 18,731 |

2.5 On Thursday 16 December, the provisional local government finance settlement was announced by government. This is a key part of the budget setting process as it confirms several financial allocations from government departments and the principles for setting Council Tax. Contrary to some expectations, only a one-year settlement was announced. This gives some certainty over government grant funding in 2022-23 but not beyond and does not help with setting a financial plan over the medium-term. The settlement followed the government's budget in October that added pressures into our budget through increases in National Insurance contributions and the minimum wage, and the ending of the public sector pay freeze. The headline government announcement was that Cambridgeshire's core spending power would increase by 8%, but around two thirds of this is due to the additional Council Tax that the settlement allows us to precept and that the government assumes will be utilised. The increase in spending power before additional taxation was lower than the pressures the government announced in the Autumn Budget.

2.6 The key elements of the settlement announcements were:

2.6.1 Grant-funding – a new un-ringfenced grant called the 'services grant' was announced to partially offset the pressures in the Autumn budget referred to in 3.3 above but was only confirmed for one year. An existing grant that provides funding for social care was announced to be increasing. The Improved Better Care Fund grant, which supports Adult Social Care, will receive an inflationary uplift, and the New Homes Bonus grant will be slightly lower than expected. These grant changes are summarised below:

| | Item | Additional Funding (£000) | Notes |
|---|---|---|---|
| 1 | Services Grant | 4,508 | New un-ringfenced grant. Announced for one year only. |
| 2 | Social Care Grant | 5,501 | Increase in existing grant given to cover adult and children's social care |
| 3 | Improved Better Care Fund | 446 | Increase in existing grant, to fund pressures in ASC |
| 4 | New Homes Bonus | -184 | Expected reduction in grant |
| 5 | Market Sustainability and Fair Cost of Care Fund | 1,569 | First tranche of funding for ASC reforms. Ring-fenced grant, expected to be spent on implementing care act reforms. |

2.6.2 Items 1 to 4 above are changes in grant that can be applied to cover pressures already included in the draft budget. The expenditure related to item 5 needs to be considered in light of the expected reforms to Adult Social Care, but it is estimated that at least half of it can be used to part-fund estimates for increased social care fees (£1.84m of cost in table 2.4 above) as this is a key element of the grant conditions that we have now seen. Item 1 was announced for one year only and so cannot provide long-term funding towards pressures.

2.6.3 The funding announced as part of the settlement is not sufficient to meet those additional pressures that were announced as part of the Autumn Budget in October. We estimated that this budget added £11m of pressures into our business plan through the increase in national insurance, rising minimum wage and ending of the public sector pay freeze. The additional funding announced for Adult Social Care does not address the over £10m of pressures we expect in 2022-23 from rising demand from services and inflation.

2.6.4 Council Tax - Councils will have the ability to increase general Council Tax by up to 2% without a local referendum, and that councils with adult social care responsibility would be able to levy a further 2% increase in the Adult Social Care Precept. It was also confirmed in the settlement that councils that did not use their ability to raise ASC Precept in 2021-22 to the full extent allowed (up to 2% in Cambridgeshire) would be able to carry-forward any unused portion and raise the precept by that amount in 2022-23 instead. Cambridgeshire County Council raised the ASC Precept by 1% in 2021-22, leaving a further 1% available for 2022-23. In full, therefore, the Council has the flexibility to raise Council Tax by this much in 2022-23:

| Element | Maximum allowable without referendum | Amount raised (£000) |
|---|---|---|
| General Council Tax | 1.99% | 6,564 |
| Adult Social Care Precept | 1% | 3,292 |
| Unused 2021-22 ASC Precept | 2% | 6,066 |
| Total | 4.99% | 16,462 |

2.6.5 The medium-term financial strategy already assumes that 2% of further Council Tax will be levied in 2022-23, so the net additional income that could be generated from additional taxation is £9,877k. Due to growth in the underlying tax base, increases in Council Tax generate additional income in later years of around £125k per percentage point raised.

2.6.6 The settlement did not announce any continuation to government support for free school meals during holidays, or for the household support fund.

2.6.7 CCC responded to the government’s consultation on the finance settlement, highlighting the key issue that government funding increases were significantly lower than the cost increases faced by the Council year on year due to rising demand and government policy decisions. We also responded by saying that the allocation methodologies for the new grant funding announced were disadvantaging Cambridgeshire by using needs assessments that are out of date, and by channelling funding to parts of the local government sector that were not facing the same service pressures as those with social care responsibility. We emphasised the need to ensure fair funding reforms take place as soon as possible to ensure Cambridgeshire receives a fairer funding settlement. In responding to the consultation, many of our points were reinforced by responses from sector groups such as the Society of County Treasurers, but the consultation itself is unlikely to change the outcome of the finance settlement.

2.7 There remain some uncertainties to be confirmed as part of the final stage of budget setting:

| Category | Item | Remarks |
|---|---|---|
| Revenue | Better Care Fund uplift | Based on recent experience, an increase in the BCF has been assumed. The actual uplift is yet to be confirmed by government, and when it is this is applied nationally to the amounts the Council receives from the local NHS. |

| | | |
|---|---|---|
| Revenue | Public Health Grant | A real terms uplift has been announced in general terms but without specific allocations. These are expected to be announced in January 2022 but may come with new burdens. |
| Revenue | Local Taxation | Taxbase forecasts will be updated by district council colleagues in January and may be different to those currently assumed. There may also be a substantial variation on the collection funds, though we retain a reserve to offset small fluctuations on collection funds. |
| Revenue | Cost of capital / debt | We will continue to update projections around the cost of borrowing to finance our capital programme in January. |
| Capital | Roads Fund / Potholes | We are awaiting local authority level allocations of the next stage of investment in roads and potholes. Council funding through prudential borrowing is currently planned in to fund work in this area, which could be replaced by additional grant funding. |

## 3. Closing the remaining budget gap for 2022-23

3.1 Significant progress has been made towards closing the budget gap for 2022-23 through savings, additional income and budget rebaselining, allowing for additional investment in services. However, due to the scale of the opening budget gap for 2022-23, as well as increased pressures through changes announced by the government there remains a large gap – £16.7m as shown in the table at 2.4 above. There are also budget gaps remaining in future years. The Council must set a balanced budget for 2022-23 at least.

3.2 The local government finance settlement announced several new or increased grants, shown in table 3.6.1 above. This funding can be used to partially close the budget gap in 2022-23. The new Services Grant has only been announced for one year, with its allocation under review thereafter. It would be prudent to assume that this funding cannot be relied on over the medium-term to close the budget gap. We can, however, apply around £6m to reduce the budget gap on an ongoing basis, and could prudently retain most of the services grant into 2023-24 to contribute towards the significant gap in that year.

3.3 The opportunities to generate additional savings at the scale required without drastically impacting on the quality of services delivered, and risking not meeting statutory minimums, have reduced in number and scale over recent years. This is compounded by the ongoing effects of the pandemic and the operational issues it poses.

3.4 The Council retains one-off reserve funding to mitigate risks and also as a means of financing future investment. The Medium-Term Financial Strategy sets out the reserves approach for this business plan, including retaining a general reserve at 4% of our budget for unforeseen pressures. It also includes prudently providing to offset the growing deficit on high needs funding in schools, as well as setting up a Just Transition Fund. Our carried-forward COVID-19 grant reserve is proposed to be partly used over the medium-term in a sustainable, decreasing way to address pandemic related pressures, with a small residual balance held in case of further costs from COVID-19. Our one-off reserves funding could be used to close the budget gap in 2022-23 but we recognise this would be a temporary intervention only. Recurring savings would need to be addressed in the following year, creating a larger cliff edge, and so no further reserves funding is proposed to be used to balance the budget for 2022-23.

3.5 The local government finance settlement also confirmed the limits for raising Council Tax without a referendum. The current assumption on Council Tax agreed as part of last year's MTFS is that it will increase by 2%. Raising Council Tax by the maximum 4.99% permitted (rather than the 2% assumed in the existing MTFS) would generate nearly £10m of additional income. From a financial perspective, this is the most advantageous approach to closing the budget gap as it generates ongoing revenue on a sustainable basis. It is also important to note the cumulative effect of raising the level of council tax; with a higher base rate, the value of each % of increase agreed in future years is also increased. Maximising tax revenue also places the Council in a better position with regard to challenging central government in respect of adopting a fairer funding distribution methodology. As noted in 3.5 above, the government assumes in its recording of local authorities' spending power that available Council Tax rises will be taken.

3.6 The impact of raising Council Tax by 4.99% on the Council's budget deficits over the planning period and the average cost per household to taxpayers are shown in the tables below.

3.6.1 Impact on Council budget position – the table below shows the cumulative impact of raising Council Tax by 4.99% versus the current 2% assumption. As the underlying taxbase is assumed to grow each year, there is a small annual effect in future years from raising the Council Tax level.

| Additional Council Tax Raised | | | | | |
|---|---|---|---|---|---|
| £000 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
| 2% | 6,606 | 252 | 246 | 280 | 248 |
| 4.99% | 16,483 | 631 | 636 | 666 | 642 |
| Change | 9,877 | 379 | 390 | 386 | 394 |

3.6.2 Impact on households – the table below shows the average impact on a band B and band C property of the 2% increase currently assumed and a 4.99% increase. Around half of the properties in Cambridgeshire are within these two bands:

| Percentage Council Tax Increase | Annual Impact on a Band B Household | Impact per Week on a Band B Household | Annual Impact on a Band C Household | Impact per Week on a Band C Household |
|---|---|---|---|---|
| 2% | £21.77 | £0.42 | £24.88 | £0.48 |
| 4.99% | £54.32 | £1.04 | £62.08 | £1.19 |

3.7 Council Tax provides a long-term and sustainable source of additional funding to meet the rising cost of providing our services. The Local Government Association peer review in Cambridgeshire in 2021 identified that 'historic decisions not to raise council tax by the maximum possible has resulted in significant ongoing lost income'. The table below sets out rises in Council Tax over recent years:

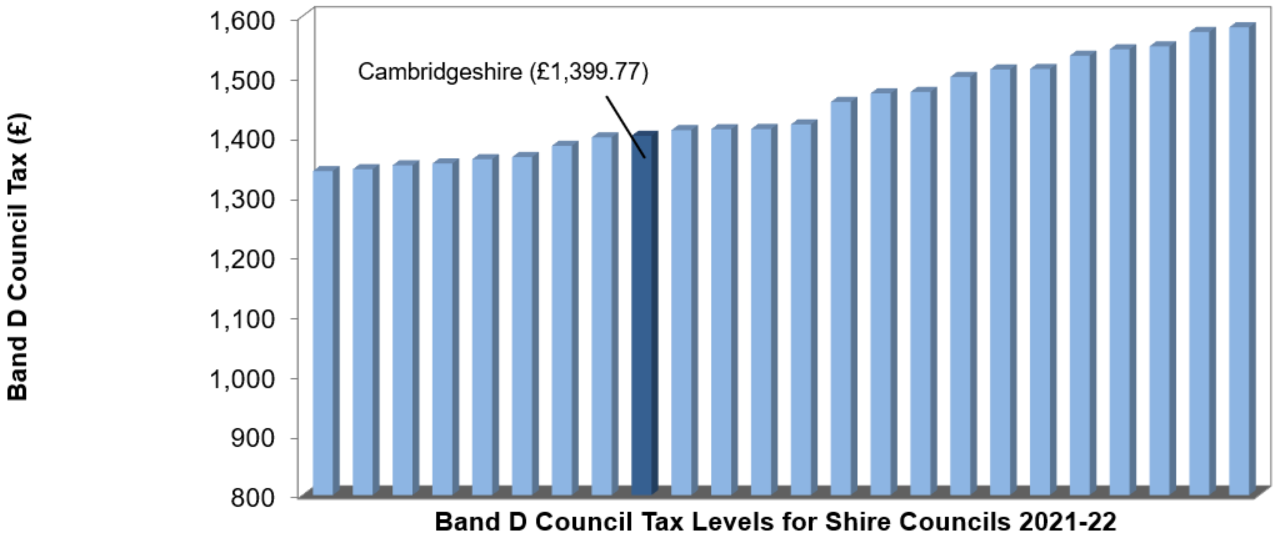
| | | Council Decision | | |
|---|---|---|---|---|
| Financial Year | Maximum possible tax rise* | General precept | ASC precept | Total precept |
| 2016/17 | 3.99% | 0.00% | 2.00% | 2.00% |
| 2017/18 | 3.99% | 0.00% | 2.00% | 2.00% |
| 2018/19 | 4.99% | 2.99% | 2.00% | 4.99% |
| 2019/20 | 4.99% | 2.99% | 2.00% | 4.99% |
| 2020/21 | 3.99% | 1.59% | 2.00% | 3.59% |
| 2021/22 | 4.99% | 1.99% | 1.00% | 2.99% |

*without a referendum being required

3.8 Due to the scale of the budget gap in 2022-23, raising Council Tax by more than the 2% already budgeted for is unavoidable without creating an unsustainable medium-term financial position. The Council still faces budget gaps of around £75m in total over the final four years of the planning period, which would be even greater if an unsustainable approach to balancing 2022-23's budget was taken. The further items needed to produce a balanced budget for 2022-23 are therefore:

| £000 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|---|---|---|---|---|---|
| Budget Gap | 16,700 | 19,626 | 23,127 | 15,006 | 18,731 |
| Ongoing grant funding changes from settlement | -6,823 | -1,851 | 0 | 2,162 | 0 |
| 4.99% increase in Council Tax, versus 2% increase already assumed | -9,877 | -379 | -390 | -386 | -394 |
| Remaining Budget Gap | 0 | 17,396 | 22,737 | 16,782 | 18,337 |

3.9 The graph below shows Cambridgeshire has below average Band D levels for shire counties in 2021-22. Assuming the shire counties on average increase by at least 2%, Cambridgeshire's precept will remain below average in that group.




3.10 Each district council in Cambridgeshire has a Local Council Tax Reduction Scheme, to reduce the council tax liability for qualifying individuals, and ensure that financially vulnerable households receive a bill that reflects their circumstances. In addition, a resident's council tax bill can be reduced by a wide range of discounts and exemptions that reflect the individual's circumstances such as single-person occupancy. Entitlement to the scheme and additional support options such as hardship payments are set by the relevant district council.

3.11 In addition to the above, we will use part of our carried-forward Covid grant funding to enable the continuation of support for free school meals and to households in the event that government funding to these priorities is discontinued in 2022. The amounts to be allocated towards these priorities are as follows:

- Free school meals during holidays - £3.6m
- Household Support Fund - £1m
- Children & Young People Covid recovery fund - £1m

## 4. Capital Strategy

4.1 Including current commitments, the Council will be spending £684m on capital investment in the county over the period of the Business Plan. This is financed by a combination of the following funding streams:

- External grants and contributions (£480m)
- Prudential borrowing (£160m)
- Capital receipts (£40m)

4.2 The debt charges budget is now forecast to spend £34.0m in 2022-23, increasing to £42.6m by 2026-27. Over the five-year planning period, this remains within the advisory debt charges limit contained within the Capital Strategy.

## 5. Treasury Management Strategy

5.1 The Council is required to approve and monitor a series of Prudential Indicators for 2022-23 to 2026-27. These include indicators for the authorised limit and operational boundary for external borrowing, the cost of servicing debt as a percentage of net revenue and the Council's underlying borrowing requirement. Maximum principal sums invested for periods longer than 365 days, fixed and variable interest rate exposure and the maturity profile of debt are also reported.

5.2 CIPFA is currently consulting on a revised Prudential Code and Treasury Management Code, anticipated for implementation in 2023/24 Treasury Management Strategies. The proposed draft Codes contain some significant changes, including:

- A new objective for proportionate commercial investments
- Replaced section regarding prohibited borrowing in advance of need with a new requirement not to borrow to invest primarily for financial return
- Authorities with commercial financial investments who expect to borrow will have to provide an annual strategy to review options for exiting commercial investments
- New prudential indicator for net income from commercial and service investments as % of net revenue stream
- Revised definition of Investments (to include non-financial assets held primarily for financial return)

5.3 Throughout 2022-23, the Council intends to maintain an under-borrowed position, which means borrowing will continue to be lower as a result of utilising internal cash balances – this ultimately will keep the cost of borrowing down. As a result, cash balances will be generally lower, and the level of loan debt reduced. However, loan debt is expected to rise significantly throughout the medium-term planning period as a direct result of additional capital investment.

5.4 While the Bank Rate is forecast to rise over the medium-term, it still is expected to remain historically low. Therefore, the Council plans to predominately use a mixture of taking borrowing over short periods of time (1-3 years) at low rates of interest to generate revenue savings, whilst fixing out longer periods of financing whilst PWLB rates are low in order to spread the maturity profile over the next 50 years and reduce the amount of refinancing required on an annual basis. This strategy maximises short-term net interest savings; however, given projections over the next three years show an increasing Capital Financing Requirement (CFR), and recognising the risks within economic forecasts, caution will be adopted with treasury operations.

5.5 The Council will continue to prioritise the security and liquidity of capital and achieve an investment return that is commensurate with these priorities. A prudent investment strategy is proposed, and external advice provides a guide on the creditworthiness of institutions. The majority of the Council's investments are in liquid instruments and shorter-term deposits with Money Market Funds and high credit quality banks. The Council has also invested money into Multi-Class Credit Funds, Infrastructure Funds, the CCLA Local Authority Property Fund and CCLA Diversified Income Fund as 3-to-5-year strategic treasury investments to generate additional interest income.

## 6. Impact of proposals

6.1 The Equality Duty set out in S149 of the Equality Act requires the Council to demonstrate 'due regard' to consciously think about the following three aims as an integral part of developing policy, making decisions, and delivering inclusive services:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the act

- Advance equality of opportunity between people who share a protected characteristic and people who do not share it

- Foster good relations between people who share a protected characteristic and people who do not share it

6.2 The Council takes very seriously the need to be aware of the impact that our policies, decisions, and services have on our workforce and communities across Cambridgeshire including people with protected characteristics, and the importance of using this information to inform the preparation of the Business Plan. It is important the Council understands the positive and negative impacts that its decision-making has on these groups and the need to ensure compliance with the Equality Act 2010 and its Public Sector Equality Duty. Equality Impact Assessments encourage the diversity of our workforce and communities to ensure our plans and outcomes are inclusive. There are nine protected characteristics under the Equality Act (2010); the Council has chosen to include two additional protected characteristics of poverty and rural isolation. If a plan or decision has potential adverse effects on people with protected characteristics, then a full Equality Impact Assessment is completed. Where relevant, for each of the detailed proposals, services have undertaken an Equality Impact Assessment (EqIA).

6.3 EqIAs have been considered as part of the business cases associated with each proposal – the business cases are published within section 4 of the Business Plan. The impact assessments state that in some instances the way we deliver services for communities will change and that service users will experience a transition from one service model to another – however, we are clear that in all instances the local authority will still be fulfilling all its statutory requirements and will be meeting the needs of residents and service users.

## 7. Budget Consultation

7.1 The Council carries out a consultation process to inform the business planning process. It is a statutory requirement for councils to consult on budget proposals each year, and the results should be considered alongside other statutory requirements such as delivering a balanced budget and providing certain services. This year, a representative household survey and an open online survey on key savings and investments and options for council tax were carried out.

7.2 An independent, professional research company (MEL Research Limited) was commissioned to carry out the representative household survey. MEL organised the household survey to ensure that a randomised, representative sample of approximately 1,100 residents was carried out so that the results were statistically significant at a county level. The survey sample was stratified to include a proportional sample of age, home district and gender to ensure it was representative of the residents of Cambridgeshire.

7.3 The headline results on Council Tax from the household survey are as follows:

- 37% of residents did not support any increase in Council Tax
- 25% supported increasing either General Council Tax by 2% or the Adult Social Care Precept by 2% but not both (2% total increase)
- 21% supported increasing Council Tax by 2% for the Adult Social Care Precept and 1% as a general increase (3% total increase)
- 8% supported increasing Council Tax by 2% for the Adult Social Care Precept and 3% as a general increase (5% total increase)
- 5% supported increasing Council Tax by 3% for the Adult Social Care Precept and more than 3% as a general increase (6% or more in total)
- 4% did not support any option given

7.4 In terms of support for investment areas (strongly agree / agree) the MEL survey results showed the following:

- 93% agreement for projects and services which support people across Cambridgeshire to live their lives as independently as possible
- 85% agreement for initiatives which join up more closely with local partners, reducing duplication of effort and resources
- 84% agreement for more measures to tackle inequalities across Cambridgeshire, particularly those that have been made worse by the pandemic
- 81% agreement for investing in schemes which respond to the environmental crisis and work towards the County Council's target of achieving net zero carbon by 2030.

7.5 Support for savings areas (strongly support / support), the results were:

- 82% of respondents supported a review of how we award and manage contracts
- 73% of respondents supported advertising and sponsorship from local businesses, displaying banners, signs or logos on some council assets or products
- 70% of respondents supported generating further efficiencies by working in new ways and making the most of digital innovations – e.g. more online self-service
- 55% of respondents supported increasing charges to deter and reduce non-sustainable transport
- 40% of respondents supported delaying or reducing investment in Highways projects

7.6 512 people responded to the open online survey. This survey is not representative of the county's population. The headline results on Council Tax from the public survey are as follows:

- 34% of residents did not support any increase in Council Tax
- 17% supported Increasing either General Council Tax by 2% or the Adult Social Care Precept by 2% but not both (2% total increase)

- 18% increasing Council Tax by 2% for the Adult Social Care Precept and 1% as a general increase (3% total increase)
- 9% supported Increasing Council Tax by 2% for the Adult Social Care Precept and 3% as a general increase (5% total increase)
- 17% supported Increasing Council Tax by 3% for the Adult Social Care Precept and more than 3% as a general increase (6% or more in total)
- 5% did not support any option given

7.7 Full results of both surveys are available in Section 5 of the draft business plan attached.

# 8 Robustness of estimates and adequacy of reserves

8.1 The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget, and precept, the Chief Finance Officer must report to it on the following matters:

- the robustness of the estimates made for the purposes of the calculations; and
- the adequacy of the proposed financial reserves.

8.2 This statement will be considered along with the rest of the Business Plan by the Council in February. It is included for the Committee's consideration at this point in order to provide additional context for the discussion around the options available to the Council to set a balanced budget for the next financial year.

8.3 The estimates that support this budget have used all the data and supporting information that the Council has at its disposal at this point in time. When considering the budget each year, the assumptions that have been used in order to construct that budget and the uncertainties contained therein are made clear. Building a robust projection of the level of demand for services is always challenging, but the pandemic has greatly increased this difficulty. Both the future trajectory and the in-year position in 2021-22 are affected by the uncertainty, and the recent mutation of the virus have exacerbated this.

8.4 In formulating estimates for future demand for services, the Council has drawn on long-term and medium-term trend analysis of activity levels, local estimates of population growth as well as our in-year experience of spending levels, which are closely monitored from month-to-month. Demand estimates are the result of collaboration and insight from commissioning and operational colleagues and financial professionals, quality assured by business intelligence specialists. Our estimates for inflation and cost increases refer to more than 60 individual indices relevant to different service activities. We have drawn on nationally published statistics, economic projections and our own experience of rising prices in local markets. As with demand, inflation is particularly volatile at the point of setting this budget because of the disruption caused by the pandemic.

8.5 This year, the Council enhanced its officer governance processes for scrutinising budget proposals and pressures. A governance board was established, chaired by a chief officer, comprising director level representation from all services, alongside finance and corporate challenge. This enabled a further layer of peer oversight and understanding to be applied to proposals to assure their robustness. Committee Chairs and Vice Chairs also participated in service specific scrutiny chambers.

8.6 In 2021-22, the Council is reporting a forecast underspend, reflecting appropriate risk planning alongside continuation of some government grant funding related to the pandemic. In this proposed budget I am satisfied that the Council is making reasonable estimates taking account of the experience this year, whilst continuing to recognise that are major uncertainties stemming from the pandemic. There are risks and uncertainties related to levels of demand (particularly for social care), supply of services and cost issues (such as construction costs and labour market pressures leading to rising costs of care), and economic impacts on our income (from local taxation and changing patterns of behaviour).

8.7 In that context, it is appropriate, in the Chief Finance Officer's view, to continue to hold the level of general reserve at 4% during 2022-23. The proposed medium term financial strategy sets out a number of material risks and sensitivities which justify holding the balance at that level, given the heightened uncertainty that the Council is currently facing. Through this budget, the Council will make a number of commitments to apply certain reserves that accumulated during the pandemic to expenditure. Rather than deploying all of these one-off funds more rapidly, the budget applies funds available to known pandemic related pressures and commitments to phase their deployment over several years, thereby creating a sustainable basis for budgeting and avoiding a "cliff edge" where expenditure levels would suddenly need to drop. In this way we seem a planned reduction in the level of reserves occur across the medium term period, as set out in the MTFS, from the current levels accumulated in the first stage of the pandemic.

8.8 There are significant pressures and risks for the Council in funding high needs education, illustrated by a rapidly growing deficit in the high needs block. Whilst we expect local and national reforms to progress during 2022-23, it is prudent to set aside additional general funds by way of reserve to offset that growth in the deficit held on the balance sheet.

## 9. Next steps

9.1 This meeting of Strategy and Resources Committee on 27 January 2022 is the last opportunity for the Committee to publicly scrutinise the business plan before Full Council debates the plan for approval on 8 February 2021.

| | |
|---|---|
| January | Strategy and Resources Committee will review the whole draft Business Plan for recommendation to Full Council |
| February | Full Council will consider the draft Business Plan |

## 10. Alignment with corporate priorities

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

10.1 Communities at the heart of everything we do

10.2 A good quality of life for everyone

10.3 Helping our children learn, develop and live life to the full

10.4 Cambridgeshire: a well-connected, safe, clean, green environment

10.5 Protecting and caring for those who need us

## 11. Significant Implications

11.1 Resource Implications
The proposals set out the response to the financial context described in section 4 and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget will be described in the financial tables of the business plan. The proposals will seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

11.2 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no significant implications for the proposals set out in this report. Any implications within specific proposals will be included within the individual business cases within Appendix 3.

11.3 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.

11.4 Equality and Diversity Implications
Each business case will consider whether there are any impacts (positive or negative) to vulnerable, minority or protected groups and this information is included within each of the business cases in Section 4 of the Business Plan within the appendix.

Full Equality Impact Assessments that will describe the impact of each proposal, in particular any disproportionate impact on vulnerable, minority and protected groups have been developed or are being refreshed where identified / required.

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

11.6 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.

11.7 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.

11.8 Environment and Climate Change Implications on Priority Areas
The climate and environment implications will vary depending on the detail of each of the proposals. The implications will be completed accordingly within each business case in Section 4.

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

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

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

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

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

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

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

## 12. Source Documents

Business Plan contents:
(Section 1 Strategic Framework - separate paper)
Section 2 Medium Term Financial Strategy
Section 3 Finance Tables
Section 4 Business Cases
Section 5 Public Consultation
Section 6 Capital Strategy
Section 7 Treasury Management Strategy

Cambridgeshire County Council

## Section 2

# Medium Term Financial Strategy

## 2022-23



cambridgeshire.gov.uk

# Contents

This strategy is broken down into 12 chapters:

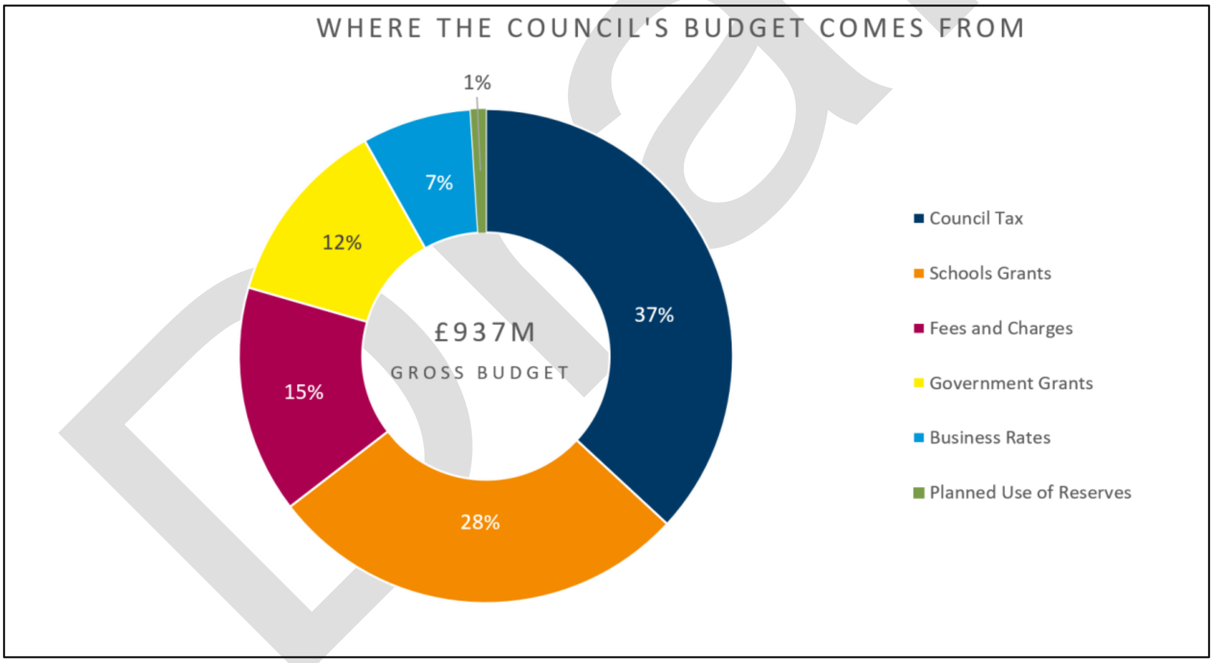
# Chapter 1 - Executive summary

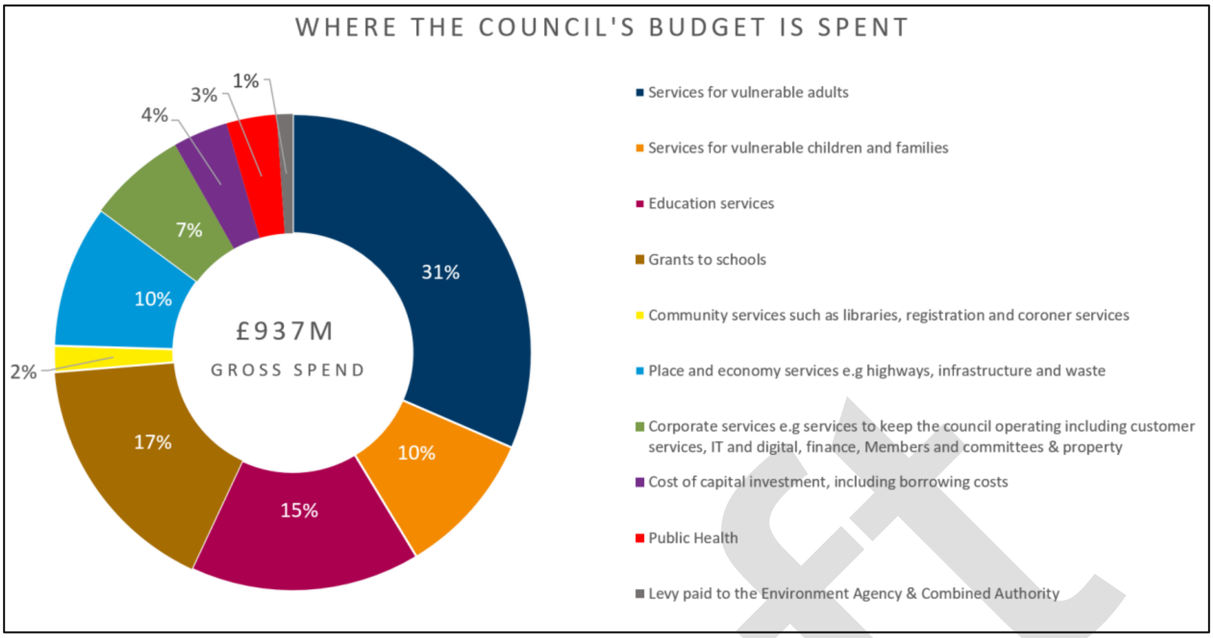
The Council’s strategic financial framework is comprised of three distinct, but interdependent, strategies set out within this Business Plan:

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

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.

For 2022-23, the funding we have at our disposal, and the areas in which we will spend that funding are:






As well as outlining the Council's revenue strategy, this Medium-Term Financial Strategy includes the organisation's Fees and Charges Policy, Reserves Policy and Flexible Use of Capital Receipts Policy

Budget figures over the MTFS period in this business plan generally show recurring changes. For example, an increase in budget of £100k in 2022-23 will carry over into future years' budgets. Changes for one year only, or that will be for only part of the MTFS period, are shown with a minus figure in the year the budget is to come out.

The ongoing effects of the COVID-19 pandemic, the economic picture, and government reforms continue to make forward planning with any degree of certainty extremely challenging. Medium-term planning in the first part of 2021-22 saw our projected budget shortfall in 2022-23 rise to £23m as a result of expected increases in demand for services and inflationary costs, as well as specific service pressures, and our budget gap over the five-year medium-term rise as well. At the same time, there is a need to invest in some services to improve outcomes, and to deliver longer-term sustainability or financial benefit.

The ongoing impacts of COVID-19 are expected to extend throughout the MTFS period. Some of the specific challenges that the Council expects to face over the next five years as a result of the pandemic are:

- Potential for growing regional and more local inequalities as a result of the economic fallout from the pandemic
- Ongoing lower levels of fees and charging income, as well as reduced local taxation receipts
- Uncertainty about the need for, and funding for, lasting COVID-19 related costs such as personal protective equipment or infection control procedures in social care providers
- Providing additional support for our local care markets to ensure sufficient appropriate care provision remains available

In June 2019, the Government legislated for reaching net zero carbon emissions by 2050, and locally the Council's joint administration has put responding to the climate emergency at the centre of our priorities. Meeting this commitment will require a transformation of our procurement practices for a greener future and investment into low carbon technologies, services and infrastructure supported by innovative green investment models.

There is a great deal of uncertainty surrounding the UK's public finances. In December 2020 the UK secured a post-Brexit trade deal with the EU, however the medium-term impacts of the new trading arrangements on economic growth, labour availability, and the cost of goods and services are still unclear and may yet influence levels of resources available to local authorities. Short-term disruption, particularly shortages of labour and materials, has increased costs for the Council. In addition to the international uncertainty, there are a number of Central Government reforms currently expected or that have paused, most notably those on technical aspects of Fair Funding and the Business Rates Retention Scheme, which are expected to affect the Council's funding, as well as the reforms of Adult Social Care. The outcomes of any announcements or associated 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. 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. The future funding model for Local Government will need to support investment into mitigating and adapting to climate change and recognise that the scale of investment required to address this challenge will vary considerably across the country due to housing densities, rural transport, agriculture and other considerations. This review is expected to be beneficial to Cambridgeshire, but continues to be delayed, now commencing no earlier than 2023-24.

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. The uncertainty around this has been increased by the government's proposed reforms to care funding, both in terms of implementation timescales and the funding that will be made available to local government. 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 same applies for addressing the climate emergency and transforming to a low carbon economy - joined up action and policy across the wider public sector, business and the communities is needed to achieve the Government's net zero carbon emissions target by 2050.

In balancing our budget, some service reductions are inevitable, but we will always focus on reforming services or bringing in additional income rather than cutting services within this approach. The Council will 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 2022-27 do contain some proposals that reflect considerable risk and uncertainty. 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.

In 2021 the Council underwent a peer challenge organised through the Local Government Association, which has informed the refresh of this strategy. The peer challenge recommended that the business plan addresses the budget gap over the medium-term and incorporates contingency planning. It advised the Council to guard against unsustainable use of one-off funding and loss of future income through lower levels of Council Tax increases. This strategy begins to implement the recommendations from that review.

The key elements of this strategy, on which basis the Business Plan is predicated, are set out below:

- An updated strategy for setting Council Tax
- An assumed increase in the tax base of 2% for Council Tax, and variably by district for business rates
- The strategic approach to closing budget gaps to support the business plan will continue to evolve, focussing on reducing demand for our services, increasing income, decentralisation, finding efficiency and maintaining a medium-term outlook. We will also rigorously review budget lines across the Council to drive out efficiencies.
- Funding for invest to save schemes or for service reform will continue to be made available through reserves, or capital, where appropriate and subject to robust business cases
- The general reserve will be held at 4% of non-schools expenditure, and we will adopt a prudent approach in our reserves strategy to offsetting risks faced by the Council
- Staff pay inflation has been assumed to be 2.5% across all years of the medium-term, other than the expected rise at the lower end to keep pace with the real living wage
- Fees and charges will be reviewed annually in line with the Fees and Charges Policy
- The capital programme will be developed in line with the framework set out in the capital strategy, and the level of prudential borrowing by the Council over the medium-term will be reviewed. Capital prioritisation will be refreshed.
- 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 will be reviewed annually
- The Council will continue to lobby central government for fair funding leading into the national replacement of the current funding formula.

The Council's budget is divided into four main service blocks, and it is in these blocks that detailed budgets are shown in Section 3 of the business plan:

- People and Communities
- Public Health
- Place and Economy
- Corporate Services

# 2 – National Context

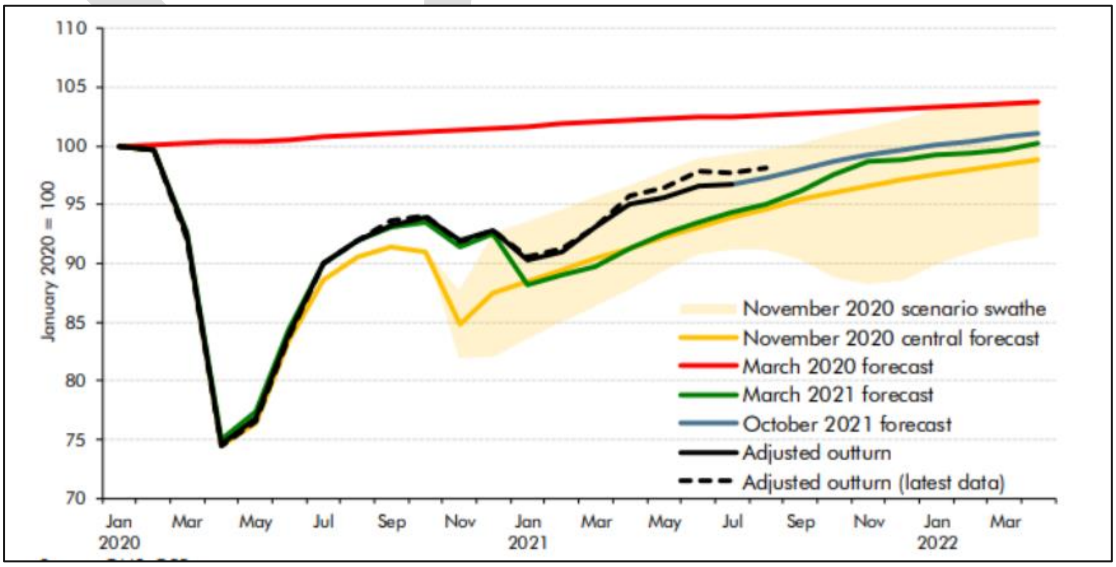
The Council's business planning process takes place within the context of the national economic environment and the government's public spending plans. This chapter of the MTFS explores that national picture. The national economic position is important in considering the Council's finances as it affects cost drivers such as inflation and demand for services and can impact public spending.

## National Economic Outlook

Business planning for 2022-27 is being done at a time when the country focusses on recovering from a period of extraordinary global economic uncertainty. In 2020 the UK economy contracted significantly, falling by 9.9% over the year (the largest annual fall since 1709). Growth in 2021 is expected by the Office for Budgetary Responsibility (OBR) to be around 6.5%, with the economy returning to its pre-pandemic level by the start of 2022-23. The estimate of Covid 'scarring' on the economy, the relatively lower economic position we are in compared to where we would have been without the pandemic, is expected to be 2%.

The UK economy appears to be recovering from the pandemic quicker than expected, with all medium-term forecasts having been revised upwards between March and October 2021 by the OBR.

Figure 2.1: Monthly real GDP outturns and near-term forecast




Source: OBR and ONS

The economic ‘scarring’ as a result of the pandemic has been assessed by the OBR as less severe than originally thought. The strong returns to the labour market after the end of furlough, investment levels being not as bad as expected, and government support having limited damage to companies are the main causes of this.

At the same time, the new wave of Covid caused by the Omicron variant is causing a rise in uncertainty, with some further restrictions internationally and a lack of clarity over the economic impact of the variant in the short-term. There is some evidence that the recovery from the pandemic has slowed in recent months.

The pandemic has continued to affect the UK economy in several ways:

- Global supply chains remain disrupted due to business shutdowns and changing demand patterns
- The high degree of uncertainty surrounding the economic outlook is likely dampening business’ inclination to invest
- Returning demand for goods and services is driving rising inflation

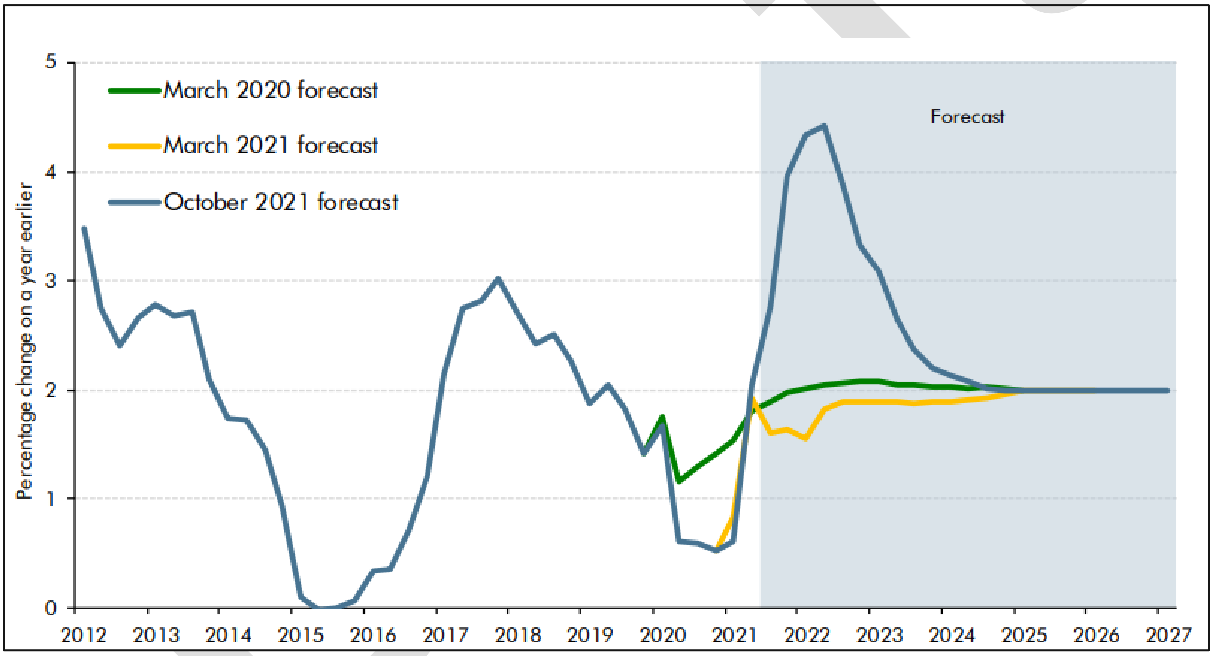
The growth that has been seen since the initial downturn in 2020 has been driven by rebounding private consumption, the significant rise in house prices and buoyant housing market, and increased business investment.

The UK’s exit from the European Union has also impacted on the economic picture. Evidence suggests a 15% reduction in both import and export intensity. It remains too early to definitively conclude what the impact has been economically as the full terms of the Trade and Co-operation Agreement commence in 2022, and how businesses are adjusting to the changing relationship will likely take several further years to come through. The shock of the pandemic will also have disguised some of the impact of this and will take time for analysts do disentangle.

The impact of the pandemic on the labour market has been lower than originally feared, in particular due to government support schemes for jobs, and the labour market continues to be strong. Insofar as the pandemic has impacted on labour that has generally been through hours worked rather than the employment level, and different sectors have been affected in differing ways. Wage growth is higher than expected and the unemployment forecasts have been revised down.

Inflation has risen sharply in recent months, with the Consumer Price Index reaching 4.6% in November 2021 up from a low of 0.3% in November 2020. This is partly the rebound from a low level in 2020, but also reflects rising global commodity prices, energy prices and low levels of unemployment. We expect inflation to continue to rise into 2022-23, with indications that it will return to the target level of 2% by the end of 2024. Expectations were originally that this spike in inflation would be for a much shorter time, but projections are increasingly cautious about how quickly the high level of inflation will subside.

Figure 2.2: CPI Inflation

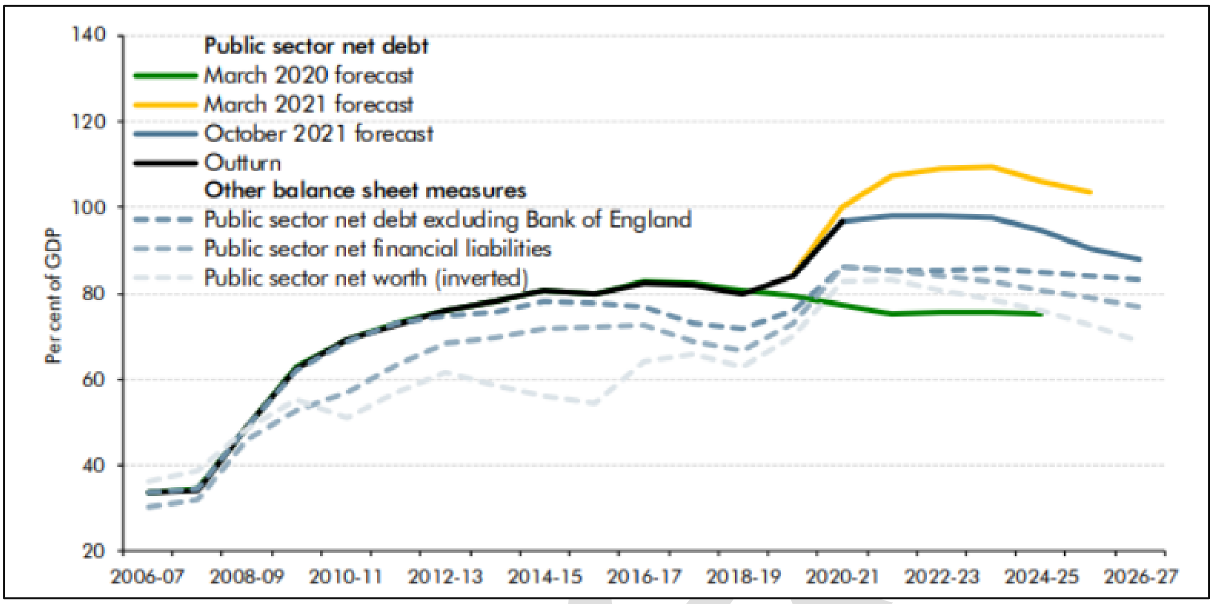



Source: OBR and ONS

## Public sector spending and debt

The total level of public sector debt in the UK has risen considerably over the last two years, mainly due to the pandemic. Government support schemes, as well as reduced taxation, has increased the gap between public sector receipts and spending. The last significant rise in public sector debt occurred as a result of the 2008 financial crisis, and that was followed by years of reduced government expenditure. It is important to note, however, that government borrowing is currently comparatively cheap, as the safe investments have proved attractive to certain types of investor. The latest forecast level of debt shows a lower overall debt level than the forecast made in March 2021, suggesting a quicker return to more usual levels of government expenditure than expected.

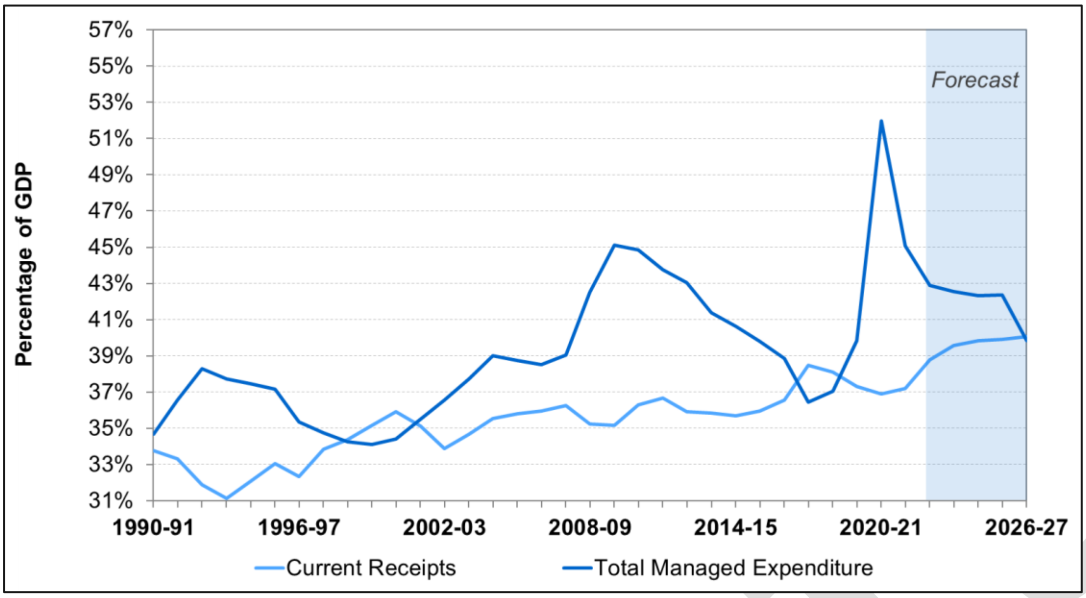
Figure 2.3: Public sector net debt projections




Source: OBR and ONS

At its height during the pandemic, public sector spending was nearly a quarter higher than its pre-pandemic levels. This high point was around half of the national gross domestic product. Spending reduced quickly from that high point as restrictions eased and normal economic activity started to resume. It is forecast that spending will reduce further, back to a position where it matches government receipts by 2026-27. Some increase in receipts is forecast over that period, but as the chart below shows the government is relying mostly on reducing expenditure to bring the public finances to balance.

Figure 2.4: Public sector spending and receipts

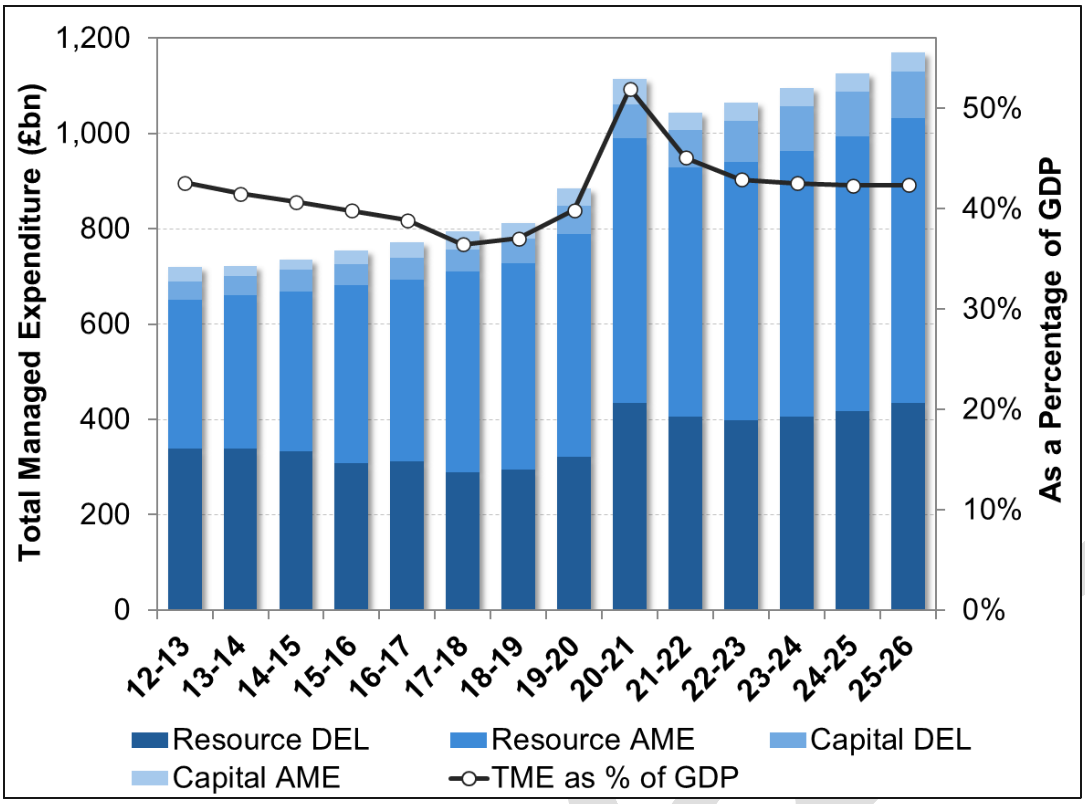



Source: OBR and ONS

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. There is also capital expenditure similarly categorised. This is important as local government funding forms part of this TME.

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 unless otherwise confirmed or unless there is good reason to take a different approach. During 2022-23 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.

Figure 2.5: Total Managed Expenditure



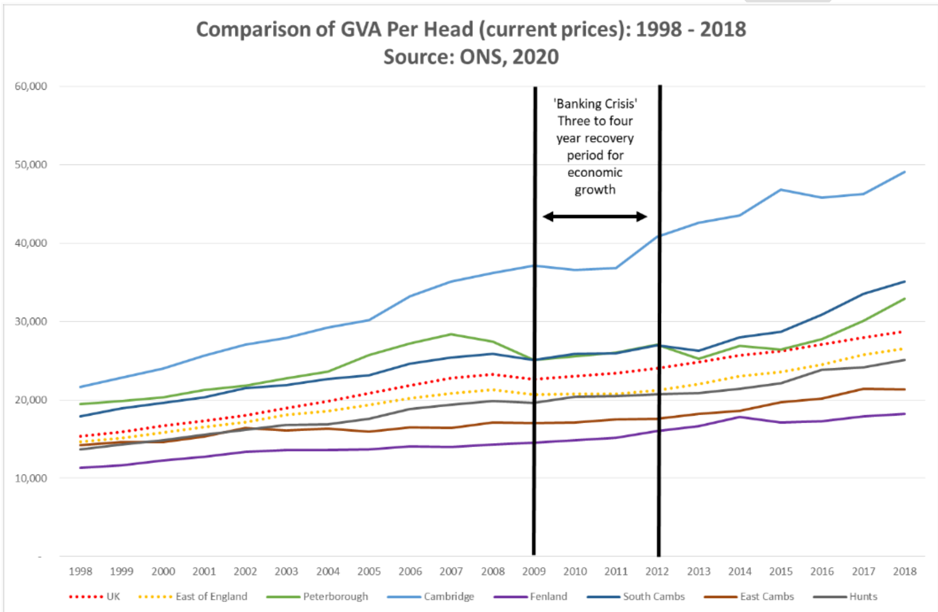

Source: OBR and ONS

# 3 – Local Context

## Economic context

Economic growth in Cambridgeshire has outpaced both the East of England and UK over the last decade. This has been driven primarily by rapid business creation and growth in Cambridge and South Cambridgeshire. Innovation-rich Cambridgeshire businesses have attracted significant investment from overseas, promoting an entrepreneurial business environment which has seen Cambridge City producing the highest number of patent applications per head of population of any City in the country

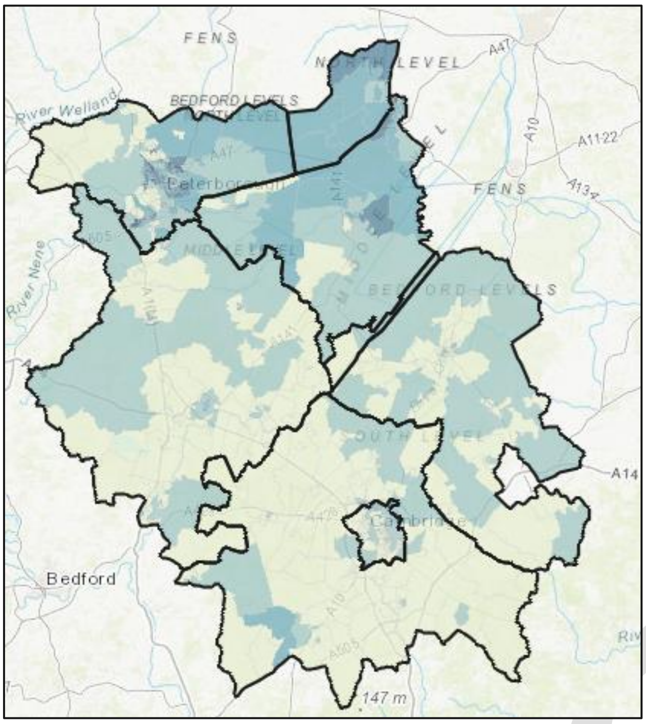
Figure 3.1: Gross value added per head




Source: ONS

Deprivation across Cambridgeshire is not evenly distributed, with the north of the county on average being more deprived and having access to fewer job opportunities than in the south. This is also the case for people's health and links to the levels of services that need to be accessed from the Council. Despite this geographic difference, there is high levels of deprivation within the southern part of the county, with Cambridge City in particular having some of the most deprived areas in Cambridgeshire (As well as some of the most prosperous).

Figure 3.2: Deprivation by area (including Peterborough) – dark is more deprived




Source: Cambridgeshire Insight

More recently, the local economy has been affected by both the pandemic and the UK's exit from the European Union. Despite being relatively buoyant during the pandemic, the local economy is feeling the effects of labour shortages in key sectors and historically has relied on EU nationals working in the region (higher than any region other than London). The East of England was the second highest net importer of goods and services from the EU after the South East, and a reduction in the availability of goods from the EU or EU nationals willing to work here will have an impact on the local economy. The local care sector has also relied upon workers from outside of the UK, a shortage of which could impact on the availability or price of care that the Council purchases.

## Population

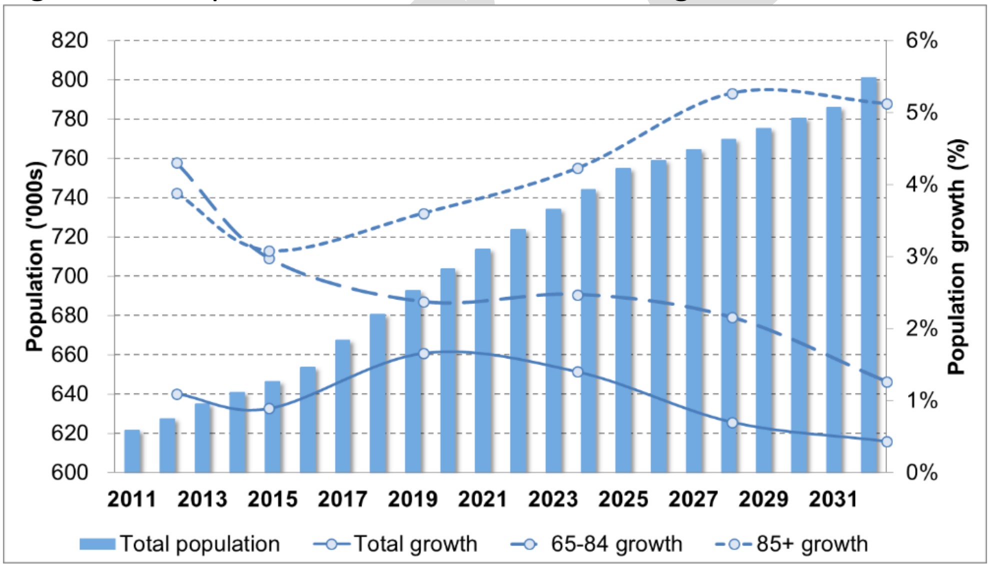
Cambridgeshire County Council's population estimates show that the county's population has continued to grow since the 2011 census, rising by around 40,000 residents to 657,000 by 2020.

At the time of the 2011 census, Cambridgeshire was the fastest growing county in the UK with the county's population having a growth rate of 12%

over the ten-year period from 2001 to 2011. A growing county provides many opportunities, but 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. As much of government funding to councils is based on outdated population and relative needs estimates, there is a compounding effect from our growing population. 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 25% 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 3.3: Population forecasts for Cambridgeshire

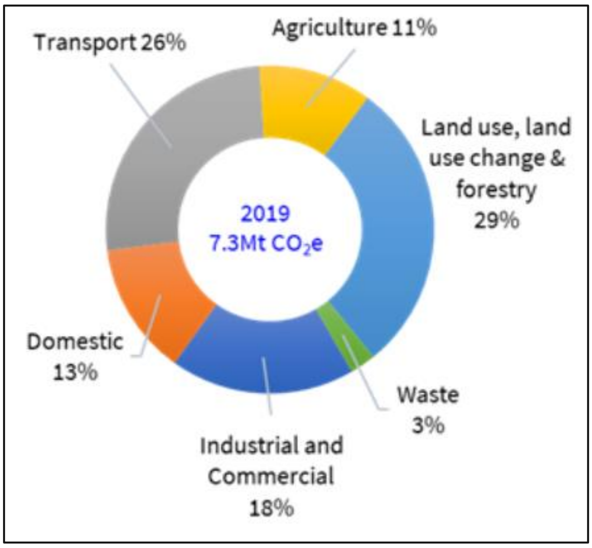



Source: Cambridgeshire research team

## Climate Change

Recent government datasets show the carbon footprint for Cambridgeshire as a region was around 7.3 million tonnes of $CO_2e$ in 2019, the largest element of which came from land use and land use change.

Figure 3.4: Carbon emissions in Cambridgeshire by type




Source: Department of Business, Energy & Industrial Strategy

All public sector bodies have a duty to limit the negative impact of climate change by reducing carbon emissions, and the Council has a role to play in reducing them across the whole county. Government has set a legal target of 78% carbon reduction by 2035 compared to 1990 levels, and this duty is increasingly a central part of our financial strategy.

# 4 - Revenue Strategy: Local Government Funding

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 bodies, Council Tax, Business Rates and other locally generated income.

In 2022-23, Cambridgeshire is expected to receive £778m of funding excluding grants retained by its schools. The key source of funding is Council Tax, which is budgeted to rise at 4.99% in 2022-23 and at 2% each year thereafter.

Table 4.1: Medium term funding forecast

| | 2022-23 £m | 2023-24 £m | 2024-25 £m | 2025-26 £m | 2026-27 £m |
|---|---|---|---|---|---|
| Schools Grants[1] | 259 | 259 | 259 | 259 | 259 |
| Council Tax[2] | 346 | 359 | 374 | 388 | 401 |
| Fees & Charges | 140 | 148 | 151 | 153 | 154 |
| Business Rates | 67 | 69 | 71 | 73 | 74 |
| Government Grants | 116 | 110 | 110 | 110 | 110 |
| Revenue Support Grant[3] | 0 | 0 | 0 | 0 | 0m |
| Other Grants | 82 | 76 | 76 | 76 | 76 |
| Better Care Funding | 34 | 34 | 34 | 34 | 34 |
| Total funding | 927 | 940 | 960 | 977 | 994 |

(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) Assumed to increase at 4.99% for 2022-23, and 2% thereafter
(3) Unlike many councils, Cambridgeshire receives no revenue support grant from central government

As is evident from Figure 4.1, the Council will continue to face a challenging funding environment over the medium term. In 2022-23, we are expecting an increase of 6.63% on 2021-22 on the total funding we receive from all sources, but with more significant demand and inflationary pressures. The Council expects to see an overall increase in funding (excluding schools grants) of 9.31% to 2026-27. This is primarily due to increases in Council Tax, which is one of the few funding sources that we can plan an increase to over the medium-term. However inflationary pressures, population growth and increased demand for services are expected to result in much higher additional budget pressures over the same period.

In recent years local government funding has stabilised following a period of significant fiscal tightening from around 2010. During this period income from government grants fell sharply – the Revenue Support Grant, worth £86m a year to the Council in 2013-14, was withdrawn completely in 2019-20. Additional ring-fenced funding for social care has recently been forthcoming, acknowledging the acute pressures faced by the social care system due to an aging population and increasing complexity of need. Other grants are received from government for a range of services. Despite the reduction in general government grant, these additional ring-fenced grants mean that we still have a dependency on central government funding, which over recent years has not been announced more than one year in advance.

Notwithstanding the unprecedented fiscal and economic shock to the public finances as a result of Covid-19, these challenges remain and have been increased by the impacts of the pandemic on care providers and on vulnerable people. It is therefore considered unlikely that the sector will face a further period of significant fiscal tightening during the period of the current MTFS, but due to the government's fiscal targets it is also unlikely that the sector will receive sufficient funding to meet the growth in cost from demand increases, inflation and legislative changes.

The government has also committed to reforming Adult Social Care, in particular to cap the level of payments that an individual will need to make towards the cost of their care. This will also involve equalising the prices paid for care between individuals and local authorities (who typically buy care at a cheaper price). The government has announced some funding for this, covering 2022-23, with high level amounts announced for later years. We will need to consider the cost locally of implementing these reforms, and whether any of our existing budget provisions have pre-empted it.

## Sources of Funding

### Council Tax, and Adult Social Care Precept (37% of income)

Council Tax is a key source of funding for local government and is the main locally raised income stream for Cambridgeshire. It is a tax on domestic properties. The tax rate is set based on the difference between our spending requirement and the other projected income streams, but the increase is generally capped by government and so savings need to be increased to remain within this cap.

In recent years, the rate of growth in Council Tax has been effectively capped by central government at between 2% and 3%. Any growth beyond that would require a referendum locally. The specific referendum limit is set by government each year.

Council Tax is collected by District Councils on behalf the County Council, and we rely on them for projections of the number of taxable properties in their district and the expected collection rate.

Council Tax receipts can also increase if the underlying taxbase (the number of taxable properties) increases. Parts of the County are seeing growth in their taxbase, and these are factored into our funding assumptions using projections supplied by District Councils.

Since 2016, central government has permitted councils with Adult Social Care responsibilities to levy a further element of Council Tax, called the 'Adult Social Care Precept'. This tax has been between a further 1-3% increase and is ringfenced for adult social care services.

The table below sets out the current assumptions about Council Tax and the ASC Precept over the MTFS, based on assumptions made in 2021-22.

Table 4.2: Council Tax Assumptions

| | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|---|---|---|---|---|---|
| General Council Tax | 1.99% | 2.00% | 2.00% | 2.00% | 2.00% |
| ASC Precept | 3.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Based on District Council projections, we assume a rate of growth in housing stock in each district, which increases the local taxbase. Any shortfall, or surplus, on expected collection rates by each District results in a deficit or surplus on the collection fund. The collection fund is generally returned to its desired balance each year, which can have an impact on the amount of income we get. We are reliant on District Council projections for our estimated income from Council Tax over the medium-term and any fluctuations in those will need to be met from, or released to, the Council's revenue budget. Fluctuations in collection fund values, which are one off changes, should be met from or returned to a dedicated earmarked reserve to avoid one-off shocks to our budget.

## Council Tax Requirement

The current Council Tax Requirement (and all other factors) gives rise to a 'Band D' Council Tax of £1,469.61. This is an increase of 4.99% on the actual 2021-2 level which comprises a 1.99% increase in the general precept and 3% increase in the Adult Social Care Precept.  1% of this ASC Precept is the level the government is allowing for 2022-23, and 2% is the level below This figure reflects information from the districts on the final precept and collection fund.

Table 4.3: Build-up of recommended Council Tax Requirement and derivation of Council Tax precept 2022-23

| | 2022-23 £000 |
|---|---:|
| Starting base budget | 897,663 |
| Inflation | 9,991 |
| Demand | 9,615 |
| Pressures | 16,236 |
| Investments | 7,253 |
| Savings | -4,189 |
| Change in reserves/one-off items | -9,612 |
| Total budget | 926,957 |
| Less funding: | |
| Business Rates plus Top-up | 67,056 |
| Revenue Support Grant | 0 |
| Dedicated Schools Grant | 248,545 |
| Unringfenced Grants (including schools) | 48,401 |
| Ringfenced Grants | 78,069 |
| Fees & Charges | 139,663 |
| Surplus/deficit on collection fund | -1,311 |
| Council Tax requirement | 346,534 |
| District taxbase | 235,800 |
| Band D | 1,469.61 |

Taxes for the other bands are derived by applying the ratios found in Table 4.4. For example, the Band A tax is 6/9 of the Band D tax.

Table 4.4: Ratios and amounts of Council Tax for properties in different bands

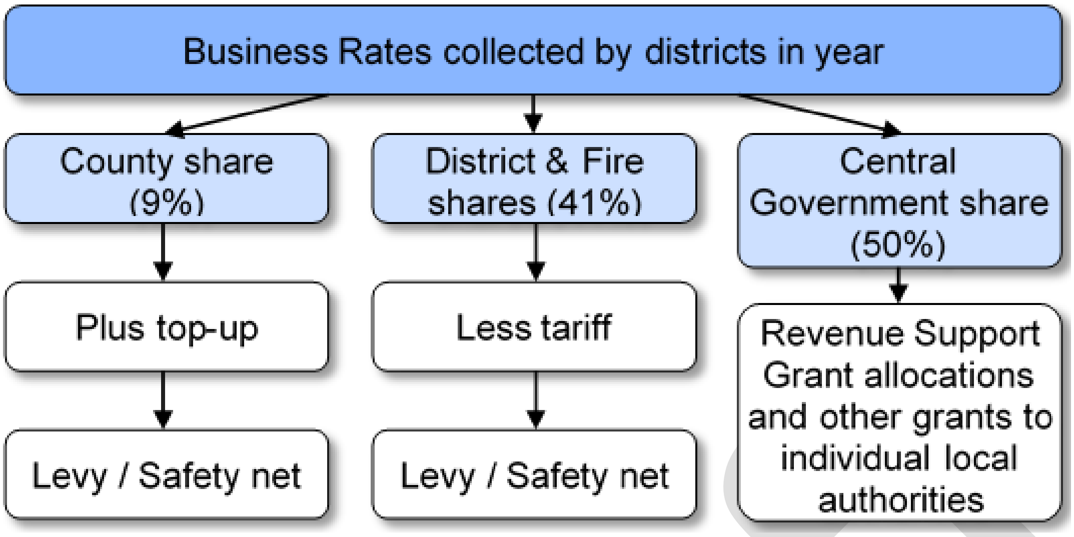
| Band | Ratio | Amount £ | Increase on 2021-22 £ |
|---|---|---|---|
| A | 6/9 | 979.74 | 46.56 |
| B | 7/9 | 1,143.03 | 54.32 |
| C | 8/9 | 1,306.32 | 62.08 |
| D | 9/9 | 1,469.61 | 69.84 |
| E | 11/9 | 1,796.19 | 85.36 |
| F | 13/9 | 2,122.77 | 100.88 |
| G | 15/9 | 2,449.35 | 116.40 |
| H | 18/9 | 2,939.22 | 139.68 |

## Business Rates (7%)

Business rates are a tax on non-domestic property. Since 2013, councils have retained a portion of the business rates collected locally (the Business Rates Retention Scheme). 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.

This 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 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. It does, however, insulate us from some of the volatility in business rates income. Figure 4.5 illustrates how the current scheme works:

Figure 4.5: Business rates funding process




In two tier areas such as Cambridgeshire, the County Council will receive a top-up from the Government and the district authorities will pay a tariff to central government. Tariff and top-ups are designed to realign business rates baselines with assessed need.

Business rates are collected by District Councils, and so we rely on their estimates of collection rates in our funding projections. Any changes in estimates will need to be factored into business planning. Like Council Tax, there is a collection fund for business rates that can have an impact on the amount of income we get, but these one-off adjustments will be factored into the balance on a dedicated earmarked reserve.

We are expecting further government announcements about the future of business rates, particularly around the retention of a greater proportion of business rates locally. This would provide more incentive to generate economic growth

## Ring-fenced Grants (8%)

These are grants received from central government for a very specific purpose. If we receive a ringfenced grant, these are passed straight to the relevant service. 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. The two largest ring-fenced grants are the Public Health Grant (over £27m) and the Improved Better Care Fund Grant (over £15m, funding adult social care).

Unless we have good reason to assume otherwise, we will project ring-fenced government grants forward throughout the MTFS on a flat cash basis. Government grants are usually not confirmed beyond a single year, and even then can be confirmed quite late, and it would be imprudent based on experience to assume that these grants will end.

We assume the Public Health Grant will remain ringfenced until 2025-26, at which point it is expected to be rolled into a revised business rates retention scheme. 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.

## Non-ringfenced Grants (4%)

These grants are received from government without strict conditions for spending. They go to the corporate centre and are used to fund services generally. In some cases these may be allocated out to a specific service.

The MTFS is currently predicated on the assumption that the Council will receive £37.808m in unringfenced grants in 2022-23, excluding schools grants, a reduction of £16.026m on the total 2021-22 allocation of £53.834m. The majority of the change can be seen through the £15.651m reduction of Section 31 grants and local taxation support and the removal of the COVID Tranche 5 Grant, worth £11.887m.

New grant funding has been announced for Councils in 2022-23. This includes a one-off Services Grant totalling £4.508m, a £5.501m increase in the Social Care Support Grant and a Market Sustainability & Fair Cost of Care Fund amounting to £1.569m, which has conditions linked to the government's social care reforms.

A further new grant has been announced, called the Adult Social Care Market Sustainability & Fair Cost of Care Fund. This grant is given to enable local authorities to begin to implement government's proposed reforms to adult social care. This first tranche is intended to be used by councils to equalise rates paid for care between local authority and private clients, as well as to do preparatory work ahead of the full reforms being implemented. It is expected that further tranches of this grant will be announced.

Table 4.6: Unringfenced grants for Cambridgeshire 2022-23

| | 2022-23 £000 |
|---|---|
| Social Care Support Grant | 18,885 |
| Services Grant | 4,508 |
| Section 31 grants and local taxation support[1] | 4,934 |
| New Homes Bonus | 2,096 |
| Education Services Grants | 2,313 |
| Other unringfenced grants | 5,072 |
| Total unringfenced grants | 37,808 |

(1) Section 31 grants are those given under s31 of the Local Government Act 2003, and in this table are generally narrow-focussed grants linked to taxation, such as government reimbursing us where they require exemptions from business rates

## Fees & Charges (15%)

A significant, and increasing, proportion of the Council's income is generated by charging for some of the services it provides. The Council reviews its charges on an annual basis, with proposals presented to Members. Local authorities faced significant shortfalls in sales, fees and charges income in 2021-22 as a result of national restrictions imposed in response to the coronavirus pandemic. While in some areas income generation has quickly returned to normal, in other services it is still slow to recover. The pandemic has also accelerated shifting behavioural trends, such as online purchasing and working from home that could impact the Council's fees and charges income and reshape our non-statutory service provision for years to come.

Some of the income we receive is from statutory charging regimes such as in Adult Social Care. In these cases, charging rates are generally defined nationally and we will have a specific policy about how that works in Cambridgeshire. Those policies will define how charges are calculated and how they may be increased year-on-year.

The Fees & Charges Policy forms part of this strategy, in chapter 12.

## Dedicated Schools Grant (29%)

The Council receives the Dedicated Schools Grant (DSG) from the Government and it is therefore included in our gross budget figures. 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”.

A total DSG overspend of around £12.5m across SEND in 2020-21 which, combined with underspends on other DSG budgets resulted in a net DSG overspend of £9.7m to the end of the year. When added to the existing DSG deficit of £16.6m brought forward from previous years, and allowing for required prior-year technical adjustments, this resulted in a cumulative deficit of £26.8m to be carried forward into 2021/22. As a result of continuing increases in the numbers of pupils with Education Health & Care Plans, the Council anticipates an increased overspend of around £14.4m in 2021-22, bringing the total DSG deficit carried forward into 2022-23 to around £40m.

Local Authorities are currently permitted to carry deficits in their DSG funding between financial years however this remains a serious issue for the Council with uncertainty around treatment of this deficit from 2023/24 onwards. A deficit recovery plan has been submitted to the Department for Education and the Council has established an SEND recovery board to support its implementation. However it is likely that the Council will continue to carry a significant DSG deficit over the medium term until additional government support is forthcoming.

Table 4.7: Parameters used in modelling future funding

| Funding Source | Parameters |
|---|---|
| Business Rates | • Assumed 0.5% taxbase growth in Cambridge City, and 0.25% growth in South Cambridgeshire, with no growth in other districts<br>• National CPI inflation for 2023-24 onwards |
| Top-up | • National CPI inflation for 2023-24 onwards |
| General Council Tax | • Level set by Council for 2022-23 (1.99%), and 2% thereafter<br>• Occupied Cambridgeshire housing stock (1.51% – 2.03% annual increase, as per District Council forecasts) |
| Adult Social Care Precept | • Level set by Council for 2022-23 (3%), no increase thereafter<br>• Same growth assumption as general council tax |
| Government grants | • Grants allocated by individual government departments assumed to be flat cash unless otherwise known |
| Fees & charges | • Charges set by Council (average 2.5% annual increase over MTFS period) |

## Local Government Finance Settlement

In November 2021 the government announced a spending review covering 2022-25, which is three financial years. The financial implications of the headline funding announcements for individual local authorities were set out in the provisional Local Government Finance Settlement published by the Government in December 2020. This settlement only covered one year, despite the multi-year spending review.

The Council's core spending power will increase by 8% next year according to government figures accompanying the settlement. However, nearly two thirds of this relates to the additional Council Tax that the government is allowing councils to levy. This is alongside changes in legislation (Such as the national insurance rise) that the government has imposed on councils. Overall, government funding is going up by less than the increased pressures we are facing.

The Council will receive an additional £11.84m of grant in 2022-23, with no further increases announced for 2023-24 or 2024-25. £4.5m of this relates to a new Services Grant, which is one-off funding, and an Adult Social Care Grant which is ringfenced to spend on reforms. The New Homes Bonus will also be reducing by £184k from 2022-23.

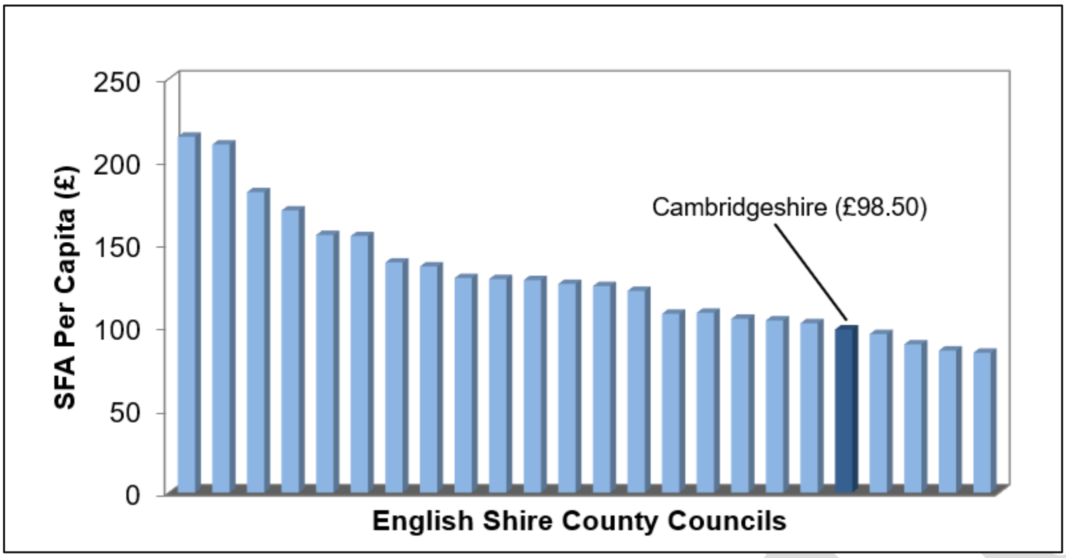
Table 4.8: Comparison of Cambridgeshire's overall Government funding 2016-17 to 2022-23

| | 2017-18 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 |
|---|---|---|---|---|---|---|
| Revenue Support Grant | 15,312 | 3,915 | - | - | - | - |
| Covid Grants | - | - | - | - | 27,538 | - |
| Other Unringfenced Grants | 8,380 | 11,305 | 14,645 | 23,831 | 26,296 | 37,808 |
| Better Care Funding | 21,487 | 24,744 | 27,854 | 31,675 | 31,675 | 33,809 |
| Other Ringfenced Grants | 40,208 | 38,312 | 38,140 | 43,079 | 43,059 | 44,260 |
| Government Revenue Funding (excl. schools) | 85,387 | 78,276 | 80,639 | 98,585 | 128,568 | 115,877 |
| Difference | -13,326 | -3,512 | +3,865 | +20,550 | +16,908 | -2,398 |
| Percentage Increase | -8.3% | -2.4% | +2.7% | +13.9% | +10.0% | -1.3% |

The Council's core 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 2022-23 Cambridgeshire's SFA award per head of population will be the fifth lowest of all shire county councils, at only £98.50 compared to the average of £129.33.

If Cambridgeshire's SFA allocation was based on local population estimates, which account for the impact of population growth more accurately than national estimates, and if Cambridgeshire received the average level of SFA per head of population, we would receive £26m more in Government grant funding for 2022/23.

Figure 4.9: County Council SFA per Capita 2022-23




## Fairer Funding Model

The current tariffs and top-ups for business rates were set in 2013-14 based on the previous 'Four Block Model' distribution and increased annually by September's 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.

A consultation on the review of local authorities' relative needs and resources was released as part of the 2019/20 provisional settlement. The Government was 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 would 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.

In April 2020, the government announced that it would delay the move to 75% Business Rates Retention and the implementation of the fair funding review due to the shift in resources required to respond to the pandemic. It was confirmed in the 2022-23 local government finance settlement that the review would not commence in 2022-23. We hope the review will commence for 2023-24. In the meantime, the Council continues to campaign for fairer funding through all available forums including the County Councils Network and the Society of County Treasurers.

# 5 - Revenue Strategy: Building the budget

Forecasting the cost of providing current levels of 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 and the level of savings and additional income that we will need to balance the budget over the medium-term. Our cost forecasting takes account of pressures from inflation, demographic and demand changes, amendments to legislation and other factors, as well as any investments the Council has opted to make.

This process has continued to prove challenging for 2022-23 and beyond due to the exceptional levels of uncertainty surrounding the impacts of Covid-19 on service provision for the current MTFS period. In the future, our spend projections will take account of future carbon emissions liabilities, supported by analysis of the carbon costs of all activities the Council commissions or directly undertakes.

## Inflation

We have responded to the uncertainty about future inflation rates, and the duration of the currently high rate, relating to our main service costs by making a prudent assessment of their impact. Our policy of maintaining reserves to cover such uncertainties mitigates this risk.

There is not a direct link between national inflation indices (such as CPI or RPI) and the inflationary pressures that our services face due to the mix of costs that we face, and the specific goods and services that we purchase. For example much of our costs are employee related, and we may be bound by contracts that have specific inflationary uplifts each year or are part of a local market that sees different supply & demand issues affecting prices. National changes, such as the effect on supply chains of an increasing minimum wage, can exceed inflation rates and are generally budgeted for as pressures (as they result from government policy changes rather than general economic conditions).

Estimates of inflation in this business plan have been based on indices specific to each service or type of spend, factoring in the national inflation outlook, local trends, and uplifts built into contracts. We calculate 65 inflation indices that apply to all spend across our budgets to calculate the overall inflationary pressure. We also need to take into account where other changes, such as increases in the minimum wage, will potentially override the effect of inflation. Taking into account the mix of goods and services we purchase, this plan assumes an average inflation rate of 1.7% for 22-23. As noted above, cost increases due to policy changes can replace inflationary pressures which has the effect of making our overall budgeted inflation look low.

Staff pay inflation has been budgeted at 2.5% per year following the announcement of the end of the public sector pay freeze in the 2021 Spending Review. As well as this, increases to the real living wage will be factored in for staff paid at that level. Local Government pay is subject to national negotiations for the sector whilst some grades are subject to local decisions, so at this stage a 2.5% increase is only our estimate of what budgetary provision will be required for increasing pay costs.

The table below shows expected overall inflation levels for the Council:

Table 5.1: Inflation pressures

| | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| Inflationary cost increase (£000) | 10,005 | 9,329 | 10,477 | 10,679 | 10,920 |
| Inflationary cost increase (%) | 1.7% | 1.5% | 1.6% | 1.6% | 1.6% |

## Demand Pressures

Increases in demand for services can result from changes in population numbers and changes in population need. The underlying general population growth in Cambridgeshire is forecast to be around 0.3% per year across the MTFS period. The demand 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, resulting in more care being provided or a more expensive mix of care types

Our demand projections are underpinned by models for each service area that are reviewed annually, and factor in demographic information, price projections, trend analysis and knowledge of likely future trajectories.

Table 5.2: Demand pressures

| | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| Demand cost increase (£000) | 9,615 | 15,919 | 16,144 | 16,233 | 16,792 |
| Demand cost increase (%) | 1.6% | 2.5% | 2.5% | 2.5% | 2.5% |

These demand pressures take into account any impact modelled from Covid-19. In some cases we have seen permanent increases in people's care needs or profiles of demand as a result of the pandemic. In other cases, increases are expected to be temporary. Substantial additional funding was included in the 2021-26 MTFS for Covid pressures in some services that now have returned to a more normal position, particularly in Place & Economy, and the above demand projections factor in the removal of this unneeded funding.

## Other Service Pressures

There are some other unavoidable cost pressures that we will have to meet. Where possible services are required to manage pressures, if necessary being met through 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. Specific pressures are set out in the budget tables for the relevant service. Examples of these pressures include the rising minimum wage and changing environmental regulations around odours being emitted from waste treatment plants. Negative numbers in the table show where temporary pressures are reversed.

Table 5.3: Other pressures

| Service | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| People & Communities | 11,637 | 9,015 | 5,615 | 4,833 | 4,833 |
| Place & Economy | 3,422 | -2,510 | -650 | 0 | 0 |
| Corporate Services | 1,177 | -774 | 160 | -13 | 55 |
| Total Pressures | 16,236 | 5,731 | 5,125 | 4,820 | 4,888 |
| Pressure cost increase (%) | 2.72% | 0.91% | 0.79% | 0.73% | 0.73% |

## Investments

Despite the challenging financial position that the Council is in, there remains a need to invest in some services. This may be to improve service outcomes, promote a better financial position over the medium-term, or improve sustainable use of natural resources.

Where investments result in a permanent increase in a service's budget requirement, this is ultimately funded by savings or additional income across the Council. For time-limited investments, it is appropriate to use reserves funding. Chapter 9 of this MTFS provides more detail on the source of reserves funding used for investments that require only short-term budget. As with pressures above, negative numbers in the table below show temporary pressures being reversed – including in the case of Corporate Services pressures in 2021-22 being removed.

Table 5.4: Investments

| Service | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| P&C | 5,278 | 489 | 2,267 | -2 | -462 |
| P&E | 485 | 845 | 890 | -150 | 0 |
| CS | -981 | 960 | 627 | -220 | -68 |
| PH | 170 | -45 | | | |
| Total Investments | 4,952 | 2,249 | 3,784 | -372 | -530 |
| Investment cost increase/reduction (%) | 0.83% | 0.36% | 0.59% | -0.06% | -0.08% |

## Financing of Capital Spend

All capital schemes have a potential three-fold impact on the revenue position due to interest payments on borrowing, costs of making a revenue provision for the repayment of borrowing, and the ongoing revenue impact of the asset (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 considered 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. Future changes to the code will be factored into future business plans.

Once the service programmes have been refined, if the amalgamated level of borrowing and thus debt charges breach 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.

Due to the Council's strategic role in stimulating low carbon 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.

The estimated impact of the capital programme on revenue through debt charges over the medium-term is shown in table 5.X below:

Table 5.5: Capital financing charges – absolute and change year on year

| | 2022-23 £m | 2023-24 £m | 2024-25 £m | 2025-26 £m | 2026-27 £m |
|---|---|---|---|---|---|
| 2022-23 Business Plan | 34.0 | 36.8 | 40.5 | 41.1 | 42.6 |
| Year-on-Year Change | +3.8% | +2.7% | +3.7% | +0.7% | +1.5% |

## Savings & Income Generation

This business plan contains some savings and additional income generation proposals that were agreed in previous years' medium-term financial plans. Proposals carried-over from previous plans are reviewed to assess deliverability and value of expected savings/income. Table XX below sets out which saving and income lines in service budgets were agreed in a previous business plan.

Table 5.6: Savings and income proposals agreed in previous business plans

| | 2022-23 £m | 2023-24 £m | 2024-25 £m | 2025-26 £m | 2026-27 £m |
|---|---|---|---|---|---|
| P&C Adults | -3,667 | -864 | -395 | -49 | - |
| P&C Children | -2,595 | -684 | -345 | - | - |
| P&C Communities | -64 | -65 | - | - | - |
| Place & Economy | -3,210 | -730 | 150 | 120 | - |
| Corporate Services | -1,831 | -4,364 | -2,145 | -134 | -530 |
| Total Income and Savings Proposals | -11,367 | -6,707 | -2,735 | -63 | -530 |

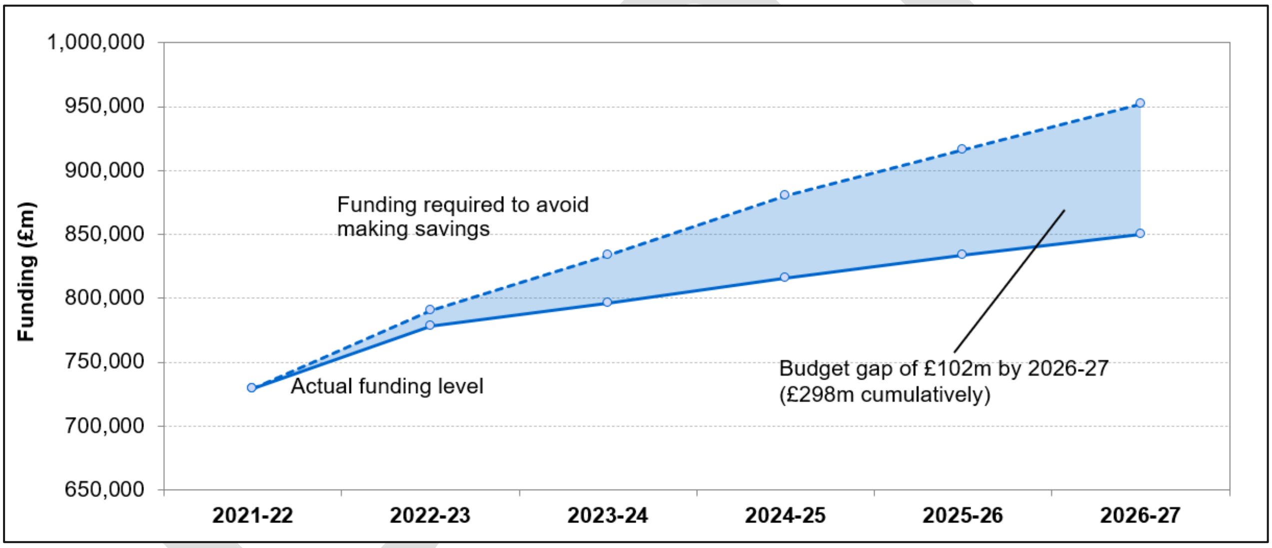
New savings and income proposals to balance 2022-23's budget and close the budget gap over the medium term are described in chapter 6 below.

# 6 - Revenue Strategy: Balancing the budget

Every local authority has a legal responsibility 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.

Inevitably, cost pressures are forecast to outstrip available resources, given the rising costs caused by inflation, growth and associated demand pressures and renewed pressure on levels of funding for local government in the wake of the pandemic. Consequently, we will need to make significant further savings, or generate significant additional income, to close the budget gap.

Figure 6.1: Current Budget gap after funding change and budget pressures but before savings and additional income




Closing this budget gap over the next five years will mean making tough decisions on which services to prioritise. Some savings or additional income are already included in the draft business plan that partly close this gap.

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.

We now face demand pressures that are increasing year-on-year faster than expected, as well as an uncertain economic outlook. We must also, however, invest in services that can bring the most benefit and reduce cost pressures over the longer-term.

Savings to be made from incremental efficiencies are likely to be minimal as we have had reducing government funding and cost pressures for over a decade. The easy savings have mostly been made. We must therefore focus on reviewing any service areas where we can disinvest, drive more innovative and transformative change across the medium-term, and maximise the income that can be generated locally.

We do not have a medium-term funding settlement for local councils given by central government, which is a key risk in our medium-term financial planning. We therefore cannot rely on any future increases in government funding to close our budget gap unless we have had confirmation of it or can reasonably expect it based on experience.

In working to balance the budget, we have worked in a cross-council way to identify the areas for saving or additional income, and the areas where transformation is required to drive efficiencies. Individual services do not have a savings target, and it is the responsibility of senior leaders to identify together the best ways to balance the budget across the whole council. We prioritise the resources available to us to meet the changing and growing needs of communities, and only consider service reductions as a last resort.

Services should review their budgets each year to identify any areas that have been given budget in excess of that needed to deliver the service. This is particularly the case in demand-led budgets, where estimates of growth or demand patterns will have been used and may subsequently change. In undertaking this review, services should bear in mind the corporate reserves position and the general provision for risk, and not assume an excessive amount of risk or contingency needing to be met within service budgets.

The Council also undertakes an annual budget review and rebaselining during the first quarter of each financial year to reassess the budget position in light of developments from the point at which the business plan is approved by Full Council in the preceding February. This allows the budget to be flexed to take account of material changes in circumstances such as significant increase in inflationary pressures or any new legislative requirements. This can contribute towards closing the budget gap in future years if budgets are reduced.

If savings are identified and made in the current financial year but were not planned for, for example a reduction in cost on a new contract, then these will be factored into the business plan for the next financial year. In the meantime, they can be used to mitigate other pressures or funding can be transferred to the general reserve, but they should not be reinvested into ongoing costs.

In generating additional income, we will ensure the Fees & Charges policy is reviewed annually and should assume that by default, charges should go up by inflation each year if permitted.

As well as considering further savings or generating additional income, we need to ensure our projections for income from taxation are accurate. We will work with District Council colleagues, who collect local taxation on our behalf, at several stages throughout the year to receive updated projections for tax base levels and collection rates.

New savings proposed to close the budget gap in 2022-23 and reduce the gap in future years are summarised in table 6.2 below and set out in detail in service finance tables in Section 3 of the business plan

Table 6.2: New savings or additional income proposals

| | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| P&C Adults | -2,308 | 70 | - | - | - |
| P&C C&YP | -650 | - | - | - | - |
| P&C CS&I | -450 | -60 | -60 | - | - |
| P&E | -135 | -20 | - | - | - |
| CS | 642 | -170 | - | - | - |
| Total | -2,901 | -180 | -60 | - | - |

Note: positive figures are temporary savings being reversed

After factoring in identified savings and additional income, budget gaps remain in years 2023-24 to 2026-27, shown below.

Table 6.3: Budget gap 2022-23 to 2026-27

| | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| Budget Gap | - | 17,396 | 22,737 | 16,782 | 18,337 |

# 7 – 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 7.1 below.

Table 7.1: Total funding 2022-23 to 2026-27

| | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| Business Rates plus Top-up | 67,056 | 68,897 | 70,862 | 72,661 | 74,414 |
| Council Tax | 345,223 | 359,041 | 373,655 | 387,717 | 401,448 |
| Revenue Support Grant | 0 | 0 | 0 | 0 | 0 |
| Other Unringfenced Grants | 37,808 | 32,099 | 32,062 | 59,717 | 59,686 |
| Dedicated Schools Grant (DSG) | 248,545 | 248,545 | 248,545 | 248,545 | 248,545 |
| Other grants to schools | 10,593 | 10,593 | 10,593 | 10,593 | 10,593 |
| Better Care Funding | 33,809 | 33,809 | 33,809 | 33,809 | 33,809 |
| Other Ringfenced Grants | 44,260 | 44,279 | 44,298 | 16,609 | 16,609 |
| Fees & Charges | 139,663 | 147,668 | 151,387 | 152,987 | 154,297 |
| Total gross budget | 926,957 | 944,931 | 965,211 | 982,638 | 999,401 |
| Less grants to schools [1] | -259,138 | -259,138 | -259,13 | -259,138 | -259,138 |
| Schedule 2 DSG plus income from schools for traded services to schools[2] | 110,039 | 110,039 | 110,039 | 110,039 | 110,039 |
| Total gross budget excluding schools | 777,858 | 795,832 | 816,112 | 833,539 | 850,302 |
| Less Fees, Charges & Ringfenced Grants | -327,771 | -335,795 | -339,53 | -313,444 | -314,754 |
| Total net budget | 450,087 | 460,037 | 476,579 | 520,095 | 535,548 |

(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".

(2) The Council retains some DSG (schedule 2 DSG) to fund services to all schools (predominantly high needs services) as well as earning income through trading services to schools. Budget for these services is added back in here.

## Expenditure Summary

The Council's projected revenue spending by department is summarised in table 7.2 below.

Table 7.2: Service net budgets 2022-23 to 2026-27

| | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 |
|---|---|---|---|---|---|
| People & Communities | 321,580 | 346,150 | 372,026 | 396,709 | 421,754 |
| Place & Economy | 66,101 | 65,711 | 68,154 | 70,189 | 72,314 |
| Corporate Services | 27,411 | 9,110 | -11,449 | -23,074 | -38,197 |
| Financing Debt Charges | 34,044 | 36,750 | 40,465 | 41,121 | 42,628 |
| Public Health | - | - | - | 26,571 | 26,571 |
| Environment Agency Levy | 433 | 442 | 451 | 460 | 469 |
| Combined Authority Levy | 9,685 | 9,976 | 10,276 | 10,585 | 10,903 |
| Net movement on reserves | -9,212 | -8,102 | -3,344 | -2,466 | -894 |
| Total budget | **450,042** | **460,037** | **476,579** | **520,095** | **535,548** |
| % Change in budget | 3.4% | 2.2% | 3.6% | 9.1% | 3.0% |

## Robustness of Estimates

The Council's s151 Officer is required to report annually on the robustness of estimates made in drafting the Council's budget and for setting its Council Tax precept. A separate formal report on robustness of estimates is provided to the Council meeting that considers the draft budget, and the table below sets out the key assumptions and context used in preparing this business plan.

| | Budget Assumption | Explanation of Approach |
|---|---|---|
| Pressures | | |
| 1 | Inflation | 2.5% has been assumed for staff pay inflation in 2022-23 and 2% across the rest of the medium-term. The Council is part of national arrangements for setting some pay scales and therefore pay awards will be influenced by any national agreements reached. Other pay scales are set locally. Each 1% increase in staff pay costs around £1.3m.<br><br>Chapter 5 above sets out the approach to service inflation projections. Bespoke inflation indices are calculated for key services and reviewed annually. The relationship between general inflation and cost rises for our services is not linear, as set out in chapter 6 above. |
| 2 | Interest rates | Interest rate projections for our borrowing are based on discussions with the Council's external treasury management advisor. Most borrowing is at a fixed rate, and interest rate fluctuations only affect new borrowing or refinancing. |

| | | |
|---|---|---|
| 3 | Demand & demographic change | Pressures arising from increased demand for our main services are modelled annually and are based on demographic projections, trend analysis and review of activity data. The main areas of demand pressures are in social care (mainly Adults but also Children's), home to school transport and increasing waste tonnage. |
| 4 | Legislative changes | We estimate the cost of legislative changes on a case-by-case basis, depending on the certainty and materiality of them. For example, we know that the increasing minimum wage is an annual change made by the government and we take steps to estimate its trajectory, using the OBR forecasts as a basis.<br><br>Where there are discreet changes to legislation proposed by government that will present new costs to the Council, we generally assume these will be funded in part through the new burdens principle.<br><br>The largest legislative changes provided for in this business plan are around the minimum wage and the increase in national insurance. We also bear in mind proposed changes to adult social care as a key risk. |
| 5 | Policy decisions | Policy decisions by the Council can increase costs in our budget, either through new services or increasing spend on existing services. Officers work with senior councillors through the year to advise on and quantify policy decisions. Proposals are scrutinised for affordability and value for money. The largest examples of these costs in this budget are the implementation of the Real Living Wage in our social care supply chain and short-term investments towards a just transition. |
| Savings and income | | |
| 6 | Savings | Savings development follows a rigorous process of business case development and scrutiny, through both individual services and at a corporate level. The Finance Service is involved in quantification, and amounts should not end up being budgeted for as savings unless there is a plan for delivery at that point in time and confidence in it. Recognising that somethings savings are later not fully deliverable in practice, there is an officer board that routinely looks for further savings in-year that can be brought forward to mitigate. |

| | | |
|---|---|---|
| | | We aim to provide savings lines to close later years in the medium-term as well as the first year. We also review actual spend in services against budgets and have a process for re-baselining services that are deemed to not need the full budget allocation. |
| 7 | Additional income | Inflationary increases in fees and charges for our services should be applied as a matter of course each year where this is allowed. |
| Other assumptions | | |
| 8 | Funding changes | The Local Government Finance Settlement provided only one-year allocations of funding covering 2022-23. There is uncertainty about the allocation of funding beyond that year, as well as the review of the business rates system. These both mean that there is funding uncertainty facing the Council in 2023-24 and beyond.<br><br>Consequently we have taken a prudent approach to interpreting the outcome of the settlement, assuming that brand new grant funding where not confirmed beyond that single year will not be continuing.<br><br>There are several grants that have not yet had allocations confirmed for 2022-23 and where this is the case we generally do not provide for them in the budget. |
| 9 | Financial risks inherent in any significant new contracts, capital schemes or partnerships | Financial risks are included in our assessment of the prudent level of the general reserve in this strategy, along with some earmarked reserves to mitigate risks held in some of the more volatile services. Consequently, we intend not to budget for financial risks at a service level. We closely monitor revenue and capital spend to determine whether risks are materialising. |
| 10 | Availability of funds to deal with major events | The Council’s general reserve has been assessed as part of this strategy and increased above its level in the previous MTFS. All reserves are reviewed annually. The council also has recourse to the national Bellwin Scheme in the event of disasters and emergencies. |

| | | |
|---|---|---|
| 11 | Capacity to manage budget pressures | The Council's general reserves provides some cushion against unforeseen budget pressures in the short-term, providing enough time to establish plans to address pressures in a sustainable way. Our reserves level generally benchmarks quite low against our statistical neighbours, but this MTFS increases the level of our general reserve. We also retain earmarked reserves that could be redirected to bolster the general reserve if needed. In recent years, the Council has delivered a close to balanced position at year end, or an underspend, showing some capacity to deal with pressures as they arise in year. |
| 12 | Strength of financial reporting arrangements | The Council has a well-established process for monthly financial reporting, feeding from regular reviews by individual budget managers. This results in monthly Finance Monitoring Reports that contain budgets, actual spend and forecasts that are published at committee meetings. Training on budget managers on financial processes takes place, and the central Finance Service prioritises support to the most complex, risky or volatile budget areas.<br><br>The Council's accounts are reviewed annually by our external auditors and reported on. |

# 8 - Capital

The full capital strategy forms section 6 of this business plan, but key elements of the capital programme are summarised below.

The 2022-23 ten-year capital programme worth £680.2m is budgeted to be funded through £480.1m of external grants and contributions, £39.7m of capital receipts and £160.50m of borrowing (Table 8.1). This is in addition to previous spend of £675.1m on some of these schemes creating a total Capital Programme value of £1.4 billion. The related revenue impact of prudential borrowing is due to increase from £34.0m in 2022-23, to £42.6m by 2026-27. This includes some offset by the forecast income from the various Invest to Earn schemes.

Table 8.1: Funding the capital programme 2021-22 to 2030-31

| | Prev. years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later years £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| Grants | 189,471 | 62,059 | 33,105 | 28,424 | 28,126 | 23,226 | 33,400 | 397,811 |
| Contributions | 114,998 | 38,124 | 51,156 | 25,805 | 18,403 | 35,769 | 102,500 | 386,755 |
| General capital receipts | 13,437 | 10,974 | 2,344 | 6,343 | 2,500 | 500 | 17,000 | 53,098 |
| Prudential borrowing | 240,873 | 71,860 | 87,860 | 42,306 | 42,876 | 21,591 | 10,863 | 518,229 |
| Prudential borrowing (repayable) | 116,331 | 9,228 | -5,349 | -6,795 | -103 | -27,879 | -85,972 | -539 |
| Total funding | 675,110 | 192,245 | 169,116 | 96,083 | 91,802 | 53,207 | 77,791 | 1,355,354 |

Section 3 later in the Business Plan sets out the detail of the 2022-23 to 2031-32 capital schemes which are summarised in the tables below.

Table 8.2 summarises schemes according to start date, whereas Table 8.3 summarises capital expenditure by service. These tables include schemes that were committed in previous years but are scheduled to complete from 2022-23 onwards. Total expenditure on major new investments underway or planned includes:

- Schools (£503.8m)
- Children Support Services (£6.5m)
- Adult Social Care (£109.0m)
- Cultural & Community Services (£6.8m)
- Corporate Services & Transformation (£24.4m)
- Investments (£150.5m)
- Property (£35.7m)
- Transport (£500.9m)
- Planning Growth and Environment (£18.6m)
- Climate Change & Energy Service (£86.4m)
- Connecting Cambridgeshire (£23.7m)

Table 8.2: Capital programme for 2022-23 to 2031-32

| | Prev. Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| Ongoing | 94,801 | -1,715 | -2,374 | 8,922 | 10,911 | 17,050 | 28,605 | 156,200 |
| Commitments | 578,528 | 153,162 | 123,605 | 47,355 | 46,963 | 17,712 | 42,536 | 1,009,861 |
| New starts: | | | | | | | | |
| 2021-22 | 421 | 3,376 | 7,575 | 9,968 | - | - | - | 21,340 |
| 2022-23 | 1,360 | 36,472 | 17,360 | 17,547 | 17,701 | 3,490 | 215 | 92,375 |
| 2023-24 | - | 200 | 10,100 | 4,600 | 380 | - | - | 15,280 |
| 2024-25 | - | - | - | 3,161 | 15,597 | 14,955 | 6,435 | 40,148 |
| 2025-26 | - | 750 | 12,850 | 6,300 | 250 | - | - | 20,150 |
| 2026-27 | - | - | - | - | - | - | - | - |
| Total spend | 675,110 | 192,245 | 169,116 | 96,083 | 91,802 | 53,207 | 77,791 | 1,355,354 |

Table 8.3: Services' capital programme for 2022-23 to 2031-32

| Scheme | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| People & Communities | 133,658 | 98,357 | 121,728 | 66,240 | 71,635 | 36,138 | 41,259 | 569,015 |
| Place & Economy | 368,057 | 85,383 | 43,984 | 27,417 | 18,907 | 16,269 | 22,932 | 582,949 |
| Corporate Services | 173,395 | 8,505 | 3,404 | 2,426 | 1,260 | 800 | 13,600 | 203,390 |
| Total | 675,110 | 192,245 | 169,116 | 96,083 | 91,802 | 53,207 | 77,791 | 1,355,354 |

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

Table 8.4: Invest to Save / Earn schemes for 2022-23 to 2031-32

| Scheme | Total Investment £m | Total Net Return* £m |
|---|---|---|
| Independent Living Service: East Cambridgeshire | 17.8 | 0.9 |
| Independent Living Services | 40.1 | TBC |
| Swaffham Prior Community Heat Scheme | 13.5 | 21.6 |
| Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride | 4.9 | 2.9 |
| Babraham Smart Energy Grid | 7.5 | 7.6 |
| Trumpington Smart Energy Grid | 7.0 | 7.0 |
| Stanground Closed Landfill Energy Project | 8.3 | 8.9 |
| Woodston Closed Landfill Energy Project | 2.5 | 9.2 |
| North Angle Solar Farm, Soham | 26.4 | 40.0 |
| Housing schemes | 148.7 | 58.2 |
| Lower Portland Farm | 3.8 | 15.1 |
| County Farms investment (Viability) | 2.7 | 5.0 |
| Shire Hall Relocation | 18.7 | 45.2 |
| TOTAL | 301.9 | 221.6 |

*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).

## Flexible Use of Capital Receipts Policy

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 will allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects. The flexibility was originally announced for 2016-17 to 2018-19, extended by a further 3 years as part of the 2018-19 Local Government Finance Settlement, and is anticipated to be extended to the end of 2024-25.

This flexibility applies as long as the Council complies with the following:

- The expenditure is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years; and

- The expenditure is properly incurred for the financial years that begin on 1 April 2016 to 1 April 2021 (anticipated to be extended to 1 April 2024), and can only be met from capital receipts which have been received in the years to which this direction applies.

We will use this direction to fund those members of staff, primarily in the Business Improvement Directorate, who are working on designing and delivering service change. This will be used up to £1.682m per year from 2022-23 to 2024-25. The Council funded £2.9m of expenditure in 2017-18 using this direction, £3.9m in 2018-19, £2.7m in 2019-20, £1.5m in 2020-21 and is forecasting to spend £1.3m in 2021-22.

We expect this funding to be applied in 2022/23 to the following work:

Table 8.5: Change work to be funded by Capital Receipts in 2022/23

| Scheme | Prior Years £k | | | 2022-23 £k | |
|---|---|---|---|---|---|
| | ACTUAL COST | BUDGETED SAVING | ACTUAL SAVING | BUDGETED COST | BUDGETED SAVING |
| Adult Social Care Transformation | 3,300 | -22,634 | -16,235 | 50 | -164 |
| Learning Disability Transformation | 112 | -930 | -843 | | |
| Commissioning | 367 | -7,136 | -6,745 | 82 | |
| Children's Change Programme | 1,362 | -3,978 | -3,612 | 150 | |
| Children's Centres & Children's Health Services Transformation | 207 | -1,022 | -1,022 | | |
| Learning Transformation | 1,054 | -819 | -719 | | |
| Communities | 40 | -60 | -60 | 100 | -250 |
| Public Health Transformation | 0 | -189 | -189 | | |
| Transport Transformation | 104 | -2,509 | -2,333 | 300 | -380 |
| Assets / Facilities work stream / Property projects | 1,589 | -2,115 | -1,597 | 100 | |
| Automation | 339 | -397 | -191 | | |
| Organisational Structure Review | 1,092 | -1,793 | -2,312 | 100 | -100 |
| Commercialisation | 2,067 | -7,351 | -3,330 | 300 | -500 |
| Waste Transformation | 13 | -1,085 | -310 | | |
| Libraries Transformation | 222 | -230 | -230 | | |
| Shared Services | 345 | -1,615 | -537 | 100 | |
| IT Strategy | 113 | | | | |
| Contract management | | | | 250 | -310 |
| Other | 485 | | | 150 | |
| TOTAL | 12,811 | -53,863 | -40,265 | 1,682 | -1,704 |

As a result of using capital receipts in this way rather than applying all capital receipts to the capital programme, prudential borrowing undertaken by the Council for the years 2017-18 to 2024-25 is budgeted to be between £1.5m and £3.9m higher in each respective year. This affects the Council's Prudential Indicators as follows:

Table 8.6: Effect of using Capital Receipts on Prudential Indicators:

| Prudential Indicator | 2017-18 £m | 2018-19 £m | 2019-20 £m | 2020-21 £m | 2021-22 £m | 2022-23 £m | 2023-24 £m | 2024-25 £m |
|---|---|---|---|---|---|---|---|---|
| Capital Financing Requirement | +2.9 | +6.9 | +9.6 | +11.1 | +12.5 | +14.2 | +15.8 | +17.5 |
| Operational Boundary (Total Borrowing) | 899 | 985 | 1,058 | 1,063 | 1,044 | 1,060 | 1,110 | 1,160 |
| Authorised Limit (Total Borrowing) | 929 | 1,015 | 1,088 | 1,093 | 1,074 | 1,090 | 1,140 | 1,190 |

# 9 - Reserves Policy & Position

We need reserves to protect and enhance our medium-term financial sustainability. In particular, reserves 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
- enable us to deal with any unexpected changes in legislation or court judgements
- provide operational contingency at service level
- provide operational contingency at school level

We must also bear in mind the risks and sensitivity of assumptions outlined in chapter 9 above.

## Reserve types

The Council maintained the following types of reserve coming in to 2021/22:

- 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 (such as insurance claims or ongoing litigation), or that we set aside for specific and designated purposes (such as a reserve for risks within adult social care).

- Schools reserves – we encourage schools to hold general contingency reserves within advisory limits. The Chief Finance Officer and Director of Education, in collaboration with Schools Forum, monitor schools above the advisory limits, and take steps to encourage appropriate deployment. However, the Council's powers to intervene and insist on spending within delegated and ring-fenced schools budget is limited by legislation. It is also notable that after taking account of the carried forward deficit on the High Needs Block of the Dedicated Schools Grant, the consolidated schools balance is now negative. The Council is taking steps to manage demand on the high needs block and lobby government for a more sustainable long term funding solution.

- COVID-19 related – the Council received additional one-off funding from government related to the pandemic in advance of spending requirements. We earmarked some of that funding t to offset the medium- and longer-term effects of the pandemic and recovery.

- Transformation Fund – a reserve created several years ago from funding generated by a revision to the Council's policy on minimum revenue provision. It has a set of principles used to access funding and was designed to enable investments that deliver ongoing financial returns.

In considering the planning for 2022-27, we are mindful of the great deal of additional uncertainty that we face, particularly from:

- The long-term effects of COVID-19, and the costs we might face as we recover from the pandemic, bearing in mind the earmarked reserve for COVID-19 costs that we have
- The growing deficit on the High Needs Block of the Dedicated Schools Grant, which is projected to be around £37m at the start of 2022/23
- Announced government reforms, particularly in adult social care funding, where we do not yet have full details
- The ongoing effects of the United Kingdom's exit from the European Union
- Potential, unpredictable disruptions to global supply chains, increasing prices or causing shortages of goods
- Climate change and the need to move towards being a net-zero county

We also 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.

At the same time, we do need to ensure there are sufficient reserves to enable the funding of one-off costs that enable innovative or transformative pieces of work to take place, particularly where they contribute towards the longer-term financial sustainability of the Council.

We therefore need to review:

- The adequacy of the general reserve
- Providing an offset for the High Needs Block deficit
- Funds held for one off investment
- How we use our COVID-19 reserve

## Adequacy of the general reserve

In previous years, the Council has had a policy of holding the general reserve at not less than 3% of gross non-school expenditure. This was reviewed ahead of setting the 2021/22 budget within the context of considerably increased uncertainty resulting from the COVID-19 pandemic and was deemed to be still appropriate given the additional contingency planning that had been part of core service budgeting process. Notwithstanding the policy minimum, by 1 April 2021, the Council actually held 4% in the general reserve.

As a result of the increasing uncertainty in the medium-term set out above, that target for the general balance should be set at no less than 4% of gross non-school spending for 2022/23, maintaining the current level of actual balance. The increase reflects a strategy of managing risks to the Council corporately rather than in specific services, reducing the level of ongoing budget that is committed to contingencies in services. As the Council's budget increases year-on-year, so does the minimum value of the general reserve to adhere to the 4% target balance. We will keep this under the review, in the context of the risks environment we face in future years.

If any of the general reserve is required to be used in a given year to meet a revenue pressure, it will be topped-up in the subsequent business planning round.

If the general reserve is above its targeted level at the end of a financial year, we will consider it as part of the next business planning round.

The table below sets out some of the known risks presenting themselves to the Council and their indicative values. There will inevitably be other, unidentified, risks and we have made a limited provision for these as well.

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

- The Council continues to hold substantial rolled-forward COVID-19 grant funding, which can be used in a sustainable way to offset COVID-19-related pressures
- We retain substantial other reserves that, while earmarked, are not necessarily fully committed to expenditure

Table 9.1: Target general reserve balance for 2022-23

| Risk | Source of risk | Value £m |
|---|---|---|
| Inflation | 1% variation on Council inflation forecasts. | 2.2 |
| Demand | 4% variation on Council demand forecasts. | 8 |
| Interest rate change | 1% variation in the Bank of England Base Rate. | 0.4 |
| Council Tax | Inaccuracy in District tax base forecasts and collection levels. | 2 |
| Business Rates | Inaccuracy in District tax base forecasts of County share of Business Rates to the value which triggers the Safety Net. | 1.3 |
| 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. | 1.5 |
| Deliverability of savings against forecast timescales | Risk to contract savings due to financial challenges faced by suppliers, increase in service user need due to the pandemic, shortfall in commercial income due to economic downturn | 5 |
| Non-compliance with regulatory standards | E.g. Information Commissioner fines. | 0.6 |
| Major contract risk | E.g., contractor viability, misspecification, non-delivery. | 3.2 |
| Unidentified risks | Unknown or expected contingencies | 2.7 |
| Balance | | 27.4 |

## High Needs Block Deficit

The deficit on the High Needs Block is estimated to be around £38m at the start of 2022/23. This is partly offset by balances held by maintained schools but is still in overall deficit. This deficit is currently ring-fenced to the DSG, and we are not currently required to use general reserves to offset it. Many Councils now have deficits on the High Needs Block, so it is a national issue.

The statutory instrument on treatment of this deficit expires at the end of 2022/23, and it is not clear how we will be expected to manage this deficit thereafter. We are working to reduce the growth in the deficit year-on-year through a programme of transformation, but realistically we are unlikely to be able to mitigate the whole deficit through this route.

There is a risk that government requires councils to meet their High Needs Block deficits. Although that is considered a worst-case outcome, if that were to happen, it could potentially overwhelm our general reserve causing significant medium-term disruption to our financial planning. Given the scale of the risk, it would be prudent to earmark some reserves to mitigate this threat. Bearing in mind the national scale of the issue, the transformation programme to reduce deficit growth, reserve balances held by schools, and ongoing engagement by the Department for Education with councils, we intend to earmark funding to offset 2021-22's expected growth in this deficit. We would call this the High Needs Block Offset.

The Council cannot drain its general reserve to create this offset reserve, and so it would need to be through a reallocation of other existing reserves. By 2023 we expect there to be further clarity on the longevity of the statutory override.

## Investment

It remains a priority of the MTFS to ensure there is sufficient one-off resource to fund proposals that help us transition to a more sustainable future. That may be increased financial sustainability, environmental sustainability, or better and more sustainable outcomes for service-users. We have made a number of investments of this kind through this budget and will announce further details of this investment approach in due course.

## Deployment of COVID-19 reserve

During 2020/21 and early 2021/22, central government provided significant support to Councils dealing with the effects of the COVID-19 pandemic in the form of un-ringfenced grant funding.

We faced substantial increases in costs during the pandemic, but several funding sources announced later in 2020/21 reduced the need to use the un-ringfenced grant. The main additional funding sources announced were:

- Support for infection control and testing in social care providers
- Outbreak management funding
- Compensation for lost sales, fees & charges
- Government funding/supply of Personal Protective Equipment

Much of our un-ringfenced funding was anticipated to have been used to meet costs that were later covered by the above funding. As a result, we retain a reserve created by this grant, which is available to use to mitigate the ongoing effects of COVID-19.

We expect to be feeling the effects of COVID-19 on our service delivery and financial position for at least several more years. This will particularly be felt in parts of our adult social care demand, uplift requirements for adult social care contracts, and lost income in some services. We will therefore release part of this grant reserve into revenue in a sustainable, reducing profile over the medium term, maintaining some balance for specific support schemes for people in the short-term. This will be used to fund specific pressure lines that remain in in the business plan around the effects of COVID-19 on demand and income, as well as funding part of the Adult Social Care demand growth that we believe is the result of the ongoing effects of the pandemic on people's needs.

Table 9.2: Estimated revenue reserves balances over 2022-27

| Balance as at: | 1 April 2022 £m | 31 March 2023 £m | 31 March 2024 £m | 31 March 2025 £m | 31 March 2026 £m | 31 March 2027 £m |
|---|---|---|---|---|---|---|
| General reserve | 27.41 | 27.41 | 28.08 | 28.84 | 29.54 | 30.25 |
| Earmarked reserves[1] | 40.24 | 44.56 | 41.75 | 39.03 | 39.03 | 39.03 |
| Covid Grant Reserve[2] | 26.99 | 16.82 | 11.50 | 7.02 | 3.28 | 1.02 |
| School Reserves[3] | -23.00 | -23.00 | -23.00 | -23.00 | -23.00 | -23.00 |
| Just Transition Fund | 14.00 | 10.78 | 9.78 | 8.82 | 8.07 | 8.07 |
| High Needs Block Offset Reserve | 14.40 | 14.40 | 14.40 | 14.40 | 14.40 | 14.40 |
| Total | 100.04 | 90.96 | 82.50 | 75.11 | 71.32 | 69.77 |
| General reserve as % of gross non-school budget | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |

(1) Includes reserves for balances held by individual services for specific matters, agreed timing of government grant use, litigation risk, insurance claims, and provision to offset commercial and partnership risks. Use of these reserves, where known, is factored in.

(2) Unringfenced government grant funding given during early stages of the pandemic. To be applied to relevant spend across MTFS period.

(3) This comprises individual maintained school balances held as part of their delegated budgets (which are not available to the County Council centrally) set against the accumulated high needs block deficit. Under the current regulations this leads to a negative balance overall.

# 10 - Risks & Sensitivity

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.

- Managing future carbon liabilities – the Council has committed to deliver net-zero carbon emissions by 2050 as part of its pledge to tackle the climate emergency. There is a risk that additional financial resources may be required to achieve this aim which have not been fully accounted for within the MTFS. The funding allocated to deliver the Climate Change and Environment Strategy will be reviewed annually in light of progress towards achieving the Council's net-zero carbon commitment.

- Responding to social care reforms – we will estimate the cost of these reforms and make budget provision for them when we are able to. We will work closely with NHS partners to ensure that additional funding provided to the health and social care system locally is appropriately used to meet the cost of government reforms.

In addition to these risks, there remains a general risk around recovery from the pandemic and the speed of economic recovery, as well as the prospects for the economy over the medium term. This may increase costs the Council faces, increase demand for our services, and reduce income (through lower charging income or taxation relief).

There is also a risk of sensitivity in all of the assumptions made throughout this strategy. The level of sensitivity of key assumptions is shown in the following table:

Table 11.1 – sensitivity analysis

| | |
|---|---|
| 10% savings delivery variance | +/- £2.3m |
| +/- 1% pay inflation | +/- £1.3m |
| +/- 1% general inflation | +/- £1.0m |
| +/- 1% Council Tax base | +/- £3.2m |
| +/- 1% Council Tax collection rate | +/- £3.2m |
| +/- 1% Business Rates base | +/- £0.7m |
| +/- 1% income from sales, fees & charges | +/- £1.3m |
| +/- 5% on cost of borrowing | +/- £1.0m |
| Range of sensitivity | +/- £14.0m |

Uncertainties remain throughout the planning period in relation to the above risks. In line with good practice, we intend to maintain reserves that we can use throughout and beyond the planning period. This is set out in chapter 9 above. Together with a better understanding of risk and the emerging costs of future development proposals, this will help us to meet such pressures.

# 11 - 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"

## Strategy & Resources (S&R) Committee

S&R 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 S&R, though Full Council remains responsible for setting a budget. S&R 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 Strategy and Resources Committee is authorised by Full Council to co-ordinate the development to Full Council of the Strategic, Policy and Budget 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 inform the draft Business Plan to be submitted for approval by Full Council."

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

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

S&R 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…"

# 12 – Fees & 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. In order to sustain the delivery of some services in the future this revenue is essential.

This policy will be revised following a corporate review of fees and charges across the Council. 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 Commercial Strategy. The policy currently 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 income generating activities. All decisions on charges for services and income generating 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 and documented to the full costs of delivery 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 2021-22:

- P&C 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 however some prices are subject to other indexation or must reflect changes to the underlying cost base that may be above or below this average inflation. 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 and cost 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.

Cambridgeshire County Council

# Finance Tables

## 2022-2023

Cambridgeshire.gov.uk

# Section 3 – Finance Tables

## Introduction

There are six types of finance tables in our Business Plan. Tables 1-3 relate to all Service Areas, while only some Service Areas have tables 4, 5 and/or 6. Tables 1, 2, 3 and 6 show a Service Area's revenue budget in different presentations. Tables 3 and 6 detail all the changes to the budget.
Table 2 shows the impact of the changes in year 1 on each policy line.
Table 1 shows the combined impact on each policy line over the 5-year period. Some changes listed in Table 3 impact on just one policy line in Tables 1 and 2, but other changes in Table 3 are split across various policy lines in Tables 1 and 2. Tables 4 and 5 outline a Service Area's capital budget, with Table 4 detailing capital expenditure for individual proposals, and funding of the overall programme, by year, Table 5 showing how individual capital proposals are funded. More detail is given below.

## Table 1

This presents the net budget split by policy line for each of the five years of the Business Plan. It also shows the revised opening budget and the gross budget, together with fees, charges and ring-fenced grant income, for 2022-23 split by policy line. Policy lines are specific areas within a service on which we report, monitor and control the budget. The purpose of this table is to show how the net budget for a Service Area changes over the period of the Business Plan.

## Table 2

This presents additional detail on the net budget for 2022-23 split by policy line. The purpose of the table is to show how the budget for each policy line has been constructed: inflation, demography and demand, pressures, investments and savings are added to the opening budget to give the closing budget.

## Table 3

Table 3 explains in detail the changes to the previous year's budget over the period of the Business Plan, in the form of individual proposals. At the top it takes the previous year's gross budget and then adjusts for proposals, grouped together in sections, covering inflation, demography and demand, pressures, investments and savings to give the new gross budget. The gross budget is reconciled to the net budget in Section 7. Finally, the sources of funding are listed in Section 8. An explanation of each section is given below:

- Opening Gross Expenditure:
  The amount of money available to spend at the start of the financial year and before any adjustments are made. This reflects the final budget for the previous year.

- Revised Opening Gross Expenditure:
  Adjustments that are made to the base budget to reflect permanent changes in a Service Area. This is usually to reflect a transfer of services from one area to another.

- Inflation:
  Additional budget provided to allow for pressures created by inflation. These inflationary pressures are particular to the activities covered by the Service Area.

- Demography and Demand:
  Additional budget provided to allow for pressures created by demography and increased demand. These demographic pressures are particular to the activities covered by the Service Area. Demographic changes are backed up by a robust programme to challenge and verify requests for additional budget.

- Pressures:
  These are specific additional pressures identified that require further budget to support.

- Investments:
  These are investment proposals where additional budget is sought, often as a one-off request for financial support in a given year and therefore shown as a reversal where the funding is time limited (a one-off investment is not a permanent addition to base budget).

- Savings:
  These are savings proposals that indicate services that will be reduced, stopped or delivered differently to reduce the costs of the service. They could be one-off entries or span several years.

- ### Total Gross Expenditure:
  The newly calculated gross budget allocated to the Service Area after allowing for all the changes indicated above. This becomes the Opening Gross Expenditure for the following year.

- ### Fees, Charges & Ring-fenced Grants:
  This lists the fees, charges and grants that offset the Service Area's gross budget. The section starts with the carried forward figure from the previous year and then lists changes applicable in the current year.

- ### Total Net Expenditure:
  The net budget for the Service Area after deducting fees, charges and ring-fenced grants from the gross budget.

- ### Funding Sources:
  How the gross budget is funded – funding sources include cash limit funding (central Council funding from Council Tax, business rates and government grants), fees and charges, and individually listed ring-fenced grants.

## Table 4

This presents a Service Area's capital schemes, across the ten-year period of the capital programme. The schemes are summarised by start year in the first table and listed individually, grouped together by category, in the second table. The third table identifies the funding sources used to fund the programme. These sources include prudential borrowing, which has a revenue impact for the Council.

## Table 5

Table 5 lists a Service Area's capital schemes and shows how each scheme is funded. The schemes are summarised by start year in the first table and listed individually, grouped together by category, in the second table.

## Table 6

Table 6 follows the same format and purpose as Table 3 for Service Areas where there is a rationale for splitting Table 3 in two.

# Section 3 - A:  People & Communities

## Table 1:  Revenue - Summary of Net Budget by Operational Division

**Budget Period:  2022-23 to 2026-27**

| Net Revised Opening Budget 2020-21 £000 | Policy Line | Gross Budget 2021-22 £000 | Fees, Charges & Ring-fenced Grants 2021-22 £000 | Net Budget 2021-22 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Director of Adults and Safeguarding** | | | | | | | |
| -21,697 | Strategic Management - Adults | -20,079 | -3,563 | -23,642 | -24,165 | -24,227 | -24,217 | -24,266 |
| 2,028 | Transfers of Care | 2,046 | - | 2,046 | 2,046 | 2,046 | 2,046 | 2,046 |
| 9,441 | Prevention & Early Intervention | 10,108 | -425 | 9,683 | 9,561 | 9,511 | 9,511 | 9,511 |
| 1,597 | Principal Social Worker, Practice and Safeguarding | 1,869 | -317 | 1,552 | 1,652 | 1,652 | 1,652 | 1,652 |
| 1,576 | Autism and Adult Support | 1,998 | -66 | 1,932 | 2,253 | 2,562 | 2,866 | 3,178 |
| 1,744 | Adults Finance Operations | 1,751 | - | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 |
| | *Learning Disability Partnership* | | | | | | | |
| 6,129 | Head of Service | 6,618 | -532 | 6,086 | 9,138 | 12,476 | 15,910 | 19,443 |
| 38,040 | LD - City, South and East Localities | 43,503 | -2,360 | 41,143 | 43,404 | 44,895 | 45,990 | 47,086 |
| 33,130 | LD - Hunts and Fenland Localities | 40,244 | -1,869 | 38,375 | 40,531 | 41,953 | 43,009 | 44,066 |
| 9,530 | LD - Young Adults Team | 13,182 | -208 | 12,974 | 13,441 | 13,849 | 14,156 | 14,463 |
| 7,378 | In House Provider Services | 7,590 | -182 | 7,408 | 7,408 | 7,408 | 7,408 | 7,408 |
| -21,628 | NHS Contribution to Pooled Budget | -2,728 | -22,869 | -25,597 | -28,463 | -30,232 | -30,802 | -31,373 |
| | *Older People and Physical Disability Services* | | | | | | | |
| 16,291 | Physical Disabilities | 18,940 | -2,518 | 16,422 | 17,760 | 18,728 | 19,444 | 20,162 |
| 24,223 | OP - City & South Locality | 36,191 | -9,302 | 26,889 | 31,199 | 34,915 | 38,242 | 41,701 |
| 8,604 | OP - East Cambs Locality | 12,488 | -4,136 | 8,352 | 9,878 | 11,147 | 12,255 | 13,486 |
| 13,252 | OP - Fenland Locality | 18,901 | -4,127 | 14,774 | 17,183 | 19,271 | 21,089 | 22,997 |
| 15,934 | OP - Hunts Locality | 23,782 | -6,202 | 17,580 | 20,277 | 22,875 | 24,938 | 27,285 |
| | *Mental Health* | | | | | | | |
| 1,846 | Mental Health Central | 1,952 | -73 | 1,879 | 1,879 | 1,879 | 1,879 | 1,879 |
| 6,054 | Adult Mental Health Localities | 6,800 | -411 | 6,389 | 6,726 | 7,032 | 7,283 | 7,535 |
| 6,500 | Older People Mental Health | 8,715 | -966 | 7,749 | 8,734 | 9,507 | 10,173 | 10,852 |
| **159,972** | **Subtotal Director of Adults and Safeguarding** | **233,871** | **-60,126** | **173,745** | **192,193** | **208,998** | **224,583** | **240,862** |
| | **Director of Commissioning** | | | | | | | |
| 362 | Strategic Management - Commissioning | 1,359 | -1,024 | 335 | 335 | 335 | 335 | 335 |
| 1,284 | Access to Resource & Quality | 1,295 | - | 1,295 | 1,295 | 1,295 | 1,295 | 1,295 |
| 300 | Local Assistance Scheme | 300 | - | 300 | 300 | 300 | 300 | 300 |
| | *Adults Commissioning* | | | | | | | |
| 13,941 | Central Commissioning - Adults | 50,713 | -35,275 | 15,438 | 15,422 | 15,600 | 15,512 | 14,787 |
| 2,018 | Integrated Community Equipment Service | 8,042 | -6,263 | 1,779 | 2,213 | 2,247 | 2,282 | 2,317 |
| 2,251 | Mental Health Commissioning | 2,643 | -339 | 2,304 | 2,304 | 2,304 | 2,304 | 2,304 |
| | *Childrens Commissioning* | | | | | | | |
| 21,679 | Children in Care Placements | 23,122 | - | 23,122 | 24,352 | 25,621 | 26,886 | 28,096 |
| 323 | Commissioning Services | 819 | - | 819 | 819 | 819 | 819 | 819 |
| **42,158** | **Subtotal Director of Commissioning** | **88,293** | **-42,901** | **45,392** | **47,040** | **48,521** | **49,733** | **50,253** |

# Section 3 - A:  People & Communities

## Table 1:  Revenue - Summary of Net Budget by Operational Division

**Budget Period:  2022-23 to 2026-27**

| Net Revised Opening Budget 2020-21 £000 | Policy Line | Gross Budget 2021-22 £000 | Fees, Charges & Ring-fenced Grants 2021-22 £000 | Net Budget 2021-22 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Director of Communities and Partnerships** | | | | | | | |
| -21 | Strategic Management - Communities and Partnerships | -27 | -241 | -268 | -268 | -268 | -200 | -200 |
| 3,505 | Public Library Services | 4,327 | -821 | 3,506 | 3,556 | 3,606 | 3,606 | 3,606 |
| - | Cambridgeshire Skills | 2,312 | -2,312 | - | - | - | - | - |
| 368 | Archives | 416 | -45 | 371 | 371 | 371 | 371 | 371 |
| 109 | Cultural Services | 352 | -242 | 110 | 110 | 110 | 110 | 110 |
| -641 | Registration & Citizenship Services | 1,007 | -1,842 | -835 | -835 | -835 | -835 | -835 |
| 1,808 | Coroners | 2,842 | -972 | 1,870 | 1,871 | 1,877 | 1,948 | 2,024 |
| 694 | Trading Standards | 708 | - | 708 | 708 | 708 | 708 | 708 |
| 915 | Domestic Abuse and Sexual Violence Service | 2,196 | -1,354 | 842 | 842 | 842 | 842 | 842 |
| 465 | Think Communities | 1,855 | -27 | 1,828 | 474 | 474 | 484 | 484 |
| 381 | Youth and Community Services | 571 | -187 | 384 | 384 | 384 | 384 | 384 |
| **7,583** | **Subtotal Director of Communities and Partnerships** | **16,559** | **-8,043** | **8,516** | **7,213** | **7,269** | **7,418** | **7,494** |
| | **Director of Children & Safeguarding** | | | | | | | |
| 2,792 | Strategic Management - Children & Safeguarding | 2,884 | -66 | 2,818 | 2,818 | 2,818 | 2,818 | 2,818 |
| 2,494 | Safeguarding and Quality Assurance | 2,905 | -393 | 2,512 | 2,762 | 2,762 | 2,762 | 2,762 |
| 9,112 | Fostering and Supervised Contact Services | 10,005 | -797 | 9,208 | 9,208 | 9,208 | 9,208 | 9,208 |
| 3,739 | Corporate Parenting | 7,751 | -4,639 | 3,112 | 3,112 | 3,112 | 3,112 | 3,112 |
| 4,168 | Integrated Front Door | 4,504 | -316 | 4,188 | 4,188 | 4,188 | 4,188 | 4,188 |
| 6,772 | Children's Disability Service | 7,988 | -471 | 7,517 | 7,582 | 7,658 | 7,847 | 8,049 |
| 20 | Support to Parents | 1,548 | -1,377 | 171 | 171 | 171 | 171 | 171 |
| 5,588 | Adoption | 6,222 | -637 | 5,585 | 5,805 | 6,045 | 6,306 | 6,591 |
| 2,050 | Legal Proceedings | 2,091 | - | 2,091 | 2,091 | 2,091 | 2,091 | 2,091 |
| 1,014 | Youth Offending Service | 2,576 | -1,282 | 1,294 | 1,294 | 1,294 | 1,294 | 1,294 |
| | *District Delivery Service* | | | | | | | |
| -109 | Children´s Centres Strategy | 61 | -170 | -109 | -109 | -109 | 61 | 61 |
| 938 | Safeguarding West | 963 | - | 963 | 963 | 963 | 963 | 963 |
| 4,804 | Safeguarding East | 4,869 | -36 | 4,833 | 4,833 | 4,833 | 4,833 | 4,833 |
| 4,487 | Early Help District Delivery Service - North | 4,544 | -19 | 4,525 | 4,525 | 4,525 | 4,525 | 4,525 |
| 4,556 | Early Help District Delivery Service - South | 4,911 | -323 | 4,588 | 4,588 | 4,588 | 4,588 | 4,588 |
| **52,425** | **Subtotal Director of Children & Safeguarding** | **63,822** | **-10,526** | **53,296** | **53,831** | **54,147** | **54,767** | **55,254** |

## Section 3 - A: People & Communities

### Table 1: Revenue - Summary of Net Budget by Operational Division

**Budget Period: 2022-23 to 2026-27**

| Net Revised Opening Budget 2020-21 £000 | Policy Line | Gross Budget 2021-22 £000 | Fees, Charges & Ring-fenced Grants 2021-22 £000 | Net Budget 2021-22 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Director of Education** | | | | | | | |
| 923 | Strategic Management - Education | 1,767 | -840 | 927 | 927 | 927 | 927 | 927 |
| 2,590 | Early Years Service | 3,106 | -504 | 2,602 | 2,602 | 2,602 | 2,602 | 2,602 |
| 999 | School Improvement Service | 1,746 | -741 | 1,005 | 1,005 | 1,005 | 1,020 | 1,020 |
| 574 | Schools Partnership Service | 1,906 | -1,373 | 533 | 533 | 533 | 533 | 533 |
| -77 | Outdoor Education (includes Grafham Water) | 2,082 | -2,155 | -73 | -73 | -73 | -73 | -73 |
| 810 | Cambridgeshire Music | 2,435 | -2,435 | - | - | - | - | - |
| -200 | ICT Service (Education) | 1,886 | -2,086 | -200 | -200 | -200 | -200 | -200 |
| 3,727 | Redundancy & Teachers Pensions | 3,717 | - | 3,717 | 3,717 | 3,717 | 3,717 | 3,717 |
| | *SEND Specialist Services (0 - 25 years)* | | | | | | | |
| 10,835 | SEND Specialist Services | 11,835 | -81 | 11,754 | 11,754 | 11,754 | 11,761 | 11,761 |
| 36,940 | Funding to Special Schools and Units | 36,940 | - | 36,940 | 36,940 | 36,940 | 36,940 | 36,940 |
| 34,278 | High Needs Top Up Funding | 34,278 | - | 34,278 | 34,278 | 34,278 | 34,278 | 34,278 |
| 15,346 | SEN Placements | 16,301 | -955 | 15,346 | 15,346 | 15,346 | 15,346 | 15,346 |
| 3,834 | Out of School Tuition | 3,834 | - | 3,834 | 3,834 | 3,834 | 3,834 | 3,834 |
| 7,337 | Alternative Provision and Inclusion | 7,446 | -108 | 7,338 | 7,338 | 7,338 | 7,338 | 7,338 |
| -8,502 | SEND Financing - DSG | -8,502 | - | -8,502 | -8,827 | -8,827 | -8,827 | -8,827 |
| | *0-19 Place Planning & Organisation Service* | | | | | | | |
| 2,821 | 0-19 Organisation & Planning | 3,757 | -934 | 2,823 | 2,823 | 2,823 | 2,823 | 2,823 |
| 178 | Education Capital | 183 | -5 | 178 | 178 | 178 | 178 | 178 |
| 14,868 | Home to School Transport - Special | 17,147 | -114 | 17,033 | 18,799 | 21,114 | 23,982 | 27,427 |
| 1,588 | Children in Care Transport | 1,627 | - | 1,627 | 1,627 | 1,627 | 1,627 | 1,627 |
| 10,110 | Home to School Transport - Mainstream | 10,419 | 206 | 10,625 | 10,685 | 10,748 | 10,814 | 10,883 |
| **138,979** | **Subtotal Director of Education** | **153,910** | **-12,125** | **141,785** | **143,286** | **145,664** | **148,620** | **152,134** |
| | **Executive Director** | | | | | | | |
| 1,793 | Executive Director | 1,176 | -271 | 905 | 1,682 | 2,414 | 2,437 | 2,437 |
| 1,266 | P&C Lost Sales, Fees & Charges Compensation | - | 179 | 179 | - | - | - | - |
| 20 | Central Financing | 18 | -1 | 17 | 17 | 17 | 17 | 17 |
| **3,079** | **Subtotal Executive Director** | **1,194** | **-93** | **1,101** | **1,699** | **2,431** | **2,454** | **2,454** |
| -91,051 | DSG Adjustment | - | -102,256 | -102,256 | -102,256 | -102,256 | -102,256 | -102,256 |
| | **Future Years** | | | | | | | |
| - | Inflation | - | - | - | 3,143 | 7,251 | 11,389 | 15,558 |
| - | Savings | - | - | - | | | | |
| **313,145** | **P&C BUDGET TOTAL** | **557,649** | **-236,070** | **321,579** | **346,149** | **372,025** | **396,708** | **421,753** |

## Section 3 - A:  People & Communities

### Table 2:  Revenue - Net Budget Changes by Operational Division
**Budget Period:  2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Director of Adults and Safeguarding** | | | | | | | |
| Strategic Management - Adults | -21,697 | 28 | - | 22 | 977 | -2,972 | -23,642 |
| Transfers of Care | 2,028 | - | - | 18 | - | - | 2,046 |
| Prevention & Early Intervention | 9,441 | - | - | 71 | 181 | -10 | 9,683 |
| Principal Social Worker, Practice and Safeguarding | 1,597 | -6 | - | 81 | -120 | - | 1,552 |
| Autism and Adult Support | 1,576 | 8 | 285 | 63 | 4 | -4 | 1,932 |
| Adults Finance Operations | 1,744 | - | - | 7 | - | - | 1,751 |
| *Learning Disability Partnership* | | | | | | | |
| Head of Service | 6,129 | 103 | - | 399 | - | -545 | 6,086 |
| LD - City, South and East Localities | 38,040 | 86 | 789 | 2,092 | 136 | - | 41,143 |
| LD - Hunts and Fenland Localities | 33,130 | 47 | 3,068 | 2,004 | 126 | - | 38,375 |
| LD - Young Adults Team | 9,530 | 22 | 2,944 | 597 | 35 | -154 | 12,974 |
| In House Provider Services | 7,378 | -2 | - | 32 | - | - | 7,408 |
| NHS Contribution to Pooled Budget | -21,628 | -117 | -1,579 | -1,082 | -67 | -1,124 | -25,597 |
| *Older People and Physical Disability Services* | | | | | | | |
| Physical Disabilities | 16,291 | 29 | -528 | 684 | 53 | -107 | 16,422 |
| OP - City & South Locality | 24,223 | 422 | 1,007 | 1,665 | 92 | -520 | 26,889 |
| OP - East Cambs Locality | 8,604 | 144 | -741 | 600 | 46 | -301 | 8,352 |
| OP - Fenland Locality | 13,252 | 271 | 475 | 1,005 | 71 | -300 | 14,774 |
| OP - Hunts Locality | 15,934 | 279 | 221 | 1,147 | 249 | -250 | 17,580 |
| *Mental Health* | | | | | | | |
| Mental Health Central | 1,846 | 29 | - | 4 | - | - | 1,879 |
| Adult Mental Health Localities | 6,054 | -1 | 220 | 145 | 19 | -48 | 6,389 |
| Older People Mental Health | 6,500 | 153 | 592 | 489 | 27 | -12 | 7,749 |
| **Subtotal Director of Adults and Safeguarding** | **159,972** | **1,495** | **6,753** | **10,043** | **1,829** | **-6,347** | **173,745** |
| **Director of Commissioning** | | | | | | | |
| Strategic Management - Commissioning | 362 | -28 | - | 1 | - | - | 335 |
| Access to Resource & Quality | 1,284 | - | - | 11 | - | - | 1,295 |
| Local Assistance Scheme | 300 | - | - | - | - | - | 300 |
| *Adults Commissioning* | | | | | | | |
| Central Commissioning - Adults | 13,941 | 210 | - | 422 | 1,341 | -476 | 15,438 |
| Integrated Community Equipment Service | 2,018 | 4 | 33 | - | - | -276 | 1,779 |
| Mental Health Commissioning | 2,251 | 32 | - | 21 | - | - | 2,304 |
| *Childrens Commissioning* | | | | | | | |
| Children in Care Placements | 21,679 | 843 | 1,200 | - | - | -600 | 23,122 |
| Commissioning Services | 323 | - | - | 496 | - | - | 819 |
| **Subtotal Director of Commissioning** | **42,158** | **1,061** | **1,233** | **951** | **1,341** | **-1,352** | **45,392** |

# Section 3 - A:  People & Communities

## Table 2:  Revenue - Net Budget Changes by Operational Division
**Budget Period:  2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Director of Communities and Partnerships** | | | | | | | |
| Strategic Management - Communities and Partnerships | -21 | 3 | - | - | - | -250 | -268 |
| Public Library Services | 3,505 | -15 | - | 16 | - | - | 3,506 |
| Cambridgeshire Skills | - | - | - | - | - | - | - |
| Archives | 368 | - | - | 3 | - | - | 371 |
| Cultural Services | 109 | - | - | 1 | - | - | 110 |
| Registration & Citizenship Services | -641 | - | - | 6 | - | -200 | -835 |
| Coroners | 1,808 | -5 | 57 | 10 | - | - | 1,870 |
| Trading Standards | 694 | 14 | - | - | - | - | 708 |
| Domestic Abuse and Sexual Violence Service | 915 | -2 | -74 | 3 | - | - | 842 |
| Think Communities | 465 | - | - | 9 | 1,354 | - | 1,828 |
| Youth and Community Services | 381 | - | - | 3 | - | - | 384 |
| **Subtotal Director of Communities and Partnerships** | **7,583** | **-5** | **-17** | **51** | **1,354** | **-450** | **8,516** |
| **Director of Children & Safeguarding** | | | | | | | |
| Strategic Management - Children & Safeguarding | 2,792 | 5 | - | 21 | - | - | 2,818 |
| Safeguarding and Quality Assurance | 2,494 | - | - | 18 | - | - | 2,512 |
| Fostering and Supervised Contact Services | 9,112 | 102 | - | 29 | - | -35 | 9,208 |
| Corporate Parenting | 3,739 | - | - | 23 | - | -650 | 3,112 |
| Integrated Front Door | 4,168 | 2 | - | 18 | - | - | 4,188 |
| Children's Disability Service | 6,772 | 9 | 154 | 582 | - | - | 7,517 |
| Support to Parents | 20 | - | - | 1 | - | 150 | 171 |
| Adoption | 5,588 | 78 | 159 | 10 | - | -250 | 5,585 |
| Legal Proceedings | 2,050 | 41 | - | - | - | - | 2,091 |
| Youth Offending Service | 1,014 | 1 | - | 11 | 268 | - | 1,294 |
| *District Delivery Service* | | | | | | | |
| Children´s Centres Strategy | -109 | - | - | - | - | - | -109 |
| Safeguarding West | 938 | - | - | 25 | - | - | 963 |
| Safeguarding East | 4,804 | -1 | - | 30 | - | - | 4,833 |
| Early Help District Delivery Service - North | 4,487 | 9 | - | 29 | - | - | 4,525 |
| Early Help District Delivery Service - South | 4,556 | -1 | - | 33 | - | - | 4,588 |
| **Subtotal Director of Children & Safeguarding** | **52,425** | **245** | **313** | **830** | **268** | **-785** | **53,296** |

# Section 3 - A:  People & Communities

## Table 2:  Revenue - Net Budget Changes by Operational Division
**Budget Period:  2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Director of Education** | | | | | | | |
| Strategic Management - Education | 923 | -3 | - | 7 | - | - | 927 |
| Early Years Service | 2,590 | -3 | - | 15 | - | - | 2,602 |
| School Improvement Service | 999 | -4 | - | 10 | - | - | 1,005 |
| Schools Partnership Service | 574 | 2 | - | 7 | - | -50 | 533 |
| Outdoor Education (includes Grafham Water) | -77 | - | - | 4 | - | - | -73 |
| Cambridgeshire Music | 810 | - | - | - | - | -810 | - |
| ICT Service (Education) | -200 | - | - | - | - | - | -200 |
| Redundancy & Teachers Pensions | 3,727 | -10 | - | - | - | - | 3,717 |
| *SEND Specialist Services (0 - 25 years)* | | | | | | | |
| SEND Specialist Services | 10,835 | -1 | - | 595 | 325 | - | 11,754 |
| Funding to Special Schools and Units | 36,940 | - | - | - | - | - | 36,940 |
| High Needs Top Up Funding | 34,278 | - | - | - | - | - | 34,278 |
| SEN Placements | 15,346 | - | - | - | - | - | 15,346 |
| Out of School Tuition | 3,834 | - | - | - | - | - | 3,834 |
| Alternative Provision and Inclusion | 7,337 | - | - | 1 | - | - | 7,338 |
| SEND Financing - DSG | -8,502 | - | - | - | - | - | -8,502 |
| *0-19 Place Planning & Organisation Service* | | | | | | | |
| 0-19 Organisation & Planning | 2,821 | -7 | - | 9 | - | - | 2,823 |
| Education Capital | 178 | - | - | - | - | - | 178 |
| Home to School Transport - Special | 14,868 | 470 | 1,912 | 2 | 161 | -380 | 17,033 |
| Children in Care Transport | 1,588 | 39 | - | - | - | - | 1,627 |
| Home to School Transport - Mainstream | 10,110 | 318 | -207 | 1 | - | 403 | 10,625 |
| **Subtotal Director of Education** | **138,979** | **801** | **1,705** | **651** | **486** | **-837** | **141,785** |
| **Executive Director** | | | | | | | |
| Executive Director | 1,793 | 1 | - | -889 | - | - | 905 |
| P&C Lost Sales, Fees & Charges Compensation | 1,266 | - | - | - | - | -1,087 | 179 |
| Central Financing | 17 | - | - | - | - | - | 17 |
| **Subtotal Executive Director** | **3,076** | **1** | **-** | **-889** | **-** | **-1,087** | **1,101** |
| DSG Adjustment | -102,256 | - | - | - | - | | -102,256 |
| Public Health Ring-fenced Grant and Fees & Charges | | | | - | | | - |
| **P&C BUDGET TOTAL** | **301,937** | **3,598** | **9,987** | **11,637** | **5,278** | **-10,858** | **321,579** |

# Section 3 - A: People and Communities

## Table 3: Revenue - Overview

**Budget Period: 2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| **1** | **OPENING GROSS EXPENDITURE** | **507,957** | **557,649** | **584,899** | **612,257** | **637,135** | |
| A/R.1.001 | Permanent Virement - PVs | 9,661 | - | - | - | - | Increase in expenditure budgets (compared to published 2021-26 Business Plan) as advised during the budget preparation period and permanent in-year changes made during 2021-22. |
| A/R.1.002 | Budget prep adjustments ICT Service (Education) from CS to P&C | -200 | - | - | - | - | Moving of this service between directorates |
| A/R.1.004 | Transferred Function - Independent Living Fund (ILF) | -60 | -56 | -54 | -51 | -49 | The ILF, a central government funded scheme supporting care needs, closed in 2015. Since then the local authority has been responsible for meeting eligible social care needs for former ILF clients. The government has told us that their grant will be based on a 5% reduction in the number of users accessing the service each year. |
| A/R.1.005 | Increase in centrally retained DSG | 11,733 | - | - | - | - | An increase in centrally retained DSG funding |
| A/R.1.021 | Base Adjustment - Arts Council Funding (Music Grant) move from CS | 810 | - | - | - | - | Technical adjustment - grant income to now be reflected in P&C. |
| A/R.1.022 | Base Adjustment - UASC Under and Over 18s ringfenced grant | 300 | - | - | - | - | Increase in expected grant spend |
| A/R.1.024 | Mileage saving allocation | -303 | - | - | - | - | This is the allocation of a 2021-22 saving relating to lower mileage spend |
| A/R.1.025 | Base Adjustment - Increased DSG Retained Duties grant | 42 | - | - | - | - | Increased DSG Retained Duties grant |
| A/R.1.026 | Market Sustainability and Fair Cost of Care Fund | 819 | - | - | - | - | In September 2021 the Government announced they would be supporting local authorities towards implementing announced social care reforms. This line reflects additional budget available to P&C to implement these reforms funded by part of this grant. Other lines below are also funded by this grant. |
| A/R.1.029 | Gross up for income in previously DSG cost centres | 136 | - | - | - | - | A technical adjustment to align DSG cost centres with the grant |
| **1.999** | **REVISED OPENING GROSS EXPENDITURE** | **530,895** | **557,593** | **584,845** | **612,206** | **637,086** | |
| **2** | **INFLATION** | | | | | | |
| A/R.2.002 | Centrally funded inflation - Care Providers | 1,866 | 1,984 | 2,918 | 2,918 | 2,918 | Forecast pressure from general inflation relating to care providers, particularly on residential and nursing care for older people. Further pressure funding is provided below to enable the cost of the rising minimum wage to be factored into rates paid to providers. |
| A/R.2.003 | Centrally funded inflation - Children in Care placements | 1,034 | 742 | 760 | 777 | 795 | Net inflation across the relevant Children in Care budgets is currently forecast at 3.2%. |

## Section 3 - A: People and Communities

### Table 3: Revenue - Overview
**Budget Period: 2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 (Detailed Plans) | 2023-24 £000 (Outline Plans) | 2024-25 £000 (Outline Plans) | 2025-26 £000 (Outline Plans) | 2026-27 £000 (Outline Plans) | Description |
|---|---|---|---|---|---|---|---|
| A/R.2.004 | Centrally funded inflation - Transport | 889 | 608 | 621 | 634 | 647 | Forecast pressure for inflation relating to transport. This is estimated at 3.1%. |
| A/R.2.005 | Centrally funded inflation - Miscellaneous other budgets | 279 | 285 | 291 | 297 | 303 | Forecast pressure from inflation relating to miscellaneous other budgets, on average this is calculated at 0.1% increase. |
| **2.999** | **Subtotal Inflation** | **4,068** | **3,619** | **4,590** | **4,626** | **4,663** | |
| **3** | **DEMOGRAPHY AND DEMAND** | | | | | | |
| A/R.3.002 | Funding for additional Physical Disabilities demand | 722 | 917 | 643 | 543 | 543 | Additional funding to ensure we meet the increased demand for care for people with physical disabilities. The current pattern of activity and expenditure is modelled forward using population forecasts and activity data and we estimate that numbers will increase by 6.7% each year. Account is then taken of increasing complexity as a result of increasing need, in particular, more hours of domiciliary care are being provided per person. This work has supported the case for additional funding of £722k in 2022-23 to ensure we can continue to provide the care for people who need it. |
| A/R.3.003 | Additional funding for Autism and Adult Support demand | 285 | 257 | 264 | 272 | 280 | Additional funding to ensure we meet the rising level of needs amongst people with autism and other vulnerable people. It is expected that 36 people will enter this service in 2022-23. £35k has been added to the demand amount for additional resource to support the increasing number of referrals the team is seeing. |
| A/R.3.004 | Additional funding for Learning Disability Partnership (LDP) demand | 2,722 | 3,244 | 3,338 | 3,434 | 3,533 | Additional funding to ensure we meet the rising level of needs amongst people with learning disabilities - We need to invest an additional £1,241k in 2022-23 to provide care for a projected 41 new service users (primarily young people) who outnumber the number of people leaving services. We also need to invest £1,167k in the increasing needs of existing service users and the higher complexity we are seeing in adults over age 25. A further £314k is neeed to cover the full year effect of new service users joining the LDP in 2021-22. We're therefore allocating a total of £2,722k as the council's share to this pooled budget to ensure we provide the right care for people with learning disabilities. |
| A/R.3.005 | Funding for Adult Mental Health Demand | 220 | 206 | 191 | 192 | 193 | Additional funding to ensure we meet the increased demand for care amongst working age adults with mental health needs. The current pattern of activity and expenditure is modelled forward using population forecasts and data relating to the prevalence of mental health needs, and we estimate that numbers will increase by about 1.5% each year. Some account is taken of the recovery over time of clients in receipt of section 117 aftercare and the additional demand this is placing on social care funding streams. This work has supported the case for additional funding of £220k in 2022-23 to ensure we can continue to provide the care for people who need it. |

## Section 3 - A: People and Communities

### Table 3: Revenue - Overview
**Budget Period: 2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| A/R.3.006 | Additional funding for Older People demand | 5,462 | 6,420 | 6,527 | 6,259 | 6,299 | Additional funding to ensure we meet the increased demand for care amongst older people, providing care at home as well as residential and nursing placements. Population growth in Cambridgeshire and the fact that people are living longer results in steeply increasing numbers of older people requiring care. We estimate that numbers will increase by around 5.6% each year. Account is then taken of increasing complexity of cases coming through the service. This work has supported the case for additional funding of £5,462k in 2022-23 to ensure we can continue to provide the care for people who need it. |
| A/R.3.007 | Funding for Older People Mental Health Demand | 592 | 461 | 401 | 372 | 384 | Additional funding to ensure we meet the increased demand for care amongst older people with mental health needs, providing care at home as well as residential and nursing placements. The current pattern of activity and expenditure is modelled forward using population forecasts to estimate the additional budget requirement for each age group and type of care. We estimate that numbers will increase by about 3.3% each year. Some account is then taken of the recovery over time of clients in receipt of section 117 aftercare and the additional demand this is placing on social care funding streams. This work has supported the case for additional funding of £592k in 2022-23 to ensure we can continue to provide the care for people who need it. |
| A/R.3.008 | Home to school transport mainstream | 57 | 60 | 63 | 66 | 69 | Additional funding required to provide home to school transport for pupils attending mainstream schools. This additional funding is required due to the anticipated increase in the number of pupils attending Cambridgeshire's schools in 2022-23. |
| A/R.3.010 | Funding for Home to School Special Transport demand | 2,051 | 2,336 | 2,660 | 3,029 | 3,445 | Additional funding required to provide transport to education provision for children and young people with special educational needs (SEN). The additional funding is needed as there are increasing numbers of children with SEN and there is a trend towards increasingly complex needs, often requiring bespoke transport solutions. |
| A/R.3.011 | Funding for rising numbers and need of Children in Care | 1,200 | 1,230 | 1,269 | 1,265 | 1,210 | Additional budget required to provide care for children who become looked after. Whilst children in care numbers have begun to reduce in Cambridgeshire as a result of the implementation of the Family Safeguarding model, at the same time we are experiencing an increase in the complexity of need and therefore the cost of suitable placements. The additional investment will ensure we can fully deliver our responsibilities as corporate parents and fund suitable foster, residential or other supported accommodation placements for all children entering care. |
| A/R.3.016 | Funding for additional Special Guardianship Orders demand costs | 159 | 220 | 240 | 261 | 285 | Additional funding required to cover the cost of placing children with extended family and other suitable guardians. For children who come into the care system we need to invest in guardianship placements which provide stable, loving and permanent care for these children. |

# Section 3 - A:  People and Communities

## Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| A/R.3.017 | Funding for additional demand for Community Equipment | 33 | 34 | 34 | 35 | 35 | Over the last five years, our social work strategy has been successful in supporting a higher proportion of older people and people with disabilities to live at home (rather than requiring residential care).  Additional funding is required to maintain the proportion of service users supported to live independently, through the provision of community equipment and home adaptations. This requirement is important in the context of a rising population and the increasing complexity of the needs of the people in question. |
| A/R.3.018 | Coroner Service | 57 | 61 | 66 | 71 | 76 | Demand for Coroner Services is expected to continue to rise due to the increasing population size, and the ongoing impact of the Covid-19 pandemic. |
| A/R.3.019 | Children with Disabilities | 154 | 165 | 176 | 189 | 202 | Additional funding required for the increase in care packages provided for children and young people with disabilities under the age of 18 years. |
| A/R.3.023 | COVID Impact - Home to School Transport Mainstream demand | -264 | - | - | - | - | Reversal of funding to support additional costs up to the end of the summer term 2021. |
| A/R.3.024 | COVID Impact - Home to School Transport Special demand | -139 | - | - | - | - | Reversal of additional funding to support special schools to continue to travel in bubbles up to the end of the summer term 2021. |
| A/R.3.025 | COVID Impact - Domestic Abuse Service | -74 | - | - | - | - | Reversal of funding to support an increased demand for Domestic Abuse services during 2021-22. |
| A/R.3.026 | Adults Rebaselining Demand | -5,750 | - | - | - | - | This budget rebaseline reflects reduced net demand during 2020-21 and 2021-22 as a result of the impact of the Covid pandemic on service user numbers. |
| A/R.3.027 | Learning Disabilities Additional Rebaselined Demand | 2,500 | - | - | - | - | Budget rebaseline to account for increased demand caused by a rising complexity in service user needs and latent demand linked to the Covid pandemic. |
| **3.999** | **Subtotal Demography and Demand** | **9,987** | **15,611** | **15,872** | **15,988** | **16,554** | |
| **4** | **PRESSURES** | | | | | | |
| A/R.4.009 | Impact of National Living Wage (NLW) on Adult Social Care Contracts | 7,172 | 7,565 | 4,833 | 4,833 | 4,833 | Based on projections by the Office for Budget Responsibility, the NLW will rise 59p (6.6%) in 2022-23. This will have an impact on the cost of purchasing care from external providers. Pressures in later years follow OBR estimates and assume a 6.7% increase in 2023-24, followed by increases closer to 4%. |

## Section 3 - A:  People and Communities

### Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans<br>2022-23<br>£000 | Outline Plans<br>2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | 2026-27<br>£000 | Description |
|---|---|---|---|---|---|---|---|
| A/R.4.014 | Personal Protective Equipment | -900 | - | - | - | - | Temporary pressure funding was budgeted for in 2021-22 based on an expectation that the Council would need to pay for the large amount of personal protective equipment it was using to deliiver front-line services. Government funded PPE throughout 2021-22, however, and so this funding was not used. If PPE continues to be required into 2022-23 we would expect the government funding scheme to continue. |
| A/R.4.022 | Dedicated Schools Grant Contribution to Combined Budgets | - | 1,000 | 732 | - | - | Based on historic levels of spend, an element of the Dedicated Schools Grant (DSG) spend is retained centrally and contributes to the overall funding for the LA.  Schools Forum is required to approve the spend on an annual basis and, following national changes, these historic commitments/arrangements will unwind over time. This pressure reflects the reduction in the contribution to combined budgets, which is subject to an annual decision by Schools Forum. |
| A/R.4.023 | Libraries to serve new developments | - | 50 | 50 | - | - | Revenue costs of providing library services to new communities. |
| A/R.4.036 | Decapitalisation of Community Equipment | - | 400 | - | - | - | It is not value for money to capitalise community equipment funded by prudential borrowing on an ongoing basis. This line reverses the generally small amount of borrowing-funded capital budget |
| A/R.4.037 | Occupational Therapy – Children's | 496 | - | - | - | - | Revised Section 75 Occupational Therapy (OT) agreement with Cambridgeshire Community Services NHS Trust (CCS) to fund additional children's social care elements in respect of housing adaptions, disabled facilities grants and assessments. |
| A/R.4.038 | SEND Capacity | 565 | - | - | - | - | Additional capacity required to meet statutory responsibilities due to increasing number of Education Health and Care Plans (EHCPs) and complexity of need. |
| A/R.4.039 | Children's Disability | 400 | - | - | - | - | Cost pressures within the in-house residential short breaks service following the in-sourcing of provision. |
| A/R.4.040 | Increased staffing within the Young Adults Team | 149 | - | - | - | - | To increase the existing staffing structure within the Young Adult's Team, in order to better manage demand verses capacity, and deliver a safe, cost-effective service. |
| A/R.4.041 | Additional Resource – Quality and Practice Team | 68 | - | - | - | - | Investment  to fund three auditors for the Quality and Practice team in order to ensure we are meeting our statutory responsibilities in the new assurance framework, which will be overseen by the Care Quality Commission inspection. |
| A/R.4.042 | Impact of the Health and Social Care Levy on care providers | 1,000 | - | - | - | - | The new Health and Social Care Levy will come into effect in April 2022, initially as an increase in NI. The cost to employers will be a 1.25% increase on NI contributions. This will be an additional financial pressure to care providers, which is likely to impact on placement costs. |
| A/R.4.043 | Increase in National Insurance - Council staff | 698 | - | - | - | - | Impact on P&C of the £998k increase on National Insurance for council staff |

# Section 3 - A: People and Communities

## Table 3: Revenue - Overview

**Budget Period: 2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| | | Detailed Plans | Outline Plans | | | | |
| A/R.4.044 | Adult Social Care market pressures | 1,984 | - | - | - | - | Support to providers in the Adult Social Care market to meet the challenges they face. Measures proposed include increased rates of pay in areas of the market facing particular pressures, such as the home care market. Plus support for workforce development and recruitment. |
| A/R.4.048 | National Living Wage for Council staff | 5 | - | - | - | - | Budget increase needed to ensure all Council directly employed staff are paid at or above the National Living Wage of £9.50ph. |
| **4.999** | **Subtotal Pressures** | **11,637** | **9,015** | **5,615** | **4,833** | **4,833** | |
| **5** | **INVESTMENTS** | | | | | | |
| A/R.5.006 | Care Homes Team | -120 | 100 | - | - | - | Dedicated team of social workers to provide support to care homes continuing the work of the pilot commenced during the Covid pandemic. Pilot funding will continue through to the end of 2022-23 but permanent funding is needed thereafter. |
| A/R.5.008 | Family Group Conferencing | - | 250 | - | - | - | Permanent investment in Family Group Conferencing service to replace temporary grant funding. |
| A/R.5.009 | Expansion of Enhanced Response Service | 181 | - | - | - | - | Extension of the Enhanced Response Service to deliver earlier intervention, preventing escalation of need and associated cost avoidance. |
| A/R.5.010 | Expanding support for informal carers | 253 | -50 | - | - | - | Investment into a range of areas that will provide additional support to carers, over and above the current commissioned and operational support services. Some of these services are jointly funded alongside NHS Partners to support carer well being and support them in their caring role which will improve outcomes for them and their cared for person as well as delaying the need for individuals requiring higher cost and longer term adult social care. |
| A/R.5.011 | Real Living Wage for the adult social care market | 788 | 2,747 | 2,255 | 207 | 338 | Investment in the adult social care market to allow care providers to pay their staff the real living wage by April 2024. |
| A/R.5.012 | SAFE investment | 268 | - | - | - | - | Investment into the Youth Offending Service SAFE team |
| A/R.5.013 | Think Communities & Innovate to Cultivate Fund | 1,354 | -1,354 | - | - | - | Extension of the Think Communit9ies and Innovate and Cultivate Fund for a further 12 months. |
| A/R.5.014 | SEND additional capacity | 325 | -325 | - | - | - | To fund additional resource in the SEND area |

# Section 3 - A:  People and Communities

## Table 3:  Revenue - Overview

**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| A/R.5.015 | Independent Living Services - Huntingdonshire | 180 | -180 | 70 | -70 | - | Independent Living Services specifically support people being able to stay in their own tenancy longer as care can be stepped up as needs increase, unlike residential care where they may need to move to get increased care needs met.<br><br>This temporary investment relates to the development of the Rheola site in Huntingdonshire. |
| A/R.5.016 | Expansion of Direct Payments | 222 | -222 | - | - | - | One off reserves fundingof £222k but generates savings to more than repay in future years. Funding will pay for:<br><br>-Additional capacity to accelerate improvement in the uptake of Direct Payments<br>- Investment in an additional system able to maintain robust and user-friendly oversight of the Individual Service Funds;<br>- Development of a short term Personal Assistant Support Service able to bridge the gap between the need for immediate care and support and the recruitment of personal assistant; and<br>- Additional Contract Management capacity to monitor and quality assure support services being accessed by direct payment and individual service funds as they begin to increase. |
| A/R.5.017 | Care Together Expansion | 689 | 46 | 4 | 12 | -751 | Care Together is an initiative designed to transform the way care and support is commissioned and delivered to older people living at home. It is focused on changing and improving the way care is provided to older people living at home who either receive council funded homecare or may benefit from early help and support to maintain their independence. The aim is to enable older people to remain living happily at home, cared for by locally based carers, working within their own communities. This is transition spend to be funded from reserves. |
| A/R.5.018 | Workforce Pressures – Reviews Backlog | 675 | -675 | - | - | - | Annual reviews are a key statutory component of business-as-usual provision. However, due to the impact of the pandemic on workforce capacity we have had insufficient workforce to manage the level of demand for reviews. This has led to a backlog ofannual reviews being outstanding. |
| A/R.5.019 | Home to School Transport | 161 | - | - | -161 | - | Additional resources to support the delivery of Home to School transport savings. |
| A/R.5.020 | Adults Retention Payments | 302 | 152 | -62 | 10 | -49 | Retention payment scheme to address recruitment difficulties in some social care teams |
| **5.999** | **Subtotal Investments** | **5,278** | **489** | **2,267** | **-2** | **-462** | |

## Section 3 - A: People and Communities

### Table 3: Revenue - Overview
**Budget Period: 2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| | | Detailed Plans | Outline Plans | | | | |
| **6** | **SAVINGS** | | | | | | |
| | **C&YP** | | | | | | |
| A/R.6.003 | Efficiencies resulting from implementation of new IT system | - | -223 | - | - | - | Estimated savings as a result of efficiencies in processes resulting from implementation of a new IT system within Education. |
| | **A&H** | | | | | | |
| A/R.6.176 | Adults Positive Challenge Programme | -154 | -154 | - | - | - | The Preparing for Adulthood workstream of the Adults Positive Challenge Programme will continue to support children and families to manage the transition into adulthood by increasing the focus on independence and planning for that transition which will reduce the level of demand on services and improve outcomes. |
| A/R.6.177 | Cambridgeshire Lifeline Project | -10 | -122 | -50 | - | - | The aim of this project is for Cambridgeshire Technology Enabled Care (TEC) to become a Lifeline provider so that the income from the charges to customers funds the provision of the Lifeline service, as well as additional savings. |
| A/R.6.179 | Mental Health Commissioning | -24 | - | - | - | - | A retender of supported living contracts gives an opportunity to increase capacity and prevent escalation to higher cost services, over several years. In addition, a number of contract changes took place in 2019-20 that have enabled a saving to be taken. |
| A/R.6.180 | Independent Living Service - East Cambridgeshire | - | - | -68 | -51 | - | We are exploring alternative models of delivery for residential and nursing care provision, including a tenancy based model that offers more choice and control for people at a lower cost to the council. |
| A/R.6.185 | Additional block beds - inflation saving | -390 | -263 | -277 | -291 | - | Through commissioning additional block beds, we can reduce the amount of inflation funding needed for residential and nursing care. Block contracts have set uplifts each year, rather than seeing inflationary increases each time new spot places are commissioned. |
| A/R.6.188 | Micro-enterprises Support | -133 | - | - | - | - | Transformation funding has been agreed to enable us to develop a new approach to supporting the care market, focussing on developing "micro-enterprises" which are small local businesses who will be able to develop a more flexible and local approach to the provision of domiciliary care. As well as benefits to an increased local approach and competition, this work should result in a more locally responsive service, more consistent carers and a lower cost of care overall. |
| A/R.6.190 | iBCF | -240 | - | - | - | - | Contribution from the Improved Better Care Fund to contribute to demand pressures in Adult Social Care. |
| A/R.6.191 | Extra Care | -87 | - | - | - | - | A number of Older Peoples extra care schemes were retendered for 2021-22 and have delivered savings totalling £87k across four schemes. Savings were not identified in time to be incorporated into the 2021-22 business planning cycle, but can now be accounted for. |

# Section 3 - A:  People and Communities

## Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans | Outline Plans | | | | Description |
|---|---|---|---|---|---|---|---|
| | | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | |
| A/R.6.192 | LD outreach service expansion | -50 | - | - | - | - | Develop the outreach function of the Learning Disabilities Partnership (LDP) to offer a more flexible and responsive type of support which will also be a lower cost solution. |
| A/R.6.193 | Savings from expansion of Enhanced Response Service | -210 | - | - | - | - | Extension of the Enhanced Response Service to deliver earlier intervention, preventing escalation of need and associated cost avoidance. |
| A/R.6.194 | Interim and respite bed recommissioning | -412 | 70 | - | - | - | The redesign and recommissioning of interim and respite bed provision in care homes has created a more efficient model and therefore generated the Council cashable savings and potential for further cost avoidance. There is a reinvestment of £70k in 2023-24 to expand the new model, if evidence shows it delivers better outcomes. |
| A/R.6.195 | Expanding support for Informal carers | -219 | - | - | - | - | Investment proposal A/R.5.010 seeks investment into a range of additional support to carers to maintain their caring role for longer delaying the need for individuals requiring higher cost and longer term adult social care. |
| A/R.6.197 | Community Equipment Service contract retender | -121 | - | - | - | - | The contract for the community equipment service has been retendered, with the new contract beginning in April 2022. This is a pooled budget with the NHS. The retender will deliver £252k savings to the pool, the Council's share of which is 48.2%. |
| A/R.6.198 | Decommissioning of domiciliary care block provision | -236 | - | - | - | - | As part of the Council's strategic plan for domiciliary care, a number of the under-utilised rapid discharge and transition cars funded by the local authority are being decommissioned, with demand being met in alternative ways. |
| A/R.6.199 | Independent Living Service - Huntingdonshire | - | - | - | -114 | - | We are exploring alternative models of delivery for residential and nursing care provision, including a tenancy based model that offers more chice and control for people at a lower cost to the council. |
| A/R.6.200 | Expansion of Direct Payments | - | -6 | -32 | -60 | - | Savings generated by investment A/R.5.016 to increase the uptake of Direct Payments |
| | **C&YP** | | | | | | |
| A/R.6.255 | Children in Care Placements | -600 | - | - | - | - | Management of demand and fee negotiation |
| A/R.6.256 | Delivering Greater Impact for Troubled Families | 150 | - | - | - | - | Reversal of previous saving made by increased 'payment by results' income following the end of the Troubled Families grant. |
| A/R.6.257 | Special Guardianship Orders | -250 | - | - | - | - | Following the 2019 implementation of Family Safeguarding, there has been a reduction in care proceedings resulting in an inherent budget underspend in relation to allowances for Special Guardianship Order arrangements. This offers the opportunity to offer a saving with no impact on users of the service. |

# Section 3 - A: People and Communities

## Table 3: Revenue - Overview

**Budget Period: 2022-23 to 2026-27**

| | | Detailed Plans | Outline Plans | | | | |
|---|---|---|---|---|---|---|---|
| **Ref** | **Title** | **2022-23 £000** | **2023-24 £000** | **2024-25 £000** | **2025-26 £000** | **2026-27 £000** | **Description** |
| A/R.6.267 | Children's Disability 0-25 Service | - | -100 | -100 | - | - | The Children's Disability 0-25 service has been restructured into teams (from units) to align with the structure in the rest of children's social care. This has released a permanent saving on staffing budgets. In future years, ways to reduce expenditure on providing services to children will be explored in order to bring our costs down to a level closer to that of our statistical neighbours. |
| A/R.6.268 | Social Care and Education Transport | -380 | -570 | -345 | - | - | Deliver savings through a review and retendering of routes serving special schools, and an operational review of the transport service. |
| A/R.6.269 | Virtual School | -50 | - | - | - | - | Maximising use of existing grants |
| A/R.6.271 | Maximising use of existing grants | -350 | - | - | - | - | Contribution towards Children's Social Care from existing grant allocations, allowable under conditions of grant |
| | **CS&I** | | | | | | |
| A/R.6.290 | Registrars | -200 | - | - | - | - | Additional income through the diversification of some of the services provided by the Registration Service, and increasing existing ceremonial capacity. |
| A/R.6.291 | Communities and Partnerships Efficiencies | -250 | - | - | - | - | Savings across the service directorate through the identification of further efficiencies and process improvements. |
| A/R.6.293 | Coroners service - temporary staff for inquests | - | -60 | -60 | - | - | Reversal of temporary funded posts required to clear backlog of cases |
| **6.999** | **Subtotal Savings** | **-4,216** | **-1,428** | **-932** | **-516** | **-** | |
| | | | | | | | |
| | **TOTAL GROSS EXPENDITURE** | **557,649** | **584,899** | **612,257** | **637,135** | **662,674** | |

## Section 3 - A:  People and Communities

### Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 (Detailed Plans) | 2023-24 £000 (Outline Plans) | 2024-25 £000 (Outline Plans) | 2025-26 £000 (Outline Plans) | 2026-27 £000 (Outline Plans) | Description |
|---|---|---|---|---|---|---|---|
| **7** | **FEES, CHARGES & RING-FENCED GRANTS** | | | | | | |
| A/R.7.001 | Previous year's fees, charges & ring-fenced grants | -205,427 | -236,070 | -238,750 | -240,232 | -240,427 | Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward. |
| A/R.7.002 | Changes to Fees and Charges from previous year | -11,660 | - | - | - | - | Adjustment for permanent changes to income expectation from decisions made in 2021-22. |
| A/R.7.003 | Fees and charges inflation | -470 | -476 | -482 | -488 | -494 | Increase in external charges to reflect inflation pressures on the costs of services. |
| | **Changes to fees & charges** | | | | | | |
| A/R.7.107 | COVID Impact - Education income | -107 | - | - | - | - | Reversal of funding to support the reduction in traded income streams across Education to the end of the summer term 2021. |
| A/R.7.108 | COVID Impact - Outdoor Centres | -766 | -114 | - | - | - | Reversal of funding to support a reduction of income to the end of the summer term 2021. |
| A/R.7.109 | COVID Impact - School Absence Penalty Notices | -150 | - | - | - | - | Reversal of funding to support reduced income from Absence Penalty Notices in 2021-22. |
| A/R.7.110 | COVID Impact - Registration Service | -64 | -65 | - | - | - | Reversal of funding to support a reduced level of income in the early part of 2021-22. |
| A/R.7.111 | Client Contributions Policy Changes | -562 | -325 | - | - | - | The contributions policy for adult social care was revised by Adults Committee in 2020. This line reflects the additional income into 2022-23 as reassessments are carried out, including a projected re-pahsing needed due to the impact of Covid on the reassessment plan. |
| A/R.7.112 | Community Equipment Pooled Budget | -155 | - | - | - | - | The ICES community equipment budget is a pooled budget with the CCG. As part of the re-tendering process, the budget contributions were reviewed and the health contribution will be increasing for next financial year by £155k per annum. |
| A/R.7.113 | Learning Disability Partnership Pooled Budget | -1,125 | -1,700 | -1,000 | - | - | In Cambridgeshire most spend on care for people with learning disabilities is paid for from the Learning Disability Pooled Budget, to which both the Council and NHS contribute. In November 2019, Adults Committee agreed funding for a programme of work to review the relative health and social care needs of people with learning disabilities to establish if the Council and NHS contributions to the pool should be rebaselined. While this work has been delayed due to Covid and is now expected to be completed in 2022-23, early work on a sample of cases suggests a rebaselining will likely be in the Council's favour. This line is based on the outcomes for that sample being representative, with some dampening. |

# Section 3 - A: People and Communities

## Table 3: Revenue - Overview

**Budget Period: 2022-23 to 2026-27**

| | | Detailed Plans | Outline Plans | | | | |
|---|---|---|---|---|---|---|---|
| **Ref** | **Title** | **2022-23 £000** | **2023-24 £000** | **2024-25 £000** | **2025-26 £000** | **2026-27 £000** | **Description** |
| | **Changes to ring-fenced grants** | | | | | | |
| A/R.7.201 | Change in Public Health Grant | - | - | - | 293 | - | Change in ring-fenced Public Health grant to reflect expected treatment as a corporate grant from 2025-26, due to anticipated removal of ring-fence. |
| A/R.7.202 | Home to School Transport - grant funding | 403 | - | - | - | - | Reversal of the additional DFE Home to School Transport Grant relating to Covid-19. |
| A/R.7.203 | Increase in Staying Put grant | -35 | - | - | - | - | Increase in Staying Put grant |
| A/R.7.208 | Improved Better Care Fund | -446 | - | - | - | - | Uplift through the 2022-23 Provisional Settlement. |
| A/R.7.210 | Uplift in Better Care Fund | -1,688 | - | - | - | - | The 2021-22 and anticipated 2022-23 Better Care Fund annual uplifts enable us to utilise these funds to offset the demand pressures in Adult Social Care in line with the national conditions of the grant. |
| A/R.7.211 | Increase in Social Care in Prisons grant | -20 | - | - | - | - | The increase in the Social Care in Prisons grant for 2021-22 was announced too late to be reflected in the Business Planning tables for 2021-22. |
| A/R.7.212 | Arts Council Funding (Music Grant) - ringfenced | -810 | - | - | - | - | Technical adjustment - transferArts Council grant to P&C from CS |
| A/R.7.213 | UASC under and over 18s grant | -300 | - | - | - | - | Increase in grant expected over 2021-22 level |
| A/R.7.214 | Additional centrally retained DSG grant | -11,733 | - | - | - | - | Increase in centrally retained DSG grant |
| A/R.7.215 | Market Sustainability and Fair Cost of Care Fund | -819 | - | - | - | - | In September 2021 the Government announced they would be supporting local authorities towards implementing announced social care reforms. This line reflects additional funding available to P&C to implement these reforms funded by part of this grant. Part of the grant is retained corporately to fund pressures that have already been factored in. |
| A/R.7.216 | Gross up for income in previously DSG cost centres | -136 | - | - | - | - | Gross up for income in previously DSG cost centres |
| **7.999** | **Subtotal Fees, Charges & Ring-fenced Grants** | **-236,070** | **-238,750** | **-240,232** | **-240,427** | **-240,921** | |
| | | | | | | | |
| | **TOTAL NET EXPENDITURE** | **321,579** | **346,149** | **372,025** | **396,708** | **421,753** | |

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**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| **FUNDING SOURCES** | | | | | | | |
| **8** | **FUNDING OF GROSS EXPENDITURE** | | | | | | |
| A/R.8.001 | Budget Allocation | -321,579 | -346,149 | -372,025 | -396,708 | -421,753 | Net spend funded from general grants, business rates and Council Tax. |
| A/R.8.002 | Fees & Charges | -82,088 | -84,768 | -86,250 | -86,738 | -87,232 | Fees and charges for the provision of services. |
| A/R.8.003 | Expected income from Cambridgeshire Maintained Schools | -7,783 | -7,783 | -7,783 | -7,783 | -7,783 | Expected income from Cambridgeshire maintained schools. |
| A/R.8.004 | Dedicated Schools Grant (DSG) | -102,256 | -102,256 | -102,256 | -102,256 | -102,256 | Elements of the DSG centrally managed by P&C to support High Needs and central services. |
| A/R.8.005 | Better Care Fund (BCF) Allocation for Social Care | -18,638 | -18,638 | -18,638 | -18,638 | -18,638 | The NHS and County Council pool budgets through the Better Care Fund (BCF), promoting joint working. This line shows the revenue funding flowing from the BCF into Social Care. |
| A/R.8.007 | Youth Justice Board Good Practice Grant | -500 | -500 | -500 | -500 | -500 | Youth Justice Board Good Practice Grant. |
| A/R.8.009 | Social Care in Prisons Grant | -359 | -359 | -359 | -359 | -359 | Care Act New Burdens funding. |
| A/R.8.011 | Improved Better Care Fund | -15,170 | -15,170 | -15,170 | -15,170 | -15,170 | Improved Better Care Fund grant. |
| A/R.8.012 | Cambridgeshire and Peterborough Combined Authority / Education and Skills Funding Agency Grant | -2,080 | -2,080 | -2,080 | -2,080 | -2,080 | Ring-fenced grant funding for the Adult Learning and Skills service. |
| A/R.8.015 | Staying Put Implementation Grant | -210 | -210 | -210 | -210 | -210 | DfE funding to support young people to continue to live with their former foster carers once they turn 18 |
| A/R.8.016 | Unaccompanied Asylum Seeking Children (UASC) | -3,700 | -3,700 | -3,700 | -3,700 | -3,700 | Home Office funding to reimburse costs incurred in supporting and caring for unaccompanied asylum seeking children |
| A/R.8.018 | Pupil Premium Grant | -1,364 | -1,364 | -1,364 | -1,364 | -1,364 | Deployment of Pupil Premium Grant to support the learning outcomes of care experienced children |
| A/R.8.019 | Arts Council Grant (Music) | -810 | -810 | -810 | -810 | -810 | Cambridgeshire Music grant from the Arts Council |
| A/R.8.021 | Market Sustainability and Fair Cost of Care Fund | -819 | -819 | -819 | -819 | -819 | In September 2021 the Government announced they would be supporting local authorities towards implementing announced social care reforms. Of the total £1.6m grant, this amount is allocated directly to P&C to spend on additional work in implementing the reforms. The rest is held corporately and funds existing budget lines in P&C in accordance with the grant conditions. |
| A/R.8.401 | Public Health Funding | -293 | -293 | -293 | - | - | 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. |
| **8.999** | **TOTAL FUNDING OF GROSS EXPENDITURE** | **-557,649** | **-584,899** | **-612,257** | **-637,135** | **-662,674** | |

# Section 3 - A: People and Communities
## Table 4: Capital Programme
### Budget Period: 2022-23 to 2031-32

| Summary of Schemes by Start Date | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| Ongoing | 47,825 | 15,003 | -2,372 | -5,865 | 1,627 | 819 | 5,177 | 33,436 |
| Committed Schemes | 395,498 | 117,295 | 87,262 | 98,701 | 37,334 | 41,217 | 12,516 | 1,173 |
| 2022-2023 Starts | 50,114 | 1,360 | 12,517 | 5,942 | 13,218 | 13,372 | 3,490 | 215 |
| 2023-2024 Starts | 15,280 | - | 200 | 10,100 | 4,600 | 380 | - | - |
| 2024-2025 Starts | 40,148 | - | - | - | 3,161 | 15,597 | 14,955 | 6,435 |
| 2025-2026 Starts | 20,150 | - | 750 | 12,850 | 6,300 | 250 | - | - |
| **TOTAL BUDGET** | **569,015** | **133,658** | **98,357** | **121,728** | **66,240** | **71,635** | **36,138** | **41,259** |

| Summary of Schemes by Category | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| Basic Need - Primary | 183,983 | 31,958 | 24,224 | 46,550 | 40,587 | 31,425 | 8,709 | 530 |
| Basic Need - Secondary | 215,325 | 68,084 | 40,926 | 61,150 | 16,053 | 22,212 | 6,500 | 400 |
| Basic Need - Early Years | 7,419 | 5,853 | 1,566 | - | - | - | - | - |
| Adaptations | 9,169 | 1,824 | 6,197 | 1,118 | 30 | - | - | - |
| Condition & Maintenance | 31,447 | 5,947 | 3,250 | 3,250 | 3,250 | 3,250 | 2,500 | 10,000 |
| Building Schools for the Future | - | - | - | - | - | - | - | - |
| Schools Managed Capital | 9,056 | 2,036 | 780 | 780 | 780 | 780 | 780 | 3,120 |
| Specialist Provision | 38,195 | 5,886 | 16,950 | 10,800 | 3,599 | 930 | 30 | - |
| Site Acquisition & Development | 1,200 | 150 | 1,050 | - | - | - | - | - |
| Temporary Accommodation | 8,000 | 1,000 | 750 | 750 | 750 | 750 | 1,000 | 3,000 |
| Children Support Services | 6,500 | 650 | 650 | 650 | 650 | 650 | 650 | 2,600 |
| Adult Social Care | 109,023 | 5,720 | 15,223 | 12,442 | 8,231 | 20,667 | 20,025 | 26,715 |
| Cultural & Community Services | 6,759 | 4,550 | 1,400 | 793 | 9 | 7 | - | - |
| Capital Programme Variation | -57,061 | - | -14,609 | -16,555 | -7,699 | -9,036 | -4,056 | -5,106 |
| Corporate Services & Transformation | - | - | - | - | - | - | - | - |
| **TOTAL BUDGET** | **569,015** | **133,658** | **98,357** | **121,728** | **66,240** | **71,635** | **36,138** | **41,259** |

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A/C.01** | **Basic Need - Primary** | | | | | | | | | | | |
| A/C.01.021 | North West Cambridge (NIAB site) primary | New 2 form entry school with 52 Early Years provision and community facilities:<br>Basic Need requirement 420 places<br>Early Years Basic Need 52 places<br>Community facilities - Children's Centre | | Committed | 12,600 | 552 | 7,600 | 4,300 | 148 | - | - | - |

# Section 3 - A:  People and Communities
## Table 4:  Capital Programme
### Budget Period:  2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A/C.01.029 | Sawtry New Primary | Expansion of provision in Sawtry:<br>Primary Basic Need requirement 420 places in 2 phases<br>Early Years Basic Need 26 places | | Committed | 12,370 | 270 | 100 | 5,300 | 2,700 | 2,300 | 1,600 | 100 |
| A/C.01.034 | St Neots, Wintringham Park primary | New 3 form entry school with 78 Early Years provision:<br>Basic Need requirement 630 places<br>Early Years Basic Need 78 places | | Committed | 14,182 | 14,040 | 142 | - | - | - | - | - |
| A/C.01.040 | Confidential Scheme | Confidential Scheme | | Committed | 3,350 | 56 | 1,800 | 1,400 | 94 | - | - | - |
| A/C.01.043 | Confidential Scheme | Confidential Scheme | | Committed | 5,400 | 80 | 600 | 3,150 | 1,400 | 170 | - | - |
| A/C.01.044 | Confidential Scheme | Confidential Scheme | | Committed | 13,065 | 50 | 50 | 50 | 400 | 9,000 | 3,300 | 215 |
| A/C.01.049 | Confidential Scheme | Confidential Scheme | | 2023-24 | 15,280 | - | 200 | 10,100 | 4,600 | 380 | - | - |
| A/C.01.056 | Confidential Scheme | Confidential Scheme | | 2022-23 | 13,065 | - | | 150 | 400 | 9,000 | 3,300 | 215 |
| A/C.01.062 | Waterbeach Primary School | Expansion of 1 form of entry due to in-catchment development:<br>Basic Need requirement 120 places | | Committed | 6,612 | 6,430 | 182 | - | - | - | - | - |
| A/C.01.067 | Marleigh Primary - Cambridge (WING) | New 2 form entry school with 52 Early Years provision and community facilities:<br>Basic Need requirement 420 places<br>Early Years Basic Need 52 places | | Committed | 10,848 | 8,521 | 2,200 | 127 | - | - | - | - |
| A/C.01.068 | St Philips Primary School | Expansion of 0.5 form of entry:<br>Basic Need requirement 60 places | | Committed | 1,719 | 76 | 1,600 | 43 | - | - | - | - |
| A/C.01.069 | Confidential Scheme | Confidential Scheme | | Committed | 4,815 | 10 | 20 | 180 | 3,130 | 1,400 | 75 | - |
| A/C.01.070 | St Ives, Eastfield / Westfield | Revised scheme to address condition. | | Committed | 1,390 | 1,290 | 100 | - | - | - | - | - |
| A/C.01.071 | Confidential Scheme | Confidential Scheme | | Committed | 7,303 | 68 | 300 | 4,200 | 2,650 | 85 | - | - |
| A/C.01.072 | Confidential Scheme | Confidential Scheme | | Committed | 8,560 | - | 50 | 150 | 4,800 | 3,400 | 160 | - |
| A/C.01.073 | Confidential Scheme | Confidential Scheme | | Committed | 5,170 | 20 | 200 | 2,900 | 1,900 | 150 | - | - |
| A/C.01.074 | Confidential Scheme | Confidential Scheme | | Committed | 7,064 | - | 50 | 200 | 4,750 | 1,950 | 114 | - |
| A/C.01.075 | Confidential Scheme | Confidential Scheme | | Committed | 5,160 | 20 | 200 | 3,000 | 1,890 | 50 | - | - |
| A/C.01.076 | Confidential Scheme | Confidential Scheme | | Committed | 4,235 | - | 200 | 2,700 | 1,300 | 35 | - | - |
| A/C.01.077 | Waterbeach New Town Primary | New 2 form entry school with 3 form entry Core and 52 place Early Years provision:<br>Basic Need requirement 420 places<br>Early Years Basic Need 52 places | | Committed | 12,875 | 400 | 8,300 | 4,000 | 175 | - | - | - |
| A/C.01.078 | Confidential Scheme | Confidential Scheme | | Committed | 3,370 | 50 | 200 | 2,200 | 850 | 70 | - | - |
| A/C.01.079 | Confidential Scheme | Confidential Scheme | | 2022-23 | 12,650 | 10 | 80 | 500 | 8,500 | 3,400 | 160 | - |
| A/C.01.080 | Confidential Scheme | Confidential Scheme | | 2022-23 | 2,900 | 15 | 50 | 1,900 | 900 | 35 | - | - |
| | **Total - Basic Need - Primary** | | | | **183,983** | **31,958** | **24,224** | **46,550** | **40,587** | **31,425** | **8,709** | **530** |

# Section 3 - A: People and Communities
## Table 4: Capital Programme
### Budget Period: 2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A/C.02** | **Basic Need - Secondary** | | | | | | | | | | | |
| A/C.02.006 | Northstowe secondary | New 4 form entry school (with 12 form entry core facilities) & 100 place SEN Provision: Basic Need requirement 600 places SEN requirement 100 places | | Committed | 48,950 | 48,366 | 584 | - | - | - | - | - |
| A/C.02.007 | Confidential Scheme | Confidential Scheme | | Committed | 29,800 | 18 | 32 | 350 | 1,000 | 21,500 | 6,500 | 400 |
| A/C.02.009 | Alconbury Weald secondary and Special | New 4 form entry school (with 8 form entry core facilities): Basic Need requirement 600 places SEN 150 places | | Committed | 55,517 | 2,035 | 15,700 | 30,700 | 6,700 | 382 | - | - |
| A/C.02.012 | Cromwell Community College | Expansion to accommodate the development of an all-through school with a 2-19 age range: Basic Need Secondary requirement 150 places 7 to 8 form entry Basic Need Primary requirement 210 places | | Committed | 16,367 | 16,307 | 60 | - | - | - | - | - |
| A/C.02.014 | Confidential Scheme | Confidential Scheme | | 2025-26 | 20,150 | - | 750 | 12,850 | 6,300 | 250 | - | - |
| A/C.02.015 | Sir Harry Smith Community College | Expansion of 2 form entry: Basic Need requirement 300 places | | Committed | 9,991 | 264 | 4,500 | 5,100 | 127 | - | - | - |
| A/C.02.016 | Cambourne Village College Phase 3b | New 2 form entry secondary places with new 350 place sixth form provision: Basic Need requirement 650 places | | Committed | 29,150 | 1,074 | 19,200 | 8,550 | 326 | - | - | - |
| A/C.02.017 | NCA secondary Cambridge Expansion | Expansion of 1 form entry: Basic Need requirement 150 places | | Committed | 5,400 | 20 | 100 | 3,600 | 1,600 | 80 | - | - |
| | **Total - Basic Need - Secondary** | | | | **215,325** | **68,084** | **40,926** | **61,150** | **16,053** | **22,212** | **6,500** | **400** |
| **A/C.03** | **Basic Need - Early Years** | | | | | | | | | | | |
| A/C.03.003 | LA Early Years Provision | Funding which enables the Council to increase the number of free Early Years funded places to ensure the Council meets its statutory obligation. This includes providing one-off payments to external providers to help meet demand as well as increasing capacity attached to Cambridgeshire primary schools. | | Committed | 6,610 | 5,345 | 1,265 | - | - | - | - | - |
| A/C.03.004 | Cottenham Early Years | Full Day Nursery Provision - Cottenham. | | Committed | 809 | 508 | 301 | - | - | - | - | - |
| | **Total - Basic Need - Early Years** | | | | **7,419** | **5,853** | **1,566** | **-** | **-** | **-** | **-** | **-** |
| **A/C.04** | **Adaptations** | | | | | | | | | | | |
| A/C.04.007 | Confidential Scheme | Confidential Scheme | | 2022-23 | 352 | 2 | 35 | 300 | 15 | - | - | - |

# Section 3 - A: People and Communities

## Table 4: Capital Programme

### Budget Period: 2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A/C.04.008 | Duxford Community C of E Primary School Rebuild | Rebuild of Duxford Primary after fire left preschool, reception, year 1 and year 2 class bases and ancillary rooms including offices, toilets, stores, entrance lobby's either completely destroyed or deemed uninhabitable as a result of structural damage and contamination by asbestos debris, fire, water and smoke. | | Committed | 6,695 | 1,150 | 5,397 | 148 | - | - | - | - |
| A/C.04.009 | Confidential Scheme | Confidential Scheme | | Committed | 637 | 637 | | - | - | - | - | - |
| A/C.04.010 | Confidential Scheme | Confidential Scheme | | 2022-23 | 1,365 | 20 | 665 | 665 | 15 | - | - | - |
| A/C.04.011 | Confidential Scheme | Confidential Scheme | | 2022-23 | 120 | 15 | 100 | 5 | - | - | - | - |
| | **Total - Adaptations** | | | | **9,169** | **1,824** | **6,197** | **1,118** | **30** | **-** | **-** | **-** |
| **A/C.05** | **Condition & Maintenance** | | | | | | | | | | | |
| A/C.05.001 | School Condition, Maintenance & Suitability | Funding that enables the Council to undertake work that addresses condition and suitability needs identified in schools' asset management plans, ensuring places are sustainable and safe. | | Ongoing | 31,447 | 5,947 | 3,250 | 3,250 | 3,250 | 3,250 | 2,500 | 10,000 |
| | **Total - Condition & Maintenance** | | | | **31,447** | **5,947** | **3,250** | **3,250** | **3,250** | **3,250** | **2,500** | **10,000** |
| **A/C.07** | **Schools Managed Capital** | | | | | | | | | | | |
| A/C.07.001 | School Devolved Formula Capital | Funding is allocated directly to Cambridgeshire Maintained schools to enable them to undertake low level refurbishments and condition works. | | Ongoing | 9,056 | 2,036 | 780 | 780 | 780 | 780 | 780 | 3,120 |
| | **Total - Schools Managed Capital** | | | | **9,056** | **2,036** | **780** | **780** | **780** | **780** | **780** | **3,120** |
| **A/C.08** | **Specialist Provision** | | | | | | | | | | | |
| A/C.08.003 | SEN Pupil Adaptations | This budget is to fund child specific adaptations to facilitate the placement of children with SEND in line with decisions taken by the County Resourcing Panel. | | Ongoing | 300 | 150 | 150 | - | - | - | - | - |
| A/C.08.004 | Confidential Scheme | Confidential Scheme | | 2022-23 | 4,000 | - | | 50 | 2,990 | 930 | 30 | - |
| A/C.08.005 | Spring Common Special School | Replace mobile classrooms with permanent accommodation. Create specialist rooms to meet the needs of pupils with Special Education Needs, including therapy and hygiene rooms in accordance with government guidelines. | | Committed | 3,068 | 2,893 | 175 | - | - | - | - | - |
| A/C.08.007 | Samuel Pepys Special School | Expansion to 165 places. | | Committed | 10,310 | 1,390 | 3,000 | 5,700 | 220 | - | - | - |
| A/C.08.009 | Confidential Scheme | Confidential Scheme | | Committed | 130 | 55 | 75 | - | - | - | - | - |
| A/C.08.010 | Confidential Scheme | Confidential Scheme | | Committed | 2,600 | 100 | 1,250 | 1,250 | - | - | - | - |
| A/C.08.011 | New SEMH Provision Wisbech | SEMH provision:<br>SEMH Provision 30 additional places | | 2022-23 | 17,787 | 1,298 | 12,300 | 3,800 | 389 | - | - | - |
| | **Total - Specialist Provision** | | | | **38,195** | **5,886** | **16,950** | **10,800** | **3,599** | **930** | **30** | **-** |

# Section 3 - A: People and Communities
## Table 4: Capital Programme
### Budget Period: 2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A/C.09** | **Site Acquisition & Development** | | | | | | | | | | | |
| A/C.09.001 | Site Acquisition, Development, Analysis and Investigations | Funding which enables the Council to undertake investigations and feasibility studies into potential land acquisitions to determine their suitability for future school development sites. | | Ongoing | 300 | 150 | 150 | - | - | - | - | - |
| A/C.09.004 | Confidential Scheme | Confidential Scheme | | 2022-23 | 900 | - | 900 | - | - | - | - | - |
| | **Total - Site Acquisition & Development** | | | | **1,200** | **150** | **1,050** | **-** | **-** | **-** | **-** | **-** |
| **A/C.10** | **Temporary Accommodation** | | | | | | | | | | | |
| A/C.10.001 | Temporary Accommodation | Funding which enables the Council to increase the number of school places provided through use of mobile accommodation. This scheme covers the cost of purchasing new mobiles and the transportation of provision across the county to meet demand. | | Ongoing | 8,000 | 1,000 | 750 | 750 | 750 | 750 | 1,000 | 3,000 |
| | **Total - Temporary Accommodation** | | | | **8,000** | **1,000** | **750** | **750** | **750** | **750** | **1,000** | **3,000** |
| **A/C.11** | **Children Support Services** | | | | | | | | | | | |
| A/C.11.003 | P&C Buildings & Capital Team Capitalisation | Salaries for the Buildings and Capital Team are to be capitalised on an ongoing basis. These are budgeted as one line, but are eventually capitalised against individual schemes. | | Ongoing | 6,500 | 650 | 650 | 650 | 650 | 650 | 650 | 2,600 |
| | **Total - Children Support Services** | | | | **6,500** | **650** | **650** | **650** | **650** | **650** | **650** | **2,600** |
| **A/C.12** | **Adult Social Care** | | | | | | | | | | | |
| A/C.12.004 | Disabled Facilities Grant | Funding provided through the Better Care Fund, in partnership with local housing authorities. Disabled Facilities Grant enables accommodation adaptations so that people with disabilities can continue to live in their own homes. | | Ongoing | 50,700 | 5,070 | 5,070 | 5,070 | 5,070 | 5,070 | 5,070 | 20,280 |
| A/C.12.005 | Integrated Community Equipment Service | Funding to continue annual capital investment in community equipment that helps people to sustain their independence. The Council contributes to a pooled budget purchasing community equipment for health and social care needs for people of all ages. | | Ongoing | 400 | - | 400 | - | - | - | - | - |
| A/C.12.007 | Independent Living Service : East Cambridgeshire | Independent Living Service accommodation in Ely for 65 people and an additional 15 health beds. | A/R.6.180, C/R.7.119 | Committed | 17,775 | 650 | 9,753 | 7,372 | - | - | - | - |

# Section 3 - A: People and Communities

## Table 4: Capital Programme

### Budget Period: 2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A/C.12.008 | Independent Living Services | Independent Living Service accommodation in Fenland, Huntingdonshire and South Cambridgeshire, providing accommodation for 160 people in total across the three schemes. | TBC | 2024-25 | 40,148 | - | | - | 3,161 | 15,597 | 14,955 | 6,435 |
| | **Total - Adult Social Care** | | | | **109,023** | **5,720** | **15,223** | **12,442** | **8,231** | **20,667** | **20,025** | **26,715** |
| **A/C.13** | **Cultural & Community Services** | | | | | | | | | | | |
| A/C.13.004 | Community Fund | A £5m fund that will help to deliver a range of community based investments. | | Committed | 5,000 | 4,057 | 943 | - | - | - | - | - |
| A/C.13.005 | Histon Library Rebuild | New library provision to meet the community needs and emulates a welcoming central venue for the Histon community. | | Committed | 113 | 113 | | - | - | - | - | - |
| A/C.13.006 | Confidential Scheme | Confidential Scheme | | Committed | 1,172 | 380 | 300 | 492 | - | - | - | - |
| A/C.13.008 | Confidential Scheme | Confidential Scheme | | 2022-23 | 85 | - | 85 | - | - | - | - | - |
| A/C.13.009 | Confidential Scheme | Confidential Scheme | | 2022-23 | 389 | - | 72 | 301 | 9 | 7 | - | - |
| | **Total - Cultural & Community Services** | | | | **6,759** | **4,550** | **1,400** | **793** | **9** | **7** | **-** | **-** |
| **A/C.14** | **Capital Programme Variation** | | | | | | | | | | | |
| A/C.14.001 | Variation Budget | The Council includes a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis. | | Ongoing | -58,878 | - | -13,572 | -16,365 | -8,873 | -9,681 | -4,823 | -5,564 |
| A/C.14.002 | Capitalisation of Interest Costs | The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year. | | Committed | 5,316 | - | 733 | 1,539 | 1,174 | 645 | 767 | 458 |
| A/C.14.003 | Environment Fund Transfer | Reallocation of Environment Fund in order to support some of the NZEB costs incurred by school schemes. | | 2022-23 | -3,499 | - | -1,770 | -1,729 | - | - | - | - |
| | **Total - Capital Programme Variation** | | | | **-57,061** | **-** | **-14,609** | **-16,555** | **-7,699** | **-9,036** | **-4,056** | **-5,106** |
| | | | | | | | | | | | | |
| | **TOTAL BUDGET** | | | | **569,015** | **133,658** | **98,357** | **121,728** | **66,240** | **71,635** | **36,138** | **41,259** |

# Section 3 - A: People and Communities
## Table 4: Capital Programme
### Budget Period: 2022-23 to 2031-32

| Funding | Total Funding £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| **Government Approved Funding** | | | | | | | | |
| Basic Need | 44,289 | 21,111 | 14,679 | 3,778 | 2,517 | 2,204 | - | - |
| Capital Maintenance | 29,579 | 6,079 | 3,000 | 3,000 | 2,500 | 2,500 | 2,500 | 10,000 |
| Devolved Formula Capital | 9,056 | 2,036 | 780 | 780 | 780 | 780 | 780 | 3,120 |
| Specific Grants | 55,819 | 7,220 | 7,851 | 5,232 | 5,089 | 5,077 | 5,070 | 20,280 |
| **Total - Government Approved Funding** | **138,743** | **36,446** | **26,310** | **12,790** | **10,886** | **10,561** | **8,350** | **33,400** |
| | | | | | | | | |
| **Locally Generated Funding** | | | | | | | | |
| Agreed Developer Contributions | 121,852 | 26,994 | 19,724 | 42,707 | 16,368 | 10,813 | 5,094 | 152 |
| Anticipated Developer Contributions | 18,879 | 2,743 | 1,979 | 295 | 5,432 | 6,585 | 1,829 | 16 |
| Prudential Borrowing | 277,282 | 54,166 | 39,147 | 71,285 | 40,349 | 43,779 | 20,865 | 7,691 |
| Prudential Borrowing (Repayable) | 230 | 2,480 | 9,997 | -5,349 | -6,795 | -103 | - | - |
| Other Contributions | 12,029 | 10,829 | 1,200 | - | - | - | - | - |
| **Total - Locally Generated Funding** | **430,272** | **97,212** | **72,047** | **108,938** | **55,354** | **61,074** | **27,788** | **7,859** |
| | | | | | | | | |
| **TOTAL FUNDING** | **569,015** | **133,658** | **98,357** | **121,728** | **66,240** | **71,635** | **36,138** | **41,259** |

# Section 3 - A: People and Communities
## Table 5: Capital Programme - Funding
**Budget Period: 2022-23 to 2031-32**

| Summary of Schemes by Start Date | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|
| Ongoing | 47,825 | 89,316 | -19,776 | - | - | -21,715 |
| Committed Schemes | 395,498 | 47,302 | 126,573 | 12,029 | - | 209,594 |
| 2022-2023 Starts | 50,114 | 1,375 | 12,104 | - | - | 36,635 |
| 2023-2024 Starts | 15,280 | - | 12,714 | - | - | 2,566 |
| 2024-2025 Starts | 40,148 | - | - | - | - | 40,148 |
| 2025-2026 Starts | 20,150 | 750 | 9,116 | - | - | 10,284 |
| **TOTAL BUDGET** | **569,015** | **138,743** | **140,731** | **12,029** | **-** | **277,512** |

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **A/C.01** | **Basic Need - Primary** | | | | | | | | | |
| A/C.01.021 | North West Cambridge (NIAB site) primary | | - | Committed | 12,600 | 90 | 7,227 | - | - | 5,283 |
| A/C.01.029 | Sawtry New Primary | | - | Committed | 12,370 | 20 | 2,029 | - | - | 10,321 |
| A/C.01.034 | St Neots, Wintringham Park primary | | - | Committed | 14,182 | 2,603 | 8,796 | - | - | 2,783 |
| A/C.01.040 | Confidential Scheme | | - | Committed | 3,350 | - | 3,350 | - | - | - |
| A/C.01.043 | Confidential Scheme | | - | Committed | 5,400 | 30 | 519 | - | - | 4,851 |
| A/C.01.044 | Confidential Scheme | | - | Committed | 13,065 | 1,199 | 8,649 | - | - | 3,217 |
| A/C.01.049 | Confidential Scheme | | - | 2023-24 | 15,280 | - | 12,714 | - | - | 2,566 |
| A/C.01.056 | Confidential Scheme | | - | 2022-23 | 13,065 | - | 11,877 | - | - | 1,188 |
| A/C.01.062 | Waterbeach Primary School | | - | Committed | 6,612 | 922 | 381 | - | - | 5,309 |
| A/C.01.067 | Marleigh Primary - Cambridge (WING) | | - | Committed | 10,848 | 808 | 8,592 | - | - | 1,448 |
| A/C.01.068 | St Philips Primary School | | - | Committed | 1,719 | 7 | 1,495 | - | - | 217 |
| A/C.01.069 | Confidential Scheme | | - | Committed | 4,815 | 2,086 | 1,244 | - | - | 1,485 |
| A/C.01.070 | St Ives, Eastfield / Westfield | | - | Committed | 1,390 | - | - | - | - | 1,390 |
| A/C.01.071 | Confidential Scheme | | - | Committed | 7,303 | - | 4,090 | - | - | 3,213 |
| A/C.01.072 | Confidential Scheme | | - | Committed | 8,560 | - | 6,585 | - | - | 1,975 |
| A/C.01.073 | Confidential Scheme | | - | Committed | 5,170 | - | 427 | - | - | 4,743 |
| A/C.01.074 | Confidential Scheme | | - | Committed | 7,064 | - | 25 | - | - | 7,039 |
| A/C.01.075 | Confidential Scheme | | - | Committed | 5,160 | - | 1,469 | - | - | 3,691 |
| A/C.01.076 | Confidential Scheme | | - | Committed | 4,235 | 785 | 1,236 | - | - | 2,214 |
| A/C.01.077 | Waterbeach New Town Primary | | - | Committed | 12,875 | 2,011 | 10,456 | - | - | 408 |
| A/C.01.078 | Confidential Scheme | | - | Committed | 3,370 | 200 | - | - | - | 3,170 |
| A/C.01.079 | Confidential Scheme | | - | 2022-23 | 12,650 | 1,000 | 13 | - | - | 11,637 |
| A/C.01.080 | Confidential Scheme | | - | 2022-23 | 2,900 | - | - | - | - | 2,900 |
| | **Total - Basic Need - Primary** | | **-** | | **183,983** | **11,761** | **91,174** | **-** | **-** | **81,048** |

# Section 3 - A: People and Communities

## Table 5: Capital Programme - Funding

**Budget Period: 2022-23 to 2031-32**

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **A/C.02** | **Basic Need - Secondary** | | | | | | | | | |
| A/C.02.006 | Northstowe secondary | | - | Committed | 48,950 | 6,995 | 10,466 | 10,636 | - | 20,853 |
| A/C.02.007 | Confidential Scheme | | - | Committed | 29,800 | - | 6,863 | - | - | 22,937 |
| A/C.02.009 | Alconbury Weald secondary and Special | | - | Committed | 55,517 | 3,364 | 21,480 | - | - | 30,673 |
| A/C.02.012 | Cromwell Community College | | - | Committed | 16,367 | 9,552 | 2,925 | - | - | 3,890 |
| A/C.02.014 | Confidential Scheme | | - | 2025-26 | 20,150 | 750 | 9,116 | - | - | 10,284 |
| A/C.02.015 | Sir Harry Smith Community College | | - | Committed | 9,991 | 4,379 | 2,304 | - | - | 3,308 |
| A/C.02.016 | Cambourne Village College Phase 3b | | - | Committed | 29,150 | 10,101 | 14,810 | - | - | 4,239 |
| A/C.02.017 | NCA secondary Cambridge Expansion | | | Committed | 5,400 | - | - | - | - | 5,400 |
| | **Total - Basic Need - Secondary** | | **-** | | **215,325** | **35,141** | **67,964** | **10,636** | **-** | **101,584** |
| **A/C.03** | **Basic Need - Early Years** | | | | | | | | | |
| A/C.03.003 | LA Early Years Provision | | - | Committed | 6,610 | 1,600 | 346 | 168 | - | 4,496 |
| A/C.03.004 | Cottenham Early Years | | - | Committed | 809 | - | 809 | - | - | - |
| | **Total - Basic Need - Early Years** | | **-** | | **7,419** | **1,600** | **1,155** | **168** | **-** | **4,496** |
| **A/C.04** | **Adaptations** | | | | | | | | | |
| A/C.04.007 | Confidential Scheme | | - | 2022-23 | 352 | - | - | - | - | 352 |
| A/C.04.008 | Duxford Community C of E Primary School Rebuild | | - | Committed | 6,695 | - | - | 1,225 | - | 5,470 |
| A/C.04.009 | Confidential Scheme | | - | Committed | 637 | - | - | - | - | 637 |
| A/C.04.010 | Confidential Scheme | | | 2022-23 | 1,365 | - | - | - | - | 1,365 |
| A/C.04.011 | Confidential Scheme | | - | 2022-23 | 120 | - | - | - | - | 120 |
| | **Total - Adaptations** | | **-** | | **9,169** | **-** | **-** | **1,225** | **-** | **7,944** |
| **A/C.05** | **Condition & Maintenance** | | | | | | | | | |
| A/C.05.001 | School Condition, Maintenance & Suitability | | - | Ongoing | 31,447 | 29,447 | - | - | - | 2,000 |
| | **Total - Condition & Maintenance** | | **-** | | **31,447** | **29,447** | **-** | **-** | **-** | **2,000** |
| **A/C.07** | **Schools Managed Capital** | | | | | | | | | |
| A/C.07.001 | School Devolved Formula Capital | | - | Ongoing | 9,056 | 9,056 | - | - | - | - |
| | **Total - Schools Managed Capital** | | **-** | | **9,056** | **9,056** | **-** | **-** | **-** | **-** |
| **A/C.08** | **Specialist Provision** | | | | | | | | | |
| A/C.08.003 | SEN Pupil Adaptations | | - | Ongoing | 300 | - | - | - | - | 300 |
| A/C.08.004 | Confidential Scheme | | - | 2022-23 | 4,000 | - | - | - | - | 4,000 |
| A/C.08.005 | Spring Common Special School | | - | Committed | 3,068 | 550 | - | - | - | 2,518 |

## Section 3 - A: People and Communities
### Table 5: Capital Programme - Funding
**Budget Period: 2022-23 to 2031-32**

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| A/C.08.007 | Samuel Pepys Special School | | - | Committed | 10,310 | - | - | - | - | 10,310 |
| A/C.08.009 | Confidential Scheme | | - | Committed | 130 | - | - | - | - | 130 |
| A/C.08.010 | Confidential Scheme | | - | Committed | 2,600 | - | - | - | - | 2,600 |
| A/C.08.011 | New SEMH Provision Wisbech | | - | 2022-23 | 17,787 | 115 | - | - | - | 17,672 |
| | **Total - Specialist Provision** | | **-** | | **38,195** | **665** | **-** | **-** | **-** | **37,530** |
| **A/C.09** | **Site Acquisition & Development** | | | | | | | | | |
| A/C.09.001 | Site Acquisition, Development, Analysis and Investigations | | - | Ongoing | 300 | - | - | - | - | 300 |
| A/C.09.004 | Confidential Scheme | | - | 2022-23 | 900 | - | - | - | - | 900 |
| | **Total - Site Acquisition & Development** | | **-** | | **1,200** | **-** | **-** | **-** | **-** | **1,200** |
| **A/C.10** | **Temporary Accommodation** | | | | | | | | | |
| A/C.10.001 | Temporary Accommodation | | - | Ongoing | 8,000 | 113 | - | - | - | 7,887 |
| | **Total - Temporary Accommodation** | | **-** | | **8,000** | **113** | **-** | **-** | **-** | **7,887** |
| **A/C.11** | **Children Support Services** | | | | | | | | | |
| A/C.11.003 | P&C Buildings & Capital Team Capitalisation | | - | Ongoing | 6,500 | - | - | - | - | 6,500 |
| | **Total - Children Support Services** | | **-** | | **6,500** | **-** | **-** | **-** | **-** | **6,500** |
| **A/C.12** | **Adult Social Care** | | | | | | | | | |
| A/C.12.004 | Disabled Facilities Grant | | - | Ongoing | 50,700 | 50,700 | - | - | - | - |
| A/C.12.005 | Integrated Community Equipment Service | | - | Ongoing | 400 | - | - | - | - | 400 |
| A/C.12.007 | Independent Living Service : East Cambridgeshire | A/R.6.180, C/R.7.119 | -937 | Committed | 17,775 | - | - | - | - | 17,775 |
| A/C.12.008 | Independent Living Services | TBC | - | 2024-25 | 40,148 | - | - | - | - | 40,148 |
| | **Total - Adult Social Care** | | **-937** | | **109,023** | **50,700** | **-** | **-** | **-** | **58,323** |
| **A/C.13** | **Cultural & Community Services** | | | | | | | | | |
| A/C.13.004 | Community Fund | | | Committed | 5,000 | - | - | - | - | 5,000 |
| A/C.13.005 | Histon Library Rebuild | | - | Committed | 113 | - | - | - | - | 113 |
| A/C.13.006 | Confidential Scheme | | - | Committed | 1,172 | - | - | - | - | 1,172 |
| A/C.13.008 | Confidential Scheme | | | 2022-23 | 85 | - | 85 | - | - | - |
| A/C.13.009 | Confidential Scheme | | | 2022-23 | 389 | 260 | 129 | - | - | - |
| | **Total - Cultural & Community Services** | | **-** | | **6,759** | **260** | **214** | **-** | **-** | **6,285** |

# Section 3 - A:  People and Communities
## Table 5:  Capital Programme - Funding
**Budget Period:  2022-23 to 2031-32**

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **A/C.14** | **Capital Programme Variation** | | | | | | | | | |
| A/C.14.001 | Variation Budget | | - | Ongoing | -58,878 | - | -19,776 | - | - | -39,102 |
| A/C.14.002 | Capitalisation of Interest Costs | | - | Committed | 5,316 | - | - | - | - | 5,316 |
| A/C.14.003 | Environment Fund Transfer | | - | 2022-23 | -3,499 | - | - | - | - | -3,499 |
| | **Total - Capital Programme Variation** | | **-** | | **-57,061** | **-** | **-19,776** | **-** | **-** | **-37,285** |
| | | | | | | | | | | |
| | **TOTAL BUDGET** | | | | **569,015** | **138,743** | **140,731** | **12,029** | **-** | **277,512** |

# Section 3 - B: Place & Economy

## Table 1: Revenue - Summary of Net Budget by Operational Division

**Budget Period: 2022-23 to 2026-27**

| Net Revised Opening Budget 2021-22 £000 | Policy Line | Gross Budget 2022-23 £000 | Fees, Charges & Ring-fenced Grants 2022-23 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 | Net Budget 2026-27 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Executive Director** | | | | | | | |
| 1,619 | P&E Executive Director | 3,777 | -1,370 | 2,407 | 897 | 397 | 397 | 397 |
| 3,114 | P&E Lost Sales, Fees & Charges Compensation | - | 700 | 700 | - | - | - | - |
| **4,733** | **Subtotal Executive Director** | **3,777** | **-670** | **3,107** | **897** | **397** | **397** | **397** |
| | **Highways Maintenance** | | | | | | | |
| 106 | Asst Dir - Highways Maintenance | 106 | - | 106 | 106 | 106 | 106 | 106 |
| 10,066 | Highway Maintenance | 10,535 | -47 | 10,488 | 11,338 | 12,338 | 12,338 | 12,338 |
| 444 | Highways Asset Management | 904 | -463 | 440 | 440 | 440 | 440 | 440 |
| 2,744 | Winter Maintenance | 2,833 | - | 2,833 | 2,833 | 2,833 | 2,833 | 2,833 |
| -611 | Highways - Other | -516 | -95 | -611 | -611 | -611 | -611 | -611 |
| **12,749** | **Subtotal Highways Maintenance** | **13,862** | **-606** | **13,257** | **14,107** | **15,107** | **15,107** | **15,107** |
| | **Project Delivery** | | | | | | | |
| 200 | Asst Dir - Project Delivery | 200 | - | 200 | 200 | 200 | 200 | 200 |
| - | Project Delivery | 153 | -153 | - | - | - | - | - |
| 6,651 | Street Lighting | 10,882 | -3,981 | 6,901 | 6,901 | 6,901 | 6,901 | 6,901 |
| **6,851** | **Subtotal Project Delivery** | **11,235** | **-4,134** | **7,101** | **7,101** | **7,101** | **7,101** | **7,101** |
| | **Transport, Strategy and Policy** | | | | | | | |
| 106 | Asst Director - Transport, Strategy & Development | 106 | - | 106 | 106 | 106 | 106 | 106 |
| -181 | Traffic Management | 3,131 | -3,320 | -188 | -188 | -188 | -188 | -188 |
| 529 | Road Safety | 842 | -310 | 532 | 532 | 532 | 652 | 652 |
| 20 | Transport Strategy and Policy | 154 | - | 154 | 154 | 154 | 154 | 154 |
| - | Highways Development Management | 1,640 | -1,640 | - | - | - | - | - |
| -0 | Park & Ride | 1,022 | -1,022 | -0 | -0 | -0 | -0 | -0 |
| - | Parking Enforcement | 7,003 | -7,003 | - | - | - | - | - |
| **474** | **Subtotal Transport, Strategy and Policy** | **13,897** | **-13,294** | **603** | **603** | **603** | **723** | **723** |
| | **Planning, Growth & Environment** | | | | | | | |
| 120 | Asst Dir - Planning, Growth & Environment | 120 | - | 120 | 120 | 120 | 120 | 120 |
| 316 | County Planning, Minerals & Waste | 594 | -291 | 303 | 303 | 303 | 303 | 303 |
| 48 | Historic Environment | 452 | -415 | 37 | 37 | 37 | 37 | 37 |
| 1,104 | Flood Risk Management | 1,285 | -673 | 612 | 497 | 497 | 497 | 497 |
| 555 | Growth & Development | 844 | -292 | 552 | 552 | 552 | 552 | 552 |
| 37,161 | Waste Management | 43,930 | -4,114 | 39,816 | 39,224 | 39,496 | 39,741 | 39,979 |
| **39,304** | **Subtotal Planning, Growth & Environment** | **47,225** | **-5,784** | **41,441** | **40,734** | **41,006** | **41,251** | **41,489** |

## Section 3 - B: Place & Economy

### Table 1: Revenue - Summary of Net Budget by Operational Division

**Budget Period: 2022-23 to 2026-27**

| Net Revised Opening Budget 2021-22 £000 | Policy Line | Gross Budget 2022-23 £000 | Fees, Charges & Ring-fenced Grants 2022-23 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 | Net Budget 2026-27 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Climate Change & Energy Service** | | | | | | | |
| 32 | Energy Projects Director | 698 | -221 | 477 | 437 | 327 | 177 | 177 |
| 115 | Energy Programme Manager | 194 | -79 | 115 | 115 | 115 | 115 | 115 |
| **148** | **Subtotal Climate Change & Energy Service** | **892** | **-299** | **593** | **553** | **443** | **293** | **293** |
| **-** | **UNIDENTIFIED SAVINGS TO BALANCE BUDGET** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Future Years** | | | | | | | |
| - | Inflation | - | - | - | 1,717 | 3,498 | 5,318 | 7,205 |
| - | Savings | - | - | - | | | | |
| **64,259** | **P&E BUDGET TOTAL** | **90,889** | **-24,788** | **66,101** | **65,711** | **68,154** | **70,189** | **72,314** |

# Section 3 - B:  Place & Economy

## Table 2:  Revenue - Net Budget Changes by Operational Division

**Budget Period:  2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Executive Director** | | | | | | | |
| P&E Executive Director | 1,619 | -4 | - | 1,291 | - | -500 | 2,407 |
| P&E Lost Sales, Fees & Charges Compensation | 3,114 | - | - | - | - | -2,414 | 700 |
| **Subtotal Executive Director** | **4,733** | **-4** | **-** | **1,291** | **-** | **-2,914** | **3,107** |
| **Highways Maintenance** | | | | | | | |
| Asst Dir - Highways Maintenance | 106 | - | - | - | - | - | 106 |
| Highway Maintenance | 10,066 | 317 | - | - | 530 | -425 | 10,488 |
| Highways Asset Management | 444 | -3 | - | - | - | - | 440 |
| Winter Maintenance | 2,744 | 89 | - | - | - | - | 2,833 |
| Highways - Other | -611 | -0 | - | - | - | - | -611 |
| **Subtotal Highways Maintenance** | **12,749** | **403** | **-** | **-** | **530** | **-425** | **13,257** |
| **Project Delivery** | | | | | | | |
| Asst Dir - Project Delivery | 200 | - | - | - | - | - | 200 |
| Project Delivery | - | - | - | - | - | - | - |
| Street Lighting | 6,651 | 256 | - | - | - | -6 | 6,901 |
| **Subtotal Project Delivery** | **6,851** | **256** | **-** | **-** | **-** | **-6** | **7,101** |
| **Transport, Strategy and Policy** | | | | | | | |
| Asst Director - Transport, Strategy & Development | 106 | - | - | - | - | - | 106 |
| Traffic Management | -181 | -7 | - | - | - | - | -188 |
| Road Safety | 529 | 2 | - | - | - | - | 532 |
| Transport Strategy and Policy | 20 | -13 | - | 147 | - | - | 154 |
| Highways Development Management | - | - | - | - | - | - | - |
| Park & Ride | -0 | - | - | - | - | - | -0 |
| Parking Enforcement | - | - | - | - | - | - | - |
| **Subtotal Transport, Strategy and Policy** | **474** | **-18** | **-** | **147** | **-** | **-** | **603** |
| **Planning, Growth & Environment** | | | | | | | |
| Asst Dir - Planning, Growth & Environment | 120 | - | - | - | - | - | 120 |
| County Planning, Minerals & Waste | 316 | -13 | - | - | - | - | 303 |
| Historic Environment | 48 | -10 | - | - | - | - | 37 |
| Flood Risk Management | 1,104 | -2 | - | - | -490 | - | 612 |
| Growth & Development | 555 | -4 | - | - | - | - | 552 |
| Waste Management | 37,161 | 1,043 | -372 | 1,984 | - | - | 39,816 |
| **Subtotal Planning, Growth & Environment** | **39,304** | **1,015** | **-372** | **1,984** | **-490** | **-** | **41,441** |

## Section 3 - B: Place & Economy

### Table 2: Revenue - Net Budget Changes by Operational Division

**Budget Period: 2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Climate Change & Energy Service** | | | | | | | |
| Energy Projects Director | 32 | - | - | - | 445 | - | 477 |
| Energy Programme Manager | 115 | - | - | - | - | - | 115 |
| **Subtotal Climate Change & Energy Service** | **148** | **-** | **-** | **-** | **445** | **-** | **593** |
| | | | | | | | |
| **P&E BUDGET TOTAL** | **64,259** | **1,652** | **-372** | **3,422** | **485** | **-3,345** | **66,101** |

## Section 3 - B:  Place and Economy

### Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| | | Detailed Plans | Outline Plans | | | | |
|---|---|---|---|---|---|---|---|
| **Ref** | **Title** | **2022-23 £000** | **2023-24 £000** | **2024-25 £000** | **2025-26 £000** | **2026-27 £000** | **Description** |
| | | | | | | | |
| **1** | **OPENING GROSS EXPENDITURE** | **85,338** | **90,889** | **91,349** | **93,765** | **95,807** | |
| B/R.1.001 | Base adjustments | 393 | - | - | - | - | Adjustment for permanent changes to base budget from decisions made in 2021-22. |
| B/R.1.002 | Mileage Saving Allocation | -14 | - | - | - | - | This is the allocation of a 2021-22 saving relating to lower mileage spend |
| **1.999** | **REVISED OPENING GROSS EXPENDITURE** | **85,717** | **90,889** | **91,349** | **93,765** | **95,807** | |
| **2** | **INFLATION** | | | | | | |
| B/R.2.001 | Inflation | 1,768 | 1,837 | 1,904 | 1,947 | 2,018 | The total inflation allocation is calculated based on the different inflation indicator estimates for each budget type – so pay awards, oil, gas, etc all have specific inflationary assumptions applied. |
| **2.999** | **Subtotal Inflation** | **1,768** | **1,837** | **1,904** | **1,947** | **2,018** | |
| **3** | **DEMOGRAPHY AND DEMAND** | | | | | | |
| B/R.3.007 | Waste Disposal | 266 | 308 | 272 | 245 | 238 | Extra cost of landfilling additional waste produced by an increasing population. |
| B/R.3.008 | COVID impact - Waste Disposal demand | -638 | - | - | - | - | Removal of the temporary budget intended to offset covid pressures as no longer required. |
| **3.999** | **Subtotal Demography and Demand** | **-372** | **308** | **272** | **245** | **238** | |
| **4** | **PRESSURES** | | | | | | |
| B/R.4.013 | Guided Busway Defects | 960 | -1,610 | -650 | - | - | The Council is in dispute with the contractor over defects in the busway construction.  This was to fund repairs to defects and legal costs in support of the Council's legal action against the Contractor.  The Council expects to recover these costs. |
| B/R.4.014 | Waste and permit odour conditions | 1,984 | -900 | - | - | - | Potential revenue costs from work to conform with odour regulations |
| B/R.4.015 | P&E Management Restructure costs | 260 | - | - | - | - | Cost relating to the new P&E Management restructure. |
| B/R.4.016 | Input to Nationally Significant Infrastructure Projects and Transport and Work Act orders | 147 | - | - | - | - | Ensuring the County has the resource to mitigate the impacts of, and negotiate successful outcomes from, the Nationally Significant Infrastructure Proposals affecting the area. |
| B/R.4.018 | Increase in National Insurance - Council Staff | 70 | - | - | - | - | Impact on P&E of the £998k increase on national insurance for council staff |
| B/R.4.019 | Increase pay to a minimum of £9.50 p/h for the NLW | 1 | - | - | - | - | Increase of pay to a minimum of £9.50 per hour to match the National Living Wage |
| **4.999** | **Subtotal Pressures** | **3,422** | **-2,510** | **-650** | **-** | **-** | |

# Section 3 - B:  Place and Economy

## Table 3:  Revenue - Overview

**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| **5** | **INVESTMENTS** | | | | | | |
| B/R.5.104 | Investment in Highways Services | 700 | 1,000 | 1,000 | - | - | Investment in Highways Services to increase funding for proactive treatment and maintenance of roads, bridges and footpaths. |
| B/R.5.108 | B1050 Design Costs | -170 | - | - | - | - | Removal of the budget allocated to fund the design costs as now complete. |
| B/R.5.109 | Flood Attenuation and Biodiversity | -680 | - | - | - | - | Removal of the one off funding allocated for 2021/22, leaving the residual investment as permanent budget. |
| B/R.5.110 | County Biodiversity Enhancements | 105 | 40 | - | - | - | To develop the actions required for the biodiversity commitments within the Climate Change & Environment Strategy and to ensure the best biodiversity and natural capital benefits are gained from CCC owned public assets. |
| B/R.5.111 | Community Flood Action Programme | 150 | -75 | - | - | - | To continue the Community Flood Action Programme (CFAP) beyond 2021/2. The funding request is for £150,000 that will add to the sums carried forward from this year to allow the programme to continue. £75k of this will be temporary funding in year 1. |
| B/R.5.112 | Managing Climate Change | 340 | -80 | -110 | -150 | - | To support delivery of the Climate Change and Environment Strategy and reduce organisational and area-based carbon emissions. |
| B/R.5.113 | 'Active Parks' Unit | 40 | -40 | - | - | - | To investigate establishing an Active Parks Unit within the County Council |
| **5.999** | **Subtotal Investments** | **485** | **845** | **890** | **-150** | **-** | |
| **6** | **SAVINGS** | | | | | | |
| | **H&T** | | | | | | |
| B/R.6.214 | Street Lighting - contract synergies | 4 | - | - | - | - | Every year the budget is changed to reflect the level of synergy savings which will be achieved from the joint contract. This will not lead to any reduction in street lighting provision. |
| B/R.6.215 | Recycle asphalt, aggregates and gully waste | -15 | -20 | - | - | - | Savings achieved through recycling and reuse of materials. |
| B/R.6.216 | Street Lighting Inspections | -10 | - | - | - | - | Reduced frequency of outage detection inspections |
| B/R.6.220 | Highway Service Delivery Efficiencies | -110 | - | - | - | - | Highway Service Contract Efficiencies |
| **6.999** | **Subtotal Savings** | **-131** | **-20** | **-** | **-** | **-** | |

## Section 3 - B:  Place and Economy

### Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 (Detailed Plans) | 2023-24 £000 (Outline Plans) | 2024-25 £000 (Outline Plans) | 2025-26 £000 (Outline Plans) | 2026-27 £000 (Outline Plans) | Description |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | **TOTAL GROSS EXPENDITURE** | **90,889** | **91,349** | **93,765** | **95,807** | **98,063** | |
| **7** | **FEES, CHARGES & RING-FENCED GRANTS** | | | | | | |
| B/R.7.001 | Previous year's fees, charges & ring-fenced grants | -21,021 | -24,788 | -25,638 | -25,611 | -25,618 | Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward. |
| B/R.7.002 | Fees and charges inflation | -116 | -120 | -123 | -127 | -131 | Additional income for increases to fees and charges in line with inflation. |
| B/R.7.006 | Changes to fees, charges & ring-fenced grants | -437 | - | - | - | - | Adjustment for changes to fees, charges & ring-fenced grants reflecting decisions made in 2021-22. |
| | **Changes to fees & charges** | | | | | | |
| B/R.7.100 | Deployment of current surpluses in civil parking enforcement to transport activities | -200 | -30 | - | - | - | Deployment of current surpluses in civil parking enforcement to transport activities as allowed by current legislation. |
| B/R.7.101 | Income from Bus lane and moving lane enforcement | -100 | -100 | - | - | - | Utilising additional fine income to highways and transport works, as allowed by current legislation. |
| B/R.7.102 | Review and re-baselining of P&E income | -500 | 100 | 150 | - | - | Review and re-baselining of P&E income |
| B/R.7.121 | COVID Impact - Park & Ride | -150 | -150 | - | - | - | Financial support required to support service due to the impact of Covid. |
| B/R.7.122 | COVID Impact - Guided Busway | -200 | -200 | - | - | - | Government Covid grant to bus service operators ends and reduction in services. |
| B/R.7.123 | COVID Impact - Traffic Management | -604 | - | - | - | - | Removal of covid financial support as not required. |
| B/R.7.124 | COVID Impact - Parking | -700 | -300 | - | - | - | Partial removal of covid financial support as income has recovered ahead of estimate. |
| B/R.7.125 | COVID Impact - Bus Lane Enforcement | -500 | - | - | - | - | Removal of covid financial support as not required. |
| B/R.7.126 | COVID Impact - Other | -260 | -50 | - | - | - | Partial removal of covid financial support as income has recovered ahead of estimate. |
| | **Changes to ring-fenced grants** | | | | | | |
| B/R.7.202 | Change in Public Health Grant | - | - | - | 120 | - | Change in ring-fenced Public Health grant to reflect change of function and expected treatment as a corporate grant from 2022-23 due to removal of ring-fence. |
| **7.999** | **Subtotal Fees, Charges & Ring-fenced Grants** | **-24,788** | **-25,638** | **-25,611** | **-25,618** | **-25,749** | |

# Section 3 - B:  Place and Economy

## Table 3:  Revenue - Overview

**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | **TOTAL NET EXPENDITURE** | **66,101** | **65,711** | **68,154** | **70,189** | **72,314** | |
| **FUNDING SOURCES** | | | | | | | |
| **8** | **FUNDING OF GROSS EXPENDITURE** | | | | | | |
| B/R.8.001 | Budget Allocation | -66,101 | -65,711 | -68,154 | -70,189 | -72,314 | Net spend funded from general grants, business rates and Council Tax. |
| B/R.8.002 | Public Health Grant | -120 | -120 | -120 | - | - | 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. |
| B/R.8.003 | Fees & Charges | -17,900 | -18,750 | -18,723 | -18,850 | -18,981 | Fees and charges for the provision of services. |
| B/R.8.004 | PFI Grant - Street Lighting | -3,944 | -3,944 | -3,944 | -3,944 | -3,944 | PFI Grant from DfT for the life of the project. |
| B/R.8.005 | PFI Grant - Waste | -2,611 | -2,611 | -2,611 | -2,611 | -2,611 | PFI Grant from DEFRA for the life of the project. |
| B/R.8.007 | Bikeability Grant | -213 | -213 | -213 | -213 | -213 | DfT funding for the Bikeability cycle training programme. |
| **8.999** | **TOTAL FUNDING OF GROSS EXPENDITURE** | **-90,889** | **-91,349** | **-93,765** | **-95,807** | **-98,063** | |

# Section 3 - B: Place and Economy
## Table 4: Capital Programme
### Budget Period: 2022-23 to 2031-32

| Summary of Schemes by Start Date | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| Ongoing | 104,913 | 77,891 | 1,735 | 3,337 | 6,901 | 9,407 | 11,073 | -5,431 |
| Committed Schemes | 418,750 | 289,745 | 61,313 | 22,743 | 6,219 | 5,171 | 5,196 | 28,363 |
| 2021-2022 Starts | 21,340 | 421 | 3,376 | 7,575 | 9,968 | - | - | - |
| 2022-2023 Starts | 37,946 | - | 18,959 | 10,329 | 4,329 | 4,329 | - | - |
| **TOTAL BUDGET** | **582,949** | **368,057** | **85,383** | **43,984** | **27,417** | **18,907** | **16,269** | **22,932** |

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **B/C.01** | **Integrated Transport** | | | | | | | | | | | |
| B/C.1.002 | Air Quality Monitoring | Funding towards supporting air quality monitoring work in relation to the road network with local authority partners across the county. | | Ongoing | 115 | - | 23 | 23 | 23 | 23 | 23 | - |
| B/C.1.009 | Major Scheme Development & Delivery | Resources to support the development and delivery of major schemes. | | Ongoing | 1,311 | - | 511 | 200 | 200 | 200 | 200 | - |
| B/C.1.011 | Local Infrastructure improvements | Provision of the Local Highway Improvement Initiative across the county, providing accessibility works such as disabled parking bays and provision of improvements to the Public Rights of Way network. | | Ongoing | 4,860 | - | 1,332 | 882 | 882 | 882 | 882 | - |
| B/C.1.012 | Safety Schemes | Investment in road safety engineering work at locations where there is strong evidence of a significantly high risk of injury crashes. | | Ongoing | 3,870 | - | 1,494 | 594 | 594 | 594 | 594 | - |
| B/C.1.015 | Strategy and Scheme Development work | Resources to support Transport & Infrastructure strategy and related work across the county, including long term strategies and District and Market Town Transport Strategies, as well as funding towards scheme development work. | | Ongoing | 1,725 | - | 345 | 345 | 345 | 345 | 345 | - |
| B/C.1.019 | Delivering the Transport Strategy Aims | Supporting the delivery of Transport Strategies and Market Town Transport Strategies to help improve accessibility and mitigate the impacts of growth. | | Ongoing | 8,509 | - | 3,125 | 1,346 | 1,346 | 1,346 | 1,346 | - |
| B/C.1.020 | Bar Hill to Northstowe cycle route | Bar Hill to Longstanton | | Committed | 982 | 163 | 819 | - | - | - | - | - |
| B/C.1.021 | Girton to Oakington Cycle Route | Girton to Oakington Cycle Route | | Committed | 1,000 | 885 | 115 | - | - | - | - | - |
| B/C.1.023 | Boxworth to A14 Cycle Route | Boxworth to A14 Cycle Route | | 2022-23 | 550 | - | 550 | - | - | - | - | - |
| B/C.1.024 | Dry Drayton to NMU link cycle route | Dry Drayton to NMU link cycle route | | Committed | 300 | 49 | 251 | - | - | - | - | - |
| B/C.1.026 | Hilton to Fenstanton Cycle Route | Hilton to Fenstanton Cycle Route | | 2022-23 | 500 | - | 500 | - | - | - | - | - |
| B/C.1.027 | Buckden to Hinchingbrooke cycle route | Buckden to Hinchingbrooke cycle route funded by Highways England. | | 2022-23 | 780 | - | 780 | - | - | - | - | - |
| B/C.1.050 | A14 | Improvement of the A14 between Cambridge and Huntingdon. This is a scheme led by the Highways Agency but in order to secure delivery a local contribution to the total scheme cost, was agreed. | | Committed | 25,080 | 2,200 | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 | 17,680 |
| | **Total - Integrated Transport** | | | | **49,582** | **3,297** | **10,885** | **4,430** | **4,430** | **4,430** | **4,430** | **17,680** |

# Section 3 - B: Place and Economy
## Table 4: Capital Programme
### Budget Period: 2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **B/C.02** | **Operating the Network** | | | | | | | | | | | |
| B/C.2.001 | Carriageway & Footway Maintenance including Cycle Paths | Allows the highway network throughout the county to be maintained. With the significant backlog of works to our highways well documented, this fund is crucial in ensuring that we are able to maintain our transport links. | | Ongoing | 37,475 | - | 9,275 | 7,050 | 7,050 | 7,050 | 7,050 | - |
| B/C.2.002 | Rights of Way | Allows improvements to our Rights of Way network which provides an important local link in our transport network for communities. | | Ongoing | 1,175 | - | 235 | 235 | 235 | 235 | 235 | - |
| B/C.2.004 | Bridge strengthening | Bridges form a vital part of the transport network. With many structures to maintain across the county it is important that we continue to ensure that the overall transport network can operate and our bridges are maintained. | | Ongoing | 11,865 | - | 2,477 | 2,347 | 2,347 | 2,347 | 2,347 | - |
| B/C.2.005 | Traffic Signal Replacement | Traffic signals are a vital part of managing traffic throughout the county. Many signals require to be upgraded to help improve traffic flow and ensure that all road users are able to safely use the transport network. | | Ongoing | 3,890 | - | 778 | 778 | 778 | 778 | 778 | - |
| B/C.2.006 | Smarter Travel Management - Integrated Highways Management Centre | The Integrated Highways Management Centre (IHMC) collects, processes and shares real time travel information to local residents, businesses and communities within Cambridgeshire. In emergency situations the IHMC provides information to ensure that the impact on our transport network is mitigated and managed. | | Ongoing | 915 | - | 183 | 183 | 183 | 183 | 183 | - |
| B/C.2.007 | Smarter Travel Management - Real Time Bus Information | Provision of real time passenger information for the bus network. | | Ongoing | 590 | - | 118 | 118 | 118 | 118 | 118 | - |
| | **Total - Operating the Network** | | | | **55,910** | **-** | **13,066** | **10,711** | **10,711** | **10,711** | **10,711** | **-** |
| **B/C.03** | **Highways & Transport** | | | | | | | | | | | |
| B/C.3.001 | Highways Maintenance (carriageways only from 2015/16 onwards) | This fund allows the Council to increase its investment in the transport network throughout the county. With the significant backlog of works to our transport network well documented, this fund is crucial in ensuring that we reduce the rate of deterioration of our highways. | | Ongoing | 78,700 | 77,891 | 809 | - | - | - | - | - |
| B/C.3.002 | Footpaths and Pavements | Additional funding for surface treatments, such as footway repairs, and deeper treatments, including resurfacing and reconstruction. | | Committed | 24,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | - |
| B/C.3.003 | B1050 Shelfords Road | Full reconstruction of the B1050 Shelfords Road between Earith and Willingham. | | 2022-23 | 6,800 | - | 800 | 6,000 | - | - | - | - |
| B/C.3.004 | Pothole Funding | Additional funding for Potholes. | | 2022-23 | 17,316 | - | 4,329 | 4,329 | 4,329 | 4,329 | - | - |
| B/C.3.005 | Ely Bypass | The project has now been completed and the brand-new bypass opened to traffic on 31 October 2018. | | Committed | 49,006 | 48,993 | 3 | 10 | - | - | - | - |

# Section 3 - B: Place and Economy
## Table 4: Capital Programme
### Budget Period: 2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| B/C.3.006 | Guided Busway | Guided Busway construction contract retention payments. | | Committed | 149,791 | 145,712 | 4,079 | - | - | - | - | - |
| B/C.3.007 | Confidential Scheme | Confidential Scheme | | Committed | 33,500 | 30,984 | 2,516 | - | - | - | - | - |
| B/C.3.008 | Wisbech Town Centre Access Study | Wisbech Town Centre Access Study - fully funded by CPCA. | | Committed | 10,500 | 6,019 | 4,481 | - | - | - | - | - |
| B/C.3.009 | Wheatsheaf Crossroads | Scheme to deliver traffic signals at the Wheatsheaf Crossroads, Bluntisham. | | 2021-22 | 6,795 | 75 | 325 | 200 | 6,195 | - | - | - |
| B/C.3.010 | St Neots Future High Street Fund | St Neots Future High Street Fund | | 2021-22 | 8,522 | 154 | 1,450 | 3,460 | 3,458 | - | - | - |
| B/C.3.011 | March Future High Street Fund | March Future High Street Fund | | 2021-22 | 6,023 | 192 | 1,601 | 3,915 | 315 | - | - | - |
| B/C.3.012 | Cambridge Cycling Infrastructure | Cambridge Cycling Infrastructure | | Committed | 4,475 | 4,122 | 353 | - | - | - | - | - |
| | **Total - Highways & Transport** | | | | **395,428** | **318,142** | **24,746** | **21,914** | **18,297** | **8,329** | **4,000** | **-** |
| **B/C.04** | **Planning Growth and Environment** | | | | | | | | | | | |
| B/C.4.002 | Confidential Scheme | Confidential Scheme | | Committed | 6,634 | 414 | 1,740 | 3,686 | 794 | - | - | - |
| B/C.4.003 | Confidential Scheme | Confidential Scheme | | 2022-23 | 12,000 | - | 12,000 | - | - | - | - | - |
| | **Total - Planning Growth and Environment** | | | | **18,634** | **414** | **13,740** | **3,686** | **794** | **-** | **-** | **-** |
| **B/C.05** | **Climate Change & Energy Service** | | | | | | | | | | | |
| B/C.5.013 | Swaffham Prior Community Heat Scheme | A ground breaking scheme enabling the residents of Swaffham Prior to decarbonise their heating and hot water. The project comprises an energy centre located at Goodwin Farm supplying heat via a network of underground pipes that runs through the village connecting to homes and businesses. | C/R.7.110 | Committed | 13,522 | 7,307 | 6,215 | - | - | - | - | - |
| B/C.5.014 | Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride | Low carbon energy generation assets with battery storage on Council assets at St Ives Park and Ride. | C/R.7.106 | Committed | 4,878 | 1,257 | 3,621 | - | - | - | - | - |
| B/C.5.015 | Babraham Smart Energy Grid | The project is to develop a high level assessment, then an Investment Grade Proposal for a renewable energy scheme on the Babraham Park and Ride site. This project at Babraham will look to build on the skills developed in the St Ives project to replicate on other Park and Ride sites. A 2.1 MW solar canopy project is proposed at the HLA stage. | C/R.7.107 | Committed | 7,451 | 1,216 | 6,079 | 156 | - | - | - | - |
| B/C.5.016 | Trumpington Smart Energy Grid | The project is to develop a high level assessment, then an Investment Grade Proposal for a renewable energy scheme on the Trumpington Park and Ride site. This project at Trumpington will look to build on the skills developed in the St Ives project to replicate on other Park and Ride sites. A 2.1 MW solar canopy project is proposed at the HLA stage. | TBC | Committed | 6,970 | 4 | | - | - | - | - | 6,966 |

## Section 3 - B: Place and Economy
### Table 4: Capital Programme
**Budget Period: 2022-23 to 2031-32**

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| B/C.5.017 | Stanground Closed Landfill Energy Project | The project is to develop a high level assessment, then an Investment Grade Proposal for a clean energy scheme on the closed landfill site in Stanground. Bouygues propose a 2.25MW Solar PV ground mounted array on the site together with a 10MW 2C battery storage system for demand side response. | C/R.7.108 | Committed | 8,266 | 315 | | 7,951 | - | - | - | - |
| B/C.5.018 | Woodston Closed Landfill Energy Project | The project is to develop a high level assessment, then an Investment Grade Proposal for a clean energy scheme on the closed landfill site in Woodston. A tailored 3MW 2C Battery Storage for Demand Side Response services is proposed. This would provide a steady revenue stream, while being respectful of the local environment in terms of disruption and visual amenity. | TBC | Committed | 2,526 | 15 | | - | - | - | - | 2,511 |
| B/C.5.019 | North Angle Solar Farm, Soham | Investment in a second solar farm at Soham, bordering the Triangle Farm solar farm site. The scheme aims to maximise potential revenue from Council land holdings, help to secure national energy supplies and help meet Government carbon reduction targets. | C/R.7.109 | Committed | 26,354 | 19,187 | 6,909 | 258 | - | - | - | - |
| B/C.5.020 | Fordham Renewable Energy Network Demonstrator | Development of an Investment Grade Proposal for a 58 acre solar park at Glebe Farm in Fordham. The scheme aims to assist local businesses in decarbonising their energy supplies while generating a return for the Council and contributing to the aims of the Climate Change and Environment Strategy. | | Committed | 635 | 635 | | - | - | - | - | - |
| B/C.5.021 | Decarbonisation Fund | An investment in the decarbonisation of Council owned and occupied buildings (approximately 69 buildings). All Council buildings will be taken off fossil fuels (primarily oil and gas) and will be replaced with low carbon heating solutions such as Air or Ground Source Heat Pumps. This investment is expected to be recouped in full from savings delivered on the Council's energy bills. | | Committed | 15,000 | 3,850 | 5,940 | 5,210 | - | - | - | - |
| B/C.5.023 | Oil Dependency Fund | Provision of financial support for oil dependent schools and communities to come off oil and onto renewable sources of energy. The initial investment of £500k will be paid back through business case investments into heat infrastructure. | | Committed | 500 | 65 | 435 | - | - | - | - | - |
| B/C.5.024 | Climate Action Fund | A fund to support the delivery of projects brought forward by services to improve the carbon efficiency of Council assets and services. | | Committed | 300 | - | 300 | - | - | - | - | - |
| | **Total - Climate Change & Energy Service** | | | | **86,402** | **33,851** | **29,499** | **13,575** | **-** | **-** | **-** | **9,477** |

# Section 3 - B: Place and Economy

## Table 4: Capital Programme

### Budget Period: 2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **B/C.06** | **Connecting Cambridgeshire** | | | | | | | | | | | |
| B/C.6.002 | Investment in Connecting Cambridgeshire - Fixed Connectivity | Promoting and facilitating commercial coverage and managing gap funded intervention contract to increase full fibre and Superfast broadband coverage across Cambridgeshire and Peterborough. | | Committed | 17,125 | 7,245 | 9,880 | - | - | - | - | - |
| B/C.6.003 | Investment in Connecting Cambridgeshire - Mobile Connectivity | Working with government and commercial operators to improve 2G, 4G and 5G coverage across the county. | | Committed | 485 | 225 | 260 | - | - | - | - | - |
| B/C.6.004 | Investment in Connecting Cambridgeshire - Public Access WiFi | Increasing the provision of free public access Wi-fi in public buildings, community and village halls and in city and town centres across Cambridgeshire and Peterborough. | | Committed | 705 | 605 | 100 | - | - | - | - | - |
| B/C.6.005 | Investment in Connecting Cambridgeshire - Smart Work Streams | Using connectivity, advanced data techniques and emerging technologies across a range of work streams in Cambridgeshire and Peterborough to help meet growth and sustainability challenges and support the local economy. | | Committed | 2,013 | 1,413 | 600 | - | - | - | - | - |
| B/C.6.006 | Investment in Connecting Cambridgeshire - Programme Delivery | "Keeping Everyone Connected" Covid-19 response and recovery programme supporting businesses and communities to access connectivity and digital technologies. Staff and support costs (including specialist legal, technical and data services) to deliver all elements of the Connecting Cambridgeshire programme. | | Committed | 3,350 | 2,865 | 485 | - | - | - | - | - |
| | **Total - Connecting Cambridgeshire** | | | | **23,678** | **12,353** | **11,325** | **-** | **-** | **-** | **-** | **-** |
| **B/C.07** | **Capital Programme Variation** | | | | | | | | | | | |
| B/C.7.001 | Variation Budget | The Council includes a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis. | | Ongoing | -50,087 | - | -18,970 | -10,764 | -7,200 | -4,694 | -3,028 | -5,431 |
| B/C.7.002 | Capitalisation of Interest Costs | The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year. | | Committed | 3,402 | - | 1,092 | 432 | 385 | 131 | 156 | 1,206 |
| | **Total - Capital Programme Variation** | | | | **-46,685** | **-** | **-17,878** | **-10,332** | **-6,815** | **-4,563** | **-2,872** | **-4,225** |
| | | | | | | | | | | | | |
| | **TOTAL BUDGET** | | | | **582,949** | **368,057** | **85,383** | **43,984** | **27,417** | **18,907** | **16,269** | **22,932** |

# Section 3 - B: Place and Economy

## Table 4: Capital Programme

### Budget Period: 2022-23 to 2031-32

| Funding | Total Funding £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| **Government Approved Funding** | | | | | | | | |
| Department for Transport | 197,821 | 103,648 | 23,879 | 20,315 | 17,538 | 17,565 | 14,876 | - |
| Specific Grants | 61,247 | 49,377 | 11,870 | - | - | - | - | - |
| **Total - Government Approved Funding** | **259,068** | **153,025** | **35,749** | **20,315** | **17,538** | **17,565** | **14,876** | **-** |
| **Locally Generated Funding** | | | | | | | | |
| Agreed Developer Contributions | 21,455 | 19,232 | 2,123 | 100 | - | - | - | - |
| Anticipated Developer Contributions | 14,383 | 1,571 | 4,133 | 795 | 784 | 812 | 788 | 5,500 |
| Prudential Borrowing | 227,473 | 153,940 | 34,413 | 15,515 | 5,874 | 337 | 426 | 16,968 |
| Other Contributions | 60,570 | 40,289 | 8,965 | 7,259 | 3,221 | 193 | 179 | 464 |
| **Total - Locally Generated Funding** | **323,881** | **215,032** | **49,634** | **23,669** | **9,879** | **1,342** | **1,393** | **22,932** |
| | | | | | | | | |
| **TOTAL FUNDING** | **582,949** | **368,057** | **85,383** | **43,984** | **27,417** | **18,907** | **16,269** | **22,932** |

# Section 3 - B: Place and Economy
## Table 5: Capital Programme - Funding
### Budget Period: 2022-23 to 2031-32

| Summary of Schemes by Start Date | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|
| Ongoing | 104,913 | 61,663 | -1,553 | -3,902 | - | 48,705 |
| Committed Schemes | 418,750 | 180,089 | 36,891 | 45,948 | - | 155,822 |
| 2021-2022 Starts | 21,340 | - | 500 | 14,545 | - | 6,295 |
| 2022-2023 Starts | 37,946 | 17,316 | - | 3,979 | - | 16,651 |
| **TOTAL BUDGET** | **582,949** | **259,068** | **35,838** | **60,570** | **-** | **227,473** |

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **B/C.01** | **Integrated Transport** | | | | | | | | | |
| B/C.1.002 | Air Quality Monitoring | | - | Ongoing | 115 | 115 | - | - | - | - |
| B/C.1.009 | Major Scheme Development & Delivery | | - | Ongoing | 1,311 | 1,183 | 128 | - | - | - |
| B/C.1.011 | Local Infrastructure improvements | | - | Ongoing | 4,860 | 3,542 | - | 1,318 | - | - |
| B/C.1.012 | Safety Schemes | | - | Ongoing | 3,870 | 3,870 | - | - | - | - |
| B/C.1.015 | Strategy and Scheme Development work | | - | Ongoing | 1,725 | 1,725 | - | - | - | - |
| B/C.1.019 | Delivering the Transport Strategy Aims | | - | Ongoing | 8,509 | 7,831 | 678 | - | - | - |
| B/C.1.020 | Bar Hill to Northstowe cycle route | | - | Committed | 982 | 52 | 930 | - | - | - |
| B/C.1.021 | Girton to Oakington Cycle Route | | - | Committed | 1,000 | - | 450 | 550 | - | - |
| B/C.1.023 | Boxworth to A14 Cycle Route | | - | 2022-23 | 550 | - | - | 550 | - | - |
| B/C.1.024 | Dry Drayton to NMU link cycle route | | - | Committed | 300 | 175 | - | 125 | - | - |
| B/C.1.026 | Hilton to Fenstanton Cycle Route | | - | 2022-23 | 500 | - | - | 500 | - | - |
| B/C.1.027 | Buckden to Hinchingbrooke cycle route | | - | 2022-23 | 780 | - | - | 655 | - | 125 |
| B/C.1.050 | A14 | | - | Committed | 25,080 | - | - | 1,080 | - | 24,000 |
| | **Total - Integrated Transport** | | **-** | | **49,582** | **18,493** | **2,186** | **4,778** | **-** | **24,125** |
| **B/C.02** | **Operating the Network** | | | | | | | | | |
| B/C.2.001 | Carriageway & Footway Maintenance including Cycle Paths | | - | Ongoing | 37,475 | 35,973 | - | 2 | - | 1,500 |
| B/C.2.002 | Rights of Way | | - | Ongoing | 1,175 | 1,175 | - | - | - | - |
| B/C.2.004 | Bridge strengthening | | - | Ongoing | 11,865 | 11,865 | - | - | - | - |
| B/C.2.005 | Traffic Signal Replacement | | - | Ongoing | 3,890 | 3,890 | - | - | - | - |
| B/C.2.006 | Smarter Travel Management - Integrated Highways Management Centre | | - | Ongoing | 915 | 915 | - | - | - | - |
| B/C.2.007 | Smarter Travel Management - Real Time Bus Information | | - | Ongoing | 590 | 590 | - | - | - | - |
| | **Total - Operating the Network** | | **-** | | **55,910** | **54,408** | **-** | **2** | **-** | **1,500** |
| **B/C.03** | **Highways & Transport** | | | | | | | | | |
| B/C.3.001 | Highways Maintenance (carriageways only from 2015/16 onwards) | | - | Ongoing | 78,700 | 4,932 | - | - | - | 73,768 |
| B/C.3.002 | Footpaths and Pavements | | - | Committed | 24,000 | 24,000 | - | - | - | - |
| B/C.3.003 | B1050 Shelfords Road | | - | 2022-23 | 6,800 | - | - | 2,274 | - | 4,526 |

## Section 3 - B:  Place and Economy
### Table 5:  Capital Programme - Funding
**Budget Period:  2022-23 to 2031-32**

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| B/C.3.004 | Pothole Funding | | - | 2022-23 | 17,316 | 17,316 | - | - | - | - |
| B/C.3.005 | Ely Bypass | | - | Committed | 49,006 | 22,000 | 1,000 | 5,944 | - | 20,062 |
| B/C.3.006 | Guided Busway | | - | Committed | 149,791 | 94,667 | 29,486 | 9,282 | - | 16,356 |
| B/C.3.007 | Confidential Scheme | | - | Committed | 33,500 | 8,000 | - | 19,902 | - | 5,598 |
| B/C.3.008 | Wisbech Town Centre Access Study | | - | Committed | 10,500 | 10,500 | - | - | - | - |
| B/C.3.009 | Wheatsheaf Crossroads | | - | 2021-22 | 6,795 | - | 500 | - | - | 6,295 |
| B/C.3.010 | St Neots Future High Street Fund | | - | 2021-22 | 8,522 | - | - | 8,522 | - | - |
| B/C.3.011 | March Future High Street Fund | | - | 2021-22 | 6,023 | - | - | 6,023 | - | - |
| B/C.3.012 | Cambridge Cycling Infrastructure | | - | Committed | 4,475 | - | 4,475 | - | - | - |
| | **Total - Highways & Transport** | | **-** | | **395,428** | **181,415** | **35,461** | **51,947** | **-** | **126,605** |
| **B/C.04** | **Planning Growth and Environment** | | | | | | | | | |
| B/C.4.002 | Confidential Scheme | | - | Committed | 6,634 | - | 550 | - | - | 6,084 |
| B/C.4.003 | Confidential Scheme | | - | 2022-23 | 12,000 | - | - | - | - | 12,000 |
| | **Total - Planning Growth and Environment** | | **-** | | **18,634** | **-** | **550** | **-** | **-** | **18,084** |
| **B/C.05** | **Climate Change & Energy Service** | | | | | | | | | |
| B/C.5.013 | Swaffham Prior Community Heat Scheme | C/R.7.110 | -21,598 | Committed | 13,522 | 3,520 | - | - | - | 10,002 |
| B/C.5.014 | Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride | C/R.7.106 | -2,892 | Committed | 4,878 | 1,762 | - | - | - | 3,116 |
| B/C.5.015 | Babraham Smart Energy Grid | C/R.7.107 | -7,575 | Committed | 7,451 | - | - | - | - | 7,451 |
| B/C.5.016 | Trumpington Smart Energy Grid | TBC | -7,001 | Committed | 6,970 | - | - | - | - | 6,970 |
| B/C.5.017 | Stanground Closed Landfill Energy Project | C/R.7.108 | -8,898 | Committed | 8,266 | - | - | - | - | 8,266 |
| B/C.5.018 | Woodston Closed Landfill Energy Project | TBC | -9,222 | Committed | 2,526 | - | - | - | - | 2,526 |
| B/C.5.019 | North Angle Solar Farm, Soham | C/R.7.109 | -39,988 | Committed | 26,354 | - | - | - | - | 26,354 |
| B/C.5.020 | Fordham Renewable Energy Network Demonstrator | | - | Committed | 635 | - | - | - | - | 635 |
| B/C.5.021 | Decarbonisation Fund | | - | Committed | 15,000 | 2,500 | - | - | - | 12,500 |
| B/C.5.023 | Oil Dependency Fund | | - | Committed | 500 | - | - | - | - | 500 |
| B/C.5.024 | Climate Action Fund | | - | Committed | 300 | - | - | - | - | 300 |
| | **Total - Climate Change & Energy Service** | | **-97,174** | | **86,402** | **7,782** | **-** | **-** | **-** | **78,620** |
| **B/C.06** | **Connecting Cambridgeshire** | | | | | | | | | |
| B/C.6.002 | Investment in Connecting Cambridgeshire - Fixed Connectivity | | - | Committed | 17,125 | 9,325 | - | 6,700 | - | 1,100 |
| B/C.6.003 | Investment in Connecting Cambridgeshire - Mobile Connectivity | | - | Committed | 485 | 485 | - | - | - | - |
| B/C.6.004 | Investment in Connecting Cambridgeshire - Public Access WiFi | | - | Committed | 705 | 705 | - | - | - | - |
| B/C.6.005 | Investment in Connecting Cambridgeshire - Smart Work Streams | | - | Committed | 2,013 | 2,013 | - | - | - | - |
| B/C.6.006 | Investment in Connecting Cambridgeshire - Programme Delivery | | - | Committed | 3,350 | 385 | - | 2,365 | - | 600 |
| | **Total - Connecting Cambridgeshire** | | **-** | | **23,678** | **12,913** | **-** | **9,065** | **-** | **1,700** |

# Section 3 - B: Place and Economy

## Table 5: Capital Programme - Funding

**Budget Period: 2022-23 to 2031-32**

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **B/C.07** | **Capital Programme Variation** | | | | | | | | | |
| B/C.7.001 | Variation Budget | | - | Ongoing | -50,087 | -15,943 | -2,359 | -5,222 | - | -26,563 |
| B/C.7.002 | Capitalisation of Interest Costs | | - | Committed | 3,402 | - | - | - | - | 3,402 |
| | **Total - Capital Programme Variation** | | **-** | | **-46,685** | **-15,943** | **-2,359** | **-5,222** | **-** | **-23,161** |
| | | | | | | | | | | |
| | **TOTAL BUDGET** | | | | **582,949** | **259,068** | **35,838** | **60,570** | **-** | **227,473** |

## Section 3 - C:  Corporate and Managed Services

### Table 1:  Revenue - Summary of Net Budget by Operational Division

**Budget Period:  2022-23 to 2026-27**

| Net Revised Opening Budget 2021-22 £000 | Policy Line | Gross Budget 2022-23 £000 | Fees, Charges & Ring-fenced Grants 2022-23 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 | Net Budget 2026-27 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Customer & Digital Services** | | | | | | | |
| 416 | Director, Customer & Digital Services | 643 | -232 | 411 | 411 | 411 | 411 | 411 |
| 130 | Chief Executive | 243 | -3 | 240 | 240 | 240 | 240 | 240 |
| 716 | Communication and Information | 739 | -28 | 711 | 711 | 711 | 711 | 711 |
| 2,035 | Customer Services | 2,402 | -368 | 2,034 | 2,034 | 2,034 | 2,034 | 2,034 |
| 9,704 | IT & Digital Service | 11,223 | -706 | 10,517 | 10,231 | 10,226 | 10,226 | 10,226 |
| 170 | Elections | 175 | - | 175 | 175 | 175 | 175 | 175 |
| 1,628 | Human Resources | 1,721 | -96 | 1,625 | 1,625 | 1,625 | 1,625 | 1,625 |
| 181 | Health, Safety & Wellbeing | 293 | -112 | 181 | 181 | 181 | 181 | 181 |
| 1,924 | Learning & Development | 2,288 | -369 | 1,919 | 1,919 | 1,919 | 1,919 | 1,919 |
| **16,904** | **Subtotal Customer & Digital Services** | **19,727** | **-1,914** | **17,813** | **17,527** | **17,522** | **17,522** | **17,522** |
| | **Business Improvement & Development** | | | | | | | |
| 615 | Policy, Design and Delivery | 807 | -141 | 666 | 666 | 666 | 2,348 | 2,348 |
| 1,043 | Business Intelligence | 1,336 | -301 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 |
| **1,658** | **Subtotal Business Improvement & Development** | **2,143** | **-442** | **1,701** | **1,701** | **1,701** | **3,383** | **3,383** |
| | **Resources Directorate** | | | | | | | |
| -226 | Resources Directorate | 1,086 | -1,312 | -226 | -226 | -226 | -226 | -226 |
| 1,839 | Professional Finance | 2,169 | -331 | 1,838 | 1,838 | 1,838 | 1,838 | 1,838 |
| 613 | Procurement | 655 | -41 | 614 | 614 | 614 | 614 | 614 |
| 388 | CCC Finance Operations | 478 | -92 | 386 | 386 | 386 | 386 | 386 |
| 441 | Audit | 739 | -304 | 435 | 435 | 435 | 435 | 435 |
| 2,276 | Insurance | 2,436 | - | 2,436 | 2,436 | 2,436 | 2,436 | 2,436 |
| 75 | External Audit | 75 | - | 75 | 75 | 75 | 75 | 75 |
| 1,629 | Shared Services | 2,530 | -901 | 1,629 | 1,629 | 1,629 | 1,629 | 1,629 |
| **7,035** | **Subtotal Resources Directorate** | **10,168** | **-2,981** | **7,187** | **7,187** | **7,187** | **7,187** | **7,187** |
| | **Legal & Governance** | | | | | | | |
| 102 | Legal & Governance Services | 101 | - | 101 | 101 | 101 | 101 | 101 |
| 820 | Information Management | 856 | 43 | 899 | 899 | 899 | 899 | 899 |
| 327 | Democratic & Member Services | 425 | -101 | 324 | 324 | 324 | 324 | 324 |
| 1,054 | Members´ Allowances | 1,008 | - | 1,008 | 1,008 | 1,008 | 1,008 | 1,008 |
| **2,303** | **Subtotal Legal & Governance** | **2,390** | **-58** | **2,332** | **2,332** | **2,332** | **2,332** | **2,332** |

# Section 3 - C: Corporate and Managed Services

## Table 1: Revenue - Summary of Net Budget by Operational Division

**Budget Period: 2022-23 to 2026-27**

| Net Revised Opening Budget 2021-22 £000 | Policy Line | Gross Budget 2022-23 £000 | Fees, Charges & Ring-fenced Grants 2022-23 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 | Net Budget 2026-27 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Corporate & Miscellaneous** | | | | | | | |
| 2,914 | Central Services and Organisation-Wide Risks | 5,879 | 1,065 | 6,944 | 5,386 | 5,367 | 6,072 | 6,072 |
| 1,300 | Investment in Social Care Capacity | - | - | - | - | - | - | - |
| 110 | Subscriptions | 110 | - | 110 | 110 | 110 | 110 | 110 |
| 48 | Authority-wide Miscellaneous | 166 | -118 | 48 | 48 | 48 | 48 | 48 |
| 1,429 | Transformation Fund | 1,118 | - | 1,118 | 92 | - | - | - |
| - | Council Tax: Counter Fraud & Compliance | 155 | -650 | -495 | -495 | -495 | -650 | -650 |
| **5,801** | **Subtotal Corporate & Miscellaneous** | **7,428** | **297** | **7,725** | **5,141** | **5,030** | **5,580** | **5,580** |
| | **Investment Activity** | | | | | | | |
| -3,543 | Property Investments | 3,826 | -7,436 | -3,610 | -3,934 | -4,129 | -4,357 | -4,561 |
| -491 | Shareholder Company Dividends & Fees | -30 | -491 | -521 | -557 | -557 | -557 | -557 |
| -6,063 | Housing Investment (This Land Company) | 2,437 | -8,500 | -6,063 | -6,063 | -6,063 | -6,063 | -6,063 |
| -202 | Contract Efficiencies & Other Income | -199 | -206 | -405 | -405 | -605 | -605 | -605 |
| -634 | Collective Investment Funds | - | -705 | -705 | -705 | -705 | -705 | -705 |
| 116 | Investments | 261 | -345 | -84 | -834 | -1,584 | -1,584 | -1,584 |
| -239 | Renewable Energy Investments | 1,646 | -2,204 | -558 | -798 | -529 | -790 | -990 |
| **-11,056** | **Subtotal Investment Activity** | **7,941** | **-19,887** | **-11,946** | **-13,296** | **-14,172** | **-14,661** | **-15,065** |
| | **Property Services** | | | | | | | |
| 5,173 | Facilities Management | 7,763 | -2,175 | 5,588 | 5,586 | 5,149 | 4,853 | 4,850 |
| 799 | Property Services | 1,007 | - | 1,007 | 1,007 | 1,007 | 1,007 | 1,007 |
| 205 | Property Compliance | 261 | -57 | 204 | 204 | 204 | 204 | 204 |
| -4,329 | County Farms | 865 | -5,367 | -4,502 | -4,628 | -4,757 | -4,889 | -5,025 |
| 702 | Strategic Assets | 767 | -65 | 702 | 702 | 702 | 702 | 702 |
| **2,550** | **Subtotal Property Services** | **10,663** | **-7,664** | **2,999** | **2,871** | **2,305** | **1,877** | **1,738** |
| | **Greater Cambridge Partnership** | | | | | | | |
| - | City Deal with Greater Cambridge Partnership | 1,682 | -1,682 | - | - | - | - | - |
| **-** | **Subtotal Greater Cambridge Partnership** | **1,682** | **-1,682** | **-** | **-** | **-** | **-** | **-** |

## Section 3 - C: Corporate and Managed Services

### Table 1: Revenue - Summary of Net Budget by Operational Division

**Budget Period: 2022-23 to 2026-27**

| Net Revised Opening Budget 2021-22 £000 | Policy Line | Gross Budget 2022-23 £000 | Fees, Charges & Ring-fenced Grants 2022-23 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 | Net Budget 2026-27 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Control Accounts** | | | | | | | |
| - | Control Accounts | - | - | - | - | - | - | - |
| **-** | **Subtotal Control Accounts** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | | | | | | | | |
| **-** | **UNIDENTIFIED SAVINGS TO BALANCE BUDGET** | **-** | **-** | **-** | **-17,396** | **-40,133** | **-56,915** | **-75,252** |
| | **Future Years** | | | | | | | |
| - | Inflation | | | | 3,443 | 6,979 | 10,621 | 14,378 |
| **25,195** | **CS BUDGET TOTAL** | **62,142** | **-34,331** | **27,811** | **9,510** | **-11,249** | **-23,074** | **-38,197** |

## Section 3 - C: Corporate and Managed Services

### Table 2: Revenue - Net Budget Changes by Operational Division

**Budget Period: 2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Customer & Digital Services** | | | | | | | |
| Director, Customer & Digital Services | 416 | -5 | - | - | - | - | 411 |
| Chief Executive | 130 | 2 | - | 102 | - | 6 | 240 |
| Communication and Information | 716 | -5 | - | - | - | - | 711 |
| Customer Services | 2,035 | -1 | - | - | - | - | 2,034 |
| IT & Digital Service | 9,704 | 11 | - | 802 | - | - | 10,517 |
| Elections | 170 | 5 | - | - | - | - | 175 |
| Human Resources | 1,628 | -3 | - | - | - | - | 1,625 |
| Health, Safety & Wellbeing | 181 | - | - | - | - | - | 181 |
| Learning & Development | 1,924 | -5 | - | - | - | - | 1,919 |
| **Subtotal Customer & Digital Services** | **16,904** | **-1** | **-** | **904** | **-** | **6** | **17,813** |
| **Business Improvement & Development** | | | | | | | |
| Policy, Design and Delivery | 615 | 51 | - | - | - | - | 666 |
| Business Intelligence | 1,043 | -8 | - | - | - | - | 1,035 |
| **Subtotal Business Improvement & Development** | **1,658** | **43** | **-** | **-** | **-** | **-** | **1,701** |
| **Resources Directorate** | | | | | | | |
| Resources Directorate | -226 | - | - | - | - | - | -226 |
| Professional Finance | 1,839 | -1 | - | - | - | - | 1,838 |
| Procurement | 613 | 1 | - | - | - | - | 614 |
| CCC Finance Operations | 388 | -2 | - | - | - | - | 386 |
| Audit | 441 | -6 | - | - | - | - | 435 |
| Insurance | 2,276 | 160 | - | - | - | - | 2,436 |
| External Audit | 75 | - | - | - | - | - | 75 |
| Shared Services | 1,629 | - | - | - | - | - | 1,629 |
| **Subtotal Resources Directorate** | **7,035** | **152** | **-** | **-** | **-** | **-** | **7,187** |
| **Legal & Governance** | | | | | | | |
| Legal & Governance Services | 102 | -1 | - | - | - | - | 101 |
| Information Management | 820 | 23 | - | 56 | - | - | 899 |
| Democratic & Member Services | 327 | -3 | - | - | - | - | 324 |
| Members´ Allowances | 1,054 | - | - | - | - | -46 | 1,008 |
| **Subtotal Legal & Governance** | **2,303** | **19** | **-** | **56** | **-** | **-46** | **2,332** |

## Section 3 - C:  Corporate and Managed Services

### Table 2:  Revenue - Net Budget Changes by Operational Division

**Budget Period:  2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Corporate & Miscellaneous** | | | | | | | |
| Central Services and Organisation-Wide Risks | 2,914 | 3,054 | - | -916 | 520 | 1,373 | 6,944 |
| Investment in Social Care Capacity | 1,300 | - | - | - | -1,300 | - | - |
| Subscriptions | 110 | - | - | - | - | - | 110 |
| Authority-wide Miscellaneous | 48 | - | - | - | - | - | 48 |
| Transformation Fund | 1,429 | - | - | - | -311 | - | 1,118 |
| Council Tax: Counter Fraud & Compliance | - | - | - | - | 155 | -650 | -495 |
| **Subtotal Corporate & Miscellaneous** | **5,801** | **3,054** | **-** | **-916** | **-936** | **723** | **7,725** |
| **Investment Activity** | | | | | | | |
| Property Investments | -3,543 | 1 | - | - | -35 | -32 | -3,610 |
| Shareholder Company Dividends & Fees | -491 | - | - | -30 | - | - | -521 |
| Housing Investment (This Land Company) | -6,063 | - | - | - | - | - | -6,063 |
| Contract Efficiencies & Other Income | -202 | -4 | - | - | - | -200 | -405 |
| Collective Investment Funds | -634 | - | - | - | - | -71 | -705 |
| Investments | 116 | - | - | - | - | -200 | -84 |
| Renewable Energy Investments | -239 | - | - | 772 | -10 | -1,081 | -558 |
| **Subtotal Investment Activity** | **-11,056** | **-3** | **-** | **742** | **-45** | **-1,584** | **-11,946** |
| **Property Services** | | | | | | | |
| Facilities Management | 5,173 | 269 | - | 182 | - | -37 | 5,588 |
| Property Services | 799 | -1 | - | 209 | - | - | 1,007 |
| Property Compliance | 205 | -1 | - | - | - | - | 204 |
| County Farms | -4,329 | 78 | - | - | - | -251 | -4,502 |
| Strategic Assets | 702 | - | - | - | - | - | 702 |
| **Subtotal Property Services** | **2,550** | **345** | **-** | **391** | **-** | **-288** | **2,999** |
| **CS BUDGET TOTAL** | **25,195** | **3,609** | **-** | **1,177** | **-981** | **-1,189** | **27,811** |

# Section 3 - C:  Corporate and Managed Services

## Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 (Detailed Plans) | 2023-24 £000 (Outline Plans) | 2024-25 £000 (Outline Plans) | 2025-26 £000 (Outline Plans) | 2026-27 £000 (Outline Plans) | Description |
|---|---|---|---|---|---|---|---|
| **1** | **OPENING GROSS EXPENDITURE** | **62,171** | **62,142** | **48,335** | **29,859** | **18,314** | |
| C/R.1.001 | Permanent Virements and budget preparation adjustments | - | - | - | - | - | Virements approved by Strategy and Resources committee in July 2021. |
| C/R.1.001 | Base adjustment - ICT Service (Education) from CS to P&C | 200 | - | - | - | - | Moving of this service between directorates |
| C/R.1.001 | Permanent Virement - PVs | -3,327 | - | - | - | - | Increase in expenditure budgets (compared to published 2021-26 Business Plan) as advised during the budget preparation period and permanent in-year changes made during 2021-22. |
| C/R.1.007 | Base funding for the teams funded by capital receipts | - | - | - | 1,682 | - | We can currently fund some posts from capital receipts if they are undertaking work that results in transformation of services. The rules that enable this are expected to expire in 2025-26 and so these teams will need base budget. |
| C/R.1.012 | Arts Council Funding (Music Grant) | -782 | - | - | - | - | Grant is moving from CS to be managed in P&C. |
| C/R.1.013 | Mileage Saving Allocation | -61 | - | - | - | - | This is the allocation of a 2021-22 saving relating to lower mileage spend |
| **1.999** | **REVISED OPENING GROSS EXPENDITURE** | **58,201** | **62,142** | **48,335** | **31,541** | **18,314** | |
| **2** | **INFLATION** | | | | | | |
| C/R.2.001 | Inflation | 588 | 377 | 398 | 429 | 470 | Inflation for corporate services budgets |
| C/R.2.003 | Staffing Inflation | 3,119 | 3,196 | 3,276 | 3,359 | 3,442 | Forecast pressure from 2.5% inflation relating to pay and employment costs. |
| **2.999** | **Subtotal Inflation** | **3,707** | **3,573** | **3,674** | **3,788** | **3,912** | |
| **3** | **DEMOGRAPHY AND DEMAND** | | | | | | |
| **3.999** | **Subtotal Demography and Demand** | **-** | **-** | **-** | **-** | **-** | |
| **4** | **PRESSURES** | | | | | | |
| C/R.4.018 | IT - Continued Remote Working | -189 | -189 | - | - | - | Costs of data and licenses increased during the pandemic with more staff working remotely. This cost was expected to be partly temporary and this line is the phased reversal of this short-term funding. If a higher level of remote working continues into next year the cost will remain high. |

## Section 3 - C: Corporate and Managed Services

### Table 3: Revenue - Overview
**Budget Period: 2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| C/R.4.021 | IT - Microsoft Enterprise Agreement | 167 | 114 | - | - | - | Cambridgeshire County Council uses Microsoft software extensively across all services. The Council is licensed to do so under the terms of its Microsoft Enterprise Agreement, which was renewed last year and the cost of the new contract increased. Following the migration to Office 365 and reviewing the strategic requirements of the organisation in areas such as reporting (PowerBI) and automation (Power Apps) additional licences are required at an additional cost. |
| C/R.4.022 | Information Management | 56 | - | - | - | - | Increase in permanent staffing is required to meet our obligations and maintain compliance. |
| C/R.4.025 | Pandemic risks provision | -1,200 | -600 | - | - | - | Phased reversal of temporary funding intended to mitigate against risks during the pandemic. |
| C/R.4.026 | Chief Executive | 102 | - | - | - | - | Increased costs resulting from the decision to have a dedicated Chief Executive for Cambridgeshire |
| C/R.4.027 | IT - Systems | -32 | 189 | -5 | - | - | There are emerging requirements for additional modules in existing systems to meet new requirements and planned projects in services. There may also be a period of dual running of systems in the Education space as services are migrated from one to the other. |
| C/R.4.028 | IT - Telephony | 76 | - | - | - | - | Estimating for the increase expected in Telephony support. |
| C/R.4.029 | IT - Hardware & Infrastructure | 730 | -380 | - | - | - | In order to ensure fit for purpose laptops for staff and members it is anticipated thata significant number of devices will need to be replaced in the next 18 months. We need to increase the core infrastructure budget due to an ongoing pressure and for the higher costs associated with the impact of infrastructure services such as backup, cyber security moving to the cloud. |
| C/R.4.030 | IT - Shared Health Care Record | 50 | 50 | - | - | - | This is the estimated revenue costs to CCC for funding towards the Cambridgeshire & Peterborough Shared Health Care Record. |
| C/R.4.031 | Property Services | 209 | - | - | - | - | Additional resource required for staff, to support the property service improvement plan. |
| C/R.4.032 | Pathfinder Legal Services dividend expectation | -30 | -36 | - | - | - | Pathfinder Legal Services (formerly) LGSS Law Ltd was in deficit in 2017-18 and 2018-19, and the company has retained losses as result. Following significant changes including improvements in fee earner utilisation and in management and direction, the company has returned to profitability in 2020. This line reflects that a dividend is likely to be payable. The primary financial purpose of the company is to provide cost effective services, which is achieved through fees, rather than the delivery of dividend. |
| C/R.4.033 | Stanground Closed Landfill Site - operating costs | - | - | 120 | 3 | 3 | The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. These are the expected operating costs. |

## Section 3 - C:  Corporate and Managed Services

### Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans | Outline Plans | | | | Description |
|---|---|---|---|---|---|---|---|
| **Ref** | **Title** | **2022-23 £000** | **2023-24 £000** | **2024-25 £000** | **2025-26 £000** | **2026-27 £000** | **Description** |
| C/R.4.034 | Renewable Energy - Soham | 40 | 6 | 6 | - | - | Operating costs associated with the capital investment in Renewable Energy, at the Soham Solar Farm. Links to capital proposal C/C.2.102 in BP 2016-17. |
| C/R.4.035 | Alconbury Solar Carport - operating costs | 4 | -2 | 2 | -3 | - | The proposal is to construct a series of four solar canopies over the car park, which will generate electricity that will be used to charge electric vehicles (EVs) on site and that can be used directly by the building to offset the use of grid electricity. |
| C/R.4.036 | Swaffham Prior Community Heat Project - operating costs | 290 | 36 | 30 | -55 | 34 | The Council will contract directly to build an energy centre in Swaffham Prior. This will use ground source and air source heat pumps to provide heat to a heat network. The heat network will contract via a wholly owned SPV, which is funded by a mixture of grant from HNIP and direct grant from CCC. The network is intended to provide heat to some 300 houses in Swaffham Prior. The electricity for the heat pumps will mainly come from North Angle Solar Farm via a private wire connection.<br>These are the operating costs for project. |
| C/R.4.037 | North Angle Solar Farm, Soham - operating costs | 413 | -16 | 10 | 11 | 11 | The proposal is to construct a 39MW DC / 29.4MW AC solar farm on an area of approximately 200 acres of Rural Estate property in Soham. Members approved the progression of the project from the initial outline business case to the development of an Investment Grade Proposal. |
| C/R.4.038 | New Shire Hall | 178 | - | - | - | - | A budget increase is required for the annual maintenance and operational costs associated with the new site. |
| C/R.4.039 | Increase in National Insurance - Council Staff | 230 | - | - | - | - | Impact of increase in employers' national insurance payments for staff in corporate services |
| C/R.4.040 | Babraham Smart Energy Grid - operating costs | 13 | 38 | -4 | 18 | 20 | The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. These are the expected operating costs. |
| C/R.4.041 | St Ives Smart Energy Grid - operating costs | 16 | 16 | 1 | 13 | -13 | The Council is building a Smart Energy Grid at the St Ives Park & Ride site, capital project reference F/C.2.118. These are the expected operating costs. |
| C/R.4.042 | Real Living Wage | 54 | - | - | - | - | The cost expected for the rise to £9.90 p/h to reflect the Real Living Wage. |
| **4.999** | **Subtotal Pressures** | **1,177** | **-774** | **160** | **-13** | **55** | |

# Section 3 - C: Corporate and Managed Services

## Table 3: Revenue - Overview
**Budget Period: 2022-23 to 2026-27**

| Ref | Title | Detailed Plans<br>2022-23<br>£000 | Outline Plans<br>2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | 2026-27<br>£000 | Description |
|---|---|---|---|---|---|---|---|
| **5** | **INVESTMENTS** | | | | | | |
| C/R.5.002 | Demand risk in social care | -1,300 | - | - | - | - | This is the planned reversal of short-term funding provided to mitigate the risk in delivering stretch savings-targets in social care through 2020/21 and 2021/22. |
| C/R.5.004 | Council Tax Counter Fraud & Compliance | 155 | - | - | -155 | - | This investment is part of the council tax counter fraud project, which aims to determine a single integrated approach should be taken to ensure that all claims for discounts, reductions and exemptions are robustly reviewed throughout each financial year in order to detect fraud and error.<br>These are the anticipated costs of additional staff resources and software licensing fees across the three years of the agreement term and will be funded by Cambridgeshire County Council, Police and Fire Authorities and Billing Authorities in the proportions based on the benefits expected to accrue to each Authority. |
| C/R.5.005 | Renewable Energy Soham - Interest Costs | -10 | -9 | -10 | - | - | The Council has invested in building a solar park at Triangle Farm, Soham. These are the borrowing costs associated with the scheme to be repaid using income from the sale of energy. |
| C/R.5.006 | St Ives Smart Energy Grid - Interest Costs | - | 346 | -4 | -4 | -5 | The Council is building a Smart Energy Grid at St Ives Park & Ride site, capital project reference F/C.2.118. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy. |
| C/R.5.007 | Babraham Smart Energy Grid - Interest Costs | - | - | 353 | -4 | -4 | The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy. |
| C/R.5.008 | Stanground Closed Landfill Site - Interest Costs | - | - | 434 | -4 | -5 | The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy and provision of grid services. |
| C/R.5.009 | North Angle Solar Farm, Soham - Interest Costs | - | 1,306 | -15 | -15 | -15 | The Council is installing a solar park facility at North Angle Farm, Soham, capital project reference F/C.2.123. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy. |
| C/R.5.010 | Commercial Investments - Interest Costs | -35 | -35 | -35 | -35 | -35 | The Council is developing a portfolio of commercial property investments. These are the associated borrowing costs to be repaid using rental income generated from the leases of these properties. |

# Section 3 - C: Corporate and Managed Services

## Table 3: Revenue - Overview

**Budget Period: 2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 (Detailed Plans) | 2023-24 £000 (Outline Plans) | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| C/R.5.011 | Swaffham Prior Community Heat Scheme - Interest Costs | - | 368 | -4 | -3 | -4 | These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of carbon credits. |
| C/R.5.022 | Governance | 95 | 10 | - | - | - | We are reviewing the level of staffing in the Legal & Governance directorate |
| C/R.5.023 | Corporate Support for Care Leavers | 425 | - | - | - | - | We are reviewing what corporate support can be offered to care leavers, including whether an exemption from Council Tax could be made. |
| C/R.5.108 | Financing the Energy Investment Unit | -224 | - | - | - | - | Planned reversal of temporary transformation funded scheme. Ongoing funding of this service is being explored. |
| C/R.5.110 | Home to Schools and Adults Social Care Transport | -71 | - | - | - | - | Planned reversal of temporary transformation funded scheme. |
| C/R.5.114 | Increase in Financial Assessment Team capacity | -64 | - | - | - | - | Planned reversal of temporary transformation funded scheme. |
| C/R.5.115 | Think Communities - Creating a Unified Approach | 370 | -1,028 | - | - | - | Ongoing transformation fund scheme through to 2023/24. Investment in our approach to Think Communities, sustaining the infrastructure that has been developed during the pandemic, subject to consideration by the September GPC. |
| C/R.5.116 | Cambridgeshire Lifeline Project | -31 | - | - | - | - | Planned reversal of temporary transformation funded scheme |
| C/R.5.117 | Micro-Enterprise Development Pilot | -60 | - | - | - | - | Planned reversal of temporary transformation funded scheme |
| C/R.5.119 | Development of an Asset-Based Area Approach to Commissioning and Delivery | 2 | 2 | -92 | - | - | Ongoing transformation funded scheme through to 2024/25. Development of a sustainable model of community-based care and support for adults using an Asset-Based Area approach to commissioning and delivery. The project aims to delay demand for long term adult social care and improve outcomes for adults with care and support needs in the community. |
| C/R.5.120 | Adult Social Care Transport | -70 | - | - | - | - | Planned reversal of temporary transformation funded scheme |
| C/R.5.121 | LGA Behavioural Insights Programme 2021-22 | -20 | - | - | - | - | Planned reversal of temporary transformation funded scheme |
| C/R.5.901 | Reversal of 18-19 Transformation Fund Investments | -143 | - | - | - | - | 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. |
| **5.999** | **Subtotal Investments** | **-981** | **960** | **627** | **-220** | **-68** | |

# Section 3 - C:  Corporate and Managed Services

## Table 3:  Revenue - Overview

**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| **6** | **SAVINGS** | | | | | | |
| | **S&R** | | | | | | |
| C/R.6.104 | Reduction in staff mileage | 378 | - | - | - | - | We took a temporary saving in 2021-22 for mileage underspends due to Covid. As a result of using more agile ways of working, we can permanently keep the lower level of spend. This line is the original saving reversal, but base adjustments in other services passes this saving out to relevant budgets. |
| C/R.6.105 | Members Allowance | -40 | - | - | - | - | Revised budget for the new scheme approved for Members’ Allowances. |
| C/R.6.106 | Contract Savings | -200 | - | -200 | - | - | The ability to renegotiate or procure to achieve contracual savings is likely to remain compromised in 2021, with recovery in 2022. |
| C/R.6.107 | Senior Management staffing | -100 | -100 | - | - | - | Senior Management saving expected over 2 years. |
| C/R.6.108 | IT - Education Software | - | -70 | - | - | - | Estimated annual software saving expected from the implementation of the new education system. |
| **6.999** | **Subtotal Savings** | **38** | **-170** | **-200** | **-** | **-** | |

## Section 3 - C: Corporate and Managed Services

### Table 3: Revenue - Overview
**Budget Period: 2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 (Detailed Plans) | 2023-24 £000 (Outline Plans) | 2024-25 £000 (Outline Plans) | 2025-26 £000 (Outline Plans) | 2026-27 £000 (Outline Plans) | Description |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | **TOTAL GROSS EXPENDITURE** | **62,142** | **48,335** | **29,859** | **18,314** | **3,876** | |
| **7** | **FEES, CHARGES & RING-FENCED GRANTS** | | | | | | |
| C/R.7.001 | Previous year's fees, charges & ring-fenced grants | -36,682 | -34,331 | -38,825 | -41,108 | -41,388 | Previous year's fees and charges for the provision of services and ring-fenced grant funding rolled forward. |
| C/R.7.002 | Changes to fees and charges from previous year | 3,676 | - | - | - | - | Adjustment for permanent changes to income expectation from decisions made in 2021-22. |
| C/R.7.002 | Changes to Fees and Charges from previous years | - | - | - | - | - | Changes to Fees and Charges from previous years. |
| C/R.7.003 | Fees and charges inflation | -98 | -130 | -138 | -146 | -155 | Uplift in external charges to reflect inflation pressures on the costs of services. |
| | **Changes to fees & charges** | | | | | | |
| C/R.7.101 | Council Tax: Counter Fraud & Compliance | -650 | - | - | - | - | The Council will seek to work with Cambridgeshire District Councils to develop a joint action plan to increase the Council tax collected in Cambridgeshire. The Council 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. The Council 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. |
| C/R.7.104 | Alconbury Solar Carport - Income Generation | -37 | - | -1 | -1 | -3 | The proposal is to construct a series of four solar canopies over the car park, which will generate electricity that will be used to charge electric vehicles (EVs) on site and that can be used directly by the building to offset the use of grid electricity. |
| C/R.7.105 | Renewable Energy Soham - Income Generation | -13 | -14 | -13 | - | - | Income generation resulting from capital investment in solar farm at Soham. Links to capital proposal C/C.2.102 in BP 2016-17. |
| C/R.7.106 | St Ives Smart Energy Grid - Income Generation | -44 | -133 | -5 | -6 | -6 | The Council is building a Smart Energy Grid at St Ives Park & Ride site, capital project reference F/C.2.118. This is the expected income to be generated from the sale of energy. |
| C/R.7.107 | Babraham Smart Energy Grid - Income Generation | -48 | -281 | -34 | -19 | -17 | The Council is building a Smart Energy Grid at the Babraham Park & Ride site, capital project reference F/C.2.119. This is the expected income to be generated from the sale of energy. |

## Section 3 - C:  Corporate and Managed Services

### Table 3:  Revenue - Overview
**Budget Period:  2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| | | Detailed Plans | Outline Plans | | | | |
| C/R.7.108 | Stanground Closed Landfill Site - Income Generation | - | - | -510 | -23 | -24 | The Council is installing a solar park facility and battery storage system at the Stanground closed landfill site, capital project reference F/C.2.121. This is the expected income to be generated from the sale of energy and provision of grid services. |
| C/R.7.109 | North Angle Solar Farm, Soham - Income Generation | -678 | -1,629 | -51 | -53 | -54 | The Council is installing a solar park facility at North Angle Farm, Soham, capital project reference F/C.2.123. This is the expected income to be generated from the sale of energy. |
| C/R.7.110 | Swaffham Prior Community Heat Scheme - Income Generation | -298 | -274 | -35 | -120 | -121 | This is the expected income to be generated from the sale of carbon credits. |
| C/R.7.111 | Commercial Income | - | -750 | -750 | - | - | Commercial return from the Council's Commercial Strategy, to be generated by the newly developed Commercial Team. |
| C/R.7.115 | Brunswick House - Income Generation | -27 | -70 | -62 | -65 | -65 | Estimated annual rent increase. |
| C/R.7.116 | Cromwell Leisure - Income Generation | 129 | -94 | - | - | - | Estimated change in annual rent, including one vacant unit in 22-23. |
| C/R.7.117 | Tesco -  Income Generation | -34 | -80 | -82 | -85 | -87 | Estimated annual change in rent income |
| C/R.7.118 | Evolution Business Park - Income Generation | 8 | -29 | -16 | -43 | -17 | Estimated annual change in rent income |
| C/R.7.119 | Independent Living Service: East Cambridgeshire | - | - | -438 | -292 | - | Rent received from the lease of the new building. |
| C/R.7.120 | County Farms -Agricultural Rent | -45 | -126 | -129 | -132 | -136 | Increase expected in rental income for the county farms estate. |
| C/R.7.150 | COVID Impact - Cromwell Leisure | -108 | -16 | - | - | - | Cromwell Leisure consists of a cinema and three restaurant units. Almost a full recovery is expected in 2022. We anticipate that we will receive a reduction in rent from the cinema unit in the first part of the year. |
| C/R.7.151 | COVID Impact - County Farms | -205 | - | - | - | - | The reduction on rental income due to COVID is expected, with full recovery in 2022-23. |
| C/R.7.152 | COVID Impact - Pooled Property Fund Investment | -21 | - | - | - | - | The Pooled Property Fund Investment (CCLA) is expected to start recovery in late 2020-21, but with the risk of further challenges ahead a forecast of 5% income reduction is likely. |
| C/R.7.153 | COVID Impact - Brunswick House | - | - | - | - | - | Brunswick House (BH) has 251 direct let student beds. This scenario is forecastinga 10% reduction in the occupancy levelsindue the fact that some students will stay at home and opt for online learning and a drop in international student numbers is expected. |

# Section 3 - C:  Corporate and Managed Services

## Table 3:  Revenue - Overview

**Budget Period:  2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| | | Detailed Plans | Outline Plans | | | | |
| C/R.7.154 | COVID Impact - Commercial Income | 558 | -849 | - | - | - | For the additional income expected across the Commercial Strategy, based on the current funds for investments, we forecast that the 2021-22 & 2022-23 target will be achieved in full by 2023-24. |
| C/R.7.155 | Investment Income | -250 | - | - | - | - | A £200k correction is required for the income expected from the multi-class credit investment and £50k from the Value-Trac (Gracvis) investment. |
| | **Changes to ring-fenced grants** | | | | | | |
| C/R.7.201 | Change in Public Health Grant | -246 | -19 | -19 | 705 | - | Change in ring-fenced Public Health grant to reflect expected contribution from Public Health to budget gap, and thereafter the expected removal of the grant ringfence. |
| C/R.7.202 | Arts Council Funding (Music Grant) | 782 | - | - | - | - | Grant transferred from CS to P&C |
| **7.999** | **Subtotal Fees, Charges & Ring-fenced Grants** | **-34,331** | **-38,825** | **-41,108** | **-41,388** | **-42,073** | |
| | **TOTAL NET EXPENDITURE** | **27,811** | **9,510** | **-11,249** | **-23,074** | **-38,197** | |

| **FUNDING SOURCES** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **8** | **FUNDING OF GROSS EXPENDITURE** | | | | | | |
| C/R.8.001 | Budget Allocation | -27,411 | -9,110 | 11,449 | 23,074 | 38,197 | Net budget balance of Corporate Services. |
| C/R.8.002 | Public Health Grant | -667 | -686 | -705 | - | - | 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. |
| C/R.8.003 | Fees & Charges | -33,664 | -38,139 | -40,403 | -41,388 | -42,073 | Fees and charges for the provision of services. |
| C/R.8.005 | Public Health Reserve | -400 | -400 | -200 | - | - | Drawn down of public health reserve to fund pressures in service |
| **8.999** | **TOTAL FUNDING OF GROSS EXPENDITURE** | **-62,142** | **-48,335** | **-29,859** | **-18,314** | **-3,876** | |

# Section 3 - C:  Corporate and Managed Services

## Table 4:  Capital Programme

### Budget Period:  2022-23 to 2031-32

| Summary of Schemes by Start Date | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| Ongoing | 3,462 | 1,907 | -1,078 | 154 | 394 | 685 | 800 | 600 |
| Committed Schemes | 195,613 | 171,488 | 6,357 | 2,161 | 2,032 | 575 | - | 13,000 |
| 2022-2023 Starts | 4,315 | - | 3,226 | 1,089 | - | - | - | - |
| **TOTAL BUDGET** | **203,390** | **173,395** | **8,505** | **3,404** | **2,426** | **1,260** | **800** | **13,600** |

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **C/C.01** | **Corporate Services & Transformation** | | | | | | | | | | | |
| C/C.1.006 | Confidential Scheme | Confidential Scheme | | Committed | 5,408 | 3,408 | 2,000 | - | - | - | - | - |
| C/C.1.007 | IT Strategy | Implementation of the first phase of the IT Strategy to support sharing of services across Cambridgeshire and Peterborough. To include:<br>- CRM and Digital<br>- Shared Data<br>- Shared Infrastructure<br>- Office 365 | | Committed | 3,259 | 1,760 | 1,499 | - | - | - | - | - |
| C/C.1.008 | IT Infrastructure Refresh | Upgrades/refresh of the core CCC IT systems that underpin use of IT across the Council. This essential work will ensure that the critical IT Infrastructure continues to be fit for purpose and supports changes in technology and business requirements. | | Committed | 674 | 462 | 106 | 106 | - | - | - | - |
| C/C.1.009 | Capitalisation of Policy, Design and Delivery Team | Funding the Policy, Design and Delivery Team from capital instead of revenue, by using the flexibility of capital receipts direction. | | Committed | 12,632 | 7,586 | 1,682 | 1,682 | 1,682 | - | - | - |
| C/C.1.010 | Confidential Scheme | Confidential Scheme | | 2022-23 | 2,474 | - | 1,385 | 1,089 | - | - | - | - |
| | **Total - Corporate Services & Transformation** | | | | **24,447** | **13,216** | **6,672** | **2,877** | **1,682** | **-** | **-** | **-** |

# Section 3 - C:  Corporate and Managed Services
## Table 4:  Capital Programme
### Budget Period:  2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **C/C.02** | **Investments** | | | | | | | | | | | |
| C/C.2.001 | Housing schemes | The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. CCC has moved from being not only a seller of sites, but also a developer of sites, through a Housing Company. CCC is continuing to make the best use of its sites with development potential in a co-ordinated and planned manner, developing them for a range of options, generating capital receipts to support site development and also significant revenue and capital income to support services and communities. | | Committed | 148,720 | 135,720 | | - | - | - | - | 13,000 |
| C/C.2.002 | Development Funding | Capital expenditure related to planning applications. | | Committed | 1,788 | 388 | 350 | 350 | 350 | 350 | - | - |
| | **Total - Investments** | | | | **150,508** | **136,108** | **350** | **350** | **350** | **350** | **-** | **13,000** |
| **C/C.03** | **Property Services** | | | | | | | | | | | |
| C/C.3.003 | Building Maintenance | This budget is used to carry out replacement of failed elements and maintenance refurbishments. | | Ongoing | 7,307 | 1,907 | 600 | 600 | 600 | 600 | 600 | 2,400 |
| C/C.3.004 | Condition Survey Works | Condition surveys have reviewed the structural, M&E and internal finishes of corporate buildings. The surveys are reviewed by the Property Services team to determine priority and criticality. Indicative costs are applied to each element of work. The scheme intends to make the necessary repairs to bring buildings back to a decent standard, taking into account statutory requirements, property H&S and compliance. | | 2022-23 | 1,841 | - | 1,841 | - | - | - | - | - |
| | **Total - Property Services** | | | | **9,148** | **1,907** | **2,441** | **600** | **600** | **600** | **600** | **2,400** |
| **C/C.04** | **Strategic Assets** | | | | | | | | | | | |
| C/C.4.001 | Lower Portland Farm | To replenish the rural portfolio with agricultural land that has the opportunity for diversification in renewable energy projects, commercial and residential development whilst receiving regular income from agricultural land let to tenant farmers. Long Term (10 years) plan to obtain planning permissions for development leading to a significant increase in value across 68 acres of agricultural land. | | Committed | 3,814 | 3,589 | | - | - | 225 | - | - |
| C/C.4.006 | County Farms investment (Viability) | To invest in projects which protect and improve the County Farms Estate's revenue potential, asset value and long term viability. | | Ongoing | 2,700 | - | 300 | 300 | 300 | 300 | 300 | 1,200 |

# Section 3 - C: Corporate and Managed Services
## Table 4: Capital Programme
### Budget Period: 2022-23 to 2031-32

| Ref | Scheme | Description | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| C/C.4.007 | Local Plans - representations | Making representations to Local Plans and where appropriate following through to planning applications with a view to adding value to County Farms and other Council land, whilst meeting Council objectives through the use / development of such land. | | Ongoing | 900 | - | 100 | 100 | 100 | 100 | 100 | 400 |
| C/C.4.009 | Shire Hall Relocation | As part of the Cambs 2020 vision, the Council plans to vacate Shire Hall and relocate to outside of Cambridge. | TBC | Committed | 18,737 | 18,517 | 220 | - | - | - | - | - |
| C/C.4.010 | Mill Farmhouse, Somersham | The scheme proposal is to demolish the existing house which has been deemed structurally beyond economical repair and to replace it with a new dwelling. | | Committed | 450 | 58 | 392 | - | - | - | - | - |
| | **Total - Strategic Assets** | | | | **26,601** | **22,164** | **1,012** | **400** | **400** | **625** | **400** | **1,600** |
| **C/C.06** | **Capital Programme Variation** | | | | | | | | | | | |
| C/C.6.001 | Variation Budget | The Council includes a service allowance for likely Capital Programme slippage, as it can sometimes be difficult to allocate this to individual schemes due to unforeseen circumstances. This budget is continuously under review, taking into account recent trends on slippage on a service by service basis. | | Ongoing | -7,445 | - | -2,078 | -846 | -606 | -315 | -200 | -3,400 |
| C/C.6.002 | Capitalisation of Interest Costs | The capitalisation of borrowing costs helps to better reflect the costs of undertaking a capital project. Although this budget is initially held on a service basis, the funding will ultimately be moved to the appropriate schemes once exact figures have been calculated each year. | | Committed | 131 | - | 108 | 23 | - | - | - | - |
| | **Total - Capital Programme Variation** | | | | **-7,314** | **-** | **-1,970** | **-823** | **-606** | **-315** | **-200** | **-3,400** |
| | **TOTAL BUDGET** | | | | **203,390** | **173,395** | **8,505** | **3,404** | **2,426** | **1,260** | **800** | **13,600** |

| Funding | Total Funding £000 | Previous Years £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|---|
| **Locally Generated Funding** | | | | | | | | |
| Capital Receipts | 41,351 | 5,851 | 9,500 | 1,000 | 5,000 | 2,500 | 500 | 17,000 |
| Prudential Borrowing | 13,474 | 32,767 | -1,700 | 1,060 | -3,917 | -1,240 | 300 | -13,796 |
| Prudential Borrowing (Repayable) | -769 | 113,851 | -769 | - | - | - | -27,879 | -85,972 |
| Ring-Fenced Capital Receipts | 11,747 | 7,586 | 1,474 | 1,344 | 1,343 | - | - | - |
| Other Contributions | 137,587 | 13,340 | - | - | - | - | 27,879 | 96,368 |
| **Total - Locally Generated Funding** | **203,390** | **173,395** | **8,505** | **3,404** | **2,426** | **1,260** | **800** | **13,600** |
| **TOTAL FUNDING** | **203,390** | **173,395** | **8,505** | **3,404** | **2,426** | **1,260** | **800** | **13,600** |

## Section 3 - C:  Corporate and Managed Services
### Table 5:  Capital Programme - Funding
**Budget Period:  2022-23 to 2031-32**

| Summary of Schemes by Start Date | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|
| Ongoing | 3,462 | - | - | -2,604 | 34,615 | -28,549 |
| Committed Schemes | 195,613 | - | - | 140,191 | 18,483 | 36,939 |
| 2022-2023 Starts | 4,315 | - | - | - | - | 4,315 |
| **TOTAL BUDGET** | **203,390** | **-** | **-** | **137,587** | **53,098** | **12,705** |

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **C/C.01** | **Corporate Services & Transformation** | | | | | | | | | |
| C/C.1.006 | Confidential Scheme | | - | Committed | 5,408 | - | - | - | - | 5,408 |
| C/C.1.007 | IT Strategy | | - | Committed | 3,259 | - | - | - | - | 3,259 |
| C/C.1.008 | IT Infrastructure Refresh | | - | Committed | 674 | - | - | - | - | 674 |
| C/C.1.009 | Capitalisation of Policy, Design and Delivery Team | | - | Committed | 12,632 | - | - | - | 12,632 | - |
| C/C.1.010 | Confidential Scheme | | - | 2022-23 | 2,474 | - | - | - | - | 2,474 |
| | **Total - Corporate Services & Transformation** | | **-** | | **24,447** | **-** | **-** | **-** | **12,632** | **11,815** |
| **C/C.02** | **Investments** | | | | | | | | | |
| C/C.2.001 | Housing schemes | | -58,161 | Committed | 148,720 | - | - | 140,191 | 5,851 | 2,678 |
| C/C.2.002 | Development Funding | | - | Committed | 1,788 | - | - | - | - | 1,788 |
| | **Total - Investments** | | **-58,161** | | **150,508** | **-** | **-** | **140,191** | **5,851** | **4,466** |
| **C/C.03** | **Property Services** | | | | | | | | | |
| C/C.3.003 | Building Maintenance | | - | Ongoing | 7,307 | - | - | - | - | 7,307 |
| C/C.3.004 | Condition Survey Works | | - | 2022-23 | 1,841 | - | - | - | - | 1,841 |
| | **Total - Property Services** | | **-** | | **9,148** | **-** | **-** | **-** | **-** | **9,148** |
| **C/C.04** | **Strategic Assets** | | | | | | | | | |
| C/C.4.001 | Lower Portland Farm | | -15,134 | Committed | 3,814 | - | - | - | - | 3,814 |
| C/C.4.006 | County Farms investment (Viability) | | -5,000 | Ongoing | 2,700 | - | - | - | - | 2,700 |
| C/C.4.007 | Local Plans - representations | | - | Ongoing | 900 | - | - | - | - | 900 |
| C/C.4.009 | Shire Hall Relocation | TBC | -45,200 | Committed | 18,737 | - | - | - | - | 18,737 |
| C/C.4.010 | Mill Farmhouse, Somersham | | - | Committed | 450 | - | - | - | - | 450 |
| | **Total - Strategic Assets** | | **-65,334** | | **26,601** | **-** | **-** | **-** | **-** | **26,601** |

# Section 3 - C: Corporate and Managed Services

## Table 5: Capital Programme - Funding

**Budget Period: 2022-23 to 2031-32**

| Ref | Scheme | Linked Revenue Proposal | Net Revenue Impact | Scheme Start | Total Funding £000 | Grants £000 | Develop. Contr. £000 | Other Contr. £000 | Capital Receipts £000 | Prud. Borr. £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **C/C.06** | **Capital Programme Variation** | | | | | | | | | |
| C/C.6.001 | Variation Budget | | - | Ongoing | -7,445 | - | - | -2,604 | -885 | -3,956 |
| C/C.6.002 | Capitalisation of Interest Costs | | - | Committed | 131 | - | - | - | - | 131 |
| | **Total - Capital Programme Variation** | | **-** | | **-7,314** | **-** | **-** | **-2,604** | **-885** | **-3,825** |
| C/C.9.001 | Excess Corporate Services capital receipts used to reduce total prudential borrowing | | | Ongoing | - | - | - | - | 35,500 | -35,500 |
| | **TOTAL BUDGET** | | | | **203,390** | **-** | **-** | **137,587** | **53,098** | **12,705** |

## Section 3 - C: Corporate and Managed Services

### Table 6: Revenue - Financing Debt Charges Overview
**Budget Period: 2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 (Detailed Plans) | 2023-24 £000 (Outline Plans) | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| **1** | **OPENING GROSS EXPENDITURE** | **32,157** | **34,828** | **37,534** | **41,249** | **41,905** | |
| G/R.1.001 | Base Adjustments | -78 | - | - | - | - | Adjustment for permanent changes to base budget from decisions made in 2021-22. |
| **1.999** | **REVISED OPENING GROSS EXPENDITURE** | **32,079** | **34,828** | **37,534** | **41,249** | **41,905** | |
| **2** | **INFLATION** | | | | | | |
| **2.999** | **Subtotal Inflation** | **-** | **-** | **-** | **-** | **-** | |
| **3** | **DEMOGRAPHY AND DEMAND** | | | | | | |
| **3.999** | **Subtotal Demography and Demand** | **-** | **-** | **-** | **-** | **-** | |
| **4** | **PRESSURES** | | | | | | |
| **4.999** | **Subtotal Pressures** | **-** | **-** | **-** | **-** | **-** | |
| **5** | **INVESTMENTS** | | | | | | |
| G/R.5.001 | Revenue impact of Capital decisions | 2,301 | 2,053 | 3,023 | 1,089 | 1,654 | Change in borrowing costs as a result of changes to levels of prudential borrowing in the capital programme. |
| **5.999** | **Subtotal Investments** | **2,301** | **2,053** | **3,023** | **1,089** | **1,654** | |
| **6** | **SAVINGS** | | | | | | |
| | **S&R** | | | | | | |
| G/R.6.003 | MRP: Accountable Body | 208 | 714 | 257 | -1,216 | - | As Accountable Body the Council incurs certain administrative costs in undertaking this role. However it also holds the cash on an interim basis pending utilisation by those parties. The Council maximises the use of these resources whilst not detrimentally affecting those resources. This is only possible where the body or partnership does not use the funds that have been awarded in the financial year in which they are provided. This is an adverse effect, it is the reversal of savings made in previous years as the cash received in prior years is utilised by the parties for whom we hold the funds and can no longer be used to offset borrowing requirements. |

# Section 3 - C:  Corporate and Managed Services

## Table 6:  Revenue - Financing Debt Charges Overview
**Budget Period:  2022-23 to 2026-27**

| | | Detailed Plans | Outline Plans | | | | |
|---|---|---|---|---|---|---|---|
| **Ref** | **Title** | **2022-23 £000** | **2023-24 £000** | **2024-25 £000** | **2025-26 £000** | **2026-27 £000** | **Description** |
| G/R.6.004 | Capitalisation of interest on borrowing | 240 | -61 | 435 | 783 | -147 | Through a change in the Council's accounting policy in 2017-18, the cost of borrowing within all schemes will be capitalised. This will help to better reflect the cost of assets when they actually become operational. |
| **6.999** | **Subtotal Savings** | **448** | **653** | **692** | **-433** | **-147** | |
| | | | | | | | |
| | **TOTAL GROSS EXPENDITURE** | **34,828** | **37,534** | **41,249** | **41,905** | **43,412** | |
| **7** | **FEES, CHARGES & RING-FENCED GRANTS** | | | | | | |
| G/R.7.001 | Previous year's fees & charges | -862 | -784 | -784 | -784 | -784 | Previous year's fees and charges for the provision of services rolled forward. |
| G/R.7.003 | Changes to brought forward Fees and Charges due to decisions made in 2020-21 | 78 | - | - | - | - | Expected interest receivable on cash deposits held in money market funds and call accounts. |
| **7.999** | **Subtotal Fees, Charges & Ring-fenced Grants** | **-784** | **-784** | **-784** | **-784** | **-784** | |
| | | | | | | | |
| | **TOTAL NET EXPENDITURE** | **34,044** | **36,750** | **40,465** | **41,121** | **42,628** | |

| **FUNDING SOURCES** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **8** | **FUNDING OF GROSS EXPENDITURE** | | | | | | |
| G/R.8.101 | Budget Allocation | -34,044 | -36,750 | -40,465 | -41,121 | -42,628 | Net spend funded from general grants, business rates and Council Tax. |
| G/R.8.102 | Fees and Charges | -784 | -784 | -784 | -784 | -784 | Fees and charges for the provision of services. |
| **8.999** | **TOTAL FUNDING OF GROSS EXPENDITURE** | **-34,828** | **-37,534** | **-41,249** | **-41,905** | **-43,412** | |

# Section 3 - D:  Public Health

## Table 1:  Revenue - Summary of Net Budget by Operational Division

**Budget Period:  2022-23 to 2026-27**

| Net Revised Opening Budget 2021-22 £000 | Policy Line | Gross Budget 2022-23 £000 | Fees, Charges & Ring-fenced Grants 2022-23 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 | Net Budget 2026-27 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Children Health** | | | | | | | |
| 7,271 | Children 0-5 PH Programme | 10,525 | -3,254 | 7,271 | 7,271 | 7,271 | 7,271 | 7,271 |
| 1,705 | Children 5-19 PH Programme - Non Prescribed | 1,705 | - | 1,705 | 1,705 | 1,705 | 1,705 | 1,705 |
| 341 | Children Mental Health | 341 | - | 341 | 341 | 341 | 341 | 341 |
| **9,317** | **Subtotal Children Health** | **12,571** | **-3,254** | **9,317** | **9,317** | **9,317** | **9,317** | **9,317** |
| | **Drugs & Alcohol** | | | | | | | |
| 5,420 | Drug & Alcohol Misuse | 5,717 | -297 | 5,420 | 5,420 | 5,420 | 5,420 | 5,420 |
| **5,420** | **Subtotal Drugs & Alcohol** | **5,717** | **-297** | **5,420** | **5,420** | **5,420** | **5,420** | **5,420** |
| | **Sexual Health & Contraception** | | | | | | | |
| 3,750 | SH STI testing & treatment - Prescribed | 3,685 | - | 3,685 | 3,685 | 3,685 | 3,685 | 3,685 |
| 1,096 | SH Contraception - Prescribed | 1,096 | - | 1,096 | 1,096 | 1,096 | 1,096 | 1,096 |
| 444 | SH Services Advice Prevention/Promotion - Non-Prescribed | 544 | -100 | 444 | 444 | 444 | 444 | 444 |
| **5,290** | **Subtotal Sexual Health & Contraception** | **5,325** | **-100** | **5,225** | **5,225** | **5,225** | **5,225** | **5,225** |
| | **Behaviour Change / Preventing Long Term Conditions** | | | | | | | |
| 1,980 | Integrated Lifestyle Services | 2,653 | -681 | 1,972 | 1,972 | 1,972 | 1,972 | 1,972 |
| 426 | Other Health Improvement | 589 | -178 | 411 | 411 | 411 | 411 | 411 |
| 683 | Smoking Cessation GP & Pharmacy | 561 | - | 561 | 561 | 561 | 561 | 561 |
| 625 | NHS Health Checks Programme - Prescribed | 575 | - | 575 | 575 | 575 | 575 | 575 |
| **3,714** | **Subtotal Behaviour Change / Preventing Long Term Conditions** | **4,378** | **-859** | **3,519** | **3,519** | **3,519** | **3,519** | **3,519** |
| | **Falls Prevention** | | | | | | | |
| 87 | Falls Prevention | 87 | - | 87 | 87 | 87 | 87 | 87 |
| **87** | **Subtotal Falls Prevention** | **87** | **-** | **87** | **87** | **87** | **87** | **87** |
| | **General Prevention Activities** | | | | | | | |
| 12 | General Prevention, Traveller Health | 1 | - | 1 | 1 | 1 | 1 | 1 |
| **12** | **Subtotal General Prevention Activities** | **1** | **-** | **1** | **1** | **1** | **1** | **1** |
| | **Adult Mental Health & Community Safety** | | | | | | | |
| 256 | Adult Mental Health & Community Safety | 256 | - | 256 | 256 | 256 | 256 | 256 |
| **256** | **Subtotal Adult Mental Health & Community Safety** | **256** | **-** | **256** | **256** | **256** | **256** | **256** |

## Section 3 - D: Public Health

### Table 1: Revenue - Summary of Net Budget by Operational Division

**Budget Period: 2022-23 to 2026-27**

| Net Revised Opening Budget 2021-22 £000 | Policy Line | Gross Budget 2022-23 £000 | Fees, Charges & Ring-fenced Grants 2022-23 £000 | Net Budget 2022-23 £000 | Net Budget 2023-24 £000 | Net Budget 2024-25 £000 | Net Budget 2025-26 £000 | Net Budget 2026-27 £000 |
|---|---|---|---|---|---|---|---|---|
| | **Public Health Directorate** | | | | | | | |
| - | Public Health Strategic Management | - | - | - | - | - | - | - |
| -24,096 | Public Health Directorate Staffing and Running Costs | 3,508 | -27,288 | -23,780 | -23,844 | -23,863 | 2,764 | 2,764 |
| - | Test and Trace Support Grant | - | - | - | - | - | - | - |
| - | Enduring Transmission Grant | - | - | - | - | - | - | - |
| - | Contain Outbreak Management Fund | - | - | - | - | - | - | - |
| - | Community Testing Grant | - | - | - | - | - | - | - |
| **-24,096** | **Subtotal Public Health Directorate** | **3,508** | **-27,288** | **-23,780** | **-23,844** | **-23,863** | **2,764** | **2,764** |
| | **Future Years** | | | | | | | |
| - | Inflation | - | - | - | 19 | 38 | 57 | 76 |
| - | Savings | - | - | - | | | | |
| **-** | **PUBLIC HEALTH TOTAL** | **31,843** | **-31,798** | **45** | **-** | **-** | **26,646** | **26,665** |

# Section 3 - D: Public Health

## Table 2: Revenue - Net Budget Changes by Operational Division

**Budget Period: 2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Children Health** | | | | | | | |
| Children 0-5 PH Programme | 7,271 | - | - | - | - | - | 7,271 |
| Children 5-19 PH Programme - Non Prescribed | 1,705 | - | - | - | - | - | 1,705 |
| Children Mental Health | 341 | - | - | - | - | - | 341 |
| **Subtotal Children Health** | **9,317** | **-** | **-** | **-** | **-** | **-** | **9,317** |
| **Drugs & Alcohol** | | | | | | | |
| Drug & Alcohol Misuse | 5,420 | - | - | - | - | - | 5,420 |
| **Subtotal Drugs & Alcohol** | **5,420** | **-** | **-** | **-** | **-** | **-** | **5,420** |
| **Sexual Health & Contraception** | | | | | | | |
| SH STI testing & treatment - Prescribed | 3,750 | - | - | - | - | -65 | 3,685 |
| SH Contraception - Prescribed | 1,096 | - | - | - | - | - | 1,096 |
| SH Services Advice Prevention/Promotion - Non-Prescribed | 444 | - | - | - | - | - | 444 |
| **Subtotal Sexual Health & Contraception** | **5,290** | **-** | **-** | **-** | **-** | **-65** | **5,225** |
| **Behaviour Change / Preventing Long Term Conditions** | | | | | | | |
| Integrated Lifestyle Services | 1,980 | - | - | - | - | -8 | 1,972 |
| Other Health Improvement | 426 | - | - | - | - | -15 | 411 |
| Smoking Cessation GP & Pharmacy | 683 | - | - | - | - | -122 | 561 |
| NHS Health Checks Programme - Prescribed | 625 | - | - | - | - | -50 | 575 |
| **Subtotal Behaviour Change / Preventing Long Term Conditions** | **3,714** | **-** | **-** | **-** | **-** | **-195** | **3,519** |
| **Falls Prevention** | | | | | | | |
| Falls Prevention | 87 | - | - | - | - | - | 87 |
| **Subtotal Falls Prevention** | **87** | **-** | **-** | **-** | **-** | **-** | **87** |
| **General Prevention Activities** | | | | | | | |
| General Prevention, Traveller Health | 12 | - | - | - | - | -11 | 1 |
| **Subtotal General Prevention Activities** | **12** | **-** | **-** | **-** | **-** | **-11** | **1** |

## Section 3 - D: Public Health

### Table 2: Revenue - Net Budget Changes by Operational Division

**Budget Period: 2022-23**

| Policy Line | Net Revised Opening Budget £000 | Net Inflation £000 | Demography & Demand £000 | Pressures £000 | Investments £000 | Savings & Income Adjustments £000 | Net Budget £000 |
|---|---|---|---|---|---|---|---|
| **Adult Mental Health & Community Safety** | | | | | | | |
| Adult Mental Health & Community Safety | 256 | - | - | - | - | - | 256 |
| **Subtotal Adult Mental Health & Community Safety** | **256** | **-** | **-** | **-** | **-** | **-** | **256** |
| **Public Health Directorate** | | | | | | | |
| Public Health Strategic Management | - | - | - | - | - | - | - |
| Public Health Directorate Staffing and Running Costs | -24,096 | - | - | - | 170 | 146 | -23,780 |
| Test and Trace Support Grant | - | - | - | - | - | - | - |
| Enduring Transmission Grant | - | - | - | - | - | - | - |
| Contain Outbreak Management Fund | - | - | - | - | - | - | - |
| Community Testing Grant | - | - | - | - | - | - | - |
| **Subtotal Public Health Directorate** | **-24,096** | **-** | **-** | **-** | **170** | **146** | **-23,780** |
| | | | | | | | |
| **PUBLIC HEALTH TOTAL** | **-** | **-** | **-** | **-** | **170** | **-125** | **45** |

# Section 3 - D:  Public Health

## Table 3:  Revenue - Overview
### Budget Period:  2022-23 to 2026-27

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| **1** | **OPENING GROSS EXPENDITURE** | **30,095** | **31,843** | **31,798** | **31,798** | **31,798** | |
| E/R.1.002 | Changes to opening budgets made in 2021/22 | 1,906 | - | - | - | - | This line reflects permanent virements made in 2021-22 due to the Public Health grant and service income exceeding the budgeted amount for the year. |
| **1.999** | **REVISED OPENING GROSS EXPENDITURE** | **32,001** | **31,843** | **31,798** | **31,798** | **31,798** | |
| **2** | **INFLATION** | | | | | | |
| **2.999** | **Subtotal Inflation** | **-** | **-** | **-** | **-** | **-** | |
| **3** | **DEMOGRAPHY AND DEMAND** | | | | | | |
| **3.999** | **Subtotal Demography and Demand** | **-** | **-** | **-** | **-** | **-** | |
| **4** | **PRESSURES** | | | | | | |
| **4.999** | **Subtotal Pressures** | **-** | **-** | **-** | **-** | **-** | |
| **5** | **INVESTMENTS** | | | | | | |
| E/R.5.007 | Health impact assessments | 125 | - | - | - | - | Health impact assessment is a systematic approach to identifying differential health impacts of proposed and implemented policies, programmes, and projects within a democratic, equitable, sustainable and ethical framework. It identifies both positive and negative health impacts so that the positive health effects can be maximised, and the negative impacts minimised within an affected community |
| E/R.5.008 | Training for Health Impact Assessments | 45 | -45 | - | - | - | Upfront training to support the introduction of health impact assessments - to be funded from Public Health reserves |
| **5.999** | **Subtotal Investments** | **170** | **-45** | **-** | **-** | **-** | |
| **6** | **SAVINGS**<br>**A&H** | | | | | | |
| E/R.6.034 | Reduction in demand led Public Health budgets | -328 | - | - | - | - | Public Health business planning for 2022-23 pulls together outstanding underspends across several service areas. These will have minimal disruption as they are demand led services which are already underspending. In addition, savings are available from contingency and holding funds where the funding is no longer required. |
| **6.999** | **Subtotal Savings** | **-328** | **-** | **-** | **-** | **-** | |

# Section 3 - D:  Public Health

## Table 3:  Revenue - Overview

**Budget Period:  2022-23 to 2026-27**

| Ref | Title | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| | | Detailed Plans | Outline Plans | | | | |
| | | | | | | | |
| | **TOTAL GROSS EXPENDITURE** | **31,843** | **31,798** | **31,798** | **31,798** | **31,798** | |
| **7** | **FEES, CHARGES & RING-FENCED GRANTS** | | | | | | |
| E/R.7.001 | Previous year's fees, charges, other income & ring-fenced grants | -30,095 | -31,798 | -31,798 | -31,798 | -5,257 | Fees and charges expected to be received for services provided and Public Health ring-fenced grant from Government. |
| E/R.7.002 | Changes to fees, charges & ring-fenced grants in 2021-22 | -1,546 | - | - | - | - | Permanent changes to income from fees, charges & ring-fenced grants as a result of decisons made in 2021-22. |
| | **Changes to fees & charges** | | | | | | |
| E/R.7.200 | Previous year's Public Health Grant increase | -360 | - | - | - | - | Due to late announcement of the Public Health Grant uplift, the 2021-26 business plan did not include a budget adjustment for it. This line corrects the starting point for 2022-23. |
| E/R.7.201 | Change in Public Health Grant | -25 | - | - | 26,571 | - | The Public Health grant total for 2022-23 has not yet been announced but it is assumed that the Public Health Grant will fully fund inflation within the Public Health services.<br>Further, it is assumed that the Public Health grant ring-fence will remain in place until 2024-25 but be removed thereafter. |
| E/R.7.203 | Public Health Funding to support Health related spend across the Council | 228 | - | - | - | - | Includes increase in Memorandum of Understanding between Public Health and other parts of the Council for provision of Health focussed services. |
| **7.999** | **Subtotal Fees, Charges & Ring-fenced Grants** | **-31,798** | **-31,798** | **-31,798** | **-5,227** | **-5,257** | |
| | | | | | | | |
| | **TOTAL NET EXPENDITURE** | **45** | **-** | **-** | **26,571** | **26,541** | |

## Section 3 - D:  Public Health

### Table 3:  Revenue - Overview

**Budget Period:  2022-23 to 2026-27**

| Ref | Title | Detailed Plans 2022-23 £000 | Outline Plans 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Description |
|---|---|---|---|---|---|---|---|
| **FUNDING SOURCES** | | | | | | | |
| **8** | **FUNDING OF GROSS EXPENDITURE** | | | | | | |
| E/R.8.001 | Budget Allocation | - | - | - | -26,571 | -26,571 | Net spend funded from general grants, business rates and Council Tax or reserves. |
| E/R.8.101 | Public Health Grant | -26,571 | -26,571 | -26,571 | - | - | Direct expenditure funded from Public Health grant. As the ring-fence is assumed to be removed in 2025-26, the grant will be treated corporately and replaced with budget allocation for Public Health services. |
| E/R.8.102 | Fees, Charges and Other Income | -5,227 | -5,227 | -5,227 | -5,227 | -5,227 | Income generation (various sources). |
| E/R.8.103 | Public Health Reserve | -45 | - | - | - | - | Draw down of Public Health Reserve to fund investment in training for health impact assessments. |
| **8.999** | **TOTAL FUNDING OF GROSS EXPENDITURE** | **-31,843** | **-31,798** | **-31,798** | **-31,798** | **-31,798** | |

Cambridgeshire County Council

# Business Cases

## Children & Young People



## Community and Social Mobility & Inclusion



## Adults and Health



## Highways and Transport



## Environment & Green Investment



## Strategy and Resources

# Section 4a
# Children and Young People

# Savings Proposals

# Business Planning: Business Case – Savings proposal

## Project Title: Children in Care Placement Costs

Committee: Children and Young People Committee

2022-23 Savings: £600k savings

Brief Description of proposal:

Placement budgets for meeting the cost of externally provided placements for children and young people in care are adjusted annually to allow for both demand growth and the impact of inflation. These changes are built into the budget. After taking these changes into account, it is possible to deliver a saving of in excess of £600k, through the re-baselining of placement budgets within children's services and by removing an historical investment item.

Date of version: 22 October 2021 BP Reference: A/R.6.255

Business Leads / Sponsors: Lou Williams

# 1. Please describe what the proposed outcomes are:

Children and young people in care access a variety of different types of care placements according to their assessed needs and their age. These placements include:

- In-house foster care;
- Kinship care, where children in care are placed with relatives or others who know the child well, who are approved as foster carers for the specific child or children only;
- Foster care provided by an Independent Fostering Agency;
- Residential care;
- Supported accommodation, which is available for young people aged 16 and 17.

Younger children and those with fewer needs are most likely to be placed with foster carers. Older young people, and those who may have significant emotional health needs and/or present with difficult and challenging behaviours are more likely to need a residential placement.

Some young people aged 16 and 17 make very good progress within semi-independent provision. In some cases, this kind of accommodation can provide an appropriate step-down from residential provision as part of the journey towards fully independent living. In others, it may be that a young person newly entering care at 16 or 17 is most likely to do well in this kind of provision.

In Cambridgeshire, the make up of our population of children in care has changed as overall numbers have reduced and the Family Safeguarding model of practice has become established. This has meant that we now have proportionately fewer younger children in our care.

This general trend towards our care population being older and/or having more complex needs has resulted in an increase in the use of residential placements and higher cost, more specialist fostering and semi-independent placements. There is also less demand for placements that have historically been most likely to have been provided by our in-house foster carers who specialise in placements for babies and very young children. Our Family Safeguarding model is much better at supporting parents of younger children to make sustainable changes in their lives that enable them to provide the stable and loving homes that their children need, meaning that we have fewer babies and young children in our care now than was the case even two years ago.

Alongside these changes, the costs of residential placements in particular, but also of the most specialist independent foster placements, has increased rapidly over the last 24 months, as the number of placements available has failed to keep up with demand. This is why we have seen an increase in overall placement costs in the current financial year despite overall numbers of children and young people in care continuing to decline.

More positively, we have been taking focused action to improve the quality and consistency of care planning for children and young people in care over the current financial year. While this meant that for a few young people, a move to more specialist (and higher cost) placements was needed after reassessing their needs, the overall position has been a significant reduction in the number of placements that are coming to an end in unplanned ways. This is clearly better for our children in care, but it is also better from a financial perspective, since it is those placements that need to be identified in an emergency after the breakdown of the previous placement that are almost always the most expensive.

Taking these changes together, we have re-baselined the budgets associated with all placements for children and young people in care, while modelling the likely demand for placements over the next financial year. Allowing for some headroom for continued increases in unit placement costs in 2022/3, this work indicates that the continued slow reduction in overall numbers and the impact of greater placement stability over the current financial year enables a saving of £600k to be made across budgets for children and young people in care.

We have also taken the decision to reverse a planned investment into flexible shared care, which amounts to a further saving of £174k. This type of care is sometimes thought to be of benefit where families are struggling to manage the challenging behaviour of one or more of their (usually teenage) children. There are, however, a number of difficulties with such an approach including that it is often very difficult to secure the permanent return home to family of the child in question once a service like this has been offered.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The reduction in numbers of children and young people in care is the direct result of the implementation and embedding of Family Safeguarding in Cambridgeshire.

Our fostering strategy seeks not only to secure the continued recruitment of fostering households, but to continue to offer the training and support to enable our carers to offer more placements to older children and young people with more complex needs, in line with our changing population of children in care.

Estimates of overall likely demand for placements next year are based on experience over the last two years, which is the period during which the profile of our care population has changed and the pressures in placement availability have become most pronounced.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

No - this would not be relevant in relation to this issue.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Apply savings and associated re-baselining | 1st April 2022 | N/A | Lou Williams/Martin Wade Finance |

The ability to offer this saving from core budgets is the result of increased levels of government grant. No additional steps or actions are required.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

A review has concluded that an Equality Impact Assessment is not required for the re-baselining of the budget. There is no change to service delivery and children and young people in care will continue to be placed in placements that are in line with their age and assessed needs.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

Achievement of £600k savings as described above.

### Non-Financial Benefits

No change; we will seek to continue to identify placements for children and young people in care that are in line with their assessed needs.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

Budgets associated with children and young people in care are highly volatile. Placement numbers and mix can change in response to the recognition of new risks facing children and young people. An example is that of the recognition of the exploitation of young people through county lines over recent years. This recognition resulted in some young people accessing care placements because of the level of risks they were facing.

Some types of placement costs are very high and so even a small increase in the numbers of young people requiring such placements can have a significant budgetary impact. For example, a welfare secure placement can cost around £10k per week.

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Continued increase in the unit cost of residential placements | Some headroom built into budget for 2022/3;<br><br>Commissioning colleagues continue to seek value for money placements. | Amber | Lou Williams |
| Increase in overall numbers of children and young people in care | Continued embedding of the Family Safeguarding approach | Amber | Lou Williams |
| Increased demand for highest cost most specialist placements | Continued improvement in care planning processes | Amber | Lou Williams |

## 8. Scope: What is within scope? What is outside of scope?

This business case is solely related to placements for children and young people in care.

# Business Planning: Business Case - Savings proposal

## Project Title: Reduction in Special Guardianship Order allowance budgets

| | |
|---|---|
| Committee**:** | Children and Young People Committee |
| 2022-23 Savings amount: | £250k savings |

Brief Description of proposal:
Because of the reduction in care proceedings as a result of the 2019 restructure and implementation of Family Safeguarding, the budget for payment of allowances for Special Guardianship Order arrangements is consistently underspent. This offers the opportunity to offer a saving with no impact on users of the service.

| | |
|---|---|
| Date of version: 9 Sept 2021 | BP Reference: A/R.6.257 |
| Business Leads / Sponsors: | Lou Williams, Director of Children's Services |

## 1. Please describe what the proposed outcomes are:

Special Guardianship Order allowances are paid to the permanent carers of children who would otherwise be in care. Generally speaking, these carers are close family members (aunts/uncles, grandparents etc.) of the child concerned.

Arrangements for providing allowances to carers of children under a Special Guardianship Order are covered by statutory guidance. Not all those who have a Special Guardianship Order in respect of a child are eligible for financial assistance. Those who are eligible for an allowance may only be eligible subject to an assessment of financial means, or may be eligible for a non-means tested allowance for a period (usually two years) from the making of the order, after which a means test applies. Allowances automatically cease at age 18 or when the child no longer lives with the carer/relative.

The decision about whether to make a Special Guardianship Order lies with the courts and forms part of the consideration of an appropriate order in care proceedings. Special Guardianship Orders provide a good outcome for many children, enabling them to live in a permanent family arrangement with relatives who share parental responsibility with the parent outside of the care system.

Special Guardianship Orders therefore contribute to the Cambridgeshire County Council outcomes of helping our children learn, develop and live life to the full and protecting and caring for those who need us.

This is a demand-led budget; underspends have arisen because we have been successful in reducing the number of children coming into care following the extensive restructure of the service in 2018/19 which dramatically increased management oversight. This reduction has continued through the use of our Family Safeguarding model, which enables more children to safely remain in the care of their birth parents, and which was launched in March 2020.

We expect this reduction in numbers in care to be permanent. Should this not be the case, the number of Special Guardianship Order arrangements would be likely to increase, placing pressure on the associated allowance budgets.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The Family Safeguarding approach involves the secondment of adult facing practitioners into the children’s social work teams who work with children in need and children in need of protection. These adult-facing practitioners work with the parents to enable them to address the issues that they are facing, and which are impacting on their ability to provide safe, stable and loving homes. The specialisms that the adult practitioners work within are:

- Substance and problematic alcohol misuse;
- Domestic abuse, and;
- Mental and emotional ill-health.

These parental issues are common factors that result in a high risk of children coming into the care system if they remain unresolved.

Our statutory duties include providing services and support to families to reduce the likelihood of children needing to come into care. The evidence base for the effectiveness of the Family Safeguarding model has grown since it was initially developed in Hertfordshire in 2016/17, and then piloted in four other local authorities including Peterborough. The model is currently funded in Cambridgeshire as part of the DfE Stronger Families, Protecting Children programme, for which Cambridgeshire County Council is a trailblazer authority.

The table below evidences the reduction in the number of care proceedings between 2017/18 and the year ending 31 March 2020, the most recent data available. The table shows the rate of care applications per 10,000 children and young people aged 0-18: [1]

**Statistical Neighbours**

| | | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| 919 | Hertfordshire | 6.50 | 6.00 | 5.30 | 5.20 |
| 869 | West Berkshire | 10.80 | 10.00 | 9.10 | 6.10 |
| 850 | Hampshire | 8.00 | 9.10 | 9.30 | 7.20 |
| 873 | Cambridgeshire | 12.00 | 11.10 | 10.30 | 8.00 |
| 865 | Wiltshire | 7.60 | 6.90 | 7.50 | 8.50 |
| 803 | South Gloucestershire | 7.10 | 7.20 | 8.50 | 9.20 |
| 931 | Oxfordshire | 11.10 | 9.40 | 11.00 | 10.10 |
| 800 | Bath and North East Somerset | 7.40 | 8.20 | 11.40 | 10.20 |
| 885 | Worcestershire | 12.90 | 11.80 | 10.20 | 10.80 |
| 938 | West Sussex | 9.40 | 9.50 | 8.50 | 11.00 |
| 916 | Gloucestershire | 9.50 | 8.00 | 11.30 | 11.20 |
| | Statistical Neighbours | 9.03 | 8.61 | 9.21 | 8.95 |
| 985 | East of England | - | - | - | - |
| 970 | England | 12.30 | 11.90 | 11.30 | 10.80 |

Special Guardianship Order arrangements where carers are entitled to a financial allowance almost always arise as a result of care proceedings; the reduction in care proceedings is the reason for the reduced demand on the Special Guardianship Order allowance budget.

[1] Source for table is the Local Authority Interactive Tool [LAIT]: https://www.gov.uk/government/publications/local-authority-interactive-tool-lait

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

N/A: The reduced demand has led to the underspend.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The reduction in demand for Special Guardianship Order allowances is the result of improved support to families facing some of the most complex difficulties.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Apply budget reduction | 1st April 2022 | N/A | Lou Williams/Roger Brett/Finance |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

A review has concluded that an Equality Impact Assessment is not required for this proposal. Special Guardianship Order allowance budgets are demand-led and payments of allowances are dictated by statutory guidance. There is no discretion in relation to who does or does not qualify for a Special Guardianship Order allowance.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

The reduction in care proceedings as a result of the structural changes made in children's services in 2018/19 and together with the subsequent adoption of Family Safeguarding have resulted in a reduced demand for Special Guardianship Order allowances, and a consistent underspend in the associated budget. This enables a budget reduction and saving of £250K per annum from 2022/23.

### Non-Financial Benefits

Children do best when supported to safely remain within their immediate birth families. Family Safeguarding enables parents to make the sustainable changes to enable them to provide the stable and loving homes that children need.

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Rate of children in care per 10,000 remains at or below average of statistical neighbours | Rate of children per 10,000 | 49 per 10,000 [average of statistical neighbours as of March 31st 2020 [2] | 47 per 10,000 March 2023 |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

The main risk is that care proceedings and the number of children in care begin to increase, potentially as a result of the increased pressures that families have experienced during the COVID-19 pandemic.

It should, however, be noted that numbers of proceedings and children in care in Cambridgeshire were significantly above the average of our statistical neighbours in previous financial years, which will mitigate the impact of COVID-19 since the reduction is from a higher than anticipated level, as opposed to being from a level that was already in line or below that of similar authorities.

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Increase in care applications | Continued embedding of Family Safeguarding model | Amber | Lou Williams |

## 8. Scope: What is within scope? What is outside of scope?

The budget for Special Guardianship Order allowances to be reduced by a level that is consistent with underspends and reduced demand.

Special Guardianship Order carers will continue to receive allowances to which they are entitled. Special Guardianship Order carers are also entitled to support (as are adoptive

[2] The statistical neighbour group for Cambridgeshire changed during 2020/21 resulting in a revised statistical neighbour average of 51.6 as of March 31st 2020. For consistency in this financial year, the original SN average continues to be used. The change in the SN rate will not affect our targets.

carers) to help them to address any difficulties they may be experiencing in providing a permanent home to the child. This non-financial support is not affected by these changes.

# Business Planning: Business Case - Savings proposal

## Project Title: Programme of work to deliver savings in Social and Education Transport

**Committee:** Children and Young People Committee

2022-23 Savings amount: £380k
2022-23 Investment amount: £161k

Date of version: 8 November 2021 BP Reference: A/R.6.268

Business Leads / Sponsors: Hazel Belchamber/Clare Buckingham

| **Revenue Financial Breakdown**<br>**Shown in recurrent, business plan format** | | | | | | |
|---|---|---|---|---|---|---|
| | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | Separate funding source available? |
| **Permanent Savings** | -£380 | -570k | -345k | | | |
| **Permanent Pressure / Investment** | | | | | | |
| **Temporary Pressure / Investment** | 161k | 161k | 161k | | | |

# 1. Please describe what the proposed outcomes are:

This proposal supports the following County Council outcomes for Cambridgeshire:

## Helping our children learn, develop and live life to the full:

A number of the discretionary elements, within the Council's Home to School Travel Assistance Policy, help support and provide continuity for the County's most vulnerable children/young people, and those families with the lowest incomes.

Developing and supporting children and young people to enable them to share transport, including using public transport, will provide them with essential life skills.

## Cambridgeshire: A well-connected, safe, clean, green environment:

All schools must have a Travel Plan which promotes sustainable transport choices and encourages families to plan their journeys and builds/strengthens links with the local community. Plans are written with teachers, parents, students, governors and the local community. The workstreams identified in this Business Case provide the opportunity to reinforce the importance of these Travel Plans and reduce journey times for children and young people. Fewer single occupancy taxi journeys and increased use of shared transport, including public transport, will reduce the number of vehicles required to get children to and from school and the associated emissions and carbon impact of those journeys.

# Background information

The Social Education Transport Team (SETT) is experiencing significant increases in demand for transport services, especially for children with Special Educational Needs and Disabilities (SEND).

The total budget for Social and Education Transport (mainstream, SEND and Children in Care) has increased by almost 50% from £18.4m in 2018/19 to £26.96m in the current financial year. Within this total, the budget for mainstream school transport has risen by 16%, but the budget for SEND transport has risen by more than 90%, reflecting the intense pressure on this area of service. This increase reflects rising numbers of pupils with SEND, greater complexity of needs (especially Autism Spectrum Disorder (ASD) and Social Emotional & Mental Health (SEMH), more diverse placements (including to out county provision, and a greater number of bespoke/individual timetables), parental expectations as well as operational transport pressures such as fuel increases and driver shortages.

Although only approximately 15% of those in receipt of school transport receive it because of their SEND, their transport accounts for 60% of overall spend. Transport for all pupils with SEND is currently in excess of £6,300 per pupil p.a., compared to an average of £1,000-£1,500 for primary or secondary school pupils.

The trends in SEND transport are projected to continue, with an estimated 47% increase in the number of pupils with Education Health Care Plans (ECHPs) by 2031 (compared to 2020), with associated greater pressures for support for pupils with ASD, SEMH, and on specialist independent placements. If transport continues to be provided to approximately 60% of pupils with ECHPs, at today's unit costs, overall expenditure on SEND transport would be expected to rise from £16m to £26m.

Work is ongoing to address the continued pressure on costs, improve contract performance, streamline systems and processes and improve the overall outcomes for young people whilst ensuring best value for money.

The following projects are already underway:

- Review and replacement of IT software with an integrated transport system which will significantly reduce the manual handling of data;

- Implementation of a Dynamic Purchasing System across Cambridgeshire and Peterborough, leading to improved contract management practices and providing greater flexibility to adapt to changing markets and suppliers (completed in September 2021);

- Implementation of a two-year Independent Travel Training pilot (commenced in September 2021).

In September 2021, the Children and Young People's Committee gave its approval to the following additional workstreams to deliver savings:

a) Consultation on a review of the Council's discretionary policy of funding free transport to the After School Clubs, which are run by five of the County's Area Special Schools;

b) A detailed review of routes currently deemed as unavailable (unsafe) for a child to walk to school, accompanied as necessary, by an adult;

c) Adoption of criteria to inform future decisions on Parental Transport Budgets, in particular enhanced payment rates, in cases where to do so would result in a saving on the cost of Local Authority provided transport.

This business case is proposing that the following workstreams are delivered over the next three years in order to reduce both financial and operational pressures, achieve further savings and improve cost controls through a combination of operational efficiencies and improved demand management.

## Workstream 1:

## Review and re-tendering of routes serving special schools (routes to mainstream secondary and primary schools are not to be included in the scope)

Evidence (also see Workstream 2)

- Of the total expenditure for the home to school transport service, more than (60%) approximately £16m is accounted for by transport for pupils with SEND and EHCPs who are placed in specialist provision.

- Transport to the County's 11 special schools accounts for more than £8.7m expenditure for 1,400 pupils – equating to more than £6,200 per pupil p.a. (compared to the County's overall average for all pupils transported of less than £2,500).

- The remainder is spent on transporting nearly 300 pupils to specialist provision out of the County and >800 pupils to post-16 colleges or mainstream schools.

- Although home to school transport is provided to 255 schools, transport to just 16 of those schools in each case exceeds £0.5m p.a. and in three cases exceeds £1m p.a.  An analysis of current contract costs has indicated that there are 15 special schools where a combination of high unit costs and a significant number of routes would indicate there is potential for route rationalisation and review.  In total, these 13 schools account for almost £10m expenditure.

Proposal

- Whilst on-going route optimisation is undertaken by SETT as a matter of course, due to the level of change of needs/locations of pupils and complexity of SEND transport there is benefit in periodic "clean sheet" reviews of transport to the largest special schools where there is often greatest scope to replan networks to achieve greater efficiencies. This can ensure that spare capacity and "solo routes" are minimised. It can also ensure that pupils receive the most appropriate transport for their needs.

- It is proposed that such a series of reviews be undertaken over the next three years, working to a timetable which would ensure that new contracts can be in place in time for the start of the next new academic year. It is proposed that three schools be reviewed in year 1, and five each in years 2 and 3.

- Such reviews require highly developed negotiation, persuasion and communication skills. Local knowledge of schools, pupils, and suppliers, as well as familiarity with the recently procured QRoutes software would also be highly desirable. It is expected that 2 x FTE (Full Time Employee) P1 roles would be required to allow these reviews to be undertaken.

- A further additional 1 x FTE Scale 4 Business Support Officer to provide administrative support to the Contract Officer will also be required. It would be beneficial for this role to be made permanent given that there is only one Contracts Officer supporting a £20million contract with over 1000 routes per day.

Savings potential

A 10% saving for the three largest special schools being reviewed would generate estimated potential annual savings of £300,000 (less staff costs), with similar reviews being undertaken in subsequent years to realise a similar scale of savings. Recurrent yearly savings from each of the school reviews are likely to diminish as routes change/new pupils are added or contracts renegotiated.

Risk

Medium: Review of SEND school transport inevitably involves considerable liaison with parent representatives (Pin Point), schools, SEND service colleagues and operators, requiring dedicated staff resource to undertake the initial preparatory work, route planning and retendering. Sufficient time needs to be allowed for this to ensure as smooth a transition as possible from the current to new transport arrangements.

Analysis of contract data has shown that there are more than 100 suppliers. On average each tender received 8 bids. There are, however, some risks related to the lack of potential competition in some areas, with more than 60 recent tenders receiving no bids. This will also involve some early termination of routes if all routes to schools are to be reviewed collectively. There is, therefore, an element of risk relating to the level of market competition and early proactive work with operators to generate interest, and some flexibility in approaches to procurement e.g. allowing combined/alternative bids will be necessary to help to mitigate such risks.

## Workstream 2:

## Review of solo routes to in-County special schools (this workstream will be combined with Workstream 1)

Evidence

- Although the number of pupils with SEND has been rising (40%), the increase in costs has been far in excess of the increase in the number of pupils.

- There are more than 100 routes to placements within the County carrying only one child, at a cost of more than £2m p.a. (the cost per child averaging £20,000 p.a).

- There are 15 in-County schools served by multiple routes that each have only one child carried at a cost of nearly £2m p.a, suggesting there is scope for rationalisation.

Proposal

- A review is undertaken this financial year with SEND service staff of each “solo route” in cases where there are multiple such routes serving one school. The 2 x FTE P1 posts identified for Workstream 1 would provide the capacity necessary for this review to be undertaken in liaison with the SEND service team.

Savings potential:

A conservative estimated 5% savings in solo routes to these 15 schools would realise an estimate £100,000 p.a. [Note that if the review of the large special schools’ transport in Workstream 1 was being undertaken, this would be expected to incorporate the review of solo routes to those schools, which would mean the saving for this stream of work should be revised to £25-50,000.]

Risk**:**

Low: There would be no withdrawal of transport or change of placement to existing pupils. This is an operational review of provision to ensure value for money and that transport remains appropriate to the child/young person’s needs.

## Workstream 3:
## Operational review and demand management to reduce out authority transport costs.

Evidence

In the last three years the largest increases in costs have been for pupils with SEND placed out of authority (increasing from £0.97m to £1.52m) - an increase of nearly 60% and exceeding the budget last year by nearly £300,000.

- Analysis of the current contract data indicates that transport to out-County placements is continuing to rise this year and that, as a result, costs will be expected to be close to £1.9m-2m.

- Transport is provided to 60 out-County schools/establishments for almost 100 pupils with SEND, at a cost of in excess of nearly £20,000 per pupil p.a. on average. Many of these are pupils travelling in taxis on their own.

- Sixteen routes to out-County placements have costs per pupil p.a. in excess of £25,000, and thirteen of the establishments account for nearly £1m of expenditure (for 40 routes).

Proposals

- It is proposed that a fundamental review of out-County transport for pupils with SEND be undertaken, commencing with the transport that is provided to the nearly 100 pupils travelling solo, and/or those out-County placements where unit costs are exceptionally high (e.g. in excess of £25,000 per pupil p.a.). This means reviewing transport requirements and, where necessary, consolidation of routes to remove spare capacity.

- Additional work should be undertaken to ensure the SEND service team are informed and fully aware of the potential costs of such placements over the education lifetime of the children concerned and that transport costs are considered alongside placement decisions, where a suitable school is closer and/or there is a more cost-effective transport option available and reviewed regularly.

- An additional 1FTE P1 would be required to undertake an initial review of all out-County placements/rationalisation, and then work in liaison with the SEND service team to ensure that future decisions on placement take full account of the transport implications, and that this area of transport expenditure is proactively monitored.

Savings potential:

A review of the exceptionally high cost out-County transport routes (£25,000 per pupil), and out-County establishments accounting for more than £50,000 annual expenditure would be expected to result in some short-term rationalisation of transport capacity, estimated at 5% of current out-County transport costs i.e. £100,000 pa.

Longer term an ongoing review of out-County placements would be expected to continue to manage demand and expenditure for these pupils. Achieving a further 10% reduction in the number of out-County placements would equate to a £120,000 p.a. [The cost of transport to an out-County placement = £9,300 compared to £6,200 to an in-County special school, saving £100-120,000 p.a. for approximately 30-35 pupils.]

Given projections are for more pupils to have ASD/SEMH needs over the coming years, and an increasing number to require independent placements, the improved management of transport demand to out-County placements will be necessary to contain significant upward pressure on the transport budget. High quality transport cost data for this group of pupils will also be critical to informing longer term business planning decisions relating to in-County school placement /capacity planning. This workstream is therefore seen as the highest priority area of work.

Risk:

Low: There would be no withdrawal of transport or change of placement to existing pupils. This is an operational review of provision to ensure value for money and that transport remains appropriate.

## Workstream 4:

## Recruitment of volunteer drivers, volunteer Passenger Assistants (PAs)

Evidence

- On-going dialogue by the SETT team with suppliers has indicated that there has been a reduction in the number of drivers available to deliver contracted work for the Council (all drivers need an Enhanced DBS check to work on Council-contracted school transport). This is reflected in the challenging market conditions where it is not uncommon for routes to be rejected on the basis that either drivers or Passenger Assistants (PAs) cannot be secured.

- There are more than 440 routes with PAs, and 11 operators supply nearly 300 of these. Currently daily contract rates do not separate the PA costs from the driver/vehicle cost.

- An exercise was recently undertaken to recruit volunteer drivers and of the 50 initial expressions of interest, 12 are now volunteer drivers. There was also an initiative to recruit volunteer drivers for transporting individuals for Covid tests, and this may have created more appetite for more permanent volunteer drivers.

Proposal

- Staff from the Business Improvement & Development (BID) Directorate are assigned to develop and deliver a pilot project to recruit volunteer drivers and to investigate opportunities to create a ‘pool’ of volunteer PAs, including looking at options for using staff within our own organisation. Depending on the results of the pilot, this will be rolled out to more routes, as a longer-term project.

- This work will also look at the terms and systems in place under which drivers and PAs are recruited and managed to ensure a more reliable service and greater certainty or flexibility for volunteers.

- SETT will need to identify the separate costs of vehicle/drivers and escorts for some routes, which could identify those routes which may benefit from the use of a volunteer PA rather than a contractor provided PA. This could also provide greater consistency of service for parents/pupils, where the PA will continue to travel on the route with the child/children even if the driver/contract changes. This may increase the attractiveness to bid for some routes as the operator would no longer be required to secure PAs for their routes.

Savings potential:

Pilot project to deliver £30k of savings in Year 1. This will involve intensive work on very specific areas/routes. Depending on the results of this, further savings may be delivered in future years as the project is rolled out more widely.

Risk:

Low, however it will be critical that the safety of the children and reliability of the service are placed front and centre of any volunteer initiatives.

## Workstream 5

## Fleet review: looking into fleet infrastructure (vehicles and depots) and potential for the fleet to work across multiple Council areas

- The fleet (although under the same transport manager as children's transport) currently provides services for adults' transport only. It comprises 27 vehicles, 3 of which are funded by care homes, and includes 8-15 seat minibuses and smaller 5-seater MPVs.

- A recent review has been undertaken of routes used to transport adults to day centres and further work is underway to explore greater efficiencies using the existing fleet.

- The Council has not recently explored synergies for having a fleet providing services across both Adults and Children.

- The market conditions for children's transport (particularly SEND) are extremely challenging. Entering the market with an internal fleet of vehicles, drivers and PAs could provide greater certainty over the Council's continued ability to meet its statutory duties to get children entitled to transport to and from school/college.

- The analysis of school transport contracts has illustrated that there have been a number of contracts tendered recently that have attracted little or no interest from the market. Use of the in-house fleet in such circumstances may be beneficial to maintain quality of service and contain costs.

Proposal

- To undertake a thorough and holistic analysis of the fleet across the organisation, splitting into three workstreams
    - Integrated transport unit (where education, children and adults transport are combined operationally)
    - Integrated fleet maintenance (assessment of all depots and buildings where fleets are maintained across service areas)

    - Rationalising the service (undertaking analysis of fleet capacity and opportunities to maximise efficiency)

- This work is substantial and would require third party consultants, as well as backfilling service roles to allow for adequate time to be allocated to the project.

Savings potential:

It is likely that there could be significant savings in the longer term, however, more work is needed to explore this further to understand the scope for savings, and the implications for the current market.

Risks:

High. Investing in vehicles, drivers and PAs will be costly and the business case is likely to be based on the ability to secure business outside of school/core hours, which could involve competing with the market, which can be challenging with Council standards as well as staff pay and conditions.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

In October 2021, an independent specialist consultant was appointed to undertake a high-level analysis of the costs of education transport by supplier, route, school and the basis on which transport had been awarded to highlight potential areas for saving.

The purpose of this work was to generate evidence to identify trends, provide understanding of the pressures, and areas for potential improvement (savings and cost reduction) and workstream areas that could be pursued in order for these opportunities to be realised.

The outcome of this work has been integrated into the evidence that has been used to support this business case.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

As outlined in the Section 2, there is a significant amount of evidence that has been applied to inform the work areas that are outlined in this proposal. Other options that were evaluated but rejected are listed in the table below:

| Potential Workstream | Decision |
|---|---|
| Review of mainstream school catchment areas across Cambridgeshire | This is complex and politically sensitive and will not tackle the high costs areas identified in this |

| | |
|---|---|
| | proposal, which are primarily the transport to special schools and out county placements. |
| Re-tendering of routes for secondary, primary schools | Although more than two thirds of all pupils in receipt of home to school transport are attending secondary schools with 10% at primary school, the number of primary and secondary school pupils in receipt of transport has been falling in recent years.<br><br>Currently unit costs for mainstream pupils are well managed, and due to the large networks into the secondary schools' contract rates are competitive and vehicles used to capacity.<br><br>It is unlikely that significant savings could be realised from retendering these networks and there is limited scope for rationalisation of routes. |
| Re-negotiation of a proportion of commercial routes to deliver cost reduction<br><br>A consultant undertook a light touch high level review of existing contract costs and extrapolated the minimum and average savings experienced in other areas to reach a potential savings range of £400k to £1.2m.<br><br>A consultant would need to be employed to undertake further work at a cost of approximately £150k (no risk/reward) or £90-£105k with a 20-25% risk reward mechanism. | This work does have some potential risks as it involves terminating high-cost contracts and reprocuring these, which could result in costs increasing at a time when the Council is seeing unprecedented numbers of contracts being handed back.<br><br>Information from a recent report does suggest the number of suppliers currently in place is relatively strong (although there are clearly some areas of the County where significant issues exist, and contracts are handed back).<br><br>The analysis undertaken for this paper has highlighted that the cost pressures are focussed on SEND and out-County placements, and, therefore, a more targeted approach to route rationalisation and retendering is proposed. |
| Review of admissions to mainstream and managing school placements, specifically for SEND schools | It is not legal to hold school places open in the expectation a child might require one following a house move, for example. There is also a legal limit on Infant Class Sizes (maximum of 30 children to a qualified teacher). It is difficult to predict number of families who might move into the county in-year and where they will choose to live. As such the ability for the Team to actually influence this is incredibly hard. |

| | |
|---|---|
| | The Admissions Team will take a more proactive approach with regard to contacting parents in cases where children have been offered a place at a school which isn't their catchment or nearest school because it was full when a place at their catchment or nearest school becomes available.<br><br>There is a separate project underway to increase the number of special school places in the County. |
| Changing the policy with regard to the entitlement to free transport for children aged 8-11 years | Cambridgeshire is one of the few Shire authorities that continues to use its discretion and provide home to school transport to pupils aged 8-11 years who live more than 3 miles from their nearest school. (The statutory entitlement distance is 3 miles for this age group).<br><br>There are relatively few pupils who would no longer be entitled to free transport as it would still be necessary to provide free transport on many of the routes on the grounds of road safety.  Other pupils would continue to qualify on grounds of low income.<br><br>It is unlikely that the small number of pupils no longer travelling on a route due to such a change would result in any savings in vehicle capacity i.e., if two or three children cease to be entitled on a route served by a 53-seater, the vehicle would still be required to continue to serve other entitled pupils achieving no overall saving on that route.<br><br>The last time this was considered, the level of saving to result from such a change was in the order of £10,000.<br><br>Given the potential administrative time involved in this change, the high-profile challenge/appeals envisaged, and the very limited potential to achieve any savings this is not being pursued. |

# 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

As with virtually all Services across the Council, the SET Team and budget holders have regularly and consistently explored opportunities to deliver savings. As such, there are no quick wins to be achieved. The workstreams identified within this proposal are complex and need dedicated time and resource if they are to be undertaken thoroughly and robustly. Although there is scope for some operational savings, to realise these will require additional staff resource in the short-term.

Longer-term, if cost pressures are to be managed, a more robust and on-going approach to demand management must be in place, challenging out-County SEND placements and solo transport provision to contain the rapid upward pressure on costs in these areas.

The proposals in this business case have been put together using strong, reliable data, however, the means by which to deliver this work are still uncertain. The next step will be to understand the approach to delivering the workstreams, ensuring that we have the right capabilities and capacity, to optimise the outcomes.

All of these workstreams will require additional resource and a subsequent business case will need to be produced detailing resources for planning, delivery, backfilling, design, project management and procedural changes. Whilst some of this can be delivered internally, external /additional capacity is essential in order to realise the improvements and savings/cost reduction identified.  Key skill requirements are persuasion, negotiation and communication (both written and oral).

The subsequent business case will detail the timescales for delivery, taking into account considerations in respect of procurement, contract retendering and recruitment, as well as aligning workstreams to the academic as well as the financial year.

## High Level Timetable

| **Task** | **Start Date** | **End Date** | **Overall Responsibility** |
|---|---|---|---|
| Workstream 1 | January 2022 | ongoing | Transport Project Board |
| Workstream 2 | January 2022 | September 2023 | Transport Project Board |
| Workstream 3 | January 2022 | ongoing | Transport Project Board |
| Workstream 4 | September 2022 | April 2024 | Transport Project Board |
| Workstream 5 | September 2022 | April 2024 | Transport Project Board |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

An Equality Impact Assessment has been developed for this proposal. Children and young people will continue to be entitled to free or subsidised transport to and from school/college. What might change is how the child or young person is transported to school. We appreciate and understand that any change can be disruptive, unsettling and cause increased levels of anxiety and stress. For many children and young people with SEND changes to their routine and/or the people who transport them to and from school/college or support them with those journeys can cause them significant levels of distress and anxiety. It is essential, therefore, to ensure that any proposed changes are discussed with the parents/carers and, where the child or young person is able to verbalise and/or express their views, these will be listened to and that sufficient lead-in time is allowed to enable the child/young person and their family to adjust to those changes.

Travel time may be reduced, and support increased for independent or group travel. However, we also recognise the need to, and importance of, undertaking appropriate safeguarding assessments to ensure that no child or young person is placed at risk as a result of any changes to their transport arrangements.

Once a child has been placed at a school, they have a right to remain at that school even if a place was to become available at a school which is closer to their home. Any change of school would require the agreement of the child's parent/carer.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

The following savings have been identified:

| Saving Area | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|
| **Workstream 1**: Review and re-tendering of routes serving special schools | £200k | £400k | £200k |

| | | | |
|---|---|---|---|
| **Workstream 2:**<br>Review of solo routes to in county special schools | £50k | £50k | £25k |
| **Workstream 3:**<br>Operational review and demand management to reduce out authority transport costs. | £100k<br>+Demand management | £120k<br>+Demand management | £120k<br>+Demand management |
| **Workstream 4:**<br>Recruitment of volunteer drivers, volunteer Passenger Assistants (PAs) | £30k (pilot) | - | - |
| **Workstream 5:**<br>Fleet review; looking into fleet infrastructure (vehicles and depots) and potential for the fleet to work across multiple Council areas | - | TBC | TBC |
| **Total gross savings** | £380k | £570k | £345k |
| **Resourcing costs (see table below for details)** | £161k | £161k | £161k |
| **Total NET savings** | £219k | £409k | £184k |

Additional staff resource is essential given that current staffing levels and operational demands on SETT do not allow for the capacity for offline reviews, or to provide the additional “challenge” function with SEND service colleagues that would be required to better manage demand and address out-County placement and transport requests.

Resourcing Costs per workstream:

| **Saving Area** | **2022/23** | **2023/24** | **2024/25** | **Total** |
|---|---|---|---|---|
| **Workstream 1 and 2**<br>2xFTE @P1 for 3yrs and<br>1x FTE @S4 for 3yrs (potential permanent) | £45k p/a<br>£45k p/a<br>£26k p/a<br>**£116k total** | £45k p/a<br>£45k p/a<br>£26k p/a<br>**£116k total** | £45k p/a<br>£45k p/a<br>£26k p/a<br>**£116k total** | £348k |
| **Workstream 3**<br>1xFTE @P1 for 3yrs | £45k | £45k | £45k | £135k |

| | | | | |
|---|---|---|---|---|
| **Workstream 4** | Internal BID | Internal BID | Internal BID | - |
| **Workstream 5** | - | TBC (external) | TBC (external) | TBC |

## Non-financial benefits

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Reduce travel time/long journeys for pupils | Reduce /contain out of County placements where more local provision would meet pupil needs | Approx. 300 pupils transported to out-County placements | No more than 200 pupils transported to out-County placements 3-5 years |
| Increase support of independent /group travel | Reduce solo taxis where no longer required | 359 pupils on solo routes | No more than 200 pupils on solo routes in 3 years |

### Reducing carbon emissions

In addition to the benefits to children and young people, shorter journeys, fewer single occupancy taxi journeys and increased use of shared transport, including public transport, will reduce the number of vehicles required to get children to and from school and therefore reduce the associated emissions and carbon impact of those journeys. Potentially, these changes may improve feasibility for future fleet improvements as fewer vehicles and shorter trips may make a future shift towards low carbon vehicles (e.g., electric) more viable.

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| Risk | Mitigation | **RAG** (should the risk occur) | Overall Responsibility |
|---|---|---|---|
| Continued upward pressure on SEND transport budget | Demand management through active review of placement decisions and transport requests (there is an existing well-established process for reviewing and reaching decisions in respect of | Red | SEN |

| | | | |
|---|---|---|---|
| | exceptional transport requests – final approval rests with the budget holder) | | |
| Reduction in competition for school transport contracts (due to driver shortages etc) | Continued proactive engagement with market to encourage new entrants /retain suppliers.<br><br>Consider use of in-house fleet to address specific shortages | Amber | SETT |
| Unable to find the right personnel with the skills and knowledge required to deliver the work | Intention is to seek recruitment for both project roles or backfilling roles to maximise chances of finding the right staff | Amber | SETT |

## 8. Scope: What is within scope? What is outside of scope?

The five workstreams (as detailed in section 1) are currently in scope.

# Business Planning: Business Case – Savings proposal

## Project Title: Virtual School

Committee: Children & Young People Committee

2022-23 Savings amount: £50,000

Brief Description of proposal:
Reviewing external income opportunities

Date of version: 18 November

BP Reference: A/R.6.269

Business Leads / Sponsors: Jonathan Lewis

# 1. Please describe what the proposed outcomes are:

The Virtual school has seen an increase in external funding through pupil premium and a new grant to support children in the social care system that are not in care. Our current contribution from our core funding is higher than national average and we have more opportunities to recharge costs of the Virtual School to the grant income. As a result, a reduction in core funding is achievable whilst these grants are in place. The service will be unaffected by this change although there will be some reduced capacity for projects / initiatives but we are currently meeting our objectives in this area.

# 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

We have reviewed the latest Section 251 statement and it shows that we are spending above national average per pupil in this area. We have also seen some significant improvements in the work of the Virtual School and it is an appropriate time for this saving to be made.

# 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Not applicable – saving can be realised without further work.

# 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The saving can be delivered from the 1st April 2021, in line with new grant allocations.

## High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Adjustment to budget | 1st April 2021 | 1st April 2021 | Finance |

# 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

The work of the virtual school covers all children in the social care system including those children in care. However, as the previous provision funded by direct council funding will now be met by grant, an Equality Impact Assessment will be developed.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

Financial benefits: £50k savings

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Ofsted inspection | The Virtual School is performing well and has sufficient capacity to undertake its work. | Green | Virtual School headteacher |
| Rising in the number of children in care | Bid back into the budget process for further funding. | Amber | Jonathan Lewis |

## 8. Scope: What is within scope? What is outside of scope?

In scope: The grant is in relation to the virtual school.

# Business Planning: Business Case – Savings proposal

## Project Title: Grant and Core funding adjustments for support costs for Unaccompanied Asylum Seeking Children [UASC]

Committee**:** Children and Young People Committee

2022-23 Savings amount: £350k savings

Brief Description of proposal:

Following a review of the level of grant funding provided by Central Government to local authorities for the support of unaccompanied asylum seeking children and young people, it is possible to re-balance the contribution to support costs made from the core budget. This will have no impact on the services we provide to this group of children and young people; it merely reflects the increase in grant funding available.

Date of version: 22nd October 2021 BP Reference: A/R.6.271

Business Leads / Sponsors: Lou Williams

## 1. Please describe what the proposed outcomes are:

Cambridgeshire County Council is responsible for providing care, accommodation and other support to Unaccompanied Asylum Seeking Children [UASC] aged under 18, and to former UASC aged 18+ when a UASC has either presented to authorities within the local authority area, or has been transferred to our care through either the regional or national transfer schemes.

Those under 18 are children in care to the authority; once they become 18 years of age, they are entitled to continuing support as care leavers. Until their immigration status is resolved, however, they are unable to access public funds such as housing benefit or universal credit/income support. Case law has confirmed that ordinary housing and living costs for care leavers who were formerly UASC must be met by the local authority as part of their duties to support care leavers.

The Government has contributed to the costs of providing care and support to UASC and former UASC for a number of years. Until these arrangements were revised in the 2019/20 financial year, the grants provided by Government did not meet the actual costs of caring for and supporting UASC and former UASC, resulting in councils like Cambridgeshire County Council supplementing these costs from core budgets.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

This proposal is informed by the monitoring of actual support and care costs for this group of children and young people.

The saving identified is in line with amounts that could have been possible to transfer from grant to core funding over this and the previous financial year.

COVID-19 and trade/transport restrictions have reduced the number of spontaneous arrivals in the County, but numbers are beginning to increase once more. Because of the way that the grant funding operates, there is potential to transfer higher levels of grant funding to core funding if the numbers of UASC in the county increase.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

N/A - This is not applicable in relation to this proposal.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The ability to offer this saving from core budgets is the result of increased levels of government grant.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Implement contribution towards Children's Social Care from existing grant allocations, allowable under conditions of grant | 1st April 2022 | N/A | Lou Williams/Roger Brett/Finance |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

There is no change to service delivery and UASC and former UASC will continue to receive the same levels of service in accordance with statutory guidance. However, an Equalities Impact Assessment will be developed to ensure the change is equitable.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

A saving to the core budget as a result of higher levels of government grant funding as explained above

### Non-Financial Benefits

N/A The service delivery will remain the same

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

There are no identified risks.

## 8. Scope: What is within scope? What is outside of scope?

The core funding contribution to supporting UASC and former UASC with care and support needs will be reduced as a result of increased government grant. Actual funding will remain unchanged.

# Section 4b
# Children and Young People

## Pressures and Investment Proposals

# Business Planning: Business Case - Investment proposal

## Project Title: Children's Occupational Therapy Investment

**Committee:** Children and Young Peoples (CYP) Committee

**2022-23 Investment:** £496,000

Brief Description of proposal:
Approval for permanent recurrent additional funding of £496,000 for Paediatric Occupational Therapy in Cambridgeshire County Council via a Section 75 agreement with Cambridgeshire Community Services.

Date of version: 14 September 2021

BP Reference: A/R.4.037

Business Leads / Sponsors:
Lucy Loia, Senior Commissioner, SEND
Toni Bailey, Assistant Director for SEND & Inclusion

## 1. Please describe what the proposed outcomes are:

In June 2021, CYP Committee noted an interim investment of £261,000 into the Occupational Therapy (OT) Service in Cambridgeshire, delivered by Cambridgeshire Community Services (CCS) via a Section 75 agreement.

CYP committee also noted permanent recurrent funding will be required to be approved as part of the business planning process for 2022/23 onwards in line with the ongoing commissioning and review of the contract between Cambridgeshire County Council and CCS. The recurrent funding was agreed at £496,000 per annum.

Until March 2021, the service was funded fully by the Dedicated Schools Grant (DSG) and High Needs Block at a value of £245,000. There were a number of issues identified in relation to the funding arrangement and the use of the DSG, as the service actually provides support to both children and young people with an Education, Health and Care Plan (EHCP) but also those known and open to Disabled Children's Social Care. This is highlighted and explained in more detail later in the business case.

The Clinical Commissioning Groups (CCG) health contribution to CCS Occupational Therapy service is £685k, to support Health OT elements.

There was an inequity of funding to support the joint approach across health, social care and education. Of the £245k from CCC for the social care element of the OT role; £210k currently funds the housing pathway (major adaptation work primarily), leaving £35k to fund staff across the whole county for equipment, moving/handling assessment/review etc. Other funding from CCC included ad hoc payments for tribunal-related work and a Service Level Agreement (SLA) for mainstream school staff and school adaptation work.

Specific tribunal pressures – In 2020, CCS had in excess of 52 requests from Education; ranging from tribunal request input into mediation related to tribunals, advice following an independent OT report has been received etc. These could not be managed within the existing caseloads and so resulted in additional spot purchases of around £75,000 to the Special Educational Needs & Disabilities (SEND) service.

Caseload sizes are up to 50% higher compared with the Royal College of Occupational Therapy recommendations with CCS OTs typically carrying a caseload of 47 vs. a recommendation of 23.

The Section 75 for OT identifies both education and social care support within the scope of delivery, however CCS report that they are currently only providing support for the Social Care service (including the provision of disabled facilities grants and housing adaptions) and the budget for this is already pressured. Support for education provision is being provided, however this is spot purchased by the SEND Service over and above the current S75 agreement.

There is no permanent recurrent budget for OT within Social Care or in other Council funded budget and the only available funding is via Designated Schools Grant and High Needs Block, which is not a sustainable position long term in respect of demand or equity in funding provision. The high needs block guidance is clear on the use of funding in relation to therapies not met by primary care or NHS Services, however this funding requirement is outside of that scope and for the provision of Social Work; and therefore, needs to be provided from General Council Funds. The definitions are detailed below:

## High Needs Block

Therapies and other health related services: include costs associated with the provision or purchase of speech, physiotherapy and occupational therapies. Include any expenditure on the provision of special medical support for individual pupils which is not met by a Primary Care Trust, National Health Service Trust or Local Health Board.

## Local Authority

Social work (including local authority functions in relation to child protection): Social workers who are directly involved with the care of children and with the commissioning of services for children. Include most of the direct social work costs (except those detailed below), including the processes for assessing need, determining, and defining the service to be provided and reviewing the quality of and continued relevance of that care for children. Also include:

- Child protection costs;
- Field social work costs (include hospital social workers);
- Occupational therapy services to children;
- Relevant support staff costs.

Therefore, the Council need to provide more funds to meet the statutory requirements and duties for disabled children, for example Section 27 of the Children Act 1989 which encourages Councils to engage other agencies in the assessment of children:

“The guidance places emphasis on the importance of involving other agencies - paragraph 5.3 states:

...These ‘agencies’ could include a child’s school, GP, physiotherapist, speech and language therapist, occupational therapist and other professionals they may have had contact with.”

The OT service provides input to children with an Education, Health and Care Plan (EHCP). The service should also provide support to children and young people who have SEND needs that may not have an EHCP. However, this is limited due to capacity and funding shortfalls. In 2020, out of the 768 children on the existing/current caseloads, 517 have an EHCP.

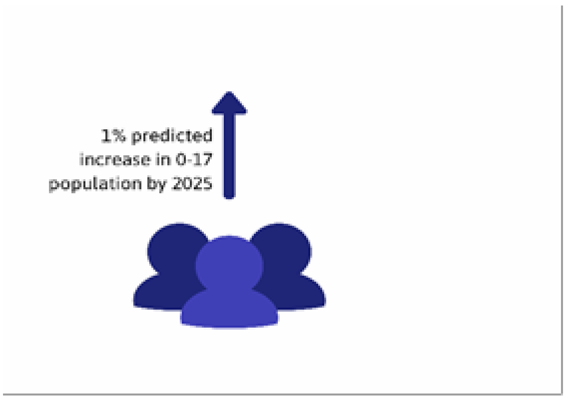
Within an integrated service and the nature of Occupational Therapy, it is not currently possible to accurately divide a child's care into what is school, what is home and what is health when collating data. Best practice would view the child holistically and discuss all elements of daily living. The data below from a typical year (2018 and 2019) sets out broadly the primary category for input:

| | Percentage of overall number of referrals in (averaged over two years) | |
|---|---|---|
| Health | 12% | Reason for input linked to Health in 56% of all referrals |
| Health and Local Authority | 36% | |
| Health and Social Care | 8% | |
| Local Authority | 20% | Reason for input linked to Local education authority in 56% of all referrals |
| Social Care | 24% | Reason for input linked to social care in 32% of all referrals |

It is important to note that this doesn't capture the amount of time spent on an average case under each category, which naturally is dependent upon the complexity of the child's needs related to Occupational Therapy.

## Demand and Growth in Population

Cambridgeshire is predicted to see a 1% growth in population size of 0-17 year-olds in the coming five years.




In the next five years England overall expects a 2% increase in the 0-17 population.

Cambridgeshire is set to have significant new housing development with a total of 74,000 new homes to be built by 2031 across the five districts. Including a new town, Northstowe, north of Cambridge which will create 9,500 new homes. On top of this single large development there will be multiple smaller developments of around 600 homes each, with each development requiring its' own school and early years/childcare facilities. Also in

Cambridgeshire, there are a number of interdependent commissioning priorities and capital planning programmes that look to address and respond to growth in population, demand for EHCP's and the increasing complexity of need of children, young people and adults. These are all likely to further increase the demand for Occupational Therapy and therapeutic interventions to enable inclusion in Schools.

1. Enhanced Resource Base Review (ERB) – a review of the cost, quality and provision of ERBs that provide inclusive provision for children and young people with Autism on mainstream school sites.
2. New School Provision – Development of three new special Schools across the County.
3. Special School Expansion on two sites and alternations to age range and status on a further site ;
4. As well as the new Children's Hospital on the Addenbrookes site

## Demand and Growth in EHCPs in Cambridgeshire

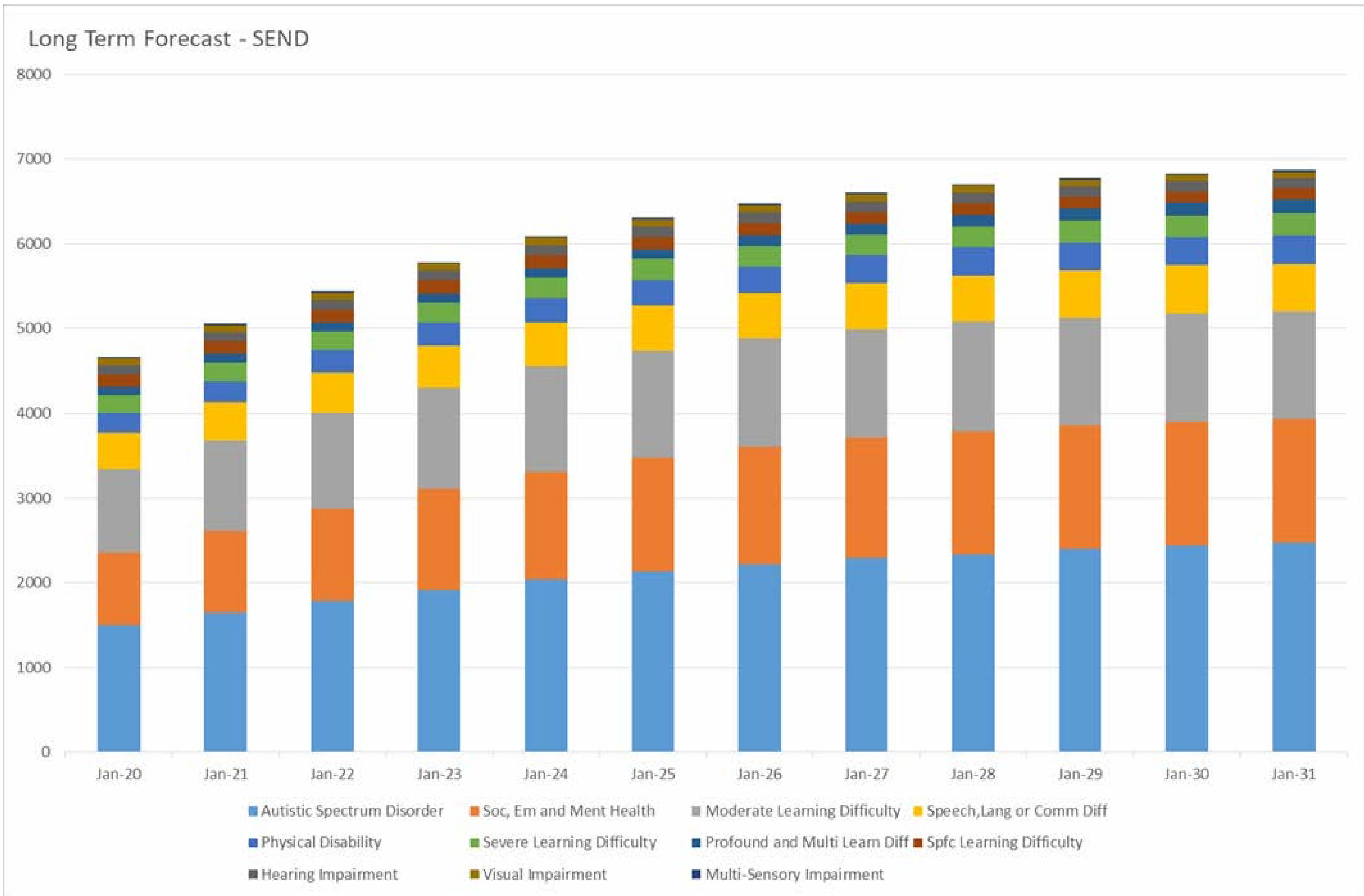
Cambridgeshire County Council are anticipating a growth of approximately 47% of EHCPs in the next 10 years. Much of this growth occurs in the coming five years, with particular notable increase in both Autism Spectrum Disorder [65%], Social Emotional Mental Health [70%] and Profound and Multiple Learning Disabilities [63%]

There are growth areas and variable financial impacts as a result of this growth, however these figures are specifically pertinent to the provision of Occupational Therapy in Education Settings and in children and young people's homes.

Table 1 is a simple representation of the total growth across all age categories and educational need groups.

| Educational Need | Jan 20 | Jan 31 | Change | % Change |
|---|---|---|---|---|
| Autistic Spectrum Disorder | 1497 | 2475 | 978 | 65.3% |
| Social Emotional Mental Health | 857 | 1458 | 601 | 70.1% |
| Moderate Learning Difficulty | 989 | 1270 | 281 | 28.4% |
| Speech, Lang or Comm Difficulty | 434 | 561 | 127 | 29.£% |
| Physical Difficulty | 228 | 337 | 109 | 47.8% |
| Severe Learning Difficulty | 209 | 265 | 56 | 26.8% |
| Profound and Mult Learn Diff | 97 | 159 | 62 | 63.6% |
| Spfc Learning Disability | 146 | 129 | -17 | -11.6% |
| Hearing Impairment | 110 | 124 | 14 | 12.7% |
| Visual Impairment | 84 | 71 | -13 | -15.5% |
| Multi Sensory Impairment | 11 | 17 | 6 | 54.5% |
| Total | 4662 | 6866 | 2205 | 47.3% |

Table 2 represents the same information above but demonstrates the data over time to articulate the specific growth areas and when they occur.




## Growth and Demand in Disabled Children

Table 3 outlines the predicted growth of the 0-18 population across Cambridgeshire and Peterborough; the 8% prevalence rate (as per the Department for Works and Pensions Family Resource Survey) has been applied to try and get a better understanding of the number of children and young people with disabilities across both counties.

Population Forecasting 2016-2036

| Year | 0-4 | 5-14 | 15-17 | Total 0-17 | % INCREASE ON 2016 | 8% PREVALANCE RATE APPLIED |
|---|---|---|---|---|---|---|
| **2016** | 58,810 | 101,870 | 28,550 | 184,230 | - | 14,738 |
| **2021** | 56,630 | 113,540 | 30,530 | 200,700 | 8.94% | 16,056 |
| **2026** | 60,230 | 119,190 | 35,580 | 215,000 | 16.70% | 17,200 |
| **2031** | 59,560 | 112,650 | 35,660 | 217,870 | 18.26% | 17,430 |
| **2036** | 57,670 | 121,690 | 36,830 | 216,460 | 17.49% | 17,137 |

The table demonstrates that we can expect to see a rise in children with disabilities of over 17% in the next ten years, around 2500 more children than in 2016.

Table 4 outlines the number of children and young people open to Social Care currently, and the projected increase based on previous years.

| | Current CCC | Project CCC (2036)** |
|---|---|---|
| **Open under 1989 Children Act** | 280 | 333 |
| **Open under the Chronically Sick & Disabled Persons Act (CSDPA)** | 828* | 989 |

*646 of whom are accessing the Local Short Break Offer
**assuming growth in line with population

This demonstrates that we can expect a rise of around 18% of children and young people open to social care over the next ten years.

It is not possible to consolidate the totality of data available that assists us in understanding the exact demand for OT services, as many children may or may not have an EHCP, may or may not have a disability; and there is variance in the level of interventions required at any one time for children and young people.

However, we know already that the service is not sufficient in meeting the demands of existing cases as set out within Section 2, at least a third of children and young people on existing case loads do have an EHCP and, as mentioned above, case loads are already over 50% higher than what is considered best practice.

There are currently around 500 [10% of the total number of EHCPs] children and young people with an EHCP accessing the OT service, we can therefore broadly assume that based on EHCP data alone, if there are 2200 more EHCPS in the next ten years, with significant spikes in 2021-2025 [around 1500 new plans] then in the next three years we can expect around 150 children with EHCPs alone requiring OT support, in addition to those already accessing the service.

## Outcomes to be achieved:

Communities at the heart of everything we do

- Access to education and support to live within the home and local community.
- Upskilled workforce to ensure education and social care staff have the skills to meet the needs of their communities.
- A county with good quality of provision and offer, supporting the response to the growth and development of our communities and population.

A good quality of life for everyone

- Timely and good quality provision of OT for children and young people with and without

disabilities and SEND.
- Efficient provision of OT without delay.
- Integrated service to ensure consistency in assessment and support.

Helping our children learn, develop and live life to the full

- Early intervention
- Prevention of escalation in need
- Family resilience and skilled parenting and support
- Independence of children and young people and ability to remain in their local schools and communities
- Sufficient funding for a fully integrated model
- Well prepared parents

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

This programme of work and the ongoing need for an Integrated Education, Health and Social Care Occupational Therapy Service, along with the continuing need to ensure sufficient provision of service to meet future demand, is well articulated in both the Council's SEND Strategy and SEND sufficiency strategy, as well as a continuous programme of work through the SEND Recovery and Transformation Board in relation to ensuring early intervention and prevention to manage demand of EHCP's and ensure needs are met locally, within existing school settings, with the skills and resources to ensure inclusion.

CCS have told us that the additional funding and resources will provide the following impact:

- Use of our specialist knowledge with regards to supporting provision needs (assessments, reports, intervention within core offer and discussions when additional input is required)
- A training offer to SENCOs and settings around core areas identified within our team and at SENCO forums to again ensure efficient referrals and knowledge across Peterborough
- Updated resource guides sign post to our universal offer (so Parents and Settings can access for free online) and a more targeted offer suggesting resources either freely or commercially available for settings/teachers to follow up on if ongoing concerns

Providers told us that "Positive work on jointly commissioned services is beginning to make a difference. For example, the additional budgets used to increase capacity within the Occupational Therapy team means that there are sufficient budgets to meet current demand and implement a changed model that will see a reduction in waiting times for children and young people; as well as smoothing the gaps in assessment and provision for 19-25 year-olds."

The funding will be pooled to ensure seamless and efficiency of delivery, under a single service specification between Cambridgeshire County Council and Cambridgeshire Community Services, with the existing £245k primarily funding the SEND provision [namely EHCP assessment, advice and tribunal] and the additional funding supporting the social care elements [namely housing adaptions, disabled facilities grants and assessments], therefore ensuring appropriate use of both DSG and Council general funds.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The Cambridgeshire and & Peterborough CCG already block purchase Occupational Therapy via CCS and the Councils S75 agreement extends that offer to meet the needs of children and young people open to Social Care and with SEND. Therefore, there is little benefit to commissioning the additional proposed capacity via an alternative route, as this will undermine the economies of scale, integration and seamless delivery of provision for children, young people and families.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The current contract is jointly commissioned between the Local Authority and C&P CCG and will continue to be contract managed, commissioned and report to the Joint Child Health Commissioning Board.

Following approval of recurrent funding, the service specification and S75 agreement will be adjusted to reflect the permanent nature of funding and Key Performance Indicators and contract monitoring meetings are already well established.

| **Task** | **Start Date** | **End Date** | **Overall Responsibility** |
|---|---|---|---|
| Draft Section 75 | Commenced for 2021/22 funding | December 2021 | Lucy Loia |
| Contract Management | January 2021 | Ongoing | Lucy Loia |
| Commence Integration programme | January 2021 | March 2022 | Jenny Maine, Peterborough & Cambridgeshire Clinical Commissioning Group |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

The contract and additional funding are likely to improve and have a positive impact on those with protected characteristics including poverty and rural isolation, as it will extend the capacity and resources within the service and therefore in turn will bolster the offer of both targeted and specialised services, but also the universal offer provided within schools. No negative impacts can be foreseen at present, however an Equality Impact Assessment has been developed to ensure we are considering people with protected characteristics in our decision making and to allow us to mitigate against any risks of adverse impacts.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Funding Breakdown

Funding Options
Year 1: 2021/22 Additional Staffing Requirement

2 x Band 7 OTs –Education
1 x Band 6 OT – Education
1 x Band 7 OT – Social Care

Note “Band” is in relation to the NHS pay band.

- This funding was already secured, pro rate, as detailed in with section 1.2
- The provision of services primarily covers Education Health and Care Plan Assessment, Tribunals and support and training in schools and settings.
- It includes the application of a tiered model (universal, targeted, specialist) to make most efficient use of Occupational Therapy services.
- The provision of services has reduced unsustainable caseload levels.
- The provision of services has increased the training offer to all special schools, further releasing capacity on the targeted and specialist service provided by CCS.

Total for 2021/22 £260,970

Year 2: 2022/23 Additional Staffing Requirement

1 x Band 6 – Education
1 x Band 6 – social care
2 x Band 4 – education
1 x Band 4 – social care

- This is new and recurring money as requested by this paper.

- It will support the further roll-out of the tiered model – focussing on targeted support within schools and pre -schools.

- Create a sustainable service with introduction of further skill mix, support the apprenticeship ‘grow your own’ scheme.

- Support clinical delivery.

- Sustainable caseload levels for social care elements of the OT role.

Total for 2022/23 £235,482

| The total overall additional funding for CCS children’s OT service from Cambridgeshire County Council: | |
|---|---|
| **2021/22 and 2022/23** | **496,452** |

Therefore, the combined increase inclusive of the existing funding of £245k from the Dedicated Schools Grant [DSG] and the additional requested funding detailed throughout 5.0 will be:

| | |
|---|---|
| Current Funding | £245k |
| Requested uplift for 21/22 | £261k |
| Total Funding for 21/22 – which would then be permanent in the base | **£506k** |
| Requested uplift for 22/23 | £235k |
| Total Funding for 22/23 – which would then be permanent in the base | **£741k** |

## Non-Financial Benefits

- Use of our specialist knowledge with regards to supporting provision needs (assessments, reports, intervention within core offer and discussions when additional input is required)
- A training offer to SENCOs and settings around core areas identified within our team and at SENCO forums to again ensure efficient referrals and knowledge across Peterborough

- Updated resource guides sign post to our universal offer (so Parents and Settings can access for free online) and a more targeted offer suggesting resources either freely or commercially available for settings/teachers to follow up on if ongoing concerns
- Improved timeliness of assessment and provision
- Improved confidence in accessibility and provision of support
- Equitable provision of services across education and social care

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Failure to negotiate new specification | This is already in final form and new offer from CCS is in writing | Amber | P&CCCG<br>Childrens Commissioning |
| Recruitment – national shortfall in workforce causing both delays in services for families and non-delivery against contract | Recoupment mechanisms within the specification on vacancies<br>Provision of private OT's with recoupment [although more costly] | Amber | CCS |
| Ongoing increasing demand – so may additional resources in the future | Close contract managements and deployment of resource to manage demand<br>Upskilling of schools so improved universal offer reducing demand on specialist therapies | Amber | P&CCCG<br>Childrens Commissioning<br>CCS |
| Inaccurate forecasts | Forecasts are redefined annually in line with SEN2 return | Amber | P&CCCG<br>Childrens Commissioning |
| | *Contract management and analysis of management information* | | CCS |

## 8. Scope: What is within scope? What is outside of scope?

The service covers education and social care in Cambridgeshire only. Peterborough City Council is out of scope for this business case, as is any other therapies already commissioned by the Council.

### Summary & Recommendations

1. There is already a significant pressure on the existing Occupational Therapy Service across Cambridgeshire, significantly impacting on the timeliness and efficiency of provision offered to children and young people eligible for service. In addition, there is a growing financial pressure on services as a result of a lack of Occupational Provision in order to assess and provide quality EHCP advice and subsequently robust evidence of provision resulting in expedition of tribunal process.

2. There is also an opportunity to conduct a full and proper commissioning exercise that looks to understand the detailed and segmented demand likely to require Occupational Therapy in the future and ensure the totality of resources across all funding services and organisations to deliver efficient, effective, high quality and good value provision through the implementation of an integrated service delivery model across education, health and social care.

3. However, the current funding arrangements are significantly stalling the ability to deliver early intervention, prevention and timely provision of advice and support and therefore it is recommended that the funding identified in 5.0 is agreed under an interim service specification to address the immediate issues and concerns, whilst allowing for a sufficient pool of resources to be considered as part of an Occupational Therapy review and identification of the correct service delivery model to ensure a robust and sustainable provision in the future.

# Business Planning: Business Case Investment proposal

## Project Title: SEND Capacity

Committee: Childrens and Young People (CYP)

2022-23 Investment amount: £562,200 / £325k

Annual permanent investment of £562,200. Plus a one off investment in 22/23 of £325k

Brief Description of proposal: SEND (Special Educational Needs and Disability) Capacity to address resourcing challenges with Education, as previously approved at JMT (Joint Management Team).

Date of version: 17 September 2021

BP Reference: A/R.4.038

Business Leads / Sponsors: Jonathan Lewis, Director of Education

# 1. Please describe what the proposed outcomes are:

This business case outlines the need for a permanent increase in base budget for the service, so we can keep pace with our statutory responsibility. A huge amount of work is currently underway to look at savings/transformation in SEND, but in this area, any efficiency saving is likely to be offset by increasing numbers, especially as growth in numbers is highest in the primary sector and these will move through into secondary where rates are lower.

Additional capacity is required in the following teams, with the full cost breakdown contained in section 8:

- Statutory assessment team - Casework and Business Officers
- Educational psychology - Educational Psychologists
- Place planning and business intelligence - Education Officer with SEND specialism and Senior Analyst.

The Statutory Assessment Team is required to undertake the following tasks, all of which relate to the statutory duties of the Local Authority:

| | |
|---|---|
| Managing Education Health and Care Needs Assessment (EHCNA) and Education, Health and Care Plan (EHCP) processes | These processes include managing within statutory timescales:<br>• Requests for Education Health and Care Plan Needs Assessment (EHCNA).<br>• Statutory EHCP planning meetings with parents.<br>• Preparing and issuing proposed, amended and final EHCPs.<br>• EHCP Annual Review monitoring and issuing amended EHCPs. |
| Arranging placements and provision for children and young people with EHCPs (or Statements). | These processes include managing, within statutory timescales, the following:<br>• The LA response to parent and/or child /young person (C/YP) views.<br>• Consultation with special and mainstream schools and education settings to arrange placement. This includes placements in Independent Special Educational Provision (ISEP).<br>• The monitoring of start and end dates for C/YP in special educational provision.<br>• The annual phase transfer of C/YP with EHCPs (e.g. Primary to secondary school).<br>• Placement of C/YP arriving in Cambridgeshire from another LA.<br>• Provision of alternative education such as home tuition where required.<br>• Provision of specialist equipment, therapies, specialist support where required. |

| | |
|---|---|
| | • Resolution of placement breakdown – including exploration of alternative placement or provision.<br>• Provision of advice on transport needs for pupils with EHCP. |
| Financial management. | • Allocation of top up funding to mainstream schools, colleges, special schools and units for students with EHCPs. Checking start and end dates and monthly updating central finance records.<br>• Raising purchase orders for Independent School placements – managing within-year-adjustments – checking start and end dates – updating records<br>• Ordering specialist equipment – raising purchase orders – checking costs against committed expenditure.<br>• Provision of monthly financial reports (e.g. general ledger)<br>• Management of recoupment.<br>• Home tuition for pupils Educated at home – managing referrals – managing provider bids - raising purchase orders – checking invoices – checking start and end dates - updating records – scanning provider contracts. |
| Each of the above responsibilities carries extensive administrative processes including the preparation of EHCP documents themselves, papers for panels, papers for SEN Tribunals, record keeping, finance spreadsheets, performance reports, letters to parents, schools, and other professionals | |

Current team pressures in the Statutory Assessment Team and SEND District Teams (Educational Psychology)

The service maintains consistently high key performance indicators for Statutory Assessment, the high percentage rate of timescales being met for 20 week assessment masks an underbelly of strain within the system. Educational Psychologists, as part of the wider multi-disciplinary SEND district teams offer a time allocation model to schools. We are now seeing a pattern where Educational Psychologists non-statutory assessment time is being suspended to be able to fulfil the numbers of statutory assessments. This comes at a time where preventative work and critical incidents are more crucial than ever. Where early intervention support decreases, Cambridgeshire will see an even greater demand for EHCPs.

Over the past three years, our Annual Review processing within Business Support runs at around 6-12 months behind timescales. Again, this is a common issue across the Eastern region and beyond, with some London authorities, for example, reporting a three year back log in Annual Reviews. The crucial issue here, though, is that casework officers and Educational Psychologist do not have the capacity to:

- Attend annual reviews – this is leading to a lack of capacity to de-escalate when needs have been met.

- Attend annual reviews at key points of transition.
- Have adequate time to analyse annual reviews carried out by the setting and agree or challenge wording, changes to provision, use of funding, quality of outcomes or consideration for the ceasing of plans where outcomes have been achieved.
- Where there are emergency annual reviews, Educational Psychologists or Casework Officers are not always able to attend, to facilitate solutions which prevent breakdown of placement. There is a direct correlation between these instances and the increase of pupils moving on to expensive tuition programmes, into special school or more specialist independent provision.

Analysis of recent data around complaints highlights the significant amount of complaints and Local Government Omudsmen (LGO) investigations relating to the Statutory Assessment Team in particular complaints related to delays in meeting statutory deadlines. Mediation and Tribunals are currently covered by one Casework Officer (CWO) (0.8) and this volume of work is too high. This is currently a single point of failure for the Statutory Assessment Team.

Place Planning team works effectively and efficiently to ensure the delivery of all of the Council’s statutory duties with respect to mainstream education place planning, specifically securing an appropriate match between places and demand for the populations served by Cambridgeshire County Council (CCC) and Peterborough City Council (PCC), including through the commissioning of new provision to serve children and young people in the 0-19 age range.  It does this with the support of Business Intelligence, Education Capital and Planning colleagues.

Currently the provision for SEND children sits outside of this team and the responsibility for the strategic planning for SEND places and schools is not supported by a dedicated and skilled SEND place planning team. Place planning at this strategic level should be the same for all children irrespective of their needs. In some ways, the information utilised by the place planning team also covers the demographics and changing needs of children with SEND as the demographic and sufficiency data which informs the Place Planning Team’s work is based on birth rate analysis as well as growth in housing, amongst other factors. All these factors include a percentage of SEND needs, which potentially, is not accurately being fully incorporated into plans within the overall place planning strategy.

This proposal seeks to add capacity to the existing and excellent place planning team, enabling them to have, within their compliment, a dedicated SEND officer, who can work alongside the team and utilise specific data from Business Intelligence and Commissioning to ensure we have a strategic approach to planning education infrastructure that incorporates all children irrespective of needs. Plus additional Senior Analyst Role within Business Intelligence for forecast modelling, data interpretation and model development.

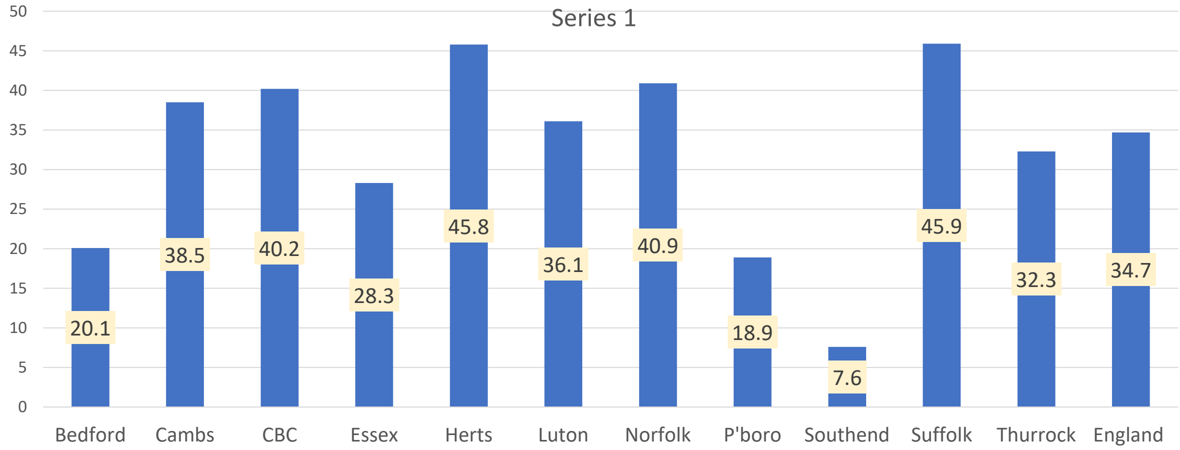
This additional capacity will enable SEND sufficiency to be planned alongside mainstream provision plans and will support joined up approaches to solutions that will increase the level of inclusion and ensure that all children are ‘in sight’ from birth.

We are also expecting an Ofsted inspection of our SEND services in 2022 and the inspection will focus on these areas.

This business case supports the Council's outcome of 'Helping our Children learn, develop and live life to the full'.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Our growth in numbers has been exceptional since the reforms in SEND in 2015 but our overall rate of growth in recent years has been similar to other shire counties, showing the challenges we face nationally.




There are currently 6044 EHCPs (Education, Health and Care Plans) in Cambridgeshire, with over 900 new plans issued in the last year, an increase of 41.5% against the previous reporting period. This represents an increase of 236% over the last six years. Growth in EHCPs is particularly acute in those aged 10 and under (primary school and early years) and 20 and over.

Trends for the future forecast a year on year increase in EHCPs representing a 47% increase by 2031 based on current trends.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

This is an in house provision and is a statutory requirement to deliver. Currently there is insufficient capacity in the team to meet the increased demands for the service.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

Recruitment to additional posts will be required, as outlined in section 8.

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Recruitment of posts | November 2021 | February 2022 | Jo Hedley (SAT & Eps)<br>Clare Buckingham (Place Planning)<br>Tom Barden (Business Intelligence) |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

Children and young people - a continued focus on improving outcomes with an emphasis on meeting a child's needs inclusively.

Statutory Assessment staff – the service has lost seven posts in the last two months including two senior managers. All have cited the work pressure as their reason to leave. Additional capacity should have a positive impact by reducing the pressures placed upon staff, and improving continuity of the service for children and young people.

An Equality Impact Assessment has been developed to ensure this proposal is equitable in its aims and delivery.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

A huge amount of work is currently underway to look at savings / transformation in SEND (see SEND Transformation Business Case) but it is likely in this area that any efficiency saving is likely to be offset by increasing numbers especially as growth in numbers is highest in the primary sector and these will move through into secondary where rates are lower.

### Non-Financial Benefits

Ensuring compliance with statutory responsibilities and to meet our statutory requirement for Education, Health and Care Plans.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Identified risk with this proposal is that we are unable to recruit to posts which delays ability to enhance capacity levels.<br><br>Risk if we do not increase capacity:<br>• Loss of Local Authority reputation<br>• Adverse Ofsted judgements<br>• Formal complaints from parents/carers and other stakeholders<br>• Increase in Tribunals and Ombudsman investigations<br>• Judicial Review<br>• Data Breaches<br>• Reduced efficiency in other SEND teams | Broaden advertising routes. Use support of OPUS/HR. | Green<br><br>Red | Jo Hedley |

## 8. Scope: What is within scope? What is outside of scope?

The business case covers additional capacity for the SEND service, as outlined below:

| Role | To be funded permanently | To be funded on a temporary basis |
|---|---|---|
| **<u>SAT & Ed Psychs</u>** | | |
| Casework Officer Statutory Assessment | £156,306 | £0 |
| Casework Officer Monitoring and Review | £178,636 | £0 |

| | | |
|---|---|---|
| Increased Tribunal Casework Officer | £9,900 | £0 |
| Business Officer | £0 | £325,000 |
| Educational Psychologist | £132,448 | £0 |
| **Total** | **£477,290** | **£325,000** |
| | | |
| **Total** | **£477,290** | **£325,000** |
| **Place Planning and Inclusion/Business Intelligence** | | |
| 1FTE grade P3 point | £59,410 | £0 |
| 1 Senior Business Analyst for 26 weeks | £25,500 | £0 |
| **Total** | **£84,910** | **£0** |
| **Overall Total** | **£562,200** | **£325,000** |

# Business Planning: Business Case – Pressure / Savings

## Project Title: Children's Disability 0-25 Service

Committee: Children and Young People Committee.

2022-23 Pressure amount: £400,000

In addition to the £400k pressure amount, there is currently £100k Children with Disabilities (CWD) saving in the Business Plan for 22/23. It is proposed that this will be offset over a two-year period by increasing the Adults Positive Challenge Saving Preparing for Adulthood saving by an additional £54k in 22/23 and 23/24.

Brief Description of proposal:
Pressure funding to off-set the cost pressures within the in-house residential short breaks service.

2023-24 -£100k savings
2024-25 -£100k savings

Date of version: 17 September 2021 BP Reference: A/R.4.039

Business Leads / Sponsors: Sasha Long, Head of Service, Disability Social Care 0-25 Service) and Debbie McQuade, Assistant Director.

# 1. Please describe what the proposed outcomes are:

Cambridgeshire County Council (CCC) delivers a range of short breaks services for disabled children and young people, including activity clubs, holiday clubs, community support, and overnight short breaks. These services are provided for parent carers of disabled children in order to support their ability to continue their caring responsibilities as effectively as possible, whilst the young people have the opportunity to develop their independence, promote and support their physical and emotional health, build relationships and enjoy new experiences.

In 2019 the Council undertook a review of the overnight short breaks aspect of this offer in order to better understand the present and future needs of families accessing these services. Between April 2019 and October 2019 a range of consultations with parents, the workforce, other Councils, and children/young people took place. The feedback gathered throughout this consultation process evidenced a clear need for a more flexible approach around the offer of overnight short breaks, to provide families with greater choice, more control, and placing the families at the centre of their child’s person-centred care planning.

Up until this point, the funds for residential overnight short breaks were committed to a block contract arrangement with Action for Children, meaning there was no flexibility around how these funds could be utilised. This contract covered the delivery of residential short breaks across three Ofsted registered residential children’s homes in Cambridgeshire: Haviland Way (shared care and long term care), Woodland Lodge (short breaks care), and London Road (shared care and long term care).

Following the consultation, the council acknowledged the need to change the block contract funding arrangements, and a business case was made to in-source the three children’s homes. By bringing the three children’s homes in-house, it was anticipated the Council would release the block contract funding and have greater control over the re-design of the services to meet the requirements of families. This would also place the service closer to senior decision making processes, and therefore better able to pre-empt and/or respond to crises with stronger links and a single approach to care planning across Education, Health and Social Care. This proposal was heard at the Children and Young People Committee (Jan 2020 and July 2020) who approved the plan, followed by the Commercial and Investments Committee (September 2020). The three children’s homes were subsequently successfully in-sourced in September 2020.

Despite the many benefits of this move, this insourcing presented financial challenges, as acknowledged within the committee business case. The contract, with a value of £2,473,525.00, had been awarded in October 2015 for four years and it was acknowledged the service would cost the same, if not more, to provide in-house. Through the in-sourcing process, additional cost pressures were identified in relation to the greater cost to the service from LGPS pension contributions once staff transferred (TUPEd) over to CCC, and property costs required in order to bring the buildings up to standard. A cost pressure was therefore acknowledged in advance of the decision to bring these services in-house, with the business case to the committees consistently forecasting an anticipated £300,000 pressure. However, following the TUPE of staff from Action for Children to CCC, some staff have opted to resign from their AFC posts and to re-apply for new vacancy posts under CCC terms and conditions, which have increased staffing costs. In addition to this, an entitlement to pay enhancements that were not relevant when the staff were employed by Action for Children has come into effect, resulting in the cost pressure forecast of £400,000 for this financial year 2021/22.

Having acknowledged this cost pressure, and in agreeing to in-source the children's homes, the service was tasked with reducing the budget once the homes were brought in-house. The service plan was to achieve these savings by changing our service delivery model around overnight short breaks. Rather than relying on the residential children's homes to deliver all overnight care, we planned to introduce overnight short breaks via Direct Payments. This would enable the overnight support to be delivered in the child's own home, with a paid Personal Assistant overseeing their care, effectively reducing the number of children accessing residential short breaks, and creating savings through reduced staffing / reduced agency spend within the children's homes. Whilst we were able to implement the first phase of this plan (bringing the children's homes in-house and setting up a Direct Payments overnight scheme), the COVID-19 pandemic has had a detrimental impact upon these plans and prevented the service from achieving any savings to date. This is due to the pandemic causing a significant reduction of available Direct Payment workers, resulting in an increased reliance on either agency staff (at a higher cost), or residential short breaks (eliminating any proposed staff savings). In addition to this, there has been an increased demand for overnight short breaks for the families of disabled children and young people throughout the pandemic in order to prevent family breakdown. Therefore, whilst the initial phase of this work has been instigated, we are not in a position to realise any savings around this project within this financial year.

However it is recognised that through working collaboratively with the Adults Positive Challenge Preparing for Adulthood workstream, that savings can be generated through that work to offset the £100k CWD disability saving that is currently in the MTFS in 22/23. This saving will be offset across both 22/23 and 23/24.

## Demand for the initiative:

The three residential children's homes are a fundamental aspect of our short breaks offer, providing essential respite to the families of vulnerable children and young people with complex and challenging needs. The children's homes are consistently well populated with children and young people who access support across a range of timescales; from short breaks, to shared care and full time care. As outlined above, our service plan is to gradually reduce the demand on residential short breaks and to use the funding more flexibly to enable families to have greater choice regarding how this support is delivered, such as via a Direct Payment. However, the COVID-19 pandemic has significantly reduced the available PA workforce, whilst simultaneously increasing the need for overnight short breaks within vulnerable families, so the demand for residential care has remained high, and increased, throughout the past year.

The proposal links to the following CCC priorities:

- Communities at the heart of everything we do:
  The children's homes enable these children to continue living within their local communities, accessing their local health services, attending their local schools and keeping in regular contact with their friends, families and support networks.

- A good quality of life for everyone:
  The children's homes enable families to have a sustained break from their caring roles, whilst their children spend time in a provision which has been tailored for their individual needs, through targeted health training for staff, careful matching with other residents and person-centred planning around the child's skills, abilities, interests, likes and dislikes. This supports the children and young people to achieve good outcomes linked to preparing them for adulthood.

- Helping our children learn, develop and live life to the full:
  The children's homes enable children to access fun and educational activities alongside their peers, whilst being supported to build upon their existing skills and increase their independence in preparation for adulthood. The children are supported within the children's home setting, and also out in the community, ensuring they remain part of their local network and develop their skills around travel training, for example. The children are carefully matched to other residents in order to encourage friendships and so they can spend time with children who have similar interests.

- Cambridgeshire: A well-connected, safe, clean, green environment:
  The children's homes enable the children to remain living in their local communities, connected to their local services and continuing to be full members of their local communities. The alternative could be for them to be placed in out-of-county placements, resulting in them being displaced from all forms of local support, and creating travel requirements for their families, the staff visiting them on a regular basis and the multi-agency group around the child. Being local to family, friends and communities also provides a natural care, support and safeguarding network that cannot be offered easily in a provision that is further away.

- Protecting and caring for those who need us:
  This proposal would enable the continued provision of essential support and services to children and young people with disabilities and complex needs. This would improve their outcomes, both in terms of being able to remain living at home with their families, but also remaining within their local communities, attending their local schools and accessing their local support network. This will support these children and young people to achieve their desired outcomes in terms of increasing their independence, enhancing their opportunities, and preparing them for adulthood. There are no identified

health and safety concerns relating to this proposal, as continuing to operate the in-house children's homes would strengthen the safeguarding networks around these children and enable a greater degree of professional oversight of their care and support arrangements, compared to that which is possible for children placed out-of-county.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

This proposal is clearly linked to the public consultation which took place in 2019 and concluded that families across Cambridgeshire wanted more choice and control in relation to the offer around overnight short breaks for children and young people with disabilities. The key points noted in the summaries from this consultation suggested that initially there would be an immediate take-up of Direct Payments, followed by a likely steady increase in families moving towards a Direct Payment in the future. This outcome has been delayed by the impact of the COVID-19 pandemic, but we remain confident that families will start to utilise the additional options for overnight short breaks once there is a consistent workforce of Direct Payment PA's to facilitate this.

Furthermore, the move in-house affords the Council greater control over the re-design and shaping of the services to meet our requirements in the future, whilst allowing for a programme of work that aligns and maximises innovative efficiency opportunities, such as enabling a greater flexibility around the use of overnight short breaks funding. This fits with the overall strategic service plan and enables a closer oversight of service management by the Local Authority, due to the service sitting closer to senior decision making processes. It also increases the service's ability to pre-empt and/or respond to crises through stronger links to local services, including Education, Health and Social Care.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Prior to the insourcing taking place, the service considered all other options to meet the evolving needs of the families accessing overnight short breaks for children and young people with disabilities. This included holding an extensive consultation with parents, the workforce, other Councils, and children/young people. This consultation and the subsequent insourcing activity outlined the need for greater flexibility and control over the overnight short breaks option, which could only be achieved by bringing the three children's homes in-house.

This was always with an acknowledgement of the financial pressures which would result from this, and the investment of the £400,000 pressure funding will enable the service to continue delivering essential support to vulnerable children and families across Cambridgeshire.

As outlined above, the service have aspirations for making changes to the service delivery model and achieving savings in the future, but these plans have been impeded by the ongoing impact of the COVID-19 pandemic. This proposal is therefore to put in this pressure funding until such a time as we can start to realise the anticipated savings from devolving demand from the children's homes and replacing this support with more cost effective Direct Payments option.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

By providing the £400,000 pressure funding, the service will be able to continue running under the existing model in 2022/23, enabling recovery from the COVID-19 pandemic and continuing to support vulnerable families without any disruption in care. Moving forward the service will be working on plans to make savings to manage down these costs.

Having consulted extensively with Pinpoint (our parent carer forum) and the Voiceability Speak Out Council (young people's forum) in the early stages of this project, we will continue to work alongside these agencies moving forward to ensure our plans for the service re-design will continue to meet the needs of this cohort of families.

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Development and Delivery Board meetings to track the progress with Phase Two. | Monthly | Ongoing | Debbie McQuade (Assistant Director) |
| Monthly liaison with Pinpoint and Voiceability Speak Out Council representatives to ensure co-production of plans. | Monthly | Ongoing | Sasha Long (Head of Service.) |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

By providing the £400,000 pressure funding, there will be no change to the service delivery for the children and young people who have protected characteristics; Disability, Race, Religion, Sex, Sexual Orientation, Poverty and Rural Isolation (which are all factors which could be present for this cohort but which are supported by the consistent provision of overnight short breaks support).

There is no financial impact upon these families as the overnight short breaks are funded via Personal Budgets based on the child’s assessed level of needs. Furthermore, in delivering this support we are enabling families to receive essential breaks from their caring roles and to ultimately recover from the impact of the COVID-19 pandemic. If we were unable to continue delivering this level of support via the children’s homes, these families would face risks in terms of potential family breakdown and significant impacts upon the wellbeing of each family member. An Equality Impact Assessment has been developed to ensure equitable outcomes.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

By providing the £400,000 pressure funding, we will be able to manage the service within budget throughout the next financial year (2022/23), as opposed to accumulating an over-spend. Looking ahead, the service will plan to manage down these costs once the impact of the pandemic has lessened and we are in a position to implement the service re-design.

### Non-Financial Benefits

The service will be able to continue delivering essential overnight short breaks support to children and young people with disabilities, and their families, preventing a risk of family breakdown. These children and young people will be supported to remain living within their local communities and accessing all local services, including education and health. The success of this project will be measured through the numbers of children and young people who have accessed this support, achieving the positive outcomes identified through their review planning meetings, and through family feedback to the service. In addition to this, success will be measured through the eventual re-design of the service, enabling more children and young people to access overnight short breaks via a Direct Payment, and providing families with increased choice and control over their child’s care planning arrangements. We will continue to work closely with our parent carer and young people forums in order to evidence this through family feedback and the co-production of future service changes.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Without the pressure funding, we will overspend in the next financial year, which could risk the continuation of service delivery, or being able to support as many children and young people as needed. | We would try to reduce costs to enable the ongoing running of the service, but this would affect service delivery and our ability to meet demand. | Red | Sasha Long |

## 8. Scope: What is within scope? What is outside of scope?

The in-house residential short breaks service is the key area within scope, with benefits also being achieved in relation to meeting the goals of the Adult's Positive Challenge programme and the Preparing for Adulthood workstream of the SEND Strategy.

# Business Planning: Business Case – Investment proposal

## Project Title: Investment in SAFE Team

| | |
|---|---|
| Committee: | Children and Young People Committee |
| 2022-23 Investment amount: | £268k investment |

Brief Description of proposal:
The SAFE team works with young people at very high risk of criminal exploitation. The team had been funded by grants, but these have now ended. There is some potential for government and partner funding to reduce the investment identified above, but any such funding is likely to be one off and is uncertain.

Date of version: 25th October 2021 BP Reference: A/R.5.012

Business Leads / Sponsors: Lou Williams

# 1. Please describe what the proposed outcomes are:

The SAFE team is part of our youth justice offer and works with young people who are actively the subject of criminal exploitation.

Young people involved in criminal exploitation are vulnerable to serious violence and other forms of harm including serious sexual assault. They are groomed by older young people and adults to participate in organised criminal activities including the transportation of Class A drugs around the country (also called 'County Lines').

Young people often do not recognise that they are the victims of criminal exploitation. Those exploiting them are from serious and organised criminal groups. It is not uncommon for young people involved in county lines to be, for example, 'robbed' of drugs and money in their possession by members of the organised crime group. The financial loss becomes a debt, and young people are then threatened with harm, or with harm to their families, unless they continue to work for the gang to pay off their 'debts'. This type of criminal activity can be associated with serious youth violence, as young people become involved in the violence of the organised crime groups in protecting their areas of business. Young women becoming involved in these activities are also at particular risk of sexual harm, as well as violent harm.

The SAFE team has demonstrated significant impact in its work to date; young people open to the service and, crucially, also after they have ceased involvement, are very much less likely to come to the attention of the police either as suspects, victims or witnesses to offences. The team has also successfully worked with a number of young people who were at significant risk of coming into the care system because their relationships at home had deteriorated or in order to offer protection. In some cases, young people have been supported to end their involvement with the organised crime group, and they and their family supported to relocate to another part of the country.

Placements for young people in these situations tend to be very high cost and while it is difficult to say with complete confidence that the actions of the SAFE team have definitely avoided placements for specific young people, there is clear evidence that the team is an important part of our overall approach at preventing young people coming into care as a result of harms from outside of their families.

Being able to continue this service will support the following County Council outcomes for Cambridgeshire:

- Communities at the heart of everything we do
- A good quality of life for everyone
- Helping our children learn, develop and live life to the full
- Protecting and caring for those who need us

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The service has monitored outcomes information for young people currently supported by the team, as well as those who have ceased their involvement.

The team works with young people already involved in serious offending. Nevertheless, the reduction in police investigations of young people involved with the team or post involvement as a suspect in an offence is 60%. Missing instances reduced by over 90% for young people currently involved with the service or who had ceased involvement.

While these indicators may be seen as only benefiting the police, in reality they are also proxy indicators for the likelihood of children's services expenditure and continuing involvement.

The SAFE team has also successfully supported the stepping down from care to a return home for three young people, one of whom was in a residential placement, because of concerns for their on-going safety. The team has also worked with a total of 15 young people who were all assessed as being of very high likelihood to enter the care system, and who have successfully remained at home with their families.

There is therefore an emerging body of evidence to support the view that the SAFE team is successfully avoiding a higher level of spend than the investment required to provide the service. It is also, of course, supporting significantly improved outcomes for extremely vulnerable young people which have the potential to be lifelong, with long term benefits to the community as a whole.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

An option of using temporary funding from reserves has been considered on the basis that the group of young people worked with by the team have been adversely affected by COVID-19, and that continued funding maybe possible to achieve through identified savings to the cost of placements.

While this group of young people have been particularly affected by COVID-19, the proliferation of the organised criminal exploitation of young people is unlikely to come to an end as we move beyond the pandemic.

Seeking to fund this team from the placement budget is also high risk, given the volatility of this budget and the shortage of placements for children in care that has been articulated elsewhere.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

In the event that this investment is supported, no further action would be required; the team would continue to work as they currently are doing.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Investment decision | 30 November CYP Committee | N/A | Lou Williams |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

A review has concluded that an Equality Impact Assessment is not required for this proposal. Continuing the service through approval of the investment requested would mean that the current positive impacts for young people continue.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

As noted above, while it is difficult to calculate cost avoidance for any preventative service, there is growing evidence that the team is preventing young people from entering or remaining in care.

The annual cost of the team is £268k; placements for young people who have become ensnared in criminal exploitation tend to be high cost, with even semi-independent/supported placements being in the £1,500-£2,000 per week range and residential placements closer to £4,000 and above. These are not young people for who any foster care placement is likely to be identified.

Even at the lowest cost of placement, if the service avoids 4 young people coming into the care system at a placement cost of £1,500 a week, there is a financial return on investment. Clearly, even one young person prevented from needing a residential placement will almost result in meeting the investment costs.

### Non-Financial Benefits

The benefits of preventing young people from becoming involved in criminal exploitation are very significant and potentially life-long.

Young people who receive custodial sentences are much more likely to remain involved in offending, have much poorer mental health and be less likely to be able to make a positive contribution to their community as adults and parents.

There are challenges in demonstrating benefits of preventative services such as these. However, outcome measures will continue to be monitored, including:

- The number of care placements avoided;
- Arrest rates;
- Reduction in numbers of young people being victims of offending;
- Reports of missing episodes.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

As the service is already in operation; there are no risks assuming it continues to remain in operation.

Should investment not be supported, there would be:

- a need to explore the extent to which current team members can be redeployed to other areas of the business

- consideration of negative impacts to young people at very high risk of criminal exploitation

## 8. Scope: What is within scope? What is outside of scope?

This business case is for continued investment into the operation of the SAFE team.

In the event of any one off or recurring funding from central government or partners, the investment required will be reduced accordingly.

# Section 4c
# Children and Young People Committee

## Temporary Funding Proposals

# Business Planning: Business Case – Savings / Investment

## Cambridgeshire SEND Transformation Programme

Committee**:** Children & Young People

| | |
|---|---|
| Savings amount: | £19.7m cost avoidance over 3 years |
| Investment amount: | £909,696 over 3 years (plus a contingency cost ranging £272,016 - £395,316) |

Brief Description of proposal:
Delivering a new SEND Transformation and improvement programme focusing on early intervention for children and young people with Special Educational Needs and Disabilities (SEND) in Cambridgeshire.

Date of version: November 2021 BP Reference: N/A

Business Leads / Sponsors: Jonathan Lewis, Service Director Education

# 1. Please describe what the proposed outcomes are:

Work has taken place to develop a refreshed SEND Transformation programme for 2021-23, ensuring that we focus on the right things to drive delivery of better outcomes for children and young people, sufficiency of the right services delivered at the right time and in the right place and at the right cost and impact on finances (VFM). Initial calculations estimate that this transformation plan could deliver cost avoidance of £19.7m over three years. £909,696 investment is requested to support the transformation programme split over three financial years, plus a contingency cost ranging £272,016 - £395,316.

The strategic priorities for SEND Transformation are:

- Identify and respond to needs earlier to reduce the level of new demand for statutory support, an ambition set out in the SEND Strategy. A focus on earlier prevention, ensuring support is put in place as early as possible to support children and young people and their families with their needs.

- Focus on ensuring our work reduces costs through improving outcomes for children and young people with SEND. Our transformation plan is underpinned by the idea that through improving outcomes and the wider SEND system, lower costs should result through more children and young people being supported at SEND support level, more young people being able to maintain placements within mainstream settings and those who do require specialist provision accessing this locally.

- Reduce the escalation of need and minimise the current push to move children from mainstream to specialist provision**.** Supporting children to re-integrate within mainstream where better outcomes can be achieved. These principals may also have carbon benefits from a potential reduction in travel – if children can travel to their local school rather than a specialist school that may be a distance way.

- Take a system wide approach**,** ensuring our transformation plan is connected to the SEND Strategy and supports delivery of a shared ambition with partners and communities.

We know that to achieve significant system improvement we need to do things differently, with transformation in SEND underpinned by the following principles:

- Ensuring we have the right provision at the right time - investing in early years and earlier prevention.
- Embedding a focus on strengths and outcomes - understanding the needs of our children and young people and commissioning provision that enables them to meet their outcomes.
- Developing a system-wide view and collaborative working with partners, particularly health, as part of the children's collaborative to shape and deliver change.

- Ensuring our processes enable transparent decision making, with the child at the centre.
- Measuring and sharing our impact.

The programme will consist of a series of workstreams to shift system behaviours, to manage demand, improve local provision and processes and consequently reduce spend. The proposed workstreams and expected outcomes are as follows:

## 1. Changing the Conversation (CtC)

Embedding a strengths-based, person-centred approach to conversations across the education, health and care system to enable positive, sustainable change that focuses on early intervention, inclusivity and education, health and care provided close to home across the SEND system, providing the foundation for the new way of working and processes.

## 2. Mapping Provision

Developing a strategic view of provision to inform what is needed, developed and possible. To ensure that SEND provision is fully aligned with the aims of the transformation programme, we need to fully understand what provision currently exists and how impactful this is on children's outcomes and what value for money they provide (quality and cost). This workstream may also deliver carbon benefits if it leads to decreased travel requirements –e.g. through either improved ability to locate children closer to home and/or leading to filling geographiocal gaps in provision resulting in less travel

## 3. SEND Support

Designing and the wide promotion of our SEND Support offer with CYP, families and settings. All stakeholders will be aware of the support available to them without requiring a plan. Developing a SEND system, toolbox, and a shared understanding about what can be provided in mainstream settings. Ensuring professionals are confident talking to families and CYP about what SEND Support can offer, providing reassurance that CYP can have their needs met and receive the best possible support without requiring a plan. By ensuring there is a consistent approach to SEND Support, we should see a system that does not see EHCPs as a 'golden ticket' or necessary requirement to be able to access support.

## 4. Tuition

Review existing arrangements to ensure that tuition and alternative provision is used appropriately, consistently and in line with Preparing for Adulthood values and a strengths-based approach. There is an opportunity to ensure tuition provision enables children and young people to return to classroom settings where their outcomes and life chances will improve, and support will be most cost effective.

## 5. Outreach Model

To facilitate supporting children and young people with SEND in mainstream provision through Special Schools outreach. Special schools are experts in supporting children with SEND needs and with greater support could more effectively upskill peers in mainstream settings to support children to remain in their schools.

## 6. Enhanced Resource Bases (ERB)

Confirming the commissioning arrangements for ERB and SEND units and develop a Cambridgeshire offer for ERB ensuring that ERBs are effectively meeting the needs of children and young people, and that there is a clear understanding of what they provide and how this differs from other types of provision. Ensuring provision that is aligned with sufficiency, forecasting and ambitions for more children and young poeple to have their needs met in mainstream, local settings. Local provision may also provide greater resilience to climate change through having less travel (and therefore less reliance on infrastructure) to get to school.

## 7. Social Emotional and Mental Health (SEMH)

Working with health colleagues in the children's collaborative to deliver enhanced mental health support to schools and other education settings. Developing specialist provision for pupils with SEMH needs on primary school sites. A clear and consistent approach to monitoring, challenging and supporting schools and settings. A primary school network of early intervention and prevention support services. This will improve outcomes for children experiencing SEMH needs while remaining in mainstream education.

## 8. Preparing for Adulthood

Ensuring focus across the SEND system on preparing every child with SEND to successfully transition into adulthood. Developing clear information and a supported employment/internships offer for all cohorts (delivered where appropriate in FE settings) with alignment to the inhouse job coaches.

## 9. System Design

To redesign and simplify the SEND system to improve navigation for parents/carers and improve consistency in access and provision. This workstream will create the blueprint of a transparent SEND system, to ensure that as far as is possible, the component parts of the Cambridgeshire SEND system are aligned and talking with one voice in terms of process, finance, decision, and goals.

## 10. Banding & Descriptors

To transform our funding systems to include banding & descriptors of need whilst exploring the concept of zero-funded plans, to give reassurance of support without the need for additional funding. To bring clarity to the graduated approach for staff and parents by having a consistent approach to understanding and planning to meet needs. To develop system wide banding and a robust set of descriptors of need and expectations of provision and how those needs can be met within settings. Align practice across mainstream and special schools about how needs can be met. The banding work links to recommendations detailed in August 2021 DSG High Needs Block Demand Management Audit.

## 10. Valuing SEND

Explore the potential of introducing the Valuing SEND tool or similar approach, to settings to enable holistic and strengths-based conversations, a better understanding of individual and cohort needs, and how settings are able to meet this.

## 11. Panel Redesign

Redesigning our panel structure including the Needs Assessment Panel, Funding Panels and high cost placement panels, developing consistent, transparent and strengths-based multi-agency decision making from assessment through to issue of plans. We will also introduce improved systems for making a 'no to issue' decision. Ensuring decisions are child centred and robust, making sure that children are receiving EHCPs when required, and that those who do not require plans are pointed towards appropriate support. This will include explicit reasoning and feedback to stakeholders, increasing transparency and confidence in the system. The panel redesign will address a number of the recommendations raised in the August 2021 DSG High Needs Block Demand Management Audit.

## 12. Annual Review improvement

Improving our annual review process to ensure these are timely, outcome-focused and of high quality. Improving confidence in the system and increased transparency in decision-making and the importance and purpose of Annual Reviews in supporting outcomes. Through increasing the quality of reviews, support to CYP will be proportionate and more plans could be ceased where outcomes have been achieved, this should be seen as a positive achievement by professionals, parents/carers, children and young people. This is particularly a focus for young people leaving school to ensure their journey to independence is best supported. The review will seek to address a number of the recommendations raised in the August 2021 DSG High Needs Block Demand Management Audit.

## 13. Legal Review

Enabling better use of council resources and more effective joint working with professionals by involving the right professionals at the right time to reduce escalation of cases to legal proceedings; engage in mediation earlier and bring some aspects of legal proceedings ‘in house’; effective use of Legal provider SLA to ensure effective working and value for money.

## 14. Early Years

Capacity building to improve prevention and early intervention one of the key principles of the transformation plan to reduce the level of new demand for statutory support (further scoping required)

In addition to the workstreams detailed above, we have identified the following enabling activities that will support us to deliver change:

a) SEND case management system

Procurement and implementation of a SEND case management system. This work sits outside the programme, with governance via the Education System Programme. It will have a major impact on the day to day working of the SAT team (Statutory Assessment Team) and beyond, facilitating efficient working and system collaboration. It will improve the SAT team's ability to process cases and reduce the backlog on an ongoing basis.

b) Trajectory Management

Development and embedding of a trajectory management approach and mechanisms for capturing and sharing programme impact.

c) Workforce roles, responsibilities, and development

All people in the SEND system are clear about their role and the role of others and how they each add value to every child with SEND.

d) Communications and engagement

To identify and manage stakeholder engagement across the programme for a range of stakeholders (including education, health and care staff, schools and settings, children, young people & families) and build effective relationships across the system to support engagement and buy-in to the programme. Develop and rollout a programme communications plan, to plan and prepare for the key messages that need to be delivered to stakeholders over the course of the transformation with messages aligned in content and timing to the key activities and milestones within the programme.

e) Quality Assurance

Focus on the continuous improvement in the quality of services delivered. Ensuring the recommendations from the Dedicated Schools Grant High Needs Block Demand Management Report will be built into the QA Framework review.

f) Data quality

To improve the quality of data recording about EHCP process and placement, delivering new processes for recording activity and finance.

In summary, the overriding principle of our SEND Transformation Programme is early prevention, ensuring support is in place as early as possible to support CYP and their families with their needs, where possible without the need for an EHCP. We have re-focused our transformation work to ensure that whilst cost reduction remains a key factor of success, outcome improvements are placed front and centre by ensuring better outcomes for CYP with SEND. This should mean that the cost to support them reduces. Through roll-out of our strengths-based practice/behavioural science approach 'Changing the Conversation' within the system, CYP and their families will be at the heart of all conversations - with an emphasis on their strengths, outcomes and aspirations. Through the Bandings & Descriptor workstream, we will set out clearly how settings can meet the needs of CYP, ensuring that support is proportionate and enables young people to take steps towards independence. Through increased co-production, promotion and engagement with our SEND Support offer, clearly setting out our expectations around Preparing for Adulthood, and ensuring that more young people either transition into independence or into further support. Our vision is that CYP with SEND will have their needs and outcomes more effectively met at all stages of their journey.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Cambridgeshire continues to face increasing challenges in relation to funding for children and young people with SEND. The High Needs Block has a forecast in-year pressure of £11.2m for 2021/22, this will add to the current Dedicated Schools Grant cumulative deficit of £26.4m.

Locally and nationally, there is a continuing increase in the number of children and young people with an Education, Health and Care Plans (EHCP - outlines a child or young persons special educational, health and social care needs), alongside increasing complexity of need and the legal extension of eligibility to support for young people up to the age of 25.

There are currently 6,044 EHCPs in Cambridgeshire, with over 900 new plans issued in the last year, an increase of 41.5% against the previous reporting period, which represents an increase of 236% over the last six years. Growth in EHCP numbers is particularly acute in those aged 10 and under (primary school and early years) and 20 and over.

Trends for the future forecast a year-on-year increase in EHCPs, there will be a 47% increase in the number of EHCPs by 2031 based on current trends. EHCPs which show Autistic Spectrum Disorder, Social, Emotional and Mental Health (SEMH) or Moderate Learning Difficulties as the primary need are likely to grow more quickly and make up most of the expected growth. Much of our increase, as with other Local Authorities results from the 2015 reforms which extends the eligibility for support up to the age of 25; requiring a need to support plans for longer and therefore representing a growth in demand for Post-19.

Cambridgeshire County Council has been responding to these growing pressures through a range of actions detailed within the 2019-21 SEND Recovery plan, achievements include:

- Review of targeted group of young people to ensure support is timely, appropriate & focused on outcomes
- Improving block contract arrangements
- Reviewing Behaviour & Attendance Improvement Partnership (BAIP) support
- Reviewing Enhanced Resource Base provision
- Developing a sufficiency forecast model and strategy to improve provision planning
- Embedding strengths-based practice with the Statutory Assessment Team.
- Continuing progress on SEMH Review, including specification for Centres of Excellence
- District Team restructured to strengthen support offered to schools
- SEND Quality Assurance Framework introduced in September 2020
- Work beginning to implement a SEND Case Management System to improve process efficiency

Work has taken place through engagement with staff across the service to reflect on the SEND Recovery plan, building on the progress made during the last two years while resetting our approach to develop a refreshed and reprioritised SEND Transformation programme for 2021-23 to ensure that we are still focusing on the right things to drive better outcomes for children and young people and impact on financial pressures.

The programme links to many other pieces of work and with stakeholders across the system including:

- SEND Strategy
- SEND Commissioning Strategy
- Autism Strategy and development of pathways
- Best Start in Life
- Strong Families and Strong Communities
- Development of Children's Collaborative Local offer
- Alternative provision and inclusion teams
- Schools Improvement Service
- Preparing for Adulthood work in Adults (APCP), ensuring alignment around transitions
- Quality Assurance
- Sufficiency data
- Education system programme (SEND case management system)
- SEND training/ workforce development
- DSG High Need Block Demand Management Audit report
- DSG Management Plan

The programme workstream interdependencies have been mapped, this has been used to sequence the workstreams to make best use of resource (sequenced workstream illustrated in table 2).

At the time of submitting this business case, a separate business case for the Young Adult's Team, Disability Social Care 0-25 Service, had also been submitted. The Young Adult's Team business case is requesting funding for permanent staffing to increase operational resource. This is entirely consistent with the ongoing increase in demand locally and nationally, one of the key drivers for the transformation programme, and is in line with the recent agreed additional investment for the Statutory Assessment Team to increase capacity to deal solely with BAU (Business as usual).

The transformation programme includes workstreams that will impact and benefit the work of the Young Adult's Team as we work to shift system behaviours, improve processes, and manage demand, for example, Preparing for Adulthood, Panel Redesign, Annual Review Improvement and a Tribunal Review. Alongside their BAU, this requires operational staff to have sufficient capacity to manage their caseloads and implement change. Further key principles in line with SEND Transformation, as detailed in the YAT business case are increased capacity which will enable the team to undertake reviews at an earlier stage with the potential to reduce packages, deliver savings and focus on maximising the young adults' strengths and independence. As we launch the transformation programme our links with Disability Social Care, as an identified stakeholder, will be developed and strengthened, including representation on the SEND Transformation Board

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Through our trajectory management planning, five scenarios of action have been considered, including a do-nothing approach. The transformation programme is based within a scenario that will not bring spend in line with High Needs Block allocation, however it is considered by all involved the most realistic and deliverable option, with emphasis on early intervention and changing behaviours early in the system, a reduction in the number of requests for EHCPs, through a strengthened SEND support offer and improved inclusion within settings; a reduction in the number of plans being issued through more robust, strengths-based decision making, greater inclusivity within mainstream settings, enabling more children to remain in settings and able to return from specialist settings; transparent decision-making and clear expectations around funding.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

Investment is required to bring in capacity, skills and expertise to deliver the programme. We are looking at a mix of new roles and internal backfill arrangements, external partners and BID colleagues to provide a blended delivery team. This provides added benefits of drawing on existing skills, and subject matter expertise, as well as offering development opportunities and skills and knowledge exchange. The posts and backfill requirements are detailed in the table below and total an investment request of £909,696. The funding request spans three financial years with an immediate requirement in 2021-22 of £220,852.

| **COST PLAN** | | | **Breakdown over 24 month period** | | |
|---|---|---|---|---|---|
| **Expenditure detail** | **Expenditure Rationale** | **Total Cost** | **21-22** | **22-23** | **23-24** |
| Assistant Strategic Improvement Manager (P3) for 24 months | Additional capacity across SEND Transformation Programme, bringing SEND expertise and knowledge. Role to include management of seconded SENCOs. (P3 £56,676 - £60,938 per year inc. 30% oncosts, total cost £121,876) | £121,876 | £15,235<br>Assuming Jan 22 start date | £60,938 | £45,703 |
| Preparing for Adulthood lead(P3) for 24 months | Preparing for Adulthood is a large scale complex workstream that requires dedicated resource to lead and develop work. Propose a 24-month secondment for Additional Needs Team Leader with an uplift from P2 to P3. Additional Needs Pathway Adviser from within team to backfill for Team Leader. Recruitment of an Additional Needs Pathway Adviser, ensuring capacity is not withdrawn from the team and current expertise is utilised to support the work. Total cost £113,350 | £113,350 | £14,169 To start Jan 22 | £56,675 | £42,506 |
| SEN support workstream lead, backfill costs for 9 months | Backfill Team Leader to lead on SEN Support workstream with a senior teacher via TLR 1 day per week to provide capacity for 9 months. Total cost £2k | £2,000 | £1,333 Start Oct | £667 | |
| External interim Tuition Lead, for 125 days | External SEND expertise required to undertake detailed analysis and lead tuition workstream. There is no current capacity within the service to do | £50,000 | £38,000 Mid -Nov start if funding | £12,000 (30 days) | |

| | | | | | |
|---|---|---|---|---|---|
| | this work, so external support is required. (£400 per day x 125 days) Total cost £50k | | approval allows. (95 days) | | |
| External interim Annual Review Improvement Lead for 52 days | SEND Leadership and Management Consultant for 1 day per week for 12 months to shape and lead annual review improvement process (£550 per day for 52 days) | £28,600 | | £28,600 | |
| Area SENCO | To implement annual review improvement changes, protecting SAT team capacity. UPS plus 1 SEN point 38-41K + £2,270 SEN + 30% Total £56,251 per year | £56,251 | | £56,251 | |
| Changing the Conversation external support for 6 months | We will explore the market for available SEND and behavioural change expertise to lead on taking a strengths-based approach across the SEND system. | £125,100 | £62,550 | £62,550 | |
| SEND readiness tool development and implementation | To bring in capacity and skill to develop and implement SEND tool to determine school and parental readiness to meet needs, to include training practitioners. (£450 for 130 days, total £58,500) | £58,500 | £29,250 | £29,250 | |
| SENCO secondments (5 SENCO's 1 day per week for 24 months) | Time to be used flexibly across programme, providing external expertise from SEND System to support co production and development of workstreams. This will include Early Years SENCOs. SENCOs to be trained as Changing the Conversation Champions. £300 per day for 78 weeks x5. Total cost £117,000. | £117,000 | £18,000<br><br>From Jan 22 | £58,500 | £40,500 |
| Headteacher secondment (78 days, based on 1 day per week for 24 months) | Time to be used flexibly across programme, to bring in expertise of one of more Headteacher. Based on SIS costs £400 per day for 78 days, total cost £31,200 | £31,200 | £4,800 From Jan 22 | £15,600 | £10,800 |
| Subject matter expertise to support SEMH workstream.<br><br>SEMH lead | SENCO support £300 per day, 1 day per week for 24 weeks, total cost £7,200<br><br>Staff backfill for 1 day for 52 weeks (P2 @£49,981) | £7,200<br><br>£10,000 | <br><br>£2,500 | £7,200<br><br>£7,500 | |
| Communications and digital | Budget for communication and digital expertise and resource to support system wide | £30,000 | £3,750 | £15,000 | £11,250 |

| | | | | | |
|---|---|---|---|---|---|
| | transformation activity, local offer and strategic communications plan eg professional videos, branding, training materials, animations, web developments, event costs, toolkits, peer led campaigns. Total cost £30,000 | | | | |
| Business Officer x 0.5 fte for 24 months | To provide support to the SEND Transformation workstreams, ensuring capacity is not drawn away from statutory functions and more costly/specialist staff. Scale 4 officer £20,092 + 30% = £26,119 per year. | £26,119 | £3,265 | £13,060 | £9,795 |
| Business Analyst<br><br><br><br>Trajectory management resource | To support work to improve data quality, to develop, implement and embed new workflows. 25 weeks full time resource @ £350 per day<br><br>Capacity to support trajectory management development and tracking. Likely to be 4-6 months. | £43,750<br><br><br><br>£43,750 | £28,000<br>Assume from Dec 21 | £15,750<br><br><br><br>£43,750 | |
| Early Years | Resource to bring early years capacity into the SEND Transformation Programme. | £45,000 | | £45,000 | |
| Total | | **£909,696** | £220,852 | £528,291 | £160,554 |

## Contingency plan

Given the scale of this two-year transformation programme we have outlined a contingency plan with a contingency cost ranging between £272,016 and £395,316, depending on the options available for specific costs.

| **Expenditure detail** | **Contingency rationale** | **Contingency range (top)** | **Contingency range (lower)** |
|---|---|---|---|
| Assistant Strategic Improvement Manager (P3) for 24 months | If we are unable to recruit to this post we would look to bring in an external interim to provide short term cover to ensure sufficient management capacity for the programme, whilst we re-ran the vacancy. We need to ensure this post is covered as soon as possible because part of the job-holders role will be management of the seconded SENCOs, we need to avoid adding additional pressure to existing management capacity. | £450 per day x 60 days = £27,000 This is an uplift of **£11,765** | £11,765 |
| Area SENCO | We are proposing an initial 12 months for the Area SENCO role with particular focus | £56,251 | £56,251 |

| | | | |
|---|---|---|---|
| | on taking forward the Annual Review improvement changes. If the Annual Review Improvement implementation requires further resource to embed change and given the potentially wide-reaching impact this role will bring - we would like the option (following review) to extend, possibly for a further year. | | |
| Changing the Conversation external support | CtC with external partners is a new approach. There is a risk that six months support will be insufficient time to develop the approach and we may need to extend the period of support, therefore a contingency cost is proposed. | £62,500 | £62,500 |
| SEND readiness tool development and implementation | We have proposed a contingency cost for the development and implementation of a tool to determine school and parental readiness to meet needs. We will need to explore the external market for this and have included costs for an external interim rather than a consultancy firm. However, if this is not possible, due to availability or knowledge of this type of tool we may need to procure consultancy support. We have used the indicative quote provided by a consultancy firm for this, for six months (£166k) and nine months (£249,300) support and present the difference to the external interim cost as the contingency request. | Uplift for 9 months consultancy £190,800 | Uplift for 6 months consultancy £107,500 |
| Early Years | We are working with Early Years and Childcare to scope the options for the Early Years workstream. This requires further development and agreement. We have three indicative costs based on early plans. We have included the low-cost option (£45k) in the cost plan. The medium option is an indicative cost of £79k and top end option is £119k. We have included the uplift from the low-cost option in the contingency plan ie £34k-£74k. | Uplift for high-cost option £74,000 | Uplift for medium cost option £34,000 |
| Total | | Contingency (high range) **£395,316** | Contingency (lower range) **£272,016** |

In addition to the resource requirements detailed above and the current SEND Service resource, the Business Improvement Directorate will look to allocate the following existing resource to the programme:

| | |
|---|---|
| BID - Programme and Projects<br>Project management skills to drive forward individual workstreams and programme management capacity to oversee transformation | 1 Programme Manager<br>1 Senior Project Manager<br>0.5 Project Manager |
| BID - Design and Behaviour Change<br>To support discovery, as is mapping and stakeholder engagement, problem definition, intervention design and testing, coproduction, implementation, and delivery and measuring impact | 1 Senior Design Advisor<br>0.2 fte Senior Project Manager for 6 months to use knowledge from APCP to advise on CtC |
| BID - Commercial Team<br>Support and advice on business planning, contract management and procurement | Commercial Manager |
| BID - Business Intelligence<br>Provision and development of performance /management information.<br>Development of trajectory management<br>Business process improvement in SAT / case management system development.<br>SEND Dashboard, SEN2 data return<br>Contribute to workstream data requirements eg ERBs, Tuition, Annual review improvement process | Head of Business Intelligence<br>Currently supported through BAU |
| Finance<br>Financial management and reporting<br>Development of trajectory management<br>To contribute to workstreams on development of banded funded, ERB review, panel redesign. | Strategic Finance Manager |
| Commissioning<br>Lead on commissioning arrangements<br>SRO and lead officer for ERB review and mapping provision | SEND Commissioning Manager<br>SEND Commissioner |
| Communications, web and digital<br>Support on communication and engagement activity | Communications Manager to coordinate resource as required. |

## Dedicated Schools Grant Block Transfer.

As in previous years, local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant, with Schools Forum approval. 0.5% of the schools block will equate to approximately £2.1m in 2022-23.
The local authority is therefore proposing a transfer of 0.5% / £2.1m to support a range of activities aimed at providing additional support to schools, increasing training opportunities and increasing provision to mitigate the requirement for higher cost

independent or out-county placements. This also includes a proposal to contribute circa £500k towards the costs of this transformation programme in 2022-23.

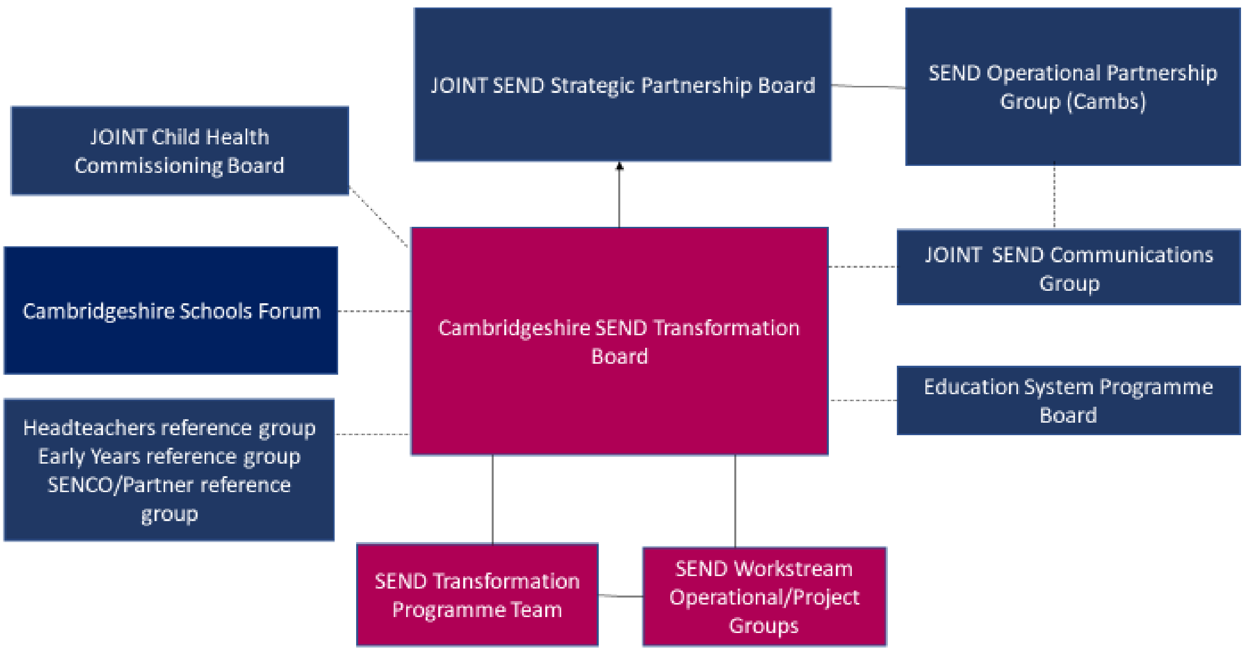
At the Schools Forum meeting held on 5th November 2021 members of Schools Forum voted to approve in principle the 0.5% / £2.1m transfer. However this agreement was subject to the Local Authority returning to Schools Forum at the next meeting, having undertaken further discussion with relevant representative bodies, with a more detailed, fully costed plan, and, furthermore, the impact of which is reviewed, monitored and evaluated on a regular basis by Schools Forum.

Further to this the treatment of the funding is to be discussed with the DfE to ensure it is shown correctly in the annual Section 251 budget statement.

## Governance arrangements

The Service Director for Education will be the Senior Responsible Officer for the SEND Transformation programme. The SEND Recovery Board and the Strategic Education Commissioning and Governance Board will be reformed as the SEND Transformation Board to oversee delivery of the plan and monitor progress against the plan and trajectories. Each workstream will have a senior responsible officer and workstream lead. The workstream SROs will sit on the Transformation Board to report progress, risks, issues and manage dependencies. We will establish (or link to an existing forum) a Headteachers reference group and a partner working group to guide the work of the programme. The programme will be supported by a programme team and trajectory management working group.

## Table 1 - SEND Transformation Governance

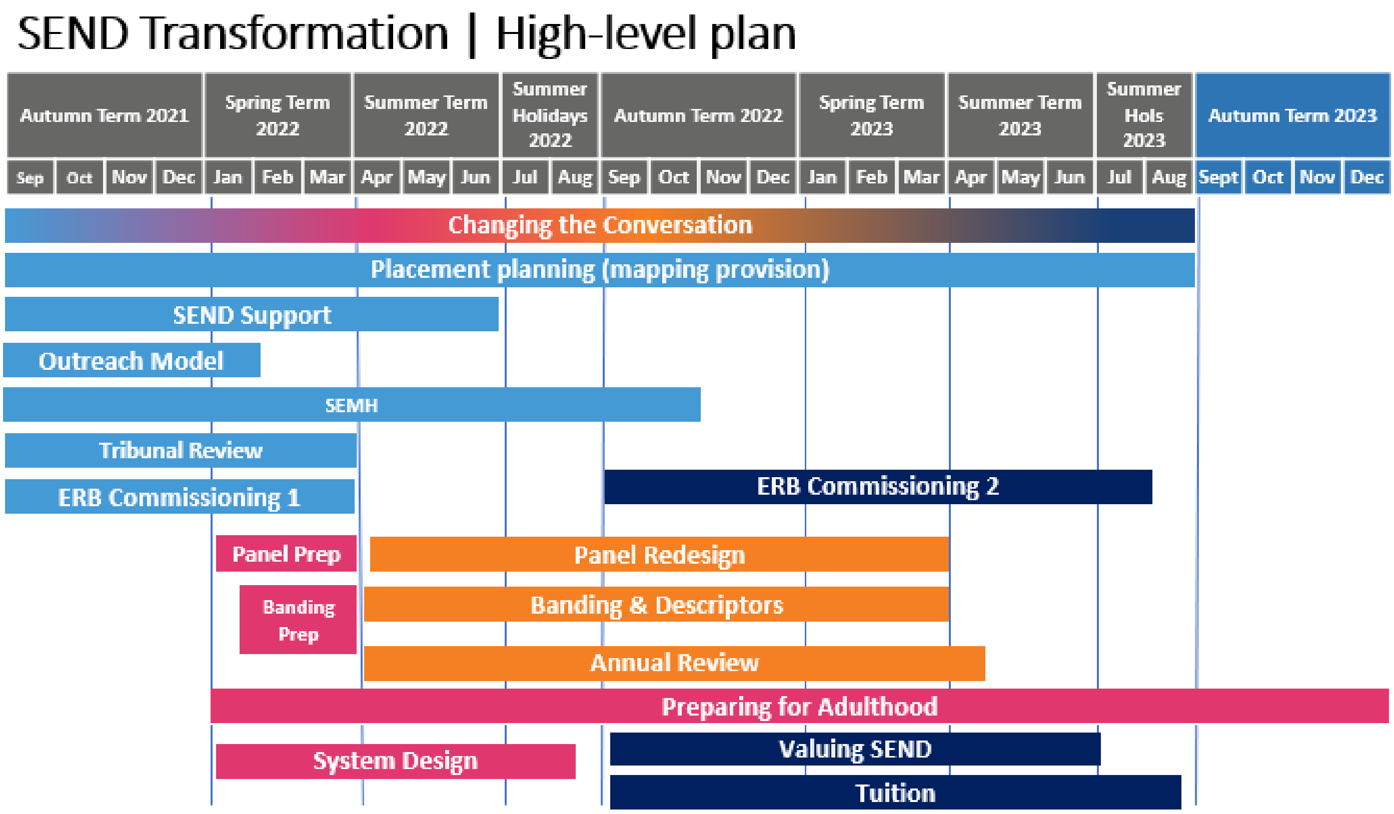


## Programme plan

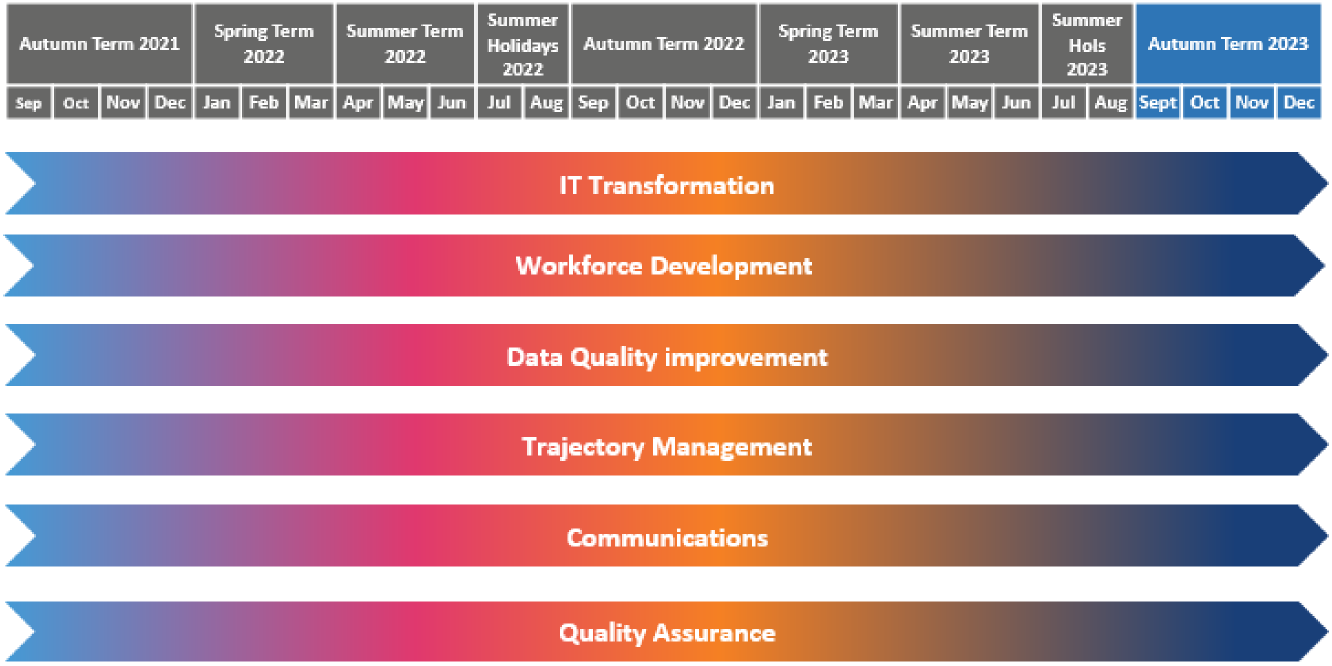
We have identified a number of workstreams (detailed in section 1) important in shifting system behaviours, managing demand and reducing spend, meaning more attention is needed on sequencing of change, especially due to dependencies between workstreams. Most of the workstreams involve the ‘influenceable space’, requiring a strategic and consistent approach to co-production and engagement with partners. The SEND Transformation Plan proposes a phased approach to the workstreams across 2021-23. The workstreams have been prioritised and sequenced based upon a prioritisation of the following criteria:

- Alignment to SEND Strategy
- Impact on outcomes for CYP, families, settings & staff
- Financial impact and timeframe for delivery
- Investment required to deliver change
- Complexity of delivering change
- Dependencies between workstreams
- Legal & representation risks to delivering, or not delivering change
- Essential skills to deliver change

## Table 2 – High level programme plan



# SEND Transformation | High-level plan Enablers




## Programme Milestones

Initial planning has determined the following high level milestones:

| **Milestones** | **Date** milestones achieved by |
|---|---|
| **Mobilisation activity – governance arrangements** | |
| Develop PMO functions eg risks, dependencies, reporting, impact measures | End Sept 21 |
| Governance and Terms of reference agreed | 29 September 21 |
| **Mobilisation activity – resources** | |
| Agree workstream SROs and leads | September 21 |
| Agree programme resourcing | Nov 21 |
| Business case and costs drafted | 14 September |
| Phase 1 workstream groups established | End Sept 21 |
| **Mobilisation activity – communications** | |
| Stakeholder mapping and analysis | Sept 21 |
| Develop communication content | Sept 21 |
| Communication and engagement plan developed | Sept 21 |
| Engagement and launch events | Sept – Nov 21 |
| **Phase 1 Workstreams** | To Start Sept 21 |
| Design Changing the conversation intervention | Sept 21 |
| Rollout CtC intervention (Additional Needs Team) | Sept – Nov 21 |
| Plan next CtC intervention | Dec 21 |
| SEND Support - engagement with stakeholders | Nov – Dec 21 |

| | |
|---|---|
| Provision mapped | Dec 21 |
| Outreach model in place | Jan 22 |
| ERB phase 1 activity completed | Dec 21 |
| **Phase 2 Workstreams** | To start Jan 21 |
| Preparing for Adulthood workstream mobilised | Jan 22 |
| SEND System design reports | July 22 |
| Banding and descriptors of need workstream planned | April 22 |
| Panel redesign planned | April 22 |
| **Phase 3 workstreams** | To start April 22 |
| Panel redesign implemented | April 23 |
| Banding and descriptors or need implemented | April 23 |
| Annual review improvement implemented | April 23 |
| ERB commissioning completed | Aug 23 |
| **Phase 4 workstreams** | To start Sept 22 |
| Tuition review completes | Aug 23 |
| | |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

| Who will be affected? | Positive Impact | Negative Impact |
|---|---|---|
| Children, young people and their families | A continued focus on improving outcomes with an emphasis on meeting a child's needs inclusively.<br>Strengthened local provision will enable CYP to have their needs met within their communities and close to home.<br>Families will feel more engaged in activity undertaken by the council and more confident in the support available within settings to help their children succeed. | |
| Schools and settings | Strengthened SEND system with a shared ambition and more meaningful co-production.<br>Using strengths-based child-centred approach to conversations and decision-making<br>Areas of good practice can be more widely celebrated and used as a basis for further change. | Capacity to engage. |

| | | |
|---|---|---|
| SEND Service staff | Improved resilience within the service with improved outcomes and reducing demand reducing pressure on staff. Opportunities to engage with change and upskilled on strengths-based approaches. The knowledge that issues are being addressed will improve staff morale. | A call on already stretched staff capacity to contribute to the transformation activity (this is being mitigated through planning for additional resource) |
| SEND Management | Focus and capacity to progress change.<br>A strategic view of provision to inform what is needed, developed and possible.<br>Tools to measure and share impact. | A call on already stretched staff capacity to contribute to the transformation activity (this is being mitigated through planning additional resource) |
| Stakeholders | There will be a shared ambition and priorities across the system for CYP with SEND - including within Health & Social Care. | Capacity to engage. |

A full Equalities Impact Assessment has been developed which will continue to be reviewed and refreshed accordingly.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

The financial impact of most workstreams will be cost avoidance, avoiding additional spend rather than reducing the current pressure. We are proposing a shift from the line-by-line savings approach of the SEND Recovery Plan 2019-21, moving to a trajectory management approach which enables the flexibility to adapt approaches and re-focus transformation activity as required. It will also allow for better performance measuring, as the line-by-line savings approach is so often affected by demand. Trajectory management allows us to measure impacts taking into account demand increases. The Trajectory management approach was successfully adopted by the Adults Positive Challenge Programme. Work has begun on Trajectory planning for the SEND programme, but this will be further developed over the coming months.

Due to the nature of the demand within SEND many of the strategies are focussed around mitigating the scale of the potential increases rather than cashable savings resulting in a reduction in budgeted expenditure. Performance will be monitored against revised demand forecasts to ensure delivery against original baseline assumptions. Alongside this, workstreams (such as the introduction of a banding system and the continuation of reviews of high-cost placements) should result in reductions in unit costs.

However, implementing a banding system alone is unlikely to yield reductions in costs without the accompanying work around behaviours and changes in practice.

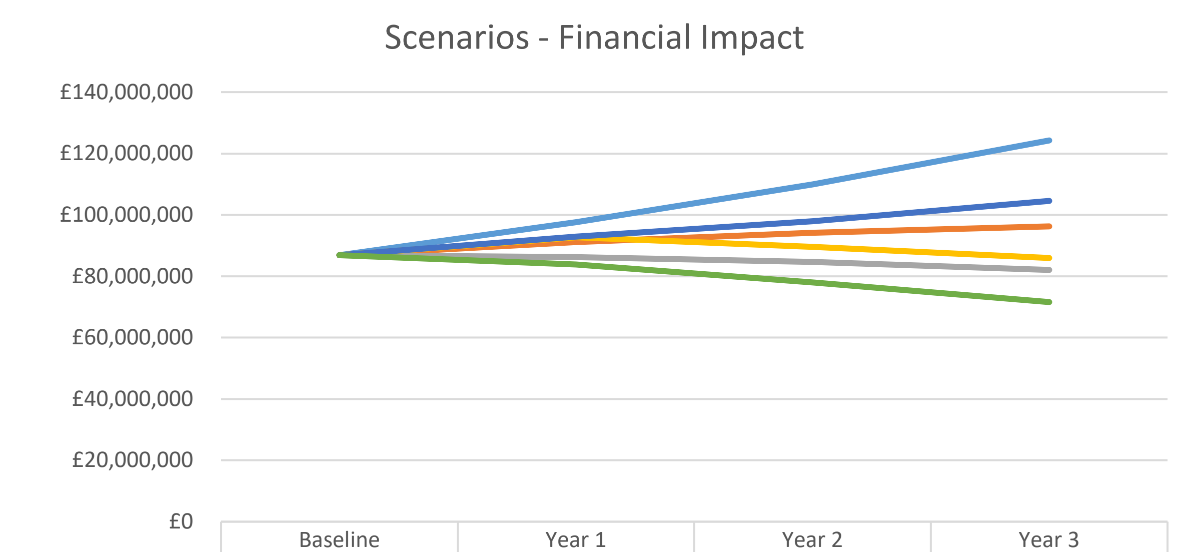
Based on work with Impower Consulting to develop our Trajectory Management, five scenarios are provided to show potential financial impact from a range of approaches:

- Scenario 1 which aims to return demand to the level in the original sufficiency model
- Scenario 2 which aims to reduce demand to this model & reduce the number of plans by 5%,
- Scenario 3 which focuses just on reducing the number of plans,
- Scenario 4 which aligns with the re-prioritised transformation plan
- Scenario 5 which stretches that plan to be aligned with statistical neighbours over three years

The financial impact of these scenarios is captured in table 2.

The scenarios suggest that Cambridgeshire could possibly avoid between £19.7m-£52.7m over three years when compared to the 'Do Nothing' scenario. This cost avoidance/savings are largely made up of fewer plans entering the system, more plans being stepped down, and a reduction in unit costs through changed commissioning and funding practices. Scenario 4, based on the transformation plan and following assumptions shown in table 4, could deliver a cost avoidance of £19.7m.

## Table 3. Scenarios – Financial Impact

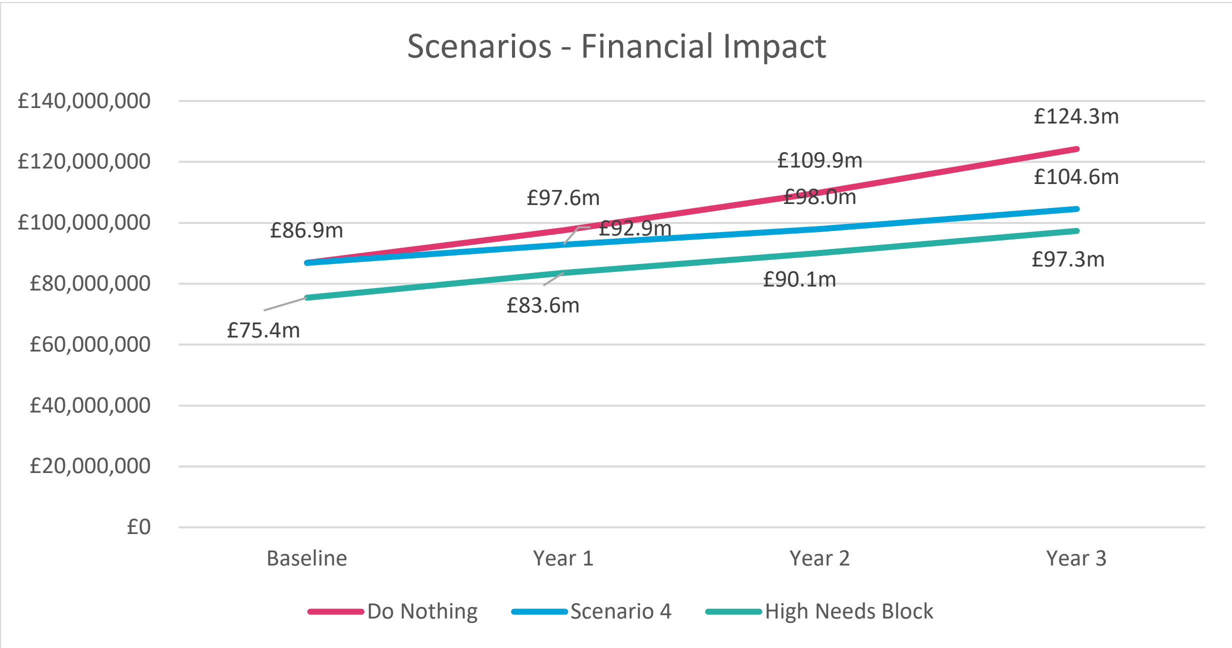



| | Baseline | Year 1 | Year 2 | Year 3 |
|---|---|---|---|---|
| Do Nothing | £86,859,014 | £97,581,312 | £109,931,657 | £124,255,374 |
| Scenario 1 | £86,859,014 | £91,099,628 | £94,153,763 | £96,247,765 |
| Scenario 2 | £86,859,014 | £86,217,909 | £84,697,217 | £82,054,710 |
| Scenario 3 | £86,859,014 | £92,699,593 | £89,536,337 | £85,947,578 |
| Scenario 4 | £86,859,014 | £92,871,820 | £97,965,347 | £104,551,101 |
| Scenario 5 | £86,859,014 | £83,794,788 | £77,955,499 | £71,581,906 |

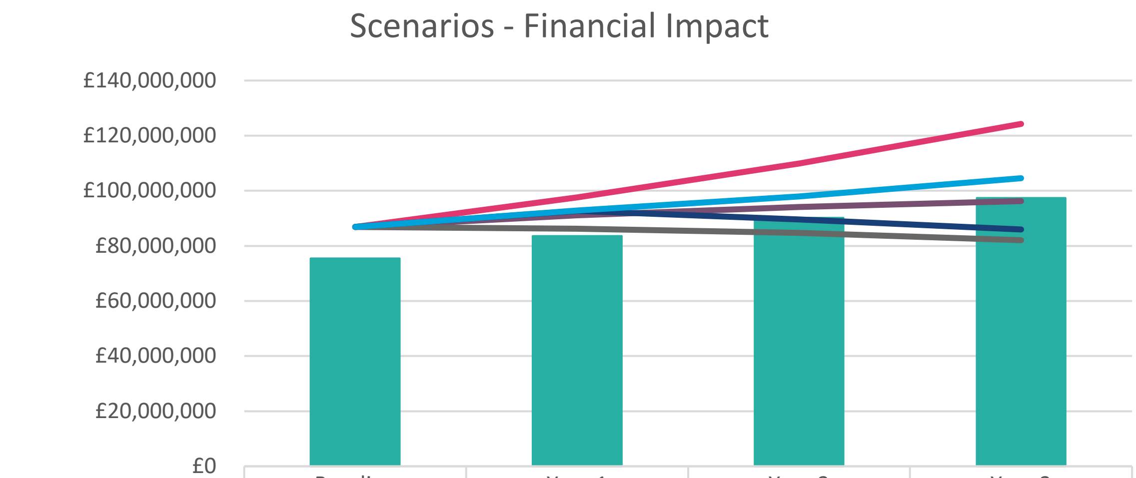
Table 4.

Compares High Needs Block allocation with the Do Nothing and Scenario 4.

- Cambridgeshire's High Needs Block allocation will increase by £21.9m by 23/24. Whilst this will narrow the gap in spend, it will not resolve the financial position of the service
- Compared to the High Needs Block allocation, the 'Do Nothing' scenario results in an overspend of £27m in Year 3
- Scenario 4 results in an overspend of £7.3m in Year 3.



## Table 5. Compares High Needs Block allocation with Scenarios 1-4




| | Baseline | Year 1 | Year 2 | Year 3 |
|---|---|---|---|---|
| High Needs Block | £75,410,000 | £83,608,000 | £90,134,000 | £97,345,000 |
| Do Nothing | £86,859,014 | £97,581,312 | £109,931,657 | £124,255,374 |
| Scenario 1 | £86,859,014 | £91,099,628 | £94,153,763 | £96,247,765 |
| Scenario 2 | £86,859,014 | £86,217,909 | £84,697,217 | £82,054,710 |
| Scenario 3 | £86,859,014 | £92,699,593 | £89,536,337 | £85,947,578 |
| Scenario 4 | £86,859,014 | £92,871,820 | £97,965,347 | £104,551,101 |

## Table 6. Breakdown of Scenario 4

| Year 1 | Year 2 | Year 3 |
|---|---|---|
| • 5% reduction in requests for EHCPs<br>• 5% reduction in plans being issued<br>• 41 CYP not on school roll placed based on report shared at June 21 Board<br>• Placement mix as at Jan 21, with 2% increase in mainstream placements & 2% decrease in specialist placements<br>• 5% reduction in average top-up funding for units/resourced provision | • 15% reduction in requests for EHCPs (cumulative from yr 1)<br>• 5% reduction in requests being approved<br>• 25% reduction in plans being issued<br>• New placement mix as at Jan 21, with 2% increase in Early Years, 2% increase in mainstream placements & 2% decrease in specialist placements<br>• 3% reduction in existing tuition, independent specialist, post 16 and NEET placements<br>• 6% increase in existing mainstream placements<br>• 5% reduction in average top-up funding for all new placements | • 30% reduction in requests for EHCPs (cumulative from Yr1-2)<br>• 10% reduction in requests being approved<br>• 30% reduction in plans being issued<br>• New placement mix as at Jan 21, with 2% increase in Early Years, 2% increase in mainstream placements & 2% decrease in specialist placements<br>• 3% reduction in existing tuition, independent specialist, post 16 and NEET placements<br>• 6% increase in existing mainstream placements<br>• Reduction in top-up funding for new placements remains |

## Non-Financial Benefits

The non-financial benefits of the transformation programme fall across five main areas:

1. A continued focused on improving outcomes with an emphasis on meeting a child's needs inclusively, and using Changing the Conversation to have a strengths-based child-centred approach to conversations and decision-making

2. Improved resilience within the service with improved outcomes and reduced demand reducing pressure on staff, in addition to giving them opportunities to engage with change

3. Strengthened local provision which enables children and young people to have their needs met within their communities and close to home. As mentioned earlier in this business case, this would also have benefits in relation to carbon reduction.

4. Shared understanding of the impact of decision making, enabling more staff across the education, health and care system to understand their impact on finances and demand across the service

5. Strengthened SEND system with a shared ambition and more meaningful co-production

The table below details the deliverables and expected impact of the proposed workstream, plus a note on whether the workstream is primarily within our controllable or influenceable space.

| Workstream | Deliverable | Success measures | Impact |
|---|---|---|---|
| **Changing the Conversation** (CtC) - Embedding a strengths-based, person-centred approach to conversations to enable positive, sustainable change across the SEND system, providing the foundation for the new way of working and processes.<br><br>Influenceable space | Define and develop CtC intervention approach and roll out plan for SEND.<br><br>Recruit and train CtC Champions.<br><br>Roll out workshops, training, facilitation of huddles with identified teams/partners/groups.<br><br>Design of strengths-based tools and impact tracking.<br><br>A strengths-based review and refresh of documentation. | Practitioners report greater understanding and confidence in using a Strengths-Based Approach.<br><br>Increase in the number of practitioners across system trained in CtC.<br><br>More specific success measures to be developed following development of CtC Roll-out Plan, including on outcomes for | Strengths based approach should ensure CYP are able to meet their potential and receive support that is proportionate and meets their needs. In terms of placements and provision this should result in an:<br><br>Increase in mainstream meeting needs, less children being moved to specialist placements |

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|---|---|---|---|
| | | children and young people | Reduction in request for EHC Needs Assessment (EHCNA)<br><br>Reduction in new specialist placements (cost avoidance). |
| **SEND Support**<br>Building confidence and understanding of the SEND Support offer across Cambridgeshire, enabling CYP to access support when they need it without necessarily requiring an EHCP.<br><br>Influenceable space | Developing & promoting a SEND support offer for parents/carers to address concerns early.<br><br>Developing a ‘toolkit’ of resources for settings to support CYP at SEND Support level.<br><br>Establishing what should be ‘ordinarily available’ within settings across Cambridgeshire for CYP with SEND.<br><br>Promoting and updating a training plan that will enable this offer to be in place. | Settings feeling more confident to meet needs without a plan.<br><br>Parents feeling more confident in the provision at SEND Support level.<br><br>Decrease in requests for EHCNA. | EHCPs are no longer seen as the golden ticket to accessing support, leading to a reduction in requests for EHCNAs /EHCPS (Cost avoidance) |
| **Tuition**<br>Review existing arrangements to ensure that tuition and alternative provision is used appropriately, consistently and in line with Preparing for Adulthood values and a strengths-based approach<br><br>Controllable space | Understand cohort of children awaiting placement to provide a snapshot of requirements.<br>Identify the CYP, their needs and location.<br><br>Development of specification for tuition requirements for those who are not on school roll and wider cohort.<br><br>Explore options and provide | Increase in number of CYP reintegrating from tuition to school settings<br><br>Reduction in number of CYP receiving long-term tuition<br><br>Children not on roll provided with a placement. | Reduction in tuition packages (cashable)<br><br>CYP not on school roll placed (cashable)<br><br>CYP outcomes and life chances will improve on return to school setting. |

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| | recommendations for additional provision.<br><br>Develop delivery plan for agreed expansion sites. | | |
| **Enhanced Resource Base** Confirming commissioning arrangements for ERBs, and development of the Cambridgeshire offer for ERBs<br><br>Controllable space | Commissioning requirements for ERBs confirmed, informed by data.<br><br>ERB SLAs with all participating schools in place. Clear understanding of what they provide and how this differs from other types of provision.<br>Transparent and consistent finance structure for ERBs.<br><br>Admissions policy ensuring routes to admission and eligibility are within the scope of the ERB specification.<br><br>Provision, offer, finance profile reviewed and revised specification for identified Trust.<br><br>Clear and transparent practice and pathways.<br><br>Local offer updated to reflect the ERB and SEND unit offer. | ERB provision matches what is required across the County.<br><br>ERBs are effectively meeting the needs of CYP. | Ensuring provision is aligned with sufficiency, forecasting and ambitions for more CYP to have their needs met in mainstream, local settings. This is expected to deliver a reduction in cost of ERBs |
| **Outreach Model** To facilitate supporting children and young people with SEND in mainstream provision through Special Schools outreach. Special schools are experts in supporting | Develop and consult on outreach model.<br><br>Minimum requirements agreed.<br><br>Model designed and costed<br>SLAs with participating special schools in place | CYP supported by outreach model remain in mainstream settings.<br><br>Reduction in new plans being issued with special school support | Needs are met in mainstream, keeping children local.<br><br>Reduction in new specialist placements (cost avoidance) |

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| children with SEND needs and with greater support could more effectively upskill peers in mainstream settings to support children to remain in their placements.<br><br>Influenceable space | | | |
| **Social Emotional and Mental Health**<br>To implement the recommendations from the SEMH review, to improve outcomes for children experiencing SEMH needs while remaining in mainstream education.<br><br>Influenceable space | A clear and consistent approach to monitoring, challenging and supporting schools and settings, linked with School Improvement Strategy.<br><br>Conditions for successful managed moves identified and used as the basis for future practice.<br><br>An agreement developed between primary schools to develop a network of early intervention and prevention support services.<br><br>Specification for SEMH Hubs.<br><br>Area needs established through mapping.<br><br>Process for approval, funding and delivery in place. | LA staff work together to give clear and consistent messages regarding the support, inclusion and development of children with SEMH needs.<br><br>Guidance for schools on managed moves include key success criteria and case/ data examples are included in reporting of managed moves.<br><br>Multi agency/ peer networks maximise the resource in the area and support best practice as identified in the SEND support graduated approach and beyond.<br><br>Specialist provision for pupils with SEMH needs established on primary school sites. | Improved outcomes for children experiencing SEMH needs while remaining in mainstream |
| **Mapping Provision**<br>Developing a strategic view of provision to inform | Complete As is map of SEND provision in Cambridgeshire. | SEND provision is fully aligned with the aims of the transformation | Understanding current provision, its impact on CYP outcomes and |

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| what is needed, developed and possible.<br><br>Controllable space | Data available to inform other workstreams eg spatial mapping of SEMH provision, understand the awaiting placement and not on school roll cohort.<br><br>Contracts reviewed and renewed inc. Out of County & Independent Placement contracts. | programme, SEND Strategy and Sufficiency Strategy.<br><br>New or revised specific, costed and agreed SLAs and contracts with appropriate contract management and monitoring in place for most provision. | what value for money it provides, will provide information to inform change eg to optimise contracts, reduce unit cost of provision, a reduction in Out of County and Independent Placements and therefore a reduction in spend. (Cashable).<br><br>Understanding those awaiting placement will inform options/recommendations to get CYP not on school roll placed (cashable, depending on placement) |
| **Banding & Descriptors**<br>To transform our funding systems to include banding & descriptors of need. To bring clarity to the graduated approach for staff and parents by having a consistent approach to understanding and planning to meet needs.<br><br>Controllable space | Banded funding system with robust set of descriptors of need, expectations of provision and how needs can be met within settings.<br><br>Recommendations on zero-funded plans, to give reassurance of support without the need for additional funding.<br><br>Align practice across mainstream and special schools about how needs can be met. | More consistent decisions made around funding allocations | Introduction of banding could see a reduction in average costs of new placements.<br><br>Transparency and clarity of funding for schools, parents and carers.<br><br>Increased capacity in teams, as administrative burden is reduced. |

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| | | | Reduction in cases of human error and resulting wasted costs. |
| **Panel Redesign**<br>Developing consistent, transparent and strengths-based multi-agency decision making from assessment through to issue of plans<br><br>Controllable space | Improvement/delivery plan drafted for joint work.<br>Approach established for 'No to Issue' decisions e.g. £0 EHCPs, next steps meetings.<br><br>Paperwork redesigned to be strengths-based.<br><br>Membership and attendance and TORs of Panels refreshed.<br><br>CtC training with Panel members to embed a strengths-based approach.<br><br>Performance metrics for Panels reviewed. | Improved satisfaction with Panel processes<br>Improved attendance at Panel meetings<br>Decrease in the average amount of funding per plan | Increased transparency and confidence in the system.<br>Consistency and equity of funding decisions. (linked to banding work)<br><br>Decisions are child centred and robust, children will receive EHCPs when required, and that those who do not require plans are pointed towards appropriate support, leading to a reduction in costs.<br><br>Improvement for staff capacity. |
| **Annual review**<br>Improving the annual review process, including timeliness, communication and quality of annual reviews, enabling better outcomes for children & young people and ensuring improved processes in Cambridgeshire<br><br>Controllable space | Paperwork updated to ensure it is user-friendly, strengths-based, and there is a robust way to track progress.<br><br>Stakeholders involved in process trained to ensure there is a shared understanding of what 'good' looks like.<br><br>Robust approach to communicating with stakeholders established. | Clear strengths-based planning for children/young people with improved satisfaction from parents<br><br>Increase in QA ratings. | Reduction in existing specialist placements/incre ase in existing mainstream placements (where there is stepdown rather than closure)<br><br>Enable strengths-based approach, ensuring support provided for CYP is proportionate and meets their needs in terms of |

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| | Internal process improved including clear roles and responsibilities. | | placement and provision.<br><br>Meeting needs in mainstream and locally.<br><br>Improved parental and school satisfaction<br><br>Improved joint working and engagement of health and social care into process. |
| **Preparing for Adulthood**<br>Developing a clear information and supported employment/internships offer for all cohorts (delivered where appropriate in FE settings) with alignment to the inhouse job coaches<br><br>Influenceable space | Consultation with the FE sector re provision and transitions, engagement with parent/carer/YP to coproduce the post 16 local offer.<br><br>Pathways mapped across Adults and Children's to develop more robust transitions and identify opportunities for building supported employment provision and job coaches to develop more consistent offer for YP.<br><br>Review of online platforms developed during Covid that have improved accessibility.<br><br>Clear and differentiated pathways for YP mapped onto a specialised platform for service users to navigate their options easily and track their outcomes on a personalised pathway. | Reduction in NEET and improved transitions | Preparing every child with SEND to transition into adulthood, we could expect to a see a reduction in NEET placements and reduction in Post 16 placements (Cashable)<br><br>Increase in apprenticeships, pathways to employment and internships.<br><br>Potential to result in a reduction of costly Individual Curriculum Solutions.<br><br>Parental confidence in pathways for their young adults. |

| | | | |
|---|---|---|---|
| | Development of a post 16 commissioning framework to meet gaps in provision and to ensure quality of provision.<br><br>Fully implement the PfA checklist and audit tool for post 16.<br><br>Develop routes into employment through supported employment training for Area Special Schools with P16 provision and a supported internship offer to enable YP to access age appropriate support and ensure PfA outcomes are met.<br><br>Review of how personal budgets could be used to tailor post 16 offers. | | |
| **Legal Review**<br>Enabling better use of council resources and more effective joint working with professionals to reduce expense of SEND tribunals. LAs lose 95% of all tribunals. We need a system where we identify early if we are likely to lose or win a tribunal and reduce costs<br><br>Controllable space | System to identify early if we are likely to lose or win a tribunal, based on previous rulings in place.<br><br>Process to ensure the right professionals are involved at the right time and mediation used at early stage to reduce escalation of cases to legal proceedings.<br><br>Some aspects of the tribunals brought 'in house'<br><br>Fit for purpose SLA with legal provider in place to ensure vfm and effective working. | Fewer cases escalating to tribunal decisions.<br><br>Fewer cases resulting in high-cost placement decisions. | Reduction in high-cost placements. Increase vfm from legal provider.<br><br>Reduce expense of tribunals that we are not going to win - Reduction in tribunal fees (£10,000 per case) - checking on saving per year |
| **System Design**<br>To redesign and simplify the SEND system to improve | Journey maps showing how children navigate the system now and in future. | Increased understanding of the way the system currently works. | Better understanding of the way the |

| | | | |
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| navigation for parents/carers and improve consistency in access and provision. This workstream will create the blueprint of a transparent SEND system, to ensure that as far as is possible, the component parts of the Cambridgeshire SEND system are aligned and talking with one voice in terms of process, finance, decision, and goals<br><br>Influenceable space | Organisational diagrams showing how the parts of the system connect and should connect e.g. around ‘Hand Offs’, IT, decision making and thresholds, finance system, governance.<br><br>SEND key skills and competences framework.<br><br>Ways to improve the experience of all partners and ensure pathways are effective identified. | Partners engaged with change process and report shared ambition and recognise the role they play within this.<br><br>Parent/carers report increase satisfaction with ability to navigate system | system currently works.<br><br>Identified and improve partnership working.<br><br>Shared understanding and narrative around SEND.<br><br>System parts aligned, supports improving outcomes for children with SEND in a sustainable way. |

## Impact of change in CYP Journey– How will things be different?

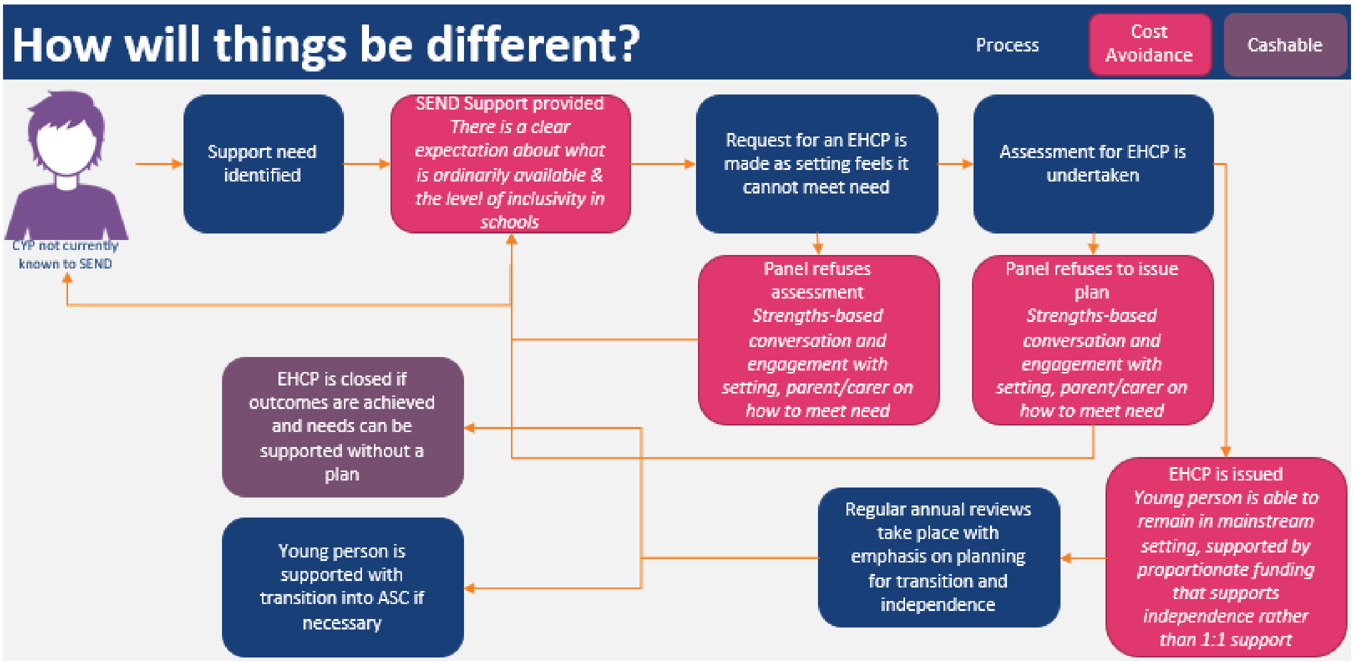
## For Children and young people not currently known to SEND

They be supported by SEND Support. There will be a clear expectation about what should be ordinarily available within settings and we will better understand how inclusive settings are. For many children, this more robust SEND Support offer will meet their needs without requiring an Education, Health & Care Plan (Cost Avoidance).

Where settings feel they may need additional support to meet need, the panel decision process will be both more strengths-based and robust. Where decisions are made not to assess or issue plans, strengths-based conversations will happen with settings and families to enable them to recognise their own strengths in meeting children’s needs without a plan (Cost Avoidance).

When plans are issued these will be mostly within mainstream settings with proportionate, independence-focused funding, moving away from TA-based support (Cost Avoidance).
Annual Reviews will take place focused on outcomes, strengths and preparing for adulthood.
Where outcomes are being met, support will be reduced, and plans will be ceased (Cashable).

For those young people with the most complex needs, transition into further support will take place with strengths at the centre. This is illustrated in the diagram below:

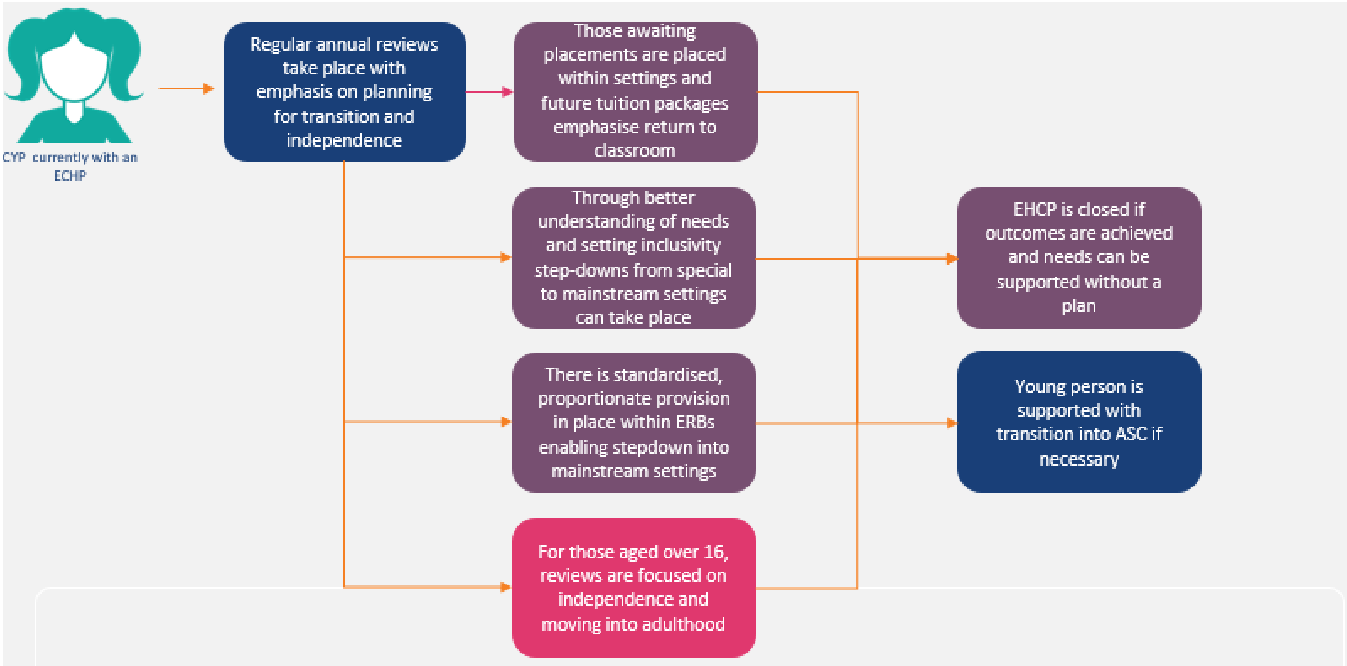



## For Children and young people who already have an EHCP

Annual reviews will take place focused on outcomes, strengths and preparing for adulthood. These annual reviews can be a catalyst for impacting change across a number of areas:

- For the cohort of CYP who are currently receiving costly tuition packages as they are unable to have a school place, they will be supported into suitable classroom settings (Potentially cashable) with future non-classroom support being focused on enabling CYP to return to the classroom with their peers (Cost Avoidance)
- Through better understanding needs and inclusivity, step-downs can take place between specialist and mainstream provision where CYP can achieve their best outcomes (Cashable)
- Provision is available locally, with standardisation of provision for placements such as ERBs with a focus on returning to classroom settings (Cashable/Cost Avoidance)

Where outcomes are being met, support will be reduced, and plans will be ceased (Cashable). For those young people with the most complex needs, transition into further support will take place with strengths at the centre. This is illustrated in the diagram below:




## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Description of Risk** What is the cause or source of the risk, the event or threat and its effect on the proposal? | **Mitigating Actions** Describe what action needs to be taken | **Impact** | **Probability** | **Value** |
|---|---|---|---|---|
| Partner capacity to engage due to continued focus on covid e.g. health | Utilising existing partnership and engagement opportunities to maintain links | 3-Significant | 3- Moderate | 9- Amber |
| New Members may not be aligned to the focus of the transformation programme | Ensure member engagement is part of the comms plan; regular engagement with lead member | 3-Significant | 4 – High | 12-Amber |
| Delays in mobilising project team. | Business case prepared to seek approval of resources for backfill, external support and BID resource. | 3-Significant | 5 -Very high | 15 – Red |
| Lack of quality data may reduce progress on trajectory management and impact other workstreams. | BI undertaking work to improve data reporting processes and data quality. Seeking to appoint Business Analyst to support work. | 3-Significant | 5–Very high | 15 Red |

| | | | | |
|---|---|---|---|---|
| | Trajectory management approach in development. | | | |
| While we have prioritised and sequenced the programme of work, we may have been too aspirational with our time frames and workstreams may take longer than we anticipated. | | 3-Significant | 5–Very high | 15 Red |

## 8. Scope: What is within scope? What is outside of scope?

Shifting system behaviours, managing demand and spend within the SEND system in Cambridgeshire are all within scope.

# Section 4d
# Communities, Social Mobility and Inclusion

## Savings Proposals

# Business Planning: Business Case - Income proposal

## Project Title: Registration Services

| | |
|---|---|
| Committee**:** | Communities, Social Mobility, and Inclusion |
| 2022-23 Income amount: | -£200k |

Brief Description of proposal: The proposal is to achieve a £200k increase on the current profiled income budget, through revenue generated by ceremony bookings and associated fees, the addition of more ceremony booking slots, and a review of locally set fees to ensure they are set at full cost recovery.

Date of version: 14 September 2021 BP Reference: A/R.6.290

Business leads / sponsors:
Louise Clover – Registration Service Manager/ Peter Gell Assistant Director Regulatory Services

## 1. Please describe what the proposed outcomes are:

Realisation of £200k of additional income through recovery of pre-pandemic ceremony revenue streams, increasing ceremonial capacity, and review and revision of fees to ensure full cost recovery.

With support agreed from the Policy, Design and Delivery Team, opportunities for diversification will be explored to inform future budget planning. An options appraisal with a feasibility assessment is expected by the end of this financial year.

The £200k for 2022/23 is not reliant on diversification being realised during the year, though where feasible they will be.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

In a normal operating year, the Registration Service successfully achieves its already challenging income targets whilst at the same time delivering a high-quality statutory function. There has been a sustained demand for registration services for many years, and there is no reason to suggest that the demand will change unless there is a national intervention in the form of regulatory landscape changes. Previous demand is consequently a reliable indicator of future demand in this case. The profiled income forecast for the service is £1,8 million, with £1.3 million of that derived from ceremonies, associated notices, and certificate changes.

One of the impacts of the pandemic is that there are fewer ceremony slots available due to rebooked ceremonies for those couples whose ceremony could not take place due to national lockdowns, or who moved their ceremony due to the level of COVID-19 restrictions in place at the time. Although it is not possible to accurately quantify what the additional demand may look like next year, increasing ceremony slots will help ensure the council can pick up some, if not all, of the demand. Additional Ceremony Officers are currently being recruited (on zero hours contracts) to provide additional capacity.

In addition, consultation is taking place with all our Approved Ceremony Venues to explore whether they are looking to increase the number of ceremonies they hold, and if so on what days and times. This will help ensure that the council has the resources to meet demand, and therefore are able to derive revenue from it. Approved Venues are an important stakeholder when looking at ceremony service provision outside of council premises, the council is aware that there are limited booking slots with many venues booked for months ahead.

The services for which the additional revenue will be generated for this case are statutory functions, therefore this aligns to national requirements, and local service responsibilities.

The service was restructured prior to the pandemic, with increased management and business development capacity brought into the service which has not yet been fully able to explore other commercial opportunities. This resource will work with the Policy, Design and Delivery Team to identify and assess opportunities to help inform future budget proposals.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The Service is confident that providing there are no further disruptions related to COVID-19 restrictions/lockdown, and relocation of the Cambridge office to the new Roger Ascham building takes place without significant disruption to services, the income target can be met for the reasons detailed above. The move to Roger Ascham is included within the ‘Cambs 2020 Project’ Equality Impact Assessment.

As the proposal relates to the council's statutory responsibilities, no other body can undertake this work within Cambridgeshire. If the council decided not to maximise revenue generating opportunities by adding more ceremony slots, some customers would wait for available booking slots, while others would move to local authorities who are able to provide the service within their desired timeframe.

Discussions have taken place with the Policy, Design and Team and support is being provided to review fees and assess the marketing potential of existing services to increase service volume. These areas have been prioritised as they are likely to offer the quickest financial return.

After the above work, the Policy, Design and Team will be assisting with research to identify opportunities for diversification to provide future revenue opportunities. Options identified will be evaluated to assess their viability. The intention is to have a plan in place before the end of the financial year for the roll out of those viable new service offerings. It is expected that this work will identify opportunities that will be implemented over several financial years, the rate and timing of which will be dependent on the evolving Registration Service landscape.

The reason diversification is not included as a solution to the £200k proposal, but an ongoing piece of work is because it is not sufficiently advanced. The Registration Service is still affected by the pandemic and has a major office relocation to plan for hence this proposal relates to the only viable option at present which is a demand-based revenue increase, and the potential to increase fees. More detail on the potential of the latter will be known once the review is complete.

At present, other than the time of a member of the Policy, Design and Delivery Team to work with the service, no additional support is required.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

Engagement with the Policy, Design, and Delivery Team has taken place. Their input has helped to shape the current proposal in conjunction with the Registration Service, along with the future workstream to explore diversification opportunities.

Regular meetings will be diarised to discuss progress and share findings to maintain momentum.

The service will continue to work closely with its accountant to monitor and assess budget trends, and performance.

The service maintains regular contact with Approved Venues and will not only consult with them on their future service booking requirements but will also provide feedback post a review of their service need, and timescales for when additional capacity will be available. This will be managed through existing network communication channels by the service.

To ensure service users are aware of additional slots available, the council's website will be updated, and service content updated for the councils contact centre. Discussions with the Communications and Policy, Design and Delivery Teams will help identify and implement the most appropriate and effective ways to marketing this additional capacity, and services available in general, thereby maximising income potential.

Service income will be monitored through the monthly budget monitoring process, in conjunction with service bookings, to track service demand volumes and associated income. Comparing previous years outturns in conjunction with current data will enable performance in relation to meeting the income target, which can then be tracked and reported upon. Any significant variances will be identified quickly through this process, enabling consideration of interventions in a timely manner should they be necessary.

In preparation of this, data (both financial and volume based) will be collated to enable performance management from April 2022.

Assuming the fee review identifies fees that can be increased, profiling of the new fees against expected volumes will be undertaken to predict the expected outturn and income uplift. The new fees would be implemented through the council's fee setting process with the intention that they are in place as of the 1st of April 2022.

By February 2022, the service will have identified the expected breakdown of how the £200k will be met though service demand associated to chargeable services and any fee increases.

## High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Engagement with Policy, Design and Delivery Team (PDDT (Scoping meeting) | 27/10/2021 | 27/10/2021 | PDDT / Louise Clover |

| | | | |
|---|---|---|---|
| Demand Management and income monitoring | Nov 21 (monthly) | Ongoing | Louise Clover |
| Review of fees and charges | Nov 21 | Dec 2021 | Louise Clover / PDDT |
| Expected breakdown of 200k identified | Nov 21 | Jan 2022 | Louise Clover |
| New Fees and Charges Implemented | Nov 21 | April 2022 | Louise Clover |
| Marketing opportunity review undertaken, and outline marketing plan produced | Nov 21 | April 2022 | PDDT / Louise Clover |
| Exploration of diversification opportunities, and outline delivery plan produced | Jan 21 | March 22 | PDDT / Louise Clove |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

The proposal will not have an effect on people with protected characteristics as it is a continuation of existing services. However, there are arrangements already in place to assist should poverty be raised as an issue in respect of fees set, and an Equality Impact Assessment is being developed.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

Increased income of £200k per annum from 2022/23 onwards.

### Non-Financial Benefits

The residual and indirect findings from the review process will also likely help ensure we focus our efforts on continuously improving our statutory services.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Lack of service capacity to conduct the review and action the findings | We have built additional management and business development capacity into the structure | Amber | Adrian Chapman |
| Inability to identify the required income generating opportunities | Diversification within the service has not been fully explored before, meaning that there are significant opportunities to secure additional income. Anecdotal evidence also suggests there will be a demand, albeit in the short to medium term, for couples to book a second ceremony more aligned to their original, pre-pandemic plans | Amber | Adrian Chapman |
| Increased government restrictions due to COVID-19 | Continuation or reinstatement of control measures currently in place | Amber | Adrian Chapman |
| Lack of ceremonial room capacity | Temporary facilities will be identified if necessary | Amber | Adrian Chapman |

## 8. Scope: What is within scope? What is outside of scope?

Out of scope are any proposals that will lead to a reduction in service levels to the public or that, in any way, affect our statutory obligations.

All other opportunities are in-scope.

# Business Planning: Business Case - Savings proposal

## Project Title: Communities and Partnerships Efficiencies

## Committee**:** Communities, Social Mobility and Inclusion

## 2022-23 Savings amount: £250k

Brief Description of proposal:
This proposal describes the approach to be taken across services within the remit of the Communities and Partnerships service directorate to achieve general efficiencies leading to financial savings of £250k per annum. The approach, adopted in the 2021/22 financial year, will be based on a line-by-line review across all budgets to identify regular underspends or over achievement of income, a review of staff turnover savings that can be achieved (ensuring we establish the right balance between savings and the need to fill vacant posts), and a rapid review of any support arrangements in place across linked services to ensure we are maximising efficiency. The primary reason we can repeat the process this year is that the service directorate has increased in size, offering further opportunities.

Date of version: 5 November 2021 BP Reference: A/R.6.291

Business Leads / Sponsors:
Service Director: Communities and Partnerships
Communities and Partnerships Directorate Management Team

## 1. Please describe what the proposed outcomes are:

Realisation of £250k savings across the service directorate through the identification of further efficiencies and process improvements. This mirrors the approach taken in the 2021/22 financial year, realising £200k of savings, and, as a result of that work, there is a high level of confidence that further efficiencies can be made, not least of all because we were partially disrupted in-year by the impacts on services cause by the pandemic.

The methodology used to achieve this saving will replicate the approach taken in the 2021/22 financial year, as follows:

- Reviewing all budget lines to identify areas of historical underspend or over achievement of income
- Reviewing vacancy savings targets recognising the increased directorate size in recent years
- Reviewing support functions across the directorate
- Identifying cost reductions and further income generating opportunities in the library service

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The approach proposed in this business case is that successfully used in the 2021/22 financial year. Alongside this, the directorate has grown in size, providing new opportunities to repeat the exercise, as well as to explore further economies of scale by better aligning support arrangements.

The outcome of this review will not impact on front line service delivery or service standards, enabling the directorate to continue to deliver to the Joint Administration's priorities as well as to our statutory obligations. We will ensure that decisions made as part of the review do not adversely impact on another service's work or savings plans, and this will be carefully monitored through our existing communications channels (e.g., Department Management Team meetings) as well as through the budget monitoring processes.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

This proposal is to carry out a desktop review of budgets line by line. Savings and/or income identified in the review will not impact front line service delivery or service standards, and this will be carefully considered by the Director and his team prior to implementing any recommendations.

Separate to this desktop review, there are likely to be opportunities to explore and implement different ways of delivering services that fall within the remit of the committee – for example, those that might be improved or have greater impact through a decentralised model. These though will be subject to separate business cases in future months as work on these cross-cutting themes develops.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The desktop review of budgets will commence when the 2022/23 draft budgets become available. Ahead of that, the directorate management team have identified key areas of their services where contributions to reach the target by 1 April 2022 can be made (e.g., a significant underspend in our adult skills service).

The directorate's corporate finance team will support the review, as they did in the 2021/22 financial year, and the Director will oversee it, providing appropriate challenge where necessary.

If, as a result of the review, other opportunities to achieve savings or increase income are identified beyond the scope of the review, we will engage directly with services that can support that work (e.g., the Commercial Team, or the Policy, Design and Delivery Team).

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Pre-meet with budget holders to discuss and agree principles | 1/11/21 | 30/11/21 | Service Director |
| Seek Committee approval to proposal | 2/12/21 | 2/12/21 | Service Director |
| Complete desktop review, service by service | 3/12/21 | February Full Council | Service Director |
| Complete Equalities Impact Assessments where relevant | 3/12/21 | February Full Council | Service Director |
| Implement budget adjustments | 1/3/22 | 31/3/22 | Service Director |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

The proposed savings will be achieved through service efficiencies and process improvements. As service reductions of any kind are out of scope, there will be no impact on people with protected characteristics. However, an Equalities Impact Assessment will be completed and kept up to date to ensure no unintended consequences are identified.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

Savings of £250k per annum from 2022/23 onwards.

### Non-Financial Benefits

The review will help ensure we deliver support services in the most efficient and effective ways possible. The residual and indirect findings from the review process will also likely help ensure we focus our efforts on doing the best we can to achieve the priorities necessary to improve outcomes for our residents.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Lack of service capacity to conduct the review and action the findings | We will build on work already underway, and will benefit from much of the work being completed by support functions | Amber | Adrian Chapman |
| Inability to identify the required savings | Review work started but then halted by the pandemic provides a high level of confidence that the saving can be realised without impacting service delivery | Amber | Adrian Chapman |

## 8. Scope: What is within scope? What is outside of scope?

All Communities and Partnership services are in scope, except for the Registration Service (which is subject to a separate business case for increased income), and the Think Communities service (which is subject to a separate business case for investment). Also out of scope are any subsequent proposals that will lead to a reduction in service levels to the public.

# Section 4e
# Communities, Social Mobility and Inclusion

## Investment Proposals

# Business Planning: Business Case – Investment proposal

## Project Title: Think Communities

## Committee**:** Communities, Social Mobility and Inclusion

## 2022-23 Investment amount: £1,354,204

Brief Description of proposal: This proposal seeks to secure the longer-term investment necessary to resource the council's Think Communities service in order to lead the systemic change necessary to achieve significantly improved outcomes for many of our residents. Investment will cover the staffing costs of the service for a further three years, along with a revenue budget to enable rapid delivery of change projects, funding to deliver a mainstreamed Local Covid Support Grant equivalent service, and an extension of the Innovate and Cultivate programme.

Date of version: 23 December 2021 BP Reference: A/R.5.013

Business Leads / Sponsors: Adrian Chapman

# 1. Please describe what the proposed outcomes are:

This business case for investment sets out proposals to extend the current short-term funding in place to resource the council's Think Communities Service. The Think Communities model was established prior to the pandemic as a means of fostering more effective and equal relationships with our district and city council partners. It is based on the principles of place-based working responding to a shared set of priorities with delivery carried out by the most appropriate organisation.

The hearts and minds process necessary to embed a different way of working was largely completed prior to the start of the pandemic, but it is the pandemic period itself where we saw the full impact of the Think Communities approach at work. Our collective focus shifted towards ensuring our residents and communities, particularly those most vulnerable, received the right support at the right time to protect them from harm. The Think Communities model of working, and the small staff team that operated that model, were at the core of the council's response, coordinating direct contact with mutual aid groups, liaising with parish, town and district councils, engaging with councillors, harnessing the energy of communities to establish or link into innovative projects which supported our residents.

The council has a very small core funded community development team with a primary focus on reactive, targeted or high priority community engagement activity, delivery of the Innovate and Cultivate Fund programme, and leadership of the Against Scams Partnership. In 2019, short term funding was secured, via a business case, from the council's Transformation Fund to expand the staff resource within this service to properly establish the Think Communities team in order that the principles set out in the Think Communities model could be properly tested. The service now operates a staff model which is coterminous with each of our district and city councils, with a place lead officer supported by two community connectors per district/city area. Our staff are working closely and alongside district and city council colleagues, parish and town councils, voluntary, community and faith sector partners, and the broader public sector, including, importantly health and the integrated care partnerships to create shared plans and to implement ways of working that are solutions-focussed and can-do. The place teams are supported by a dedicated communications manager, and business intelligence capacity.

The ways in which we have worked since Think Communities was born, and the experience of the way the service has delivered over the past 18-months, position us well to deliver against many of the vital and urgent priorities set out by the Joint Administration. Securing this investment will extend the current staff team for an additional three years to align to the current term of the Administration, with an accompanying work programme that will focus on:

- Decentralisation and devolution: working collaboratively with district, city and local councils as well as the broader partnership to deliver an ambitious programme that identifies the key challenges within our places. That works systemically with partners to identify solutions, and then implements those solutions through by developing a framework for decentralising or devolving council services, budget and/or decision making. Central to this outcome will be our continued ability to be able to maintain trusting relationships at all levels in order to build place-based governance arrangements that maximise our opportunity to jointly problem solve, prioritise and take action.

- Addressing social immobility, inequalities and poverty: too many of our residents and communities are facing structural barriers around equity, many don't have the same ability to access opportunities for learning, leisure or financial improvement as others, and educational attainment across our county is inconsistent. There is expansive evidence that shows the correlation between deprivation and poor health, and, despite significant effort over many years, parts of our county still exist with deprivation as one of their defining characteristics. For many, the pandemic has worsened the situation – people who were already struggling financially are now having to make even tougher choices, many people have become financially insecure for the first time in their lives, and the impact on many of our resident's health and wellbeing will be significant for years to come. The Think Communities service will work hand in glove with partners to develop and deliver a social mobility action plan which responds to the individual circumstances in each of our places, building on the work already underway or filling in the gaps where needed. The service will also agree with each service committee a set of outcomes and indicators that support their own priorities and help to ensure we are focussing in the right places at the right time.

- Building community resilience: working closely with all our partners to activate our communities, equipping residents with the tools, confidence, skills and expertise they need to be more resilient, taking greater control over their own outcomes and able to engage with services wherever necessary and at the most local level.

Alongside the extended investment in the staff resource, it is further proposed that investment from the Transformation Fund is made into extending the Innovate and Cultivate Fund, which provides small grants to community groups to deliver transformational projects that contribute to the council's overall priorities and deliver a return or help reduce demand. The Fund has been subject to a formal Member-led review, the outcomes of which will help to ensure it is wholly focussed on meeting the agreed priorities set out by the Joint Administration

Additionally, to support our work around social mobility, inequalities and poverty we are seeking to mainstream the Covid Local Support Grant scheme. This scheme has been funded by government historically and provided school holiday-time vouchers for children and young people eligible for free school meals as well as broader support for households facing immediate hardship. The approach to delivering this in Cambridgeshire has been one of partnership working with a wide range of partners, linking up the support we can provide with district and city council services as well as with advice and other support options. A Direct Award scheme was also set up to give community groups and other public sector partners the ability to provide immediate support with food, fuel, or other essential supplies to those in their community who are experiencing financial hardship, whilst also linking them to longer term support.

This hybrid model of delivery has enabled us to reach those who we may not otherwise have reached, through local networks. We have also seen the benefit of the 'hub' model of working, which at times has included proactive contact to families and individuals (not waiting for them to find/come to us) and helping families and individuals navigate the system to access the support they need, be it debt advice, housing problems or support to self-isolate due to COVID-19. It also recognises the importance of addressing and alleviating the presenting 'symptoms' of poverty by ensuring that people have food on the table, can heat their homes and can access other essential supplies in order to effectively engage with wider opportunities that may increase social mobility through access to good quality education and employment.

The proposed model of support for people facing hardship, now that government funding is no longer available, is to coordinate activity across our partnerships using the Think Communities place teams and the countywide Hub, access separately commissioned support such as that provided through the Cambridgeshire Local Assistance Scheme contract, and provide a small annual budget to each district and city council to provide direct awards to households in need (also retaining a similar budget for our own use). This means the only additional cost is that direct award provision (at £30k per district/city and the same for the county council's use, £180k in total), and funding for a permanent countywide Hub team leader at our P1 grade.

Think Communities 3-year extension costing

| | **Year 1** | **Year 2** | **Year 3** |
|---|---|---|---|
| Place Co-ordinators x 3 | 154,348 | 157,435 | 160,584 |
| Community Connectors x 10 | 371,464 | 378,893 | 386,471 |
| Social Mobility Manager | 48,742 | 49,716 | 50,711 |
| Information Gateway Officer (of which we pay 70%) | 25,748 | 26,262 | 26,788 |
| Data Analyst (of which we pay 70%) | 36,229 | 36,954 | 37,693 |
| Communications Manager (of which we pay 70%) | 35,874 | 36,591 | 37,323 |
| Transformation and Operational Hub lead | 68,057 | 69,418 | 70,806 |
| Countywide Hub Team Leader | 48,742 | 49,716 | 50,711 |
| Subtotal staffing | ***789,204*** | ***956,168*** | ***975,292*** |
| Mileage | 15,000 | 15,000 | 15,000 |
| Community Vehicle | 20,000 | 20,000 | 20,000 |
| Subtotal non staffing | ***35,000*** | ***35,000*** | ***35,000*** |
| I&C Fund - £350k | ***350,000*** | ***350,000*** | ***350,000*** |
| Direct award budget - £180k | ***180,000*** | ***180,000*** | ***180,000*** |
| Total Revenue Funding | ***1,354,204*** | ***1,369,985*** | ***1,386,087*** |

As can be seen, the work of the Think Communities service is cross-cutting in nature, with the ability to inform, influence and positively impact on the work of the whole organisation (and beyond), and therefore each service committee. As the service leads the positive changes necessary in our communities, we will see the resultant impacts in improved outcomes across all of our work. As a result, this investment contributes to all of the council's outcomes:

- Communities at the heart of everything we do: is a fundamental principle driving the way in which the service operates. The Think Communities service will extend its reach into the whole organisation and secure its role as the centre of excellence for community work
- A good quality of life for everyone: is central to the outcomes that the Think Communities model seeks to achieve
- Helping our children learn, develop and live life to the full: is an outcome the service will help to achieve through its focus on addressing social immobility and inequalities by ensuring opportunities for work, learning and leisure exist for everyone
- Cambridgeshire: a well-connected, safe, clean, green environment: is an outcome which runs through the core of the Think Communities model – for example, services designed and delivered at the most local level, with opportunities for people to engage within their own communities, creating safer, more resilient places with a reduced need to travel
- Protecting and caring for those who need us: is the ultimate aim of the Think Communities approach, which will develop earlier preventative models that help to keep people safer and healthier for longer, helping to manage the increasing demands in our social care, community safety and broader health systems

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The Think Communities service is core to the delivery and achievement of many of the Joint Administration's priorities, as described above. However, beyond this, the approach aligns closely to the Integrated Care System model of reformed health care, which takes a place-based and preventative approach first and foremost. Alongside our own officers and relevant staff within district and city councils, we have developed strong relationships across the health system including with social prescribers, partners on both the North and South Integrated Partnerships, and in specialist health teams.

Underpinning the work of the service going forwards is the emerging evidence of impacts caused by the pandemic. The recently published Covid Impact Assessment sets out a wide range of consequences caused directly or indirectly by the pandemic on the health, wellbeing, equalities and mobility of our residents, and provides a baseline from which the service can evidence its impact. This sits alongside key strategic policies and documents, including the economic and skills strategies set by the Combined Authority, district and city council outcomes and business plans, and national government policy on Levelling Up. The government's own social value model criteria sets out the importance of engaging with people from different parts of the community, how community voice should inform decisions, strategy and projects as well as the Involvement of local stakeholders and users in the design of community-led initiatives.

The pandemic enabled the Think Communities approach to be mobilised at speed – arrangements were stood up swiftly to collaborate meaningfully and practically with our partners, data was shared more easily, decisions were made together, and we shared a focus with our partners on an agreed set of objectives. These behaviours have significantly enhanced, and in many cases improved, our relationship with district and city councils as well as wider system partners, and it is these behaviours that we will replicate as a result of this investment.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The county council plays a vital leadership role as an upper tier council in our whole system, leading or shaping positive change, using the collective strength of our data and resources to improve outcomes, and representing our county where relevant at a regional, national and international level. Our core-funded community development resource is not sufficient to reflect this leadership role at a community level, nor can it help to shape the way our officers operate and interact with each other and our partners. For the type of positive change we are seeking to have an effect, we need to lead from within and the longer-term investment in the Think Communities service will help to ensure our community-facing focus is mainstreamed across the whole organisation.

We have benefited from a full year of Transformation funding to test the principles of Think Communities and are building on a now-solid platform having secured the hearts and minds of our partners as well as demonstrating a different way of working. The investment to sustain the approach for a further three years, effectively trusting the approach matched by the positive feedback from partners, will deliver to the urgent aspirations of the council as we emerge from the pandemic.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The investment described in this business case will ensure the continuity of the existing staff team and associated resources, meaning that the work the service is delivering against the Joint Administration’s priorities will continue unabated. We are at a crucial stage, having developed and agreed comprehensive delivery plans with the Committee and with many of our partners, and the investment will ensure we continue to deliver against those agreements.

The detail of these agreements has been, and will continue to be, worked up in close cooperation with all of our relevant partners, informed by the lived experiences of our residents and by the data and intelligence we all gather. The work of the Think Communities service will be directed wholly to supporting the agreed work programme. The immediate actions to be delivered by the service were those agreed by Committee in its September meeting, as set out in the Service Director report, and the Decentralisation report, which can both be found at the following links:

- Service Director Report
- Decentralisation Report

Governance of the approach will be via the Committee, with partnership oversight achieved through the Place Leads Group, chaired by the Service Director and drawing together senior representatives from all of our district and city councils, health, public health, police, and the councils for voluntary service.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Extend existing staff contracts | 1/4/22 | 31/3/25 | Matt Oliver |
| Establish Area Committee model | 1/5/22 | Ongoing | Adrian Chapman |
| Develop bespoke delivery plans for TC teams linked to area committees | 1/5/22 | Ongoing | Matt Oliver |
| Embed new Innovate and Cultivate processes | 1/4/22 | Ongoing | Matt Oliver |
| Develop and deliver social mobility strategy | 1/4/22 | Ongoing | Matt Oliver |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

At the core of the Think Communities model and service is a whole focus on tackling inequalities and social immobility. The approach needs to be seen by other Committees as a vehicle for mitigating the impacts on people with protected characteristics as a consequence of needing to make difficult decisions about services and savings. The approach seeks to better understand the needs of our communities and residents, and work with partners to put in place solutions that address those needs.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

## Financial Benefits

Accurately calculating the direct financial benefits achieved as a result of investment in preventative work is extremely difficult, but we have an abundance of anecdotal and qualitative intelligence which shows that overall financial savings will be achieved if this work is delivered well and if we remain resolute in our effort. Sometimes the impact can be immediate, but often it is seen over a longer period, and securing investment for a further three years is designed to provide the appropriate timeframe to be able to demonstrate this.

If we are to be as efficient and effective in prevention at place level, we have to have a real-time understanding of the projects, programmes, groups, activities, assets and residents which will be our first line of defence. Since we started recording our engagement work in April 2021 the service has made 1100 active contacts, has direct project work ongoing with 47 Local Councils and has made over 100 links across systems to activate community capacity. The work of the service is contributing to the development of Area Profiles to support the system to connect to community assets - Cambridgeshire Insight – Think Communities

Key internal programmes such as Best Start in Life and the Early Help Strategy are shaping themselves around placed based delivery, the Think Communities Service are embedded into that work and are vital to support coproduction and to activate communities around preventative children's objectives.

Our place Think Communities service has been at the heart of tackling some key shared systems issues such as vaccine confidence with the resource supporting identification of sites for pop up vaccination facilities and community engagement in key areas of low uptake. Since June 2021 over 10,000 people have accessed this targeted provision.

Establishing the hub network across Cambridgeshire with the district and city councils, with the Think Communities principles at the centre of its delivery, has resulted in thousands of vulnerable residents being supported to stay safe and well at home and to access local community-based support, therefore alleviating pressure on statutory services. More recently, through the COVID Local Support Grant over 4,500 families were directly supported by the hub network to address immediate financial concerns in an effort to prevent an escalation in need.

Place coordinators are supporting mutual aid groups with advice and guidance about how to carry on their work after the pandemic to support wider objectives around food poverty and we have supported organisation such as March Baby Bank to expand their operations find additional funding meaning 1,535 families have now benefited from access to essential baby items from this service.

Other examples of our support have seen the development of community warden schemes, setting up of parish hub network meetings and forums, developing inclusive sports opportunities and the creation of a community led village hubs.

It is most likely that financial benefits to the county council will be seen in our social care services, which are already facing increasing and unsustainable financial pressures as a result of increasing demand and insufficient core funding.

However, there will be a range of residual financial benefits, primarily in the form of enabling other services to achieve or exceed income targets (libraries for example, by supporting the separate review of that service to position libraries front and centre in our public service offer), to deliver against core contracts (adult skills for example, by supporting the take-up of learning opportunities from across the population), or to remain within agreed resource envelopes (in highways services for example, by providing more choice and control for residents and partners over our spend priorities).

## Non-Financial Benefits

The non-financial benefits which will be delivered as a result of this investment are significant. Addressing the deep-rooted causes of inequality, poverty, and social immobility will improve the social, environmental, health and wellbeing outcomes for our residents, and create the right conditions for them to thrive and succeed wherever they live.

We will understand the baseline position for each of our places and will use that to measure and monitor the impact we're making.

Key non-financial benefits include:

| **Key Benefit** | **Measure** | **Baseline** | **Target & Timescale** |
|---|---|---|---|
| Increased social mobility | Increased employment rates; increased earnings | TBC | TBC – linked to review of KPI's |
| Reduced deprivation | IMD data | TBC | As above |
| Local, evidence-led decision making | Volume and value of decisions being made in Area Committees | TBC | As above |
| Reduced demand in statutory services | Impacts of TC work directly linked to demand profiles | TBC | As above |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| External factors impacting social mobility | Robust, locally developed plans; early intervention activity; cross-council focus facilitated by TC | Red | Adrian Chapman |
| Limited impact on demand in statutory services | Agreed work programme set by Adults and Children's Committees; regular performance reporting | Red | Adrian Chapman |
| Limited engagement in Area Committees | Identification of meaningful delegations and decision making; frequent feedback | Amber | Adrian Chapman |

## 8. Scope: What is within scope? What is outside of scope?

In scope is the non-core-funded Think Communities resource, meaning that the existing core-funded resource is out of scope.

# Section 4f
# Adults and Health

## Savings Proposals

# Business Planning: Business Case - Savings update

## Project Title: Reduction in forecasted savings from the 20/21 block bed tender

Committee: Adults & Health Committee

2022-23 Savings: £390,000 (Previously £583,000)

Total savings for each financial year are shown below:

| Period | Revised Savings |
|---|---|
| 2022/23 | £390,000 |
| 2023/24 | £263,000 |
| 2024/25 | £277,000 |
| 2025/26 | £291,000 |
| Total | £1.221m |

Brief Description of proposal:
Revised savings from the 20/21 block bed tender – through commissioning additional block beds, we can reduce the amount of inflation funding needed for residential and nursing care. Block contracts have set uplifts each year, rather than seeing inflationary increase each time new spot places are commissioned.

The original estimate of savings for 2022-23 was £583,000: That saving listed in the 2021/22 Business Plan was based on 810 block beds. However, the tender delivered 240 fewer beds, therefore the saving is reduced from previous figures estimated to the revised amounts above.

Date of version: 16 September 2021 BP Reference: A/R.6.185

Business Leads / Sponsors: Will Patten, Director, People & Communities

## 1. Please describe what the proposed outcomes are:

The block bed tender in 2020/21 sought to commission an increased number of Council residential and nursing care beds to ensure:

i) the local care home market remains sustainable in the face of unprecedented pressure caused by the COVID-19 pandemic

ii) people can continue to access affordable, quality, choice-based care in line with statutory responsibilities under the Care Act 2014

iii) current shortfalls in Council bed provision are addressed in the long term

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The commissioning approach behind the block bed tender was endorsed by the Joint Commissioning Board and approved by Adults Committee in 2020/21.

It aligns with the Council's Older People's Accommodation Strategy and its aim to obtain sufficient, affordable care home provision to meet the demands of the local community.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Options were considered as part of the approval of the tender process.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Continue to track and report savings | Oct 21 | 2025/26 | Becky Bartram |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

A review has concluded that an Equality Impact Assessment is not required for the purpose of this proposal. The programme is highly supporting to the protected characteristics of age, disability, poverty and rural isolation. It is not anticipated to have any adverse effects upon people with protected characteristics.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

The new block bed contracts awarded in 2020/21 delivered 570 care home beds (562 block + 8 respite beds) across all care types and districts. The block beds will deliver savings, as we normally pay lower rates for block beds than spot purchased beds. Additionally, there is a saving linked to avoided inflation on bed prices. The block bed contract caps annual uplifts at 3%, whereas it is predicted that average spot bed prices will increase at 6.7% per year over the timeframe covered by the business plan.

The saving in the 2021/22 Business Plan was based on 810 block beds. However, the tender delivered 240 fewer beds, therefore the saving is reduced from the figure estimated in the 2021/22 Business Plan.

The saving delivered per bed has also been adjusted, as the block bed contract uses a formula for its uplifts linked to National Living Wage and CPI. Whereas in the 2021/22 Business Plan it was assumed that the uplift paid on the block beds would be at its cap of 3%, the new modelled saving assumes an average 2.3% uplift for 2022/23 in line with formula set out in the contract.

The net impact of these factors is a reduction of £190k in the saving to be delivered in 2022/23.

The revised savings for subsequent years are shown below and equate to a reduction of £772k over the next four years.

| Period | 2020/21 Savings | Revised Savings |
|---|---|---|
| 22/23 | £583,000 | £390,000 |
| 23/24 | £456,000 | £263,000 |
| 24/25 | £470,000 | £277,000 |
| 25/26 | £484,000 | £291,000 |
| Total | £1.993m | £1.221m |

## Non-Financial Benefits

- Block contracting provides guaranteed income to care homes and so helps maintain market sustainability
- Enables the Council to offer people greater choice and to remain close to their families/community

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Savings figures are affected by the volume and phasing of block bed activations | Activate beds as demand requires. | Green | Leesa Murray |
| Savings may be affected by surges in demand from subsequent COVID-19 or Flu outbreaks | Track and monitor demand<br><br>Ensure best utilisation of existing provision<br><br>Explore other funding sources such as NHS Discharge to Assess monies | Green | Jo Melvin, Caroline Townsend |

# 8. Scope: What is within scope? What is outside of scope?

In scope:

- Savings from the 2020/21 block bed tender

Out of scope:

- Savings from other bed types such as interim or respite provision

# Business Planning: Business Case – Saving proposal

## Project Title: Extra Care savings on retendering

Committee**:** Adults and Health

2022-23 Savings amount: £87k

Brief Description of proposal:
This is a saving on retendering which has already been secured without impact on service levels.

Date of version: Sept 21 BP Reference: A/R.6.191

Business Leads / Sponsors: Will Patten, Director of Commissioning

## 1. Please describe what the proposed outcomes are:

A number of Older Peoples extra care schemes were retendered for 2021-2022 and have delivered savings totalling £87k across four schemes:

| | |
|---|---|
| Doddington (Fenland) | £49,000 |
| Jubilee (Fenland) | £10,555 |
| Nichols Court (City/South) | £16,138 |
| Park View (Hunts) | £11,745 |

Savings were not identified in time to be incorporated into the 21/22 business planning cycle, but can now be banked.

There has been no adverse impact to delivery of services to Older Peoples clients.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

N/A

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

N/A

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

No further actions needed

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

No negative effects are anticipated from the re-tendering, however, an Equality Impact Assessment (EqIA) has been developed to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

## Financial Benefits

Savings of £87k pa

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

No

## 8. Scope: What is within scope? What is outside of scope?

This is only in relation to the four extra care schemes that were re-tendered, as listed in Section 1.

# Business Planning: Business Case – Savings proposal

## Project Title: Learning Disability Outreach service

Committee: Adults and Health Committee

2022-23 Savings amount: £50k

Brief Description of proposal:
To increase the Learning Disabilities Partnership (LDP) outreach capacity to offer a lower cost solution for targeted outreach care and support packages. Action is needed now, and stimulating development of new services in this way will generate the much-needed provision to meet population growth forecasts at a cost affordable to the local authority.

Date of version: 9 September 21 BP Reference: A/R.6.192

Business Leads / Sponsors:
Executive Director of Commissioning, People & Communities

## 1. Please describe what the proposed outcomes are:

This proposal aims to increase the outreach capacity of the service. Work carried out by the service delivers care and support at a lower hourly cost when compared to similar support delivered out outsourced organisations. Consequently, a larger service will deliver high quality service at a lower cost to Cambridgeshire County Council (CCC).

To achieve this, the service will require additional administrative support. This support will help coordinate the work of additional care workers.

This would involve the same approach to recruiting and supporting carers as has been applied to the Shared Lives service. This has been highly successful and will capitalise on the already fit for purpose staff terms of employment contract. LDP will promote across its locality team a pathway where an offer of first refusal is given to the outreach team for new support packages in the community.

The work to implement the expansion of in-house outreach provision and associated resource provision is being conducted in 2021/22 and funded from existing 2021/22 budgets. This means no new investment is required for this business case. This will ensure that the provision is fully operational for 2022/23, enabling delivery of cost avoidance savings.

This proposal aligns with the following corporate priority outcomes:

Communities at the heart of everything we do:

- The new service enables high dependency people to remain within a community setting. It also means care workers from the community can support people with LD to remain living independently.

A good quality of life for everyone:

- It will offer greater choice, control and care flexibility for those people no longer able to access the community without care and support.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The proposal supports CCC's Adult Social Care LDP strategy to help people live with greater levels of independence. The work will build on early consultation conducted with user groups and social care practioners. Here current users found access to care workers to deliver small packages of care and support beneficial. Sometimes these packages were for a limited period. This provided them with choice and control. Others found the flexibility to change when and where care and support was delivered helped then towards increasing independence.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Two options were considered.

1. No change

In this option CCC will continue to pay market rates for outreach services. This means we will forgo the opportunity to increase choice at a lower cost.

2. Expanding Outreach Service to increasing capacity.

Financial modelling shows that with investment LDP's Outreach can supply 1,000 hours of care per month. This additional volume can be delivered at a lower cost when compared to the care market as it does not need to deliver profits and it carries lower overhead costs.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

| Task | When | Who |
|---|---|---|
| Standardise work contracts | Q2, 2021/22 | Outreach team, HR |
| Standardised offer to families available | Q3, 2021/22 | Outreach team |
| Recruit co-ordinator and staff | Q4, 2021/22 | Outreach team |
| Guidance information to social work teams | Q4, 2021/22 | Project team |
| Package assessments complete and delivery commenced | Q1, 2022/23 | Outreach and brokerage teams |
| Ramp-up volumes | Q2,2022/23 | Outreach and brokerage teams |
| Results and benefits audit | Q4, 2022/23 | Finance team |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

This will affect people with disabilities and people with eligible social care needs receiving a funded care package. It will also provide a choice to older people without eligible social care needs (self-funders). People will be able to decide when and where care and support is delivered, and how it changes over time.We anticipate this means up to 100 Service Users receiving more care and support.

We expect some positive impacts anticipated from this proposal:

1. Increased market capacity where demand exceeds supply
2. Increased service user choice
3. Option to expand to provide a service to those with autism

There could be negative impacts anticipated from this proposal:

1. Perception of growth of in-house service as it is not subject to open market competition
2. Over stretches line management risking other parts of Shared Lives services

An Equality Impact Assessment (EqIA) has been developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

The primary financial benefit is £50k saving to the budget in 2022/23

### Non-Financial Benefits

| **Key Benefit** | **Measure** | **Baseline** | **Target & Timescale** |
|---|---|---|---|
| Adds capacity to the county. | Number of care hours | NIL | +1,000 per month from month 6-8 |

Wider benefits include:

Benefits to Service Users

1. Service user choice and flexibility which will mean being able to make decisions without worrying how it will affect their care and support.
2. Improves support towards prevention of long-term care admissions.

Benefits to CCC

1. Potential to meet demand of those with Autism and no LD diagnosis.
2. Opportunity for more integration with day services through having a greater presence in the community.

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| IF external providers challenge the essence of the change then the project will stop, and savings will be delayed. | The packages and method of selecting the in-house provider over external providers is exempt from Public Contracts Regulations 2015. | GREEN | Project team |
| If families insist on using external providers then scope of available packages reduces. | Parental choice is already part of the decision-making criteria. | GREEN | Social work team |
| IF external providers generate resistance with partial package awards then the project will slow, and savings will be delayed. | The packages and method of selecting the in-house provider over external providers is exempt from Public Contracts Regulations 2015. | AMBER | Brokerage team |
| If staff contracts are not fit for purpose (legal and tax) then the project will stop, and savings will be delayed. | Advice from legal has been sought and work is planned within the project. | GREEN | Project team |
| If people perceive in-house service growth as a retrospective step then CCC reputation will be damaged. | A proactive communications plan will be devised. | AMBER | Project team |

# 8. Scope: What is within scope? What is outside of scope?

What is within scope?

1. Outreach service managed under Shared Lives / Cambridge outreach service
2. Possible to target Direct Payment clients
3. Explore license agreements for those in long term shared lives arrangements

What is outside of scope?

1. The rest of in-house services.
2. Residential services
3. Domiciliary care services

# Business Planning: Business Case – Savings proposal

## Project Title: Interim and Respite Bed Recommissioning

Committee**:** Adults & Health

2022-23 Savings: £412k

| | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 |
|---|---|---|---|---|
| Total savings | 412,000 | 341,500 | 341,500 | 341,500 |

Brief Description of proposal:
Savings generated from the redesign and recommissioning of interim and respite bed provision in care homes. This has created a more efficient model and therefore generated the Council cashable savings and potential for further cost avoidance.

Date of version: 16 September 21 BP Reference: A/R.6.194

Business Leads / Sponsors: Will Patten, Director of Commissioning

## 1. Please describe what the proposed outcomes are:

The savings stem from a vision to design a new, integrated care pathway of hospital discharge using a mixture of short-stay beds, reablement, occupational therapy (OT) and domiciliary care packages to increase the number of older people returning home following a hospital admission (and to prevent further hospital admission).

The strategic outcomes sought include:

- Embedding a culture of rebuilding and promoting independence in our commissioned provision
- Reducing movement of people from hospital into long-term residential and nursing care
- Supporting rapid hospital discharge
- Contributing towards the management of demand for long term bed-based care
- Improving efficiency and value for money of commissioned provision

The individual outcomes sought include:

- Increasing individual choice and control by offering a wider choice of placement locations and types
- Personalised support to rebuild independence and make safe a return home is readily available
- Provides easier, flexible access to respite care, improving the council's support offer to informal carers

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

This proposal contributes to Joint Administration Priority 4: Support the move towards integrated health and social care, seeking a clear shift towards prevention and 'early help' vis-a-vis the provision of acute services; with an emphasis on Health and social care

It also aligns with key local strategies including the Council's Recovery & Resilience Framework, All Age Carers Strategy 2018-2022, the Adult Social Care Market Position Statement, and the Older Peoples Accommodation with Care update June 21

The commissioning strategy to transform the Council's Interim and Respite provision aligns with national best practice.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The commissioning strategy which led to the savings was developed by commissioners in collaboration with key stakeholders and approved by the Joint Commissioning Board prior to implementation. It has been shared with Health as part of the Discharge to Assess system meetings.

In-house delivery is not currently an option as the Council do not operate any care homes.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

A significant amount of work is already completed. New respite bed provision commenced on 1 April 2021 following a successful tender. Most interim beds have already been decommissioned with the final four scheduled to end by 26 November 2021.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Develop data systems and model to track and forecast avoidance of spot respite placements | Oct 21 | Jan 21 | Becky Bartram, Sarah Croxford, BI |
| Decommission final Interim beds | Oct 21 | Nov 21 | Sarah Croxford |
| Monitor and appraise evidence of need to commission five additional step up/down beds in Cambridgeshire | Sept 21 | Dec 21 | Alison Bourne |
| Commission additional 5 step up/down beds (subject to above) | Jan 22 | Aug 22 | Alison Bourne |
| Appraise evidence for Occupational Therapist (OT) input into interim placements in block care homes and Extra Care schemes across Cambridgeshire | Oct 21 | Dec 21 | Alison Bourne, Diana McKay |
| Implementation of OT input (subject to above) | Jan 22 | Mar 22 | Diana McKay |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

The redesign of interim and respite bed provision is designed to support older people to remain independent and return safely to their own home wherever possible.

The programme will therefore be highly supporting to the protected characteristics of age, disability, poverty and rural isolation. It is not anticipated to have any adverse effects upon people with protected characteristics, however, an Equality Impact Assessment (EqIA) will be developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

Cashable Savings:

The decommissioning of existing Interim bed provision is forecast to deliver the following savings, net of reinvestment into a further five step-up/down beds and Occupational Therapy input.

| | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 |
|---|---|---|---|---|
| Decommission all Interim block beds by Nov 2021 | -644,000 | -644,000 | -644,000 | -644,000 |
| Invest in 5 x Step Up/Down flats in Extra Care setting | 142,000 | 212,500 | 212,500 | 212,500 |
| Additional Occupational Therapy | 245,000 | 245,000 | 245,000 | 245,000 |
| Total | -257,000 | -186,500 | -186,500 | -186,500 |

The reduction of respite beds from 14 to eight has resulted in the following cashable savings

| | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 |
|---|---|---|---|---|
| Decommission 8 x Respite block beds | -155,000 | -155,000 | -155,000 | -155,000 |

| | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 |
|---|---|---|---|---|
| Total savings | 412,000 | 341,500 | 341,500 | 341,500 |

## Cost Avoidance

The use of the new, flexible block bed provision for unplanned respite is likely to result in a reduction of spot purchased respite provision. Early data suggests 205 days of respite bed provision has been met through the new block beds. Further work is needed to establish an accurate model to quantify and accurately forecast the cost avoidance value of this.

## Non-Financial Benefits

Social value / Social return on investment:

- Effective interim bed provision enables rapid discharge from hospital and contributes to maintaining good flow in across the health and social care system. This improves hospital care and patient experience for all in the community.
- Occupational therapy input and step-up/down beds will help more people rebuild their independence to return home and avoid unnecessary admission into long term residential care. Accordingly, the health and resilience of frail older people is improved
- Individuals have greater choice and control in the location of their interim placement
- Creates job opportunities in the local care economy, supporting employment and economic growth
- The local supply chain of care homes and home care agencies are developed and grown

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Changes to the proposed commissioning approach or timescales will affect the level of cashable savings | This may be positive and result in further savings.<br><br>Ensure changes are based on robust evidence of demand and efficacy | Amber | Jo Melvin |
| Surges in demand may require commissioning of additional provision and therefore affect cashable savings | Track and monitor demand<br><br>Ensure best utilisation of existing provision<br><br>Explore other funding sources such as NHS Discharge to Assess monies | Green | Jo Melvin, Caroline Townsend |

| | | | |
|---|---|---|---|
| Carer and Occupational Therapist workforce shortages impacts deliverability and/or increases cost | Engage with providers early to develop pipeline staffing<br><br>Explore block or incentive arrangements<br><br>Develop alternative options | Amber | Alison Bourne, Diana MacKay |

## 8. Scope: What is within scope? What is outside of scope?

### In Scope

- Interim and Respite bed provision for older people and adults with physical disabilities
- Proposed development of additional step-up/down beds in Cambridgeshire
- Proposed development of OT input to support hospital discharges back to Extra Care or into interim placement in care homes

### Out of scope

- Cost avoidance forecast associated with new block bed provision as this is already built into business planning.

# Business Planning: Business Case – Savings

## Project Title: Integrated Community Equipment Service

| | |
|---|---|
| Committee**:** | Adults & Health |
| 2022-23 Savings: | £121,000 |

Brief Description of proposal:
Savings delivered from re-tendering the Integrated Community Equipment Contract.

| | |
|---|---|
| Date of version: | BP Reference: A/R.6.197 |
| Business Leads / Sponsors: | Will Patten |

## 1. Please describe what the proposed outcomes are:

Anticipated savings will be delivered on the pooled budget which funds the Integrated Community Equipment Service (ICES). The ICES is commissioned via a Section 75 Partnership Agreement and pooled budget with the Cambridgeshire & Peterborough CCG (Clinical Commissioning Group) and the service contract is delivered by NRS Healthcare.

People will continue to receive health and social care equipment that meets their assessed need. The provision of community equipment enables people to remain as independent as possible in the home of their choice and is a cost-effective offer that supports both the prevention, and long-term care, agendas.

Savings on the pooled budget will be delivered as follows:

| | **Saving amount** | **Source of saving** |
|---|---|---|
| 2. | £251,000 (split £121,000 CCC (Cambridgeshire County Council), £130,000 CCG under the new pool shared funding arrangements) | Procurement project and submission of competitively priced bid by the incumbent provider. |

These will contribute to the business planning targets for CCC, by delivering a financial recurrent saving of £121,000 in 22/23.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Following the outcome of the tender, and confirmation of award to NRS, CCC Finance have undertaken further modelling to identify potential savings, which are modelled on the equipment and activity demand and mix from previous years. Activity prices are set in the new contract, while equipment will be purchased at cost. Where equipment has increased in price above the values submitted in the tender, the higher price has been factored into the savings modelling.

Increased demand for 2022/23 has already been factored into the business plan with the community equipment demand bid of £33k for the council’s share of demand. Estimated total increased demand for the pool is estimated at £69k at new contract values.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The re-tender of the contract attracted bids from the three market leaders with the incumbent, NRS Healthcare, submitting the most competitively priced bid. The prices submitted for activity charges (deliveries, collections, repairs, and maintenance) were lower than they are currently.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The re-tendering has been undertaken and contract awarded. The anticipated savings will be delivered for 2022-23 with the Section 75 Agreement, and new contract, due to start on 1/4/2022

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

It it not anticipated that this savings proposal will have any negative effects on people with Protected Characteristics. The service is available to all people with an assessed need. This includes all age ranges and service user groups.

However, an Equality Impact Assessment (EqIA) has been developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

The project will deliver £121,000 of savings in 2022/23, because of the service being re-tendered and awarded to a competitively placed bid by the incumbent provider.

However, the following financial risks with delivering this saving should be noted:

- The savings estimate allows for equipment prices at the tendered price or the current contract price, whichever is higher. There is no provision for further cost increases. There is therefore an inflation risk to the value of this contract if there is inflation in equipment costs between now and date of purchase in 2022/23. We know that equipment prices are particularly high now due to shipping container shortages and the UK's withdrawal from the European Union. We have seen price increases affecting 30% of our equipment spend in 2021/22 with the average price increase being 10.8%. Any future increase, or decrease, in equipment prices would be passed to the Council under the new contract and may create a future financial pressure. Were we to see similar increases again, the risk would be in the region of £88k for the pool (£42k of this being CCC's share).

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Market forces affecting the sector which may affect product prices – this may present a financial pressure to the Council if further inflation on prices is experienced | Activity prices will not be affected.<br>All products on the contract are reviewed closely by Commissioning and clinical advisors before they are accepted onto the contract<br>Market pressures business case is in development which will factor in inflationary pressures and is due to be presented to RIT (Rapid Implementation Team) for inclusion in business planning. This may offset some of the financial risk. | Amber | Commissioning |
| Increased demand. Service is demand-led and must respond to system wide pressures – e.g., hospital discharge, prevention of admission to care homes and hospital, lack of home care | Activity is monitored by Commissioning and Contracts and any anticipated pressures on the pooled budget are reported to senior managers | Amber | Commissioning |

## 8. Scope: What is within scope? What is outside of scope?

Re-tendering of Integrated Community Equipment Service.

# Business Planning: Business Case – Savings proposal

## Project Title: Homecare Block Provision Savings Plan

Committee**:** Adults and Health

2022-23 Savings amount: £236k

| | 2022/23 | 2023/24 | 2024/25 | 2025/2026 |
|---|---|---|---|---|
| Total savings | -£235,853 | -£235,853 | -£235,853 | -£235,853 |

Brief Description of proposal:
Outline of savings from the local authority funded block homecare provision, RDT (Rapid Discharge and Transition) (Rapid Discharge and Transition) cars.

Date of version: 2.11.2021 BP Reference: A/R.6.198

Business Leads / Sponsors: Will Patten

## 1. Please describe what the proposed outcomes are:

This proposal outlines the decommissioning plans of the block homecare provision. ‘Homecare’ is considered any support service that a person might need in their own home. This may include shopping, meal preparation, support taking medication and meeting their personal care needs. Provision of good quality homecare not only enables the Council to meet its statutory duties under the Care Act 2014, but it is also key to the prevention agenda in that it enables people to remain living independently within their own home for longer.

The availability of homecare services able to respond quickly and in a person-centred way is really important when supporting people to return home to recover on discharge from hospital. This support is currently delivered through two block contracts of homecare hours which allow the Council to meet the needs of service users quickly and effectively. The contracts buy ‘blocks’ of time to deliver care, so we don’t have to spot purchase when we need care urgently, as the capacity is guaranteed and always available for people and family carers who require support. The cars run 7am to 10pm, with two hours down time a day, totalling 91 hours a week, running 365 days a year.

The purchase of block homecare hours allows the Council to source care in the following circumstances:

- To return home from hospital as soon as possible once a person is medically fit.
- To step up care to prevent admission to hospital.
- To provide care for people who are in hard-to-reach areas or to fulfil hard to place packages of care.

However, block hours tend to be more expensive than purchasing individual packages of care as required as the Council must pay for block care hours even if they are not utilised.

As a result of monitoring utilisation data, the Council has identified the need to reduce its current provision by 3 single cars, from 19 single cars, to 16 within the local authority funded RDT (Rapid Discharge and Transition) contract. There are an additional 18 single cars within the IBCF grant funded contract. This is changing to six double up cars and 11 single handed cars from January 2022.

The Council’s longer-term plan is to gradually decommission the local authority funded cars, instead meeting the demand through more cost-effective methods, such as:

- Sliding scale of rates with enhanced rates to support rural and hard to reach areas.
- Providers covering specific areas or zones of the county, including rural areas (and in doing so reduce travel and therefore cost and carbon impact)
- Supporting the market in building capacity through recruitment and retention, as well as better rates of pay for care staff

The improvements outlined above will be included in the Council's new specification for domiciliary care in 2023/4 when the Council puts in place a new Dynamic Purchasing System for domiciliary care.

It is important to note several ongoing budgetary risks associated with this saving which are outlined in section 7.

Intended Outcomes:

A good quality of life for everyone – this service supports people to remain independent at home for longer. It also enables people to return home from hospital, should they wish to return home with care rather than residential settings.

Cambridgeshire: A well-connected, safe, clean, green environment – the block car provision is undertaking a green initiative project, including the providers and our own environment team, to begin converting the fleet of cars commissioned to electric vehicles.

Protecting and caring for those who need us – this provision cares for people in their own home and allows them to return home as soon as they are medically fit. Not only do people get reduced delay in going home but the hospital beds are then available for others who need them.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

This project plan links to the Council's endeavours for efficiencies and better value for money. It also meets carbon impact goals in the green initiative project to convert the fleet of cars to electric vehicles.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The decommissioning of the RDT block cars is part of CCC's longer-term plan to improve homecare capacity. This has been endorsed by the Community Board within Adult Social Care Commissioning and will progress through Joint Commissioning Board and Adults Committee in the coming months.

The strategic plan was informed by extensive research with over 30 local authorities and engagement with local homecare providers.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The decommissioning of several RDT block cars has already taken place. The timetable below summarises the next steps in implementing CCC's strategic homecare plan, but this will have no direct impact on the savings offered in this business case.

## High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Utilisation meetings | Jan 2021 | Ongoing | Commissioning |
| CCC (Cambridgeshire County Council) Zoning Pilot | March 2023 | September 2024 | Commissioning |
| Pilot review analysis and learning | March 2024 | July 2024 | Commissioning |
| CCC new commissioning model | August 2024 | October 2024 | Commissioning |

# 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

Equality, diversity, and inclusion (EDI) is considered in the tender process for all homecare contracts. Providers are required to develop and provide evidence of EDI policies and procedures.

The homecare block provision supports those living in rural isolation to access homecare support services.

An Equality Impact Assessment (EqIA) has been developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

# 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

## Financial Benefits

The decommissioning of 3 single cars will deliver a financial recurrent saving of £235,853 in 2022/23.

### Non-Financial Benefits

The block homecare provision provides support to those being discharged from hospital to return home without delay and free capacity within the hospital. It also supports those living in rural areas.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

Identifiable budgetary risks

- As a result of market pressures, additional inflationary uplifts have been made to existing block car provision. These costs are not factored into this business case. To mitigate the risk associated with this, a separate market pressures business case is being drafted which will include inflationary pressures within it.
- CCC has commissioned 1 year of additional capacity in response to capacity concerns, system discharge pressures and winter surge demand. NHS funding has been confirmed for the first 6 months of this provision. If NHS funding does not continue and CCC opt to fund the provision for the final 6 months, this will create a pressure to the budget in 22/23.
- The strategic plan for improving homecare capacity will see the introduction of a zoned model with enhanced rates for rural areas in the new CCC DPS. Savings from decommissioning RDT block cars are required to fund the enhanced rates zoned model in the new DPS from 23/24 onwards. |Allocation of these as cashable savings in 23/24 onwards is likely to create a budget pressure when the new CCC DPS is introduced in 2024.

General risks

- Providers are seeing increasing workforce pressures which may lead to increasing costs of care to the local authority workforce issues.
- If the homecare model sliding scale of rates cannot address the demand and market gaps for rural and hard to reach areas, then the cars will continue to be necessary
- Demand growth resulting from an increasing older population may also affect the level of savings realisation

.

## 8. Scope: What is within scope? What is outside of scope?

This business case is in relation to the homecare block provision. The local authority funded (RDT) contract commissioned in June 2019, and the IBCF (Improved Better Care Fund) block provision going live from January 2022.

# Business Planning: Business Case proposal

## Project Title: Demand led Public Health budgets

| | |
|---|---|
| Committee**:** | Adult and Health Committee |
| 2022-23 Savings: | £328k |

Brief Description of proposal:
This business case provides details of underspends and savings from contingency funds.

| | |
|---|---|
| Date of version: October 2021 | BP Reference: E/R.6.034 |
| Business Leads / Sponsors: | Val Thomas |

# 1. Please describe what the proposed outcomes are:

The Public Health ring fenced budget funds a wide range of public health interventions and services. These services have in recent years responded to savings requests through service efficiencies and offering streamlined services.

Public Health business planning for 2022/23 pulls together outstanding underspends across several service areas. These will have minimal disruption as they are demand led services.

In addition, savings are available from contingency and holding funds where the funding is no longer required.

## Demand Led Savings:

### Chlamydia Screening

Chlamydia screening is commissioned for those aged 15 to 24 as part of the national Chlamydia Screening Programme. Chlamydia is the most common bacterial sexually transmitted infection with sexually active young people being at highest risk. Chlamydia is often asymptomatic, and screening is for early detection to prevent the longer-term health consequences of Pelvic Inflammatory Disease (PID) and infertility. In Cambridgeshire Public Health commissions screening for young people from the Integrated Sexual and Reproductive Health Service, Prevention of Sexual Ill Health Service, GP practices and community pharmacies. Primary care activity (GP practices and community pharmacies) has decreased in recent years resulting in underspends on these budgets. This reflects more online screening services, popular with young people and the strengthening of screening offers through the new Prevention of Sexual Ill Health services. Both the Prevention of Sexual Health Service and Integrated Sexual and Reproductive Health Service have grown and developed their online offers. In addition, national guidance from the national Chlamydia Screening Programme released in June 2021 asked for the screening to focus upon reducing time to test results and treatment, strengthening partner notification and re-testing after treatment. This means that screening in primary care will only be offered proactively to young women. Men will only be offered a test if they have symptoms. Other sexual health services remain unchanged. This reflects the evidence that the harmful effects of chlamydia fall predominantly upon women leading to significant harm to reproductive health and that opportunistic screening of women can effectively reduce these harms.

It is proposed that the Chlamydia Screening Program going forward should:

- In line with national Guidance commissioning of chlamydia screening in primary care should only be for females as screening and early detection and treatment can prevent PID and in the longer-term infertility. Not commissioning screening for males will contribute to any savings.

- The popularity of online services with young people and the greater reach of the Prevention services into vulnerable young people should be the focus for the commissioning of Chlamydia Screening Services with the objective of increasing screening rates. These service options are in demand and are more cost effective than GP commissioned services.

There are national screening targets for the Chlamydia Screening Programme that Cambridgeshire has consistently not met. However, as Figure 1 indicates below that in the East of England all areas except for Peterborough fail to meet their targets.

Figure 1: Chlamydia Detection Rate per 100,000 (15-24 year)

| Region | Chlamydia detection rate / 100,000 (aged 15-24) |
|---|---|
| England | 1420 |
| East of England | 1339 |
| Bedford | 1853 |
| Cambridgeshire | 1100 |
| Central Beds | 1158 |
| Essex | 1100 |
| Hertfordshire | 1300 |
| Luton | 1643 |
| Norfolk | 1468 |
| Peterborough | 2459 |
| Southend-on-Sea | 1205 |
| Suffolk | 1584 |

The target is based on a certain level of infection in the community and the consistent failure across all areas is thought to be a reflection that infection rates are not high.

## Health Checks

The Health Checks Programme is one of the mandatory local authority Public Health services. It is a cardio-vascular health risk assessment that is designed to spot early signs of stroke, kidney disease, heart disease, type 2 diabetes, or dementia. The check identifies ways to lower the risk of these poor health outcomes. There is now substantial evidence for Health Checks reducing the risk of cardio-vascular disease in the population. Public Health commissions GP practices to provide Health Checks. It is essential to work closely with GP practices as they hold the information on those patients aged 40- 74 who are eligible for health check (those not already being treated for a condition) and will follow up with them to refer to lifestyle services or provide clinical interventions if necessary. The Public Health Lifestyle Service is also commissioned to provide outreach health checks which involves it working closely with practices.

Practices are set health check targets every year based on the number of eligible patients. Local GP practices have struggled to meet the targets for several years and the situation has been exacerbated by the COVID-19 pandemic. Public Health is currently discussing activity and alternative models of delivery. This will mean increased activity being channelled through the Lifestyle Service, which is a more cost-effective route, as it is a block contract and often more acceptable to some patients. Although some prefer to receive their health checks at their own practices. Given these factors and the consistent low levels of activity in GP practices savings have been identified from this service area without any risk to outcomes. Figure 2 describes Cambridgeshire's Health Check performance compared to other areas in the region and nationally. Please note because of COVID-19 more recent data is currently not available. It is not anticipated that the savings will affect performance and the current planned developments aim to increase the number of people at risk of cardio-vascular disease being identified early and offered an intervention.

Figure 2: Health Checks – Offered and Received

| Region | Cumulative percentage of the population aged 40-74 offered an NHS Health Check who received and NHS Health Check |
|---|---|
| England | 46.5 |
| East of England region | 47.9 |
| Bedford | 43.2 |
| Cambridgeshire | 51.4 |
| Central Beds | 49.8 |
| Essex | 48.5 |
| Hertfordshire | 45.9 |
| Luton | 45.5 |
| Norfolk | 48.4 |
| Peterborough | 51.4 |
| Southend-on-Sea | 45.0 |
| Suffolk | 46.4 |
| Thurrock | 51.8 |

## Stop Smoking Services

Public Health commissions Stop Smoking services from GP practices and community pharmacies (Primary Care) along with the Lifestyle Services. In recent years activity in GP practices and especially community pharmacies have fallen, again exacerbated by the COVID-19 pandemic. During the pandemic the Lifestyle Service offered virtual support for stopping smoking. This had not previously been popular but during lockdown there was a demand for virtual support from smokers referred from Primary Care. This virtual offer along with the Lifestyle Service face to face services has been maintained. Virtual services also offer environmental benefits in reducing the need to travel. Early indications are that demand for the Lifestyle Service Stop Smoking Service

is being maintained whilst we are not seeing any increases in Primary Care activity, especially in community pharmacies. Lifestyle Services also work with vulnerable groups and focus in areas of deprivation where rates of smoking are higher. The Service's block contract along with virtual support for quitting are more cost-effective options.
Stopping smoking is a prevention intervention that has very clear evidence for improving health outcomes. Although there have been reductions in smoking prevalence, rates have remained high in manual occupations and associated with deprivation.

Smoking activity is monitored quarterly through returns to the Department of Health and Social Care as a priority public health area. Currently Cambridgeshire is benchmarked as having a similar smoking prevalence to England. Rates have historically been higher in Fenland, but district level data is currently not available. It should also be noted that because of COVID-19 data no recent data is available. Continuing to offer different more cost-effective options for stopping smoking aims to increase the number of quitters and prevent the associated poor health outcomes from smoking.

Figure 3: Smoking Prevalence in adults

| Region | Prevalance of Smoking in Adults [18+] (2019) |
|---|---|
| England | 13.9 |
| East of England | 13.7 |
| Bedford | 10.8 |
| Cambridgeshire | 13.2 |
| Central Beds | 13.7 |
| Essex | 13.2 |
| Hertfordshire | 11.0 |
| Luton | 16.8 |
| Norfolk | 14.5 |
| Peterborough | 18.8 |
| Southend-on-Sea | 13.2 |
| Suffolk | 16.1 |
| Thurrock | 17.5 |

## Contingency Fund

The Contingency Fund was historically set up in anticipation of pressures on specific areas, obesity, stop smoking services, community projects and Traveller health. These issues have not arisen and any pressures going forward will be picked up by reserves, existing budgets or in the case of obesity the additional funding allocated to obesity from the increase in the Public Health Grant.

### Holding Account

An excess of funds has been identified in the Public Health holding account that were for planned interventions which have now been superseded and are being funded within existing budgets.

None of these savings are associated with adverse impacts on those with protected characteristics, the environment or health and safety. The expected positive health outcomes are described in the above narrative.

The savings will not impact on service delivery but are part of the development of services that will continue to support the Local Authority's key outcomes of protecting and caring for those who need us, a good quality of life for everyone and communities at the heart of everything. In addition, Public Health services are increasingly responding to the demand for virtual services which support a safe, clean, green environment.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The savings and descriptions above support national policy in relation to chlamydia screening, health checks and stop smoking. All three areas are monitored nationally and included in the national Public Health Outcomes Framework, where key public health outcomes are reported.

The savings proposals here reflect the Local Authority's Commercial Strategy that is currently in development. In particular

- maximising value for money from contractual relationships.
- making robust decisions on a consistent basis with evidence and a sound business case
- collaborating with the market and with partners to develop alternative models for greater returns/cost efficiencies.
- maximising use of revenue and assets.

Improving the health and wellbeing of our local communities is central to Public Health services; the savings and the associated developments described above aim to improve outcomes for our communities. It supports the strategic objectives of Children and Young People (CYP) Services through lifestyle services for CYP and their parents and carers. For example, children and young people exposed to smoking in the home can have poorer health outcomes. Chlamydia screening improves the health of young women in the shorter but also longer term. Lifestyle services are key to helping those accessing Adults Social Care stay as healthy as they can be.

There is clear evidence that services for chlamydia screening, health checks and stop smoking, already described above, improve health outcomes. This academic evidence has been rigorously researched and informs national guidance for these programmes.

There had been discussion with practitioners and stakeholders about the services in relation to their development and their information and views are helping to shape service development. The commissioned providers are asked to consult with their service users about existing and any changes to services. This is currently in progress as part of identifying the impact of the COVID-19 pandemic. However, most savings reflect demand and existing service developments.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The three main areas where savings will be made are based on demand but there are other factors that have been considered and discussed with providers and stakeholders.

### Chlamydia Screening

This has been influenced by national guidance and evidence that calls for less but more targeted activity in primary care to achieve the best outcomes for those most affected. Although activity in primary care has been decreasing over time.

These two factors have been considered and found to support the focus upon sexual health service clinics and virtual services where demand has increased, and the screening is more cost-effective for lower risk potential cases. Whilst ensuring that those at risk of poorer outcomes are targeted.

### Health Checks

Some areas have adopted different models for the delivery of health checks that are a mixture of less reliance on GP service delivery or a more blended model with activity or aspects of the health check delivery shared to a greater degree with other providers.

We are piloting a local model this year that will aim to improve activity and quality of service delivery but not increase costs. The savings currently identified represent current low demand.

### Stop Smoking

These savings reflect the learning from the pandemic and the acceptability of virtual services. In addition, the increased referrals from primary care to the Lifestyle Service demonstrate a willingness by primary care to shift activity to the Lifestyle Service.

Lifestyle services can offer more flexible services and focus on groups and areas where smoking rates are higher along with its virtual service.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

These savings have been discussed with finance leads for Public Health and the Director of Public Health.

The proposal does not involve any new projects but there are some elements of re-design of the current services that will support the ongoing delivery of the savings. This redesign of some aspects of primary care delivery have been discussed with the Local Medical Committee and Lifestyle Service provider. There are regular reviews and agreement of service development objectives with providers. Providers are required to ask service users on a regular basis for feedback on services.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| New budgets for Chlamydia Screening, Health Checks and Stop Smoking services that reflect savings | April 1 2022 | ongoing | Val Thomas |
| Contingency Fund closed | April 1 2022 | ongoing | Jyoti Atri |
| Holding Account closed | April 1 2022 | ongoing | Jyoti Atri |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

The proposed savings will have limited effect on those with protected characteristics. They are demand led or were held back for contingency purposes or until needed. These needs have not materialised, and the funding is no longer required. However, there are some service developments that will have impacts on some groups:

### Chlamydia Screening - Gender - pregnancy and maternity

The change to the chlamydia Screening Programme will have a positive effect upon the health of women. Those at higher risk of poor health outcomes and services will be targeted in Primary Care to identify infection and minimise risks to reproductive health.

### Young People – aged 15-24 - Sexual health, pregnancy, and maternity

There is evidence that the health of young people has been affected by COVID-19. The Chlamydia Screening Programme targets those aged 15-24 years and service providers are being asked to identify any concerns, in particular any mental health issues, that might affect uptake of screening.

In addition, as we emerge from lockdown and its freedoms there are risks in terms of sexual behaviours that could lead to increases in sexually transmitted infections and unplanned pregnancy. The increased focus upon chlamydia screening provides the opportunity for service providers to work with young people to promote safe relationships and behaviours.

### Health Checks – deprivation and race

Health Checks are targeted at those aged 40-70 irrespective of any protected characteristics.

However, the closure of GP practices and their limited capacity meant fewer health checks were undertaken during the COVID-19 pandemic. Although the savings arising from health checks should not affect the current service delivery, the pilot services being undertaken this year will aim to deliver more services next year in areas where there are higher cardio-vascular health risks that are linked to deprivation and race.

### Stop Smoking Services – deprivation

Stop smoking services target all smokers and this is unaffected by the proposed savings.

There is no clear evidence currently that smoking rates have increased through the pandemic, however decreased access to services despite more virtual services suggest that this could have been the impact

However, the ongoing service developments will continue to target groups and areas, primarily linked to deprivation that are associated with higher rates of smoking.

An Equality Impact Assessment (EqIA) will be developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

This business case will deliver savings of £328k:

These savings represent low demand and activity

Contingency funding that is no longer required as the interventions have been either re-designed or funded from another source.

Holding account fund that is no longer required as the interventions have been either re-designed or funded from another source.

| Savings | Amount | Totals |
|---|---|---|
| Stop smoking service: | | |
| GP services includes GP Payments and cot of medicines that are part of stop smoking interventions | £70,000 | |
| Community pharmacy interventions: payments to pharmacists | £25,000 | |
| Miscellaneous Stop Smoking interventions e.g campaigns | £10,000 | |
| Chlamydia Screening: | | |
| Pharmacy services: payments to pharmacists | £5000 | |
| GP services: payments to GPs | £20,000 | |
| Laboratory costs | £40,000 | |
| Health Checks: | | |
| Health Check services: payments to GPs | £50,000 | |
| TOTAL Demand led services | | £220,000 |
| | | |
| Contingency fund for payments to CCG: | | |
| Contract Clinical Governance and Primary Care data processing support | £5000 | £5000 |
| | | |
| Contingency Fund: | | |
| General Childhood Obesity | £2,700 | |
| Small Community Projects | £15,000 | |
| Stop Smoking GP and Pharmacy Services | £17,000 | |
| Traveller Health | £11,300 | |
| TOTAL Contingency Fund | | £46,000 |
| | | |
| Holding Fund Access | | £57,000 |
| | | |
| TOTAL Savings | | £328,000 |

## Non-Financial benefits

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Chlamydia Screening will target females who are at higher risk. | Number of females screened in GP practices | To be established in 2022/23 | Increases over first three years |

| | | | |
|---|---|---|---|
| Long term impact on fertility and mental health services reduced. | | | |
| Health Checks targeted to groups and areas where there are higher rates of cardio-vascular disease | Number of Health Checks in high-risk groups and areas | To be established at the end 2021/22 | Target health checks met by March 31 2024 |
| Stop Smoking Services increases number of quitters amongst targeted high-risk groups which includes pregnant smokers, manual and routine workers, and areas of deprivation | Number of smoking quitters from targeted groups that were treated by the Stop Smoking Services | Number of successful quitters from targeted groups at the end of 2021/22 | Targets to be met by the March 31 2024 |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| Risk | Mitigation | RAG (should the risk occur) | Overall Responsibility |
|---|---|---|---|
| Demand for health checks increases | Activity diverted to Lifestyle Service. Negotiate new value for block contract that accommodates increased activity in cost envelope | Amber | Val Thomas |
| Demand for chlamydia screening increases in GP practices. | Establish referral routes from GP practices for females to the sexual health services for screening and follow up. | Amber | Val Thomas |
| Demand for Stop Smoking Services increases | Divert activity to Lifestyle Services Negotiate new value for block contract that that accommodates increased activity in cost envelope | Amber | Val Thomas |

## 8. Scope: What is within scope? What is outside of scope?

In Scope

- Chlamydia Screening Programme
- Health Checks Programme
- Stop Smoking Services
- Public Health Contingency fund
- Public Health Holding Fund

Out of scope

- All other Public Health Grant funding

# Section 4g
# Adults and Health

## Pressures / Investments

# Business Planning: Business Case - Pressure

## Project Title: Increased staffing within the Young Adults Team

Committee: Adults and Health Committee

2022-23 Pressure amount: £148,834k

Brief Description of proposal:
To increase the existing staffing structure within the Young Adult's Team, to better manage demand verses capacity, and deliver a safe, cost-effective service.

Date of version: September 2021 BP reference: A/R.4.040

Business Leads / Sponsors: Sasha Long, Head of Service, Disability Social Care 0 – 25 Service

# 1. Please describe what the proposed outcomes are:

To deliver a safe and cost-effective service, be better placed to manage demand by increasing the existing capacity within the team and to improve outcomes for young people.

The current structure of the Young Adult's Team is as follows:

- 1 WTE Team Manager
- 2 WTE Senior Social Workers
- 6 WTE Social Workers
- 3 WTE Adult Support Coordinators.
- 1 WTE Business Support Assistant.

The proposed structure of the service moving forward:

- 1 WTE Team Manager
- 4 WTE Senior Social Workers
- 6 WTE Social Workers
- 4 WTE Adult Support Coordinators.
- 1 WTE Business Support Assistant.

Implementing the proposed staffing structure as above would enable cases to be allocated to workers at an appropriate level, and to eradicate the need for a 'waiting list.' This would result in the safer management and prompt allocation of new cases being referred through to the team.

The addition of two new Senior Social Workers would enable each to be 'linked' with an LDP (Learning Disabilities Partnership) Team, thus improving working together across the two service areas, streamlining transfer processes and enabling a richer multi-agency consideration of each case under discussion.

The additional Adult Support Coordinator post would provide some much-needed capacity to cover the lower-level cases, thus enabling the Social Workers and Senior Social Workers to dedicate their time and resources to the higher-level cases requiring urgent attention. High level tasks, such as CoP DoLS (Deprivation of Liberty Standards) applications, could be undertaken without delay and the Council would be at reduced risk of drawn-out, costly legal proceedings.

The additional team capacity would enable all team Key Performance Indicators to be consistently adhered to and would support the team in delivering results in line with the PFA (Preparing for Adult) model. It would also free-up the time of the senior members of the team to enable them to focus on staff development, training opportunities, and improving outcomes for the young people the team supports.

Current budget:

| Description: | Budget: |
|---|---|
| Current YAT staffing budget: | £538,508 |
| Required vacancy savings: | £30K |
| Current forecast for 2021/22 year end position: | Balanced budget. |

| | |
|---|---|
| Conclusion: | No surplus within the current budget and no identified vacancy savings to draw down on. |

Additional Resource Required:

| | |
|---|---|
| To expand the current team, the service would require funding for:<br>*2 x additional SSW's:* £109,926<br>*1 x additional ASCO:* £38,908 | Total: £148,834 |

# 2. What evidence has been used to support this work, how does this link to any existing strategies / policies?

## Context and Rationale for the expansion of the Young Adult's Team.

The Young Adult's Team is part of the Disability Social Care 0-25 Service. This service is responsible for the statutory safeguarding of vulnerable children and young adults with disabilities across Cambridgeshire, as well as the transition of eligible young adults to adult social care, and it is therefore essential that the team have the capacity to do robust assessments, support planning, financial forecasting, and safeguarding investigations.

When the Young Adult's Team was first created, the intention was for the team to have the capacity to undertake early Preparation for Adulthood work with families open to the Children's Disability Teams. The YAT should be getting involved when the young person reaches the age of 16 years, to guide them through the adult assessment including completion of MCA assessments, CoP DoLs as appropriate and the support planning process before the young person was 17.5 years old. The intention was therefore that the family would have an agreed budget and support plan in place well in advance of the young person's 18th birthday, and know exactly what services would be provided, to ease the transition to adulthood, this includes ensuring CHC (Continuing Healthcare Care) and any joint funding has been explored and agreed.

However, due to the current staffing / capacity / demand issues across the Young Adult's Team, the reality is that the team are constantly managing crises for the highest level of cases, whilst the day-to-day tasks are being overlooked. As such, they are unable to get involved with families much before each young adult's 18th birthday. This results in the team being unable to undertake the Preparation for Adulthood work required and there is little opportunity for thoroughly reviewing care packages, 'changing the conversation' with families, or maximising the young adults' strengths / independence. These cases are then being presented to the LDP QA (Quality Assurance) Panel close to the young adult's 18th birthday, with the likelihood being that the care package in place throughout their time with children's services will have to continue for a period, which is costed higher than the adult provisions.

## Current caseload pressures:

There are currently 257 cases allocated to the Young Adult's Team, with an additional 85 cases being held on a 'waiting list.' (In ideal circumstances the team would not have a waiting list and all incoming referrals would be allocated immediately, however the team do not currently have the capacity to do this.) This equates to a total of 342 cases who require support from the service. In addition to this, there are 92 carers who are also open to the team and who receive an assessment and service, with an additional 3 carers on the ‘waiting list’. This equates to a total of 95 carers who require support from the service.

Business Intelligence have confirmed that on average there are 9 new referrals to YAT per month, with an average of 7 cases being closed to the team each month. Therefore, the number of cases coming in, are steadily exceeding the number going out.

In addition to this, we have noticed a trend in EHCP’s remaining in place for the maximum amount of time (until the young person reaches 25 years of age) due to the increasing number of SEND (Special Educational Needs and Disabilities) Tribunals. As such, cases which would previously have transitioned out of the Young Adult’s Team when the young person was around 20 years old, are now remaining open for several additional years.

The Young Adult’s Team are allocated a high number of DoLS cases by nature of the fact that many of the 18yr olds who transfer to their team have complex needs. Due to the staffing / capacity pressures within the team, there is currently a backlog of overdue DoLS reviews, and essential DoLS applications are being delayed. These cases cannot transfer to the LDP Locality Teams until this work has been completed, this is impacting on the throughput of cases within the Young Adult’s Team, further reducing team capacity.

There are currently several high-risk cases within the team taking a disproportionate amount of time to actively manage and support, including those at those at risk of admission, carer breakdown, placement breakdown and complex legal action.

The Young Adult’s Team regularly receive new referrals from the Children’s Disability Teams, mainstream Children’s Social Care Teams, and external agencies, where the young adult has not been known to Social Care in the past and therefore requires extensive assessment / support planning. With very few cases transferring out of the team, the team’s capacity to turn these assessments around in quick timescales has been steadily reduced and these cases often stay on the ‘waiting list’ for several months as other, more urgent cases must be prioritised.

Most of the annual reviews for young adults being supported by the Young Adult’s Team result in changes to care packages (due to their education packages reducing year by year) and re-assessments are therefore required, along with renewed applications to the LDP QA funding panel. The Young Adult’s Team consistently present the highest number of cases to the funding panel, evidencing the throughput of the work and the frequently changing nature of their care packages. Therefore, even cases which have been with the team several years still generate a great deal of work on a regular basis. The intent moving forward once JASP (Joint Access and Support Panel) is embedded in CCC (Cambridgeshire County Council) (Cambridgeshire County Council) is that the YAT will only present cases at JASP where there will be robust oversight of all transition cases, however it is a higher number of cases will be deferred if PFA work has not been completed.

## Current staffing pressures:

The team is currently comprised of a Team Manager (who should not hold any cases), two Senior Social Workers (who should have a reduced caseload in recognition of their supervisory roles), six Social Workers (including ASYE’s who should hold a reduced caseload throughout their assessment year) and three Adult Support Coordinators (who should have a caseload of less complex cases in recognition of the fact that they are alternatively qualified members of staff.)

However, considering the disproportionately high number of cases open to the team and sitting on the waiting list, the reality is that the TM must actively work several cases, both Senior Social Workers are holding excessively high caseloads, and the Social Worker (including the ASYE's) and ASCO's are all holding more cases than they should, including cases with increasing complexity.

This has resulted in a high turn-over of staff within the team and significant challenges around retainment, with several members of staff citing workload pressures and a lack of capacity as their reason for leaving the service. It has also resulted in the need to employ costly agency staff on a regular basis, to manage vacancies and to respond to gaps when staff leave and there is a delay in new staff joining the service.

As the Young Adult's Team is a frontline safeguarding social work team managing a high level of complexity and risk, it is reasonable to expect the average caseload per role within this team to be as follows:

- Senior Social Workers, up to 15 cases each, to enable them to have enough free time to support less experienced staff, carry out supervisions, provide case oversight.
- Social Workers, up to 20 cases each (so they have the time and capacity to manage complex case issues.)
- ASYE's, up to 18 cases each (so they have the capacity and space to continue their learning and developing their confidence / experience throughout their assessed year.)
- ASCOs, up to 30 less complex cases each (so they can provide a high-quality service to those cases with less complexity but still requiring active support, and oversight / actions as required on those cases which only need to be 'open to review'.)

Based on the current staffing structure, if we were to divide the number of cases allocated to the team (including those on the waiting list) between the current staff, the average caseload would by far exceed that which is considered optimal, manageable, or safe.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Disability Social Care 0-25 funding considerations:

The staffing budget for the Young Adult's Team sits within the LDP pooled budget. The Disability Social Care 0-25 Service currently contributes £45,678 towards the staffing budget for the Young Adult's Team, which funds 1 x SW post and 'tops up' the cost of a Senior Practitioner post to make this a full-time position. In exploring the potential expansion of the Young Adult's Team, we have reviewed our staffing budget across the Children's Disability Teams to identify if there are surplus funds / posts which could be transferred to the Young Adult's Team. However, we have concluded that further reductions to the staffing budget are not possible due to the workload held within the children's teams, as follows:

Within our Disability Social Care 0-18 teams, our average caseloads are currently as follows:
Senior Practitioners: 16 cases.

Social Workers: 18 cases.
ASYE Social Workers: 16 cases.
Child Practitioners: 14 cases.

In mainstream Children's Social Care teams, the recommended average caseloads are as follows:
Senior Practitioners: Up to 10 cases.
Social Workers: Between 16-18 cases.
ASYE Social Workers: Up to 10 cases.
Child Practitioners: Up to 15 cases.

This indicates that the average caseloads held by the staff in our 0-18 Children's Disability Teams are in line with our mainstream colleagues. We already work flexibly across our service and we are currently using any spare capacity within our Children's Disability Teams to support the Young Adult's Team but the demand on our children's teams is and will continue to increase as restrictions begin to lift post the pandemic and the current support (albeit minimal) cannot be sustained.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Business Case to be reviewed and authorised. | 9 December 2021 | | |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

If team capacity remains stretched, the prioritisation of resource relies on intelligence received. Statistically those from difficult to reach / historically excluded groups may not reach out or be advocated for as widely and this could result in inaccurate prioritisation.

An Equality Impact Assessment (EqIA) has been developed to ensure this proposal is equitable in its aims and delivery. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

Financial Benefits

Whilst we recognise the need for financial investment to make this proposal a reality, we believe this is justified considering the savings this will generate for the council, alongside the improvement to the current service delivery, and staff well-being.

### Non-financial benefits

This business case sets out the proposal to request funding to enable the expansion of the Young Adults Team within the Disability Social Care 0-25 Service. This additional resource is required so that there is sufficient capacity across the service to manage the demand caused by the steadily increasing number of referrals / open cases, the extended period these cases remain open to the team, and the increased complex case activity (including essential DoLS work) across the team. The current level of demand cannot be safely managed with the current staffing structure in place, or within the current staffing budget. By expanding the Young Adult's Team:

- caseloads would be lower and therefore more manageable
- there would no longer be a need for a waiting list
- the team could undertake thorough Preparation for Adulthood work, achieving savings across the service whilst improving outcomes for the young people we support.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Ability to Recruit to the additional positions. | Team to promote a Team specific recruitment campaign. | Red | Team Manager |

## 8. Scope: What is within scope? What is outside of scope?

In scope is an increase of staff for the Young Adults Team.

# Business Planning: Business Case proposal

## Project Title: Additional Resource – Quality and Practice Team

Committee**:** Adults and Health

2022-23 Investment: £68k

Brief Description of proposal:

The request is for permanent investment of £113,042 per annum.

(Approx £68,000 of this from Cambridgeshire County Council and £45,000 being requested from Peterborough City Council) This would be to fund three auditors for the Quality and Practice team to ensure we are meeting our statutory responsibilities in the new assurance framework which will be overseen by the Care Quality Commission inspection.

Date of version: 8 September 21 BP Reference: A/R.4.041

Business Leads / Sponsors: Charlotte Black, Director of Adults and Safeguarding

# 1. Please describe what the proposed outcomes are:

With the ‘Integration and innovation: working together to improve health and social care for all’ White Paper, comes the proposal of a new assurance framework for adult social care to be overseen by the Care Quality Commission (CQC) inspection. This will result in increased regulation for adult social care (ASC), and we will need to ensure compliance. Our experience of Ofsted and Children’s social care, tells us that non-compliance can lead to costly remedial action being required. The current capacity in the quality and practice team achieves two thematic audits a year. A thematic audit is an in-depth study on a particular area; used to assess the quality of practice and identify themes, risks and areas for learning. The current capacity does not cover auditing of all our statutory responsibilities, nor is it able to give full assurance of our statutory responsibilities.

CQC inspection of ASC will be from April 2022. In addition to this, COVID-19 has had increased demand on resources and pressures to Adult Social Care. Currently, it is even more important that we pay attention to quality and practice. We have a growing vacancy rate, which is compounded by increased demand with staff and managers trying to tackle back logs and deal with more complex cases. We need assurance that our quality is maintained in line with our statutory responsibilities.

As a result, there is a request to fund the cost of three auditors within the team, to assure ourselves we are fulfilling our statutory responsibilities, help prepare reports for CQC inspections and ensure we are proactive in addressing any practice issues/needs. This investment will mitigate the risk of future costs we may incur if remedial actions are needed to ensure CQC compliance following inspections.

This would be split across Peterborough City Council and Cambridgeshire County Council – the team currently is a shared services role and works across the whole service. Cost based on 40% PCC (Peterborough City Council), 60% CCC (Cambridgeshire County Council)

PCC Total cost £45,216.80 per annum

CCC total cost £67,825.20 per annum

To ensure that we can audit our statutory responsibilities and comply with the new assurance framework and CQC inspection requirement, there is a need to increase the number of thematic audits carried out across the service. For a thematic audit on our statutory assessments, to get a viable outcome we would need to complete three times the number of audits the teams are currently able to complete.

Benefits

- Carry out six thematic audits per year
- Increase of four audits to assure we audit our statutory responsibilities
- Free up the senior social workers to improve the timeliness of actions to the findings, implement systemic changes, and supporting operational teams.

The implications from the white paper on health and social care reform, Adult Social Care will come under greater scrutiny and include a new inspection regime from CQC. With increased capacity to carry out audits across all adult services in PCC and CCC we will be more prepared and assured for the inspections.

There is a significant risk if we do not invest and fail on an inspection, that this will incur a high cost to rectify this situation. In addition to this there is likely to be an increase in workload because of the new regulations. If there is increased workload that is related to social care practice, this will be able to be supported by the Quality and Practice Team with additional staffing in post. This will present a challenge to Adults services if there is no additional capacity, with the risk that staff will be diverted from delivering their statutory functions, to support auditing and CQC inspection preparations. We know from Children's inspections that a substantial amount of resource and work is required in relation to an inspection. If there are improvements to be made, such as planning and delivering improvements, setting up an improvement framework and then being reinspected to assure that the improvements have been made, this could result in significant costs to the local authority.

To take this approach an additional 3 x FTE (Full Time Equivalent) equivalent staff members at SO1/SO2 are required to carry out the additional audits.

There are reoccurring themes from thematic audit re: practice standards and legal compliance. This evidences that whilst we are collecting data, we are not able to do enough to change practice and ensure legal compliance year on year.

The new resource would increase the number of themes being audited, giving a more robust thematic audit programme throughout the year helping us to prepare for the new inspection regime.

Additional benefits are that it will increase the capacity of existing staff to work with those teams on development and improving the service. The existing practitioners are skilled social workers and if we release them from completing the audit, they could better use their time to analyse the data and implement the action plans.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

### Measure of benefits

We have in place a system for monitoring our development and improvement in practice. Through the Practice Governance Board smart actions for learning and improvement are agreed and monitored. The Practice Governance Board action plan holds all the learning from various sources and monitors the completion of actions. The managerial audit programme triangulates the evidence of improvement in practice. These established processes will monitor the impact of having the three adult support coordinators allowing the senior social workers to improve our service.

Further evidence of the need of these roles can be found in section one of this report.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

As mentioned in section One, this is currently the only viable option to meet this need, and doing nothing would result in high levels of risk. There is not the capacity in other service areas to support this function and the team does not currently have the capacity to undertake this work.

This role and function sit within the current team. It is best placed, as it builds on current workload, skills, and capabilities of the service. The team are skilled in data collection, thematic audits, audit reports and supporting action plans because of audits. However, the additional regulations will create additional workload which we do not have the staff capacity to complete within the service as it is currently.

This needs to be an internal audit and support function, due to the nature of the work that will be required and any sensitivities around this. If we do not begin to plan, assure our work, and improve where required, it would be unlikely that PCC/CCC would meet the regulation standards, though we do not yet know what these are. Where we have completed thematic audits on our statutory functions, there are always areas for improvement, some of these are very simple to support to rectify with an action plan. However, there are some areas for improvement where we have significantly failed in fulfilling our statutory responsibilities and there has been a requirement for a large amount of work to support practice improvement. There is therefore a risk to the department's reputation and financial risk if we must undertake remedial action. There is no choice regarding the inspections and regulations as these are nationally mandated.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The next steps would be to advertise the posts and recruit into them within 12 weeks. This would then enable us to draw up a more robust thematic audit programme which would cover all our statutory responsibilities and enable the department to have an action plan in place, where we fall below expected standards. This will be beneficial when we get to the CQC auditing processes.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

A review has concluded that an Equality Impact Assessment is not required for the purpose of this business case. No negative impacts have been identified, however doing nothing could result in some residents with protected characteristics being affected negatively.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

Without the increase in audit capacity, there are several financial risks facing the authority. By recruiting additional officers to the Quality and Practice Team, we are taking preventative measures to ensure that the authority does not have to incur unnecessary spending.

Risks

- Delay in understanding risk across the department
- Gathering the evidence without the capacity to action the learning and service improvement
- Organisational risk, - Human rights, poor practice, Safeguarding, Local Government Ombudsman. The cost from an LGO findings can be £100 to £1,000 unless it is an exceptional case. The highest payment made in the last year has been £1800. This does not include the cost of any loss of service which can be any amount. The highest to CCC has been £85k. Time wise on average 3 senior managers input per LGO complaint at 20 hours each.
- Financial – LGO, Legal challenge, over commissioning of services, increased crisis management – not picking up areas of concern early enough, resource from Q&P team being used in the wrong areas.
- There is a risk of damages being awarded where we have been in breach of our statutory responsibilities, however this is difficult to quantify. A case was brought to court in 2021 whereby Haringey had unlawfully deprived an individual of their liberty. They were required to pay £143,000 in damages. This covered an eight-year period which equates to £17,825 per year. They did not dispute the services provided or the placement the individual was in. This would usually be covered by insurance, however, is a significant claim.
- There is also a financial risk of remedial action. For instance, if we are found to be lacking in a specific area and this requires additional resources. It is again hard to quantify this as it could be that we would need five additional workers for a six-month period or less work force for a greater period etc.

However, the on-costs of one social worker for 12 months are £44,659 which rises significantly if we needed to recruit locum practitioners.

The implications from the white paper on health and social care reform mean that Adult Social Care will come under greater scrutiny and include a new inspection regime from CQC. With increased capacity to carry out audits across all adult services in PCC and CCC we will be more prepared and assured for the inspections.

There are reoccurring themes from thematic audit re: practice standards and legal compliance. This evidences that whilst we are collecting data, we are not able to do enough to change practice and ensure legal compliance year on year. There is a risk that we could face financial penalties from CQC if we are not fulfilling/able to evidence we are fulfilling our statutory responsibilities.

### Non-Financial Benefits

Benefits

- Audit is a useful tool providing the evidence of areas of practice improvement
- Increased audit activity – we can review more areas across the service
- Increase re-audit capacity to measure the impact of actions taken to improve practice.
- Increased capacity for SSW to implement the learning
- Review previous audits to see patterns of change/improvement etc.

The increase in capacity x3 auditors will give

- Assured statistical viability to the evidence from the audits
- Capacity to increase the amounts of thematic audits completed in the year
- Increase the capacity to collate the data.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

- Risks that the department does not fully understand the regulations and what will be audited.
- Risks of delayed recruitment if we cannot fulfil the posts
- Financial risk of remedial action if we do not act (as detailed above in financial benefits section)
- Risk of reputational damage if we do not act.

## 8. Scope: What is within scope? What is outside of scope?

The Policy and Practice Team – to increase the number of auditors by three.

With the ‘Integration and innovation: working together to improve health and social care for all’ White Paper comes the proposal for CQC inspection of adult social care which will give greater visibility of our statutory work. The current capacity in the quality and practice team achieves two thematic audits a year. The current capacity does not achieve statistical viability nor cover auditing all our statutory responsibilities. The current resource does not give full assurance of our statutory responsibilities.

As a result, there is a request to fund the cost of 3 auditors within the team, to assure ourselves we are fulfilling our statutory responsibilities, help prepare reports for CQC inspections and ensure we are proactive in addressing any practice issues/needs. This role and function sit within the current team. So, this is where best placed, as builds on current workload, skills, and capabilities in that service. They are well versed in data collection, thematic audits, audit reports and supporting action plans a result of audits.

# Business Planning: Business Case – Investment proposal

## Project Title: Care Home Support Team

## Committee**:** Adults and Health

## 2022-23 Investment amount: N/A (already budgeted)

## 2023-24 Investment amount: £220k

Brief Description of proposal:

This proposal is to agree permanent funding for the Care Home Support Team which is currently funded for two years. Current end date April 2023.

The annual cost of the Care Home Support Team is £220k (74%) for CCC (Cambridgeshire County Council) and £77k (26%) for PCC (Peterborough City Council)

The cost is already budgeted into the MTFS (Medium Term Financial Strategy) for 2021/22 and 2022/23 as a temporary investment.

This business case is asking for permanent investment from 2023/24 onwards of

CCC: 220k per annum

PCC: 77k per annum

Whilst this service will not deliver a saving, it is mitigating a financial risk of up to £542k per annum to the Council.

Date of version: October 2021 BP Reference: A/R.5.006

Business Leads / Sponsors: Charlotte Black, Director of Adults and Safeguarding

# 1. Please describe what the proposed outcomes are:

This proposal links to the CCC outcomes “A good quality of life for everyone” and “Protecting and caring for those who need us.”

The Care Home Support Team (CHST) is currently funded for two years. This business case sets out the need for this team to be made permanent. The cost of this team is already budgeted for in financial years 2021/22 and 2022/2023, so annual investment needs to be factored in from 2023/24 onwards.

The team stemmed from experiences during the COVID-19 pandemic in which there were a small, but significant number of care homes, which required focussed input from both contract management and operational staff to address quality and practice issues. This presented several risks to both councils in terms of quality of care for care home residents, provider failure and potential reputational damage. The CHST is aimed at enhancing the support already provided by the contract monitoring team. It is an additional, flexible, and intensive support service where there are practice concerns. CHST have the in depth and practical knowledge required to build a partnership with care homes to improve standards in residential and nursing homes as well as learning disability supported living providers.

It is clear from the support already provided by CHST that there is a widespread need for providers to be supported to improve practice quality. Care providers tend to either be unaware of what improvement is required or lack the knowledge to drive that improvement forward.

## The role of CHST

- Completing a period of observational visits in the care setting to best understand how it operates daily.
- Talking to residents, their family, and staff to gather their concerns and provide advice and reassurance
- Ensuring care and support documentation is up to date and meets the needs of all, including the self-funding residents and is proportionate to ensure agency staff and others can understand how to meet resident’s needs.
- Supporting adherence to Mental Capacity Act and Deprivation of Liberty Safeguards statutory duties across the home
- Liaising with the safeguarding teams as appropriate and supporting the care home to understand their safeguarding duties and what documentation they should have.
- Identifying opportunities for use of technology to support practice throughout the home as opposed to a resident-by-resident basis (particularly applicable for larger homes)
- Work alongside home management to ensure they understand what is required and can take the changes forward positively, utilising systems theory, strengths-

based practice, social learning theory, crisis intervention theories and others as appropriate.

- Support homes to ensure meaningful activities are taking place for all residents
- Ensuring good risk assessments and that the home is taking a preventative approach
- Facilitating meaningful interactions with other professionals to aid in building a support network around the provider to improve quality of care
- Where required, working with key CCC/PCC internal teams and senior managers, to identify where improvements in our support and interaction with providers can be beneficial in contributing to improved outcomes for the residents.

Please see the attached report of CHST work to evidence the scale of input for homes so far.

The care settings supported by CHST so far have needed on average eight separate visits to support improvements. Team members tend to be in a home for most of the day either observing or supporting care homes in implementing changes. This input takes time as the manager and carers require the dedicated time of a social worker to support with changes to practice. Additionally, observations of the home require seeing the home at all times of the day so the home manager can be provided with an effective assessment and understand the practice areas which require development. Once practical support has been provided, CHST will review those settings at 3, 6, and 9 month intervals to ensure these changes have been maintained. Furthermore, additional input will be needed at the review periods to reinforce learning and to also notice any further areas requiring improvement. Again, the same method will be applied of providing the dedicated time to support change. To illustrate the time commitment through one example, the maximum visits for one care home so far have been 19 separate visits.

It is vital to have social workers providing the practice support to homes as an enhancement of the contract monitoring support they already receive. Social workers have the practical experience of completing the tasks that care providers are required to do and as such can role model the tasks to aid in supporting practical application of the knowledge that formal training provides them. Many providers only complete e-learning and this does not provide them enough knowledge to apply to practice. At a time when providers have limited resources, the practice knowledge, and skills that social workers can share is invaluable in driving improvement in quality. Social Workers are experienced in application of legislation to practice and supporting individuals who have complex needs. Social workers are used to working within theory, models and approaches of practice and can share that knowledge with providers. The different perspective that social workers will have allows for us to work alongside our contract monitoring colleagues to provide a complimentary and enriched support service for providers.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Out of the 28 Care Homes CHST have been working with in the first three months, CHST highlighted practice concerns in 17 of these where they had not been found by the contract monitoring team or CCG (Clinical Commissioning Group) quality support team. This is not a negative but evidences the importance of different teams to support care providers to ensure holistic support. We have provided practice support (in partnership with contracts who provided support for contractual concerns) to two providers in the first three months who were providers of concern. These providers would not have been able to improve practice standards without the team's support. The concern relating to these providers was not new and no progress or change had been seen previously. It is reasonable to assume therefore that, based on the level of poor practice prior to our support, these homes could have been considered unsafe to continue to place individuals and we would have needed to move current funded residents to new placements and led to provider failure. These two homes were part of small individual owned companies which did not have access to the same resources as the bigger national and regional companies. Therefore, to solely inform them of what is requiring development does not result in them being able to resource the support to drive change. The consequences of this could mean that the provider fails, and the local authority incurs the financial and non-financial impact of this (as described below). Therefore, the local authority having the CHST to provide the practice support reduces the risks and means increased likelihood of improved outcomes.

### Provider failure:

An example of the financial and reputational risk to the councils is reflected in provider failure. If a care home fails due to quality or financial sustainability, placements must be suspended, and home closure is a risk. This did occur in 2019 when a care home had to be closed and residents supported to move to alternative placements. This specific care home had already had placements suspended and intensive input provided. A social worker from the operational team was re-deployed for 6 weeks to work with the home and there was intensive support from contract management as well as several senior management individuals. It provides a real example of the cost of this failure.

Cost to the council:

At the time of closure there were only 8 residents left who the council funded.

Key cost implications of this were:

£785.19 – weekly increase in funding in total for the 8 residents due to moving placement.

£10,000 – for a consultant, the local authority funded to support the home for 2 months for 2.5 days a week

£40, 942.05 – total annual cost to the council for this provider failure.

£122,826.15 – utilising the above figures this would be the approximate increase in spending over 3 years (average time a person spends in a care home)

There were only a small number of residents left in this home by the time it closed. If we consider the two homes who were provider of concern already this year, that CHST has been involved with to improve practice, we can consider the potential cost mitigated based on the above example.

The two homes we supported had an average of 40 residents. Both had a large proportion of local authority funded residents; an average of 25 local authority funded residents in each of these homes.

Therefore, the potential annual cost mitigated following the joint support from CHST and contract monitoring for these homes was: £255,887.81 per year.

We have bigger homes within Cambridgeshire and Peterborough, the most beds in one home are 158 and the average occupancy is 50. Therefore, cost avoidance can potentially be significant.

We are now approaching 6 months of the team being in place and we are currently working with 3 further providers that are on the cusp of becoming providers of concern. 2 are nursing homes and 1 is a supported living provider with multiple provisions. All have concerns relating to practice, so we are taking an intensive, preventative approach in collaboration with contracts, aiming to improve practice standards. All homes are ones considered as having historical ongoing issues.

If we take these figures, we can mitigate further potential cost. Collectively the three homes have a bed occupancy of 150. If we considered there could be a 62.5% occupancy rate (same percentage applied to the 2 other providers of concern) that results in a potential impact of moving 93 individuals. When applying the same weekly cost increase of finding new placements, as above, that is a potential cost of:

£9127.83 per week

£475,951.14 per annum

£1,427,853.41 over 3 years (it should be noted that learning disability providers cost far higher than residential or nursing homes for older people and those individuals tend to remain in those placements for a significant period of their life. We have used the figures based on older people providers so the proportion relevant to the supported living provider has the potential for far higher cost implication).

This, therefore, equates to 5 homes so far that realistically could result in provider failure in one year without intensive practice support.

This is a total potential cost mitigated of £731,838.95 annually across both Councils.

It is important to note that following COVID, costs of managing a home have increased so the likelihood of failure is much higher. With the costs going up it is reasonable to suggest that this will mean care providers, especially the smaller independent ones, will not be able to access as effective training. This is another reason the CHST will be imperative in supporting homes to continue to operate and ensure quality of care at the same time.

The provider failure case study also evidences an additional non-financial impact.

- A social worker from the operational teams was supporting the home for 6 weeks which impacted capacity in those teams and meant less statutory tasks were being completed for individuals. Social workers have 20-25 individuals to support at any one time so to take a social worker from the team for a significant period has a detrimental impact on the operational team.
- There were key individuals from senior management involved in this provider failure so to have a dedicated team involved to support the homes relevant to practice also lessens the impact on their capacity
- Distress to residents was a significant impact.
- Reputational damage
- Loss of bed capacity in an already stretched market

## Complaints

11% of formal complaints responded to by the local authority in 2020-2021 were primarily about the provision of care delivered by care homes. This is an increase compared to the 2019-2020 period. 65% of these were about expected standards of care not being met. This was a significant increase of 28% compared to the previous reporting year. While some of these complaints were relating specifically to COVID, this does not mean they were not indicative of practice as concerns around restrictions is relevant to practice. The service needs to ensure guidance is upheld but that individuals' human rights are still central to decision making as well as the individual's wellbeing is held as priority. In particular, this requires a robust understanding of the Mental Capacity Act 2005, which we know is a development need across providers.

Over the last 2 years, for Cambridgeshire, there have been 10 adult social care complaints investigated by the local government ombudsmen and 6 of these related to the standard of care provided by the care homes commissioned by the local authority. The recommendation was for the local authority to work with the providers to improve their practice in areas such as record keeping, safeguarding and staff practice knowledge.

The CHST is addressing the recommendations by the ombudsmen which is vital as to not address this recommendation leads to reputational damage and has financial implications for the local authority.

## Current example of CHST input

Case study:

CHST got involved with a care home during their COVID outbreak and upon visiting it was clear that practice standards were poor. CHST and the contract monitoring team took a collaborative approach in supporting the home to improve standards of care.

CHST have supported this home for several months to improve their practice and have done this through a process of role modelling good practice and improving documentation. Had CHST not been in place this home would have been expected to make changes independently but without the knowledge and skill to do so. The probability is that this would have led to prolonged and increasing concern and consequently continued suspensions of much needed placements. This is additionally evidenced by the fact that the contract monitoring team had repeatedly had concerns about this home and sustained improvements had not been seen. Had this home failed we would have been looking at a significant financial impact for the council due to moving residents, lack of bed capacity and reputational damage as well as resident distress due to moving to new homes.

## Feedback from providers so far

'I am glad that I asked for the care home support team to get involved with parts of our home, as I was at one point very insecure about what are we doing right, are we doing enough, are our support plans sufficient, are our MCA what they should be? The feedback I am getting is not only constructive but also accompanied by support of finding a solution if something does not work as well as we would like. Working with Lucy has also given me the encouragement to go through our support plans with a different point of view and applying the approaches we discussed. '

D also said she would like to pass her thanks on to whoever created the care home support team.

When asked if the manager would have seen improvement without CHST, response have been:

'Not around MCA's no Steffi was very helpful and knowledgeable and gave us the knowledge and confidence to do MCA's and record them right now'

K 'does not feel that the improved practice would have been achieved without the intervention'

'I believe Leigh's involvement has made us take a more person-centred approach. The work would have been done but not to such high standard.'

'100% useful - It's easy to get complacent and even though we always strive to be better, there is nothing like having fresh eyes with different experience to get new ideas and discuss different options and outcomes.

'I had no idea of some of the areas we needed to improve on, I didn't think about TEC to be less restrictive, we didn't think about amending our admission checklist and our care plans, MCAs and risk assessments have 100% improved, we wouldn't have done this without the support'

CHST can evidence the widespread need across Cambridgeshire and Peterborough for this team, as evidenced above.

The lack of retention of staff and managers in care homes, the regular changes to practice guidance, the pressures on care homes with less resources and the increasing population of people who require care settings, as well as the ever-present reality of COVID all indicate that support will continuously be needed. 2 years does not result in the local authority being able to sustain and have assurance of quality and practice across the provider market.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Previous options have been:

Operational teams

Social workers from operational teams have been asked to provide intensive support to care homes to improve practice. This has been in the context of crisis when there are critical concerns about the safety and wellbeing of residents. However, it is clear operational teams cannot provide the level of support that care homes and supported living require for practice improvement. The support to care homes needs to be available without compromising other statutory work. Historically, social workers have been utilised from operational teams to assist care homes who require intensive practice support, which then has an impact on capacity in operational teams where there is already demand and pressure. It also means that homes cannot get longer term support to promote sustained improvement as the social workers are only able to be re-deployed for short amounts of time.

All social care input to care homes from operational teams is on an individual resident basis. PCC and CCC have a statutory duty to review the needs and care arrangements of all residents on at least an annual basis, and this takes place more frequently where a resident has significantly changing needs. Meeting the statutory duty to undertake Care Act reviews is a challenge in Cambridgeshire and Peterborough as these scheduled planned reviews are deprioritised to respond to urgent unplanned changes in service user circumstances or in response to provider failure. As with all Councils we struggle to complete regular reviews within 12 months, with the average number of days a review is overdue being 90 (3 months). Reviews of care home residents although important are balanced against the need to ensure that people in their own homes can live safe and independent lives.

Given the pressures experienced in covering the requirements of the reviews in a timely way it is not possible for the current workforce to also provide additional support for care homes as set out in this business case.

Contract monitoring team:

The contract monitoring team previously have been monitoring aspects of practice and including practice issues within an action plan if they have noticed something missing or incomplete. However, they do not have the knowledge and experience, as social workers do, that would enable them to proactively support change and development in a home. This has linked with the historic approach of calling upon the support of the operational teams in a crisis however this lacks a preventative approach and as outlined above is not sustainable for the operational teams. Additionally, the contract monitoring team do not have the resource within the team to provide the intensive support providers require. Therefore, this is not seen as a viable option.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

CHST have continued to develop the framework in which the support is delivered to care homes and continue to gain feedback as to its effectiveness. There will be ongoing reporting of what has been achieved by this team.

Demand is high for this level of support as the team now have a waiting list of homes that require support. As stated above, this team is funded until April 2023, but the business case is requesting permanent funding from that point onwards.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

The CHST supports care providers in enhancing their practice during a time where the COVID-19 pandemic has had a significant impact on older people and people with a diagnosis of a learning disability. We work with care homes to ensure that individuals who live in these settings have their human rights protected and promote that their wellbeing needs to be considered alongside the infection control protocols that need to be in place. As a team we promote equality and diversity within care settings and ensure the settings consider how best to support individuals' intersectionality.

A review has concluded that an Equality Impact Assessment (EqIA) is not required for the purpose of this proposal, however there would be benefit in one being developed to ensure the service is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

Financial benefits are evidenced above.

Non-financial benefits to providers having support to improve practice:

- Increased wellbeing and quality of life for residents
- Increased application of Technology Enabled Care (TEC) to support delivery of care in care homes which can also aid in a reduction of 1:1 funding.
- Reduction in delayed transfers of care because care homes are more confident in managing risk and seeking support from specialist staff in the CCG, community health services and the Councils. This also provides assurances that care homes are more confident in supporting residents with more complex needs.
- Increase in care homes taking a preventative approach which can reduce incidents which can lead to increased needs e.g. falls.
- Better documentation which can support the CHC (Continuing Healthcare Care) process which can have a positive impact for the councils.
- Reduced risk of LGO finding fault and judicial review and reputational damage to the sector and the LAs (Local authorities) as commissioners
- Enhanced support that contract monitoring team already provides for providers at risk of failure due to their practice

A significant benefit of having a team of social workers supporting providers is the added knowledge to a multi-disciplinary, collaborative approach. Not only is this about the CHST and contract monitoring team working together but also for the service to work with public health colleagues. Working closely with the CCG quality support team as well as colleagues in the medication optimisation team has been invaluable in creating a robust and supportive system around the providers across Cambridgeshire and Peterborough. We additionally work to link providers with the relevant professionals across CPFT (Cambridgeshire and Peterborough NHS Foundation Trust) (Cambridgeshire and Peterborough NHS Foundation Trust) and primary health. We have linked with the CPFT Safeguarding nurse to look at effective ways to share intelligence about homes to ensure we are aware of concerns across the various organisations to aid in focusing our resources on the right homes and enabling us to effectively risk assess.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

This approach relies on the cooperation of care homes and the ability to recruit the right staff. We are currently in a staffing crisis in social care and this will have an impact in terms of sustainability of the intervention. However, this also means an increased risk of practice standards declining and therefore increases the need for support to be available. A number of risks have been identified above detailing the risks associated with not acting.

## 8. Scope: What is within scope? What is outside of scope?

With the five social workers in this team, support can be provided to nursing, residential and supported living providers. A waiting list is currently in operation, so this team does need to prioritise intervention based on risk. The team needs to ensure the intensive support to providers is possible and not impact this detrimentally by taking on too much work at one time. With the current number of social workers in the team there is no scope to provide this support to domiciliary care, day centres or any other setting the council commissions to provide support to individuals across Cambridgeshire and Peterborough. If this were required, the team would require a larger resource.

# Business Planning: Business Case – Investment / Savings

## Project Title: Expansion of the Enhanced Response Service

## Committee: Adults and Health

## 2022-23 Investment amount: £181k

Permanent annual investment of £180,509 and net saving of £29.3k (Cambridgeshire County Council))

Cost avoidance saving **-** £209,798 per annum

Brief Description of proposal:
Extension of the Enhanced Response Service to deliver earlier intervention, preventing escalation of need and associated cost avoidance

Date of version: 23 November 2021 BP Reference: A/R.5.009

Business Leads / Sponsors: Charlotte Black, Director of Adults and Safeguarding

## 1. Please describe what the proposed outcomes are:

To extend the remit of the Enhanced Response Service (ERS) for Cambridgeshire to respond to additional Carelines and to provide a short term urgent social care package across 24/7 at the request of GPs and 111.

This proposal has been developed to assist the Council in meeting the requirement to provide urgent social care within a two-hour target time.

### Strategic fit

- Supports health and social care recovery to a new business as usual after the pandemic
- Supports 'Think TEC (Technology Enabled Care) first' approach
- Investment in prevention and early intervention
- Think Community
- Linked to the Lifeline and telecare service provisions and business cases for the increasing referrals to Technology Enabled Care Services

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The recent growth and investment of the Technology Enabled Care Services (TECS) needs to be matched with a growth in the Enhanced Response Service to ensure a comprehensive preventative offering. The provision of technology needs to be matched with a person response to meet the wide range of unpredictable needs that helps people to continue living at home safely and give informal carers peace of mind.

GPs have voiced the need for accessible urgent social care support available 24/7 particularly where GPs are involved in front of house admission avoidance and Herts Urgent Care who provide 111 services.

Cambridgeshire County Council currently funds £734K for the existing ERS since 2017 and intends to maintain this commitment. Additional investment of £180,509 per annum is required to expand the service provision.

### Current Enhanced Response Service Provision in Cambridgeshire

The Enhanced Response Service (ERS) was established in Cambridgeshire during 2017 to provide a mobile person response for telecare activations where no informal carer was available. The service operates 24/7 with two vehicles within the boundaries of Cambridgeshire and is entirely funded by Cambridgeshire County Council. Prior to this service all calls from Alarm Receiving Centres were sent to Ambulance Service when family are not able to respond. The existing service is already contributing to avoiding ambulance calls.

The typical types of calls that ERS responds to includes:

- Non injured falls:  for assistance with moving and handling to get up from the floor
- One off personal care:  diarrhoea, vomiting, anxiety, incontinence.
- Silent calls: activations where the Alarm Receiving Centre cannot speak with the alarm holder. A number of these are people who have fallen but are out of voice/hearing range of the Lifeline.

ERS is responding to on average 508 calls a month (range 383-625) and current provision is at capacity.

- 32% of calls are for falls
- 31% for silent calls
- 23% for personal care
- 6% for anxiety
- 8% other

ERS responds to calls from seven Alarm Receiving Centres that have the greatest number of alarm holders in Cambridgeshire

- Astraline (new) 8%
- Tunstall 14%
- North Herts Careline 14%
- Cross Keys Homes 40%
- Sanctuary 365 4%
- Centra Pulse/Doro13%
- Appello 1%

ERS also takes calls from the Ambulance service if someone has dialled 999 but is not a medical emergency, and from the Council's Emergency Duty Team. Ambulance calls 4% average 19 calls a month.

ERS receives approximately 1-2 calls from the 111 helpline a month. ERS has a few individual arrangements to respond to the call centres for Housing Associations with small numbers of sheltered units in Cambridgeshire (8 Housing Associations with 820 units). ERS will attend for people in their own homes, sheltered accommodation and in the event of a fall will attend Extra Care Schemes.

ERS is regulated by CQC (Care Quality Commission) and is currently rated as good. ERS can escalate their calls to other services if they identify any concerns during their visit. ERS data shows that ERS called the following services:

- 5.5% Ambulance
- 0.6% Police – access to property, aggression
- 0.7% GP – medical review and medication review
- 0.8% to JET and Out of hours District Nursing – skin tears, wounds, urine test, catheter issues, pressure areas

The roles of ERS and Joint Emergency Team (JET) are distinct and different. ERS response is staff with social care skills and is relevant for people who continue to have recurrent falls despite all intrinsic and extrinsic risk factors being optimised. ERS will make onward referrals to other preventative and early intervention services relevant to that individual's circumstances. ERS does refer to JET and Out of Hours district nurses skin tears, wounds, urine test and pressure area concerns.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

### Extension of ERS provision

This proposal is to extend the remit of ERS to respond to urgent requests for adult social care from 111, Ambulance Service, GPs, District Nurses, EDT, acute hospital's turnaround services. Urgent social care would be for very short periods such as overnight, weekend or bank holiday provision and until a Reablement or Care Provider can pick up the care or the person can manage independently. There would need to be an exit arrangement in place prior to ERS accepting a referral for short term social care.

Referrals would be made by telephone only so that ERS can immediately inform the referrer whether they have the capacity to assist or not. The expectation is that the extended service could respond within an average of three hours of a referral. Referrals would be prioritised according to the presenting situation, so less urgent situations may wait longer than three hours.

This urgent social care service would be fully integrated with the existing ERS provisions of responding to telecare activations and assistance following a fall.

There are benefits for integrating the urgent social care and responding to alarm activations is that it gives maximum flexibility of responding in a timely manner, coverage of the whole geography and minimising down time for staff.

The extension of service provision included in this proposal is:

- To respond to additional Alarm Receiving Centres such as Lifeline 24 that has 1,300 customers and Age UK/PPP Taking Care that has around 900 customers
- Urgent short-term social care provision needed at request of GPs, District Nurses, Ambulance and 111 to prevent hospital admission where appropriate
- Urgent short-term social care provision to support rapid hospital discharges, prevent hospital admissions and prevent carer breakdown

The proposal is to increase current ERS provision by having one additional vehicle with two staff covering three shifts to operate across 24 hours a day.

### Proposed Activity Levels

Estimation of call out rate based on population over 75 years (population stats for 2019)

| | Cambridgeshire |
|---|---|
| Population over 75yrs | 57,528 |
| Calls per annum | 6,079 (actual) |
| Calls per month | 508 (actual) |

### Proposed increase in activity levels per month

Monthly activity split

| | Cambridgeshire |
|---|---|
| Lifeline calls | 85 |
| Urgent social care | 80 |
| | 165 |

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The proposal is to increase provision of having one additional vehicle with two staff covering three shifts to operate across 24 hours a day. The next steps would be to recruit the staff required for the additional vehicle operating 24/7. This service is operational now although not yet at full capacity. It has temporary funding for the extension agreed with CCG in September 2021. However, the temporary funding will end March 2022. The request is for continuation of the extended service from April onwards.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

This will have a positive impact on all people with protected characteristics, with a greater level of service provision to respond to urgent social care needs.

However, an Equality Impact Assessment (EqIA) will be developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

The Adults Positive Challenge Programme demonstrated cost savings for social care over the past two years in TECS and ERS. Although savings have been attributed to TECS a significant proportion is due to ERS in Cambridgeshire too. TECS received an investment of £327,414 for staffing and equipment over the two years. There was no corresponding investment in ERS although there has been an increase in ERS activity over these two years.

Cambridgeshire APC (Adults Positive Challenge) demonstrated £9.6 million savings over the last two years

| | 2019-20 | 2020-21 |
|---|---|---|
| Cambridgeshire cost saving | £5,980,582 | £3,663,863 |

### Cost saving postponement of care

The modelling used in Cambridgeshire demonstrates that TECS and ERS can postpone the start of domiciliary care by 14.41 weeks and the start of a care home placement by 11.58 weeks. This is based on actual data accumulated over the past three years.

Cambridgeshire could cover their proportion of the costs by postponing 51 out of 1263 new individuals with domiciliary care packages and 23 out of 419 new care home placements. For Cambridgeshire to avoid double counting savings from the 2020-21 baseline ERS would have to take on responding to Lifeline 24 and PPP as new Alarm Receiving Centres. If stretch targets were agreed of 60 domiciliary care and 25 care home placements postponed this would deliver a net saving of £29.3K.

The rationale for the figures above considers:

- The increased activity in ERS year on year (except for the Covid year) shows that there is demand for the service. This is reinforced by the fact that there can be times when ERS cannot accept all the calls that come in at the same time.
- The robust calculator used for tracking savings in TECS and ERS established in the Adult's Positive Challenge (APC) programme
- The positive feedback on the difference that informal carers and alarm holders give on having ERS responding means that it has significantly reduced their anxiety and demand for domiciliary care. Similarly, where ERS makes multiple responses for some customers this is postponing the decision to move to a care home.
- Having ERS means that more people are agreeable to having a Lifeline – evidenced by the higher-than-expected recruitment rate for the Lifeline Service. More people with Lifelines and ERS increases the numbers of people postponing domiciliary care.
- Increased access to ERS urgent social care for up to 72 hours for GPs and primary care, 111, Transfers of Care, Reablement, Ambulance, Emergency Duty Team prevents a crisis in the community and escalation to a hospital admission. Most domiciliary care packages and care home placements commence after a hospital admission.

## Benefits in quality-of-service provision

Although TECS and ERS cannot prevent people having falls, these services do prevent the complications of having a long lie. The complications of having a long lie after a fall are pressure sores, rhabdomyolysis, pneumonia, hypothermia, dehydration, shock and even death. Generally, ERS has a quicker response time than a low category Ambulance call for non-injury falls, minimising the complications of a long lie. A long lie can often lead to a hospital admission and discharge to a care home placement or large care package. This is supported by evidence from research[1].

[1] *Fleming J, Inability to get up after falling, subsequent time on floor and summoning help: prospective study in people over 90. BMJ 208, 337, a2227

## Benefits for social care:

- Support for 111 option 3 to access an immediate adult social care response that operates 24/7
- Support for the Emergency Duty Team who can allocate calls to ERS especially out of hours
- Long term support for those who have a Lifeline with sensors and ERS. This is particularly relevant for those who live alone and have unstable conditions and need practical assistance on an unpredictable and irregular basis.
- Helping to maintain peoples' independence, wellbeing, and confidence to remain living at home, thus postponing the need for a move to sheltered, extra care or care placement.
- Helping to postpone the need for a regular care package by successfully meetings peoples' unpredictable needs.

## Benefits for informal carers:

- Rapid access to personal care for the cared for person in an urgent short term or one-off situation giving the informal carer peace of mind if they are unable to continue their caring role. ERS can be part of the carer's 'What If' plan.
- Informal carers who may not be available to respond because they are at work or on holiday or unable to leave their home overnight to respond to a telecare activation, for example, if they are a single parent
- Informal carers who may be too frail themselves to assist with moving and handling for getting up from the floor.
- Provides peace of mind for family that live at a distance that their relative can easily summon help 24/7 and they will receive a skilled person response when it is needed.
- Some customers do not have any informal contacts they can nominate ERS to respond, and they would benefit from having a Lifeline and being able to summon help whenever it is needed. Having ERS enables more people to benefit from having a Lifeline and increases the uptake of this preventative offering.

There are also operational benefits for the extension to ERS:

- ERS already operates over 24 hours while most other care providers operate over extended daytime hours
- ERS has continued to operate throughout the Covid pandemic

*Tinetti ME, Lui W, Claus EB, Predictors, and prognosis of inability to get up after falls among elderly persons. JAMA, 1993,269(1), 65,70

- ERS has a culture of enablement and making onward referrals to other prevention and early intervention services.
- ERS has a single telephone number for taking calls that is accessible 24 hours a day
- ERS has access to any relevant social care history on Mosaic. This is especially useful when responding to silent calls or for access difficulties establishing that the person is at home and not on respite or admitted to hospital
- ERS has good processes in place to access Reablement and if needed an assessment for social care. Any history from the urgent ERS visits would be available on Mosaic to inform any statutory assessment, review, or period of Reablement.
- Greater flexibility, capacity, geographical coverage, and robustness for business continuity with the existing ERS provision rather than a stand-alone commissioned service.

The combination of having a Lifeline and the Enhanced Response Service can meet unpredictable and ad hoc needs for care and support is one of the main services that postpones the need for health and social care services. It enables people to continue living in their own home longer with confidence that help is available as and when they need it. These services provide reassurance and peace of mind to the person and their informal carers.

People with Lifelines reduce demand on both health and social care. Informal carers respond to around 85% of activations when alarm holders are needing assistance thus avoiding calls to both health and social care.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| Risk | Mitigation | RAG | Overall responsibility |
|---|---|---|---|
| 1. Difficulty recruiting staff with suitable experience in care, especially to cover night shifts | Plan an effective social media campaign to attract applicants. Plan a thorough induction and shadowing with experienced staff. Consider secondments from current teams to new team. | Green | ERS |
| 2. Time needed to recruit the Alarm Receiving Centres into using ERS is likely to be 3-6 months to meet all the GDPR requirements | Support ARCs with prepared template Information Sharing Agreements and template letters to send to their existing Customers informing | Green | ERS |

| | | | |
|---|---|---|---|
| | them of the new mobile responding service. Prepared presentations to Call Operators of ARC to implement use of new service. | | |
| 3. Level of activity does not reach the numbers in the business case. No demand modelling data available to estimate the numbers of requests for urgent social care. | Demand modelling for Lifelines has been based on activity levels shown in the existing ERS and applied it proportionately by population size. Communication strategy for launch of service with internal staff groups and targeted external agencies. Manage expectations of managers that numbers will be slow to build up at start of service. | Green | ERS |
| 4. Urgent social care is a new and distinct service offering that is different from responding to Lifeline activations. No systems currently in place to capture data | Implementation plan is inclusive of setting up recording systems in Mosaic for urgent social care and that Business Intelligence include these in the Inform reports. Lifeline activations captured in Mosaic | Green | ERS |

## 8. Scope: What is within scope? What is outside of scope?

In scope is extending the remit of the Enhanced Response Service to extend the availability of the service and capacity.

# Business Planning: Business Case proposal

## Project Title: Expanding Support for Informal Carers

**Committee:** Adults and Health Committee

**2022-23 Investment amount:** £253k

(£273,420 would be recurrent costs required after the first year). There is the potential to re-invest £70k of savings already made against the Carers Direct Payment budget into this proposal. This would reduce the overall investment requirement to £253,420 in Year 1 and £203,420 thereafter.

Brief Description of proposal:
This proposal seeks investment into a range of areas which will provide a range of additional support to carers, over and above the current commissioned and operational support services. Some of these services are jointly funded alongside NHS Partners and enable carers to identify their support needs, better manage their own wellbeing and maintain their caring role for longer delaying the need for individuals requiring higher cost and longer-term adult social care.

Date of version: 23 November 2021 BP Reference: A/R.5.010

Business Leads / Sponsors: Will Patten, Director of Commissioning

# 1. Please describe what the proposed outcomes are:

The Care Act 2014 defines a carer as someone who helps another person, usually a relative or friend, in their day-to-day life. This is different from someone who provides care professionally or through a voluntary organisation.

Carers are valuable to our society but providing care can have an impact on carers in terms of their own health, education, ability to remain employed, relationships and social life. The Care Act 2014 requires local authorities to take a preventative approach in providing support to a wider group of carers. It also introduced the right of carers to have a statutory assessment to identify their need for support and where those needs meet the national eligibility criteria, to receive support to meet those needs from the local authority.

Estimates from the 2011 census data indicate there were over 60,000 carers in Cambridgeshire. Although most are adults, there are 4,208 carers in Cambridgeshire who are under the age of 25. Research tells us that the number of family and unpaid carers who provide care and regular support to another individual will increase over the next ten to fifteen years. This is largely because people are living longer, so we expect to see this number to have grown when the 2021 Census Data is released in March 2022.

This proposal seeks investment into a range of areas which will provide a range of additional support to carers, over and above the current commissioned and operational support services. Some of these services are jointly funded alongside NHS Partners and enable carers to identify their support needs, better manage their own wellbeing and maintain their caring role for longer delaying the need for individuals requiring higher cost and longer-term adult social care.

The areas of investment outlined below will deliver the following outcomes to support informal carers in the caring role:

- Short-term formal care can be provided in an emergency preventing the need for more costly interventions
- Carers are more resilient and can maintain their caring role
- Carers can take a break from their caring role to support their own wellbeing
- More Carers are identified and able to access sources of support

These outcomes will be achieved through investment in the following areas:

a. Our commissioned carer support provider has reported an increase in activations of emergency support over and above their capacity to respond. This led to an increase in support provided by the council's Emergency Response Service. By increasing the capacity of the carers support provider, they will be able to provide urgent support to service users in an emergency as part of a preventative, contingency planning approach to meet rising demand.

b. The Listening Ear Service provides counselling, wellbeing, and emotional resilience support to enable carers to maintain their caring role and prevent breakdown. There is currently a significant waiting list for this service indicating that demand is exceeding capacity. By increasing capacity of the Listening Ear Service, the waiting list will be reduced, and carers will receive the support they need which could avoid carer breakdown and a potential care and support package.
c. To maintain their wellbeing, it is recognised that carers can take a break from their caring role and do something that they enjoy. This can help to prevent carer breakdown. A successful pilot saw volunteers providing company for the person being cared for to allow the carer to take a short break. To enable countywide roll-out of Short Breaks for Carers, support for the recruitment of volunteers is requested.
d. Building on recommendations from a successful social media campaign earlier this year, a further, specific media campaign that targets hidden carers, promotes the support and resources available for carers is proposed. Analytics will identify the impact as well as the number of people reached. Data from our commissioned providers can be measured to monitor if hidden carers are seeking support.

All the above aligns to Council priorities; protecting and care for those who need us, ensuring a good quality of life for everyone and placing communities at the heart of everything we do. Through volunteer programmes and community-based offers such as the Short Breaks for Carers there will be increased social value through this proposal which will increase community cohesion through volunteer led services, links to community assets and support local economies.

The proposals which require on-going investment build on work that is currently being carried out through the Council's commissioned provider affording an opportunity to expand either capacity or geographical coverage. The structures are in place for these proposed activities to be quickly rolled out and link to the preventative support that is already offered through the providers contracted service and provide a better route to successful delivery of the proposed outcomes then delivery through the Council's own operational structures.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

### Strategy

The proposal directly links to the All-Age Carers Strategy 2018-2022, developed by Cambridgeshire and Peterborough Local Authorities and the Clinical Commissioning Group, and will meet the following key strategic intentions outlined in the strategy:

Strategic Intention 2: Early identification of ***all*** carers

Strategic Intention 3: Access to information, advice, and support

Strategic Intention 4: Carers work/training/education – life balance

Strategic Intention 6: Reduced breakdown of care at home

## Consideration of In-House Provision

The Council also strengthened their approach to support for Carers and their statutory duties under the Care Act by establishing the Carers Support Team in 2008 . In 2019 the responsibility to carry out Statutory Carer Assessments for Carers not known to Adult Social Care as well as providing support and signposting for this cohort of carers was brought back in-house. This had previously been carried out by commissioned providers but bringing this service in-house, linked with Adult Early Help and compliant delivery to the Care Act duties.

The preventative element of the service continues to be delivered as a commissioned services as this approach brings with it a level of flexibility and well-established links into a wide range of services and approaches within local communities. It also offers best value for money.

## Performance and Impact

The work undertaken to improve support for carers has had a positive impact on both local and regional performance. Regionally, the approach Cambridgeshire has taken within this area has attracted positive attention and we regularly engage with other local authorities to share our experience and approach. This is evidenced from regional comparison information which indicates the number of carers assessed and/or reviewed within Cambridgeshire has increased from 180 to 556 between 2019/20 and 2020/21. We currently rank second highest in the region behind Essex.

Work was undertaken through the Adults Positive Challenge programme to focus on support for carers. The workstream looked at both operational and commissioned services and the programme of work supported progress towards achieving the following outcomes:

1. Carers can balance their caring roles and maintain their desired quality of life
2. Staff have the knowledge and ability to have the right conversations with carers, and direct carers towards the right level of support to meet their needs
3. Carers have access to the right tools and information to enable them to manage their health and wellbeing and support them to maintain their caring role
4. The right community-based support is available to carers across all client groups
5. All carer reviews are in date

In addition to this, we have reduced the level of spending on one-off Direct Payments through re-directing carers to alternative support to achieve better outcomes than a limited monetary sum. The carers' direct payment budget delivered an £80k saving on a £150k budget in 2020/21. Prior to 20/21 this budget had already made savings of £516k, with £466k of this being made permanent through budget reductions.

Feedback from carers themselves has also been positive and some key examples have been included below:

“I felt that I was the one that mattered as all other contact with other groups/agencies were focused solely on my husband whom I care for.”

“The advice and help I received… helped me to see that it wasn't wrong of me to want time for myself. Discussed ways of helping me cope with being full time carer to my wife and still manage to enjoy life whilst not having to feel depressed and alone but also be refreshed - ready for the challenges ahead’’

Whilst Cambridgeshire have achieved significant outcomes through the work undertaken to improve support for carers, recent findings from national reports following the COVID-19 pandemic highlight there is still more work to do.

Firstly, work is needed to ensure carers are considered effectively as part of developing hospital discharge processes. A national survey undertaken by Carers UK in relation to Discharge to Assess Hospital processes indicated that over half of carers providing significant care were not involved in decisions about discharge, most carers were not assessed, and two thirds did not feel listened to about their willingness and ability to care.[1]

In addition, COVID-19 has had a disproportionate impact with carers with surveys revealing that 81% of carers are providing more care than they had before lockdown, with 78% reporting the needs of the person they are caring for have increased. 58% of carers have also seen their physical health impacted by caring through the pandemic, while 64% said their mental health has worsened.[2]

This highlights the importance of continuing to improve and expand upon our Carers Support offer.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The following papers by various support agencies provides evidence on what works for supporting carers:

- Spotlight on a Carers Journey - National Development Team for Inclusion
- Assesssing Carers Needs: A Guide – Skills for Care and The Carers Trust
- Supporting Young Carers and Their Families – The Children’s Society

Cambridgeshire recognises that a preventative approach is key to supporting carers and this forms a central part of our approach to adult social care. We recognise the important role carers play and have proactively established approaches which enable early identification of the needs of carers and how the council and commissioned services can maximise the physical and mental wellbeing of carers.

To date, we have focused on the following areas:

[1] 21 09 10 Carers Trust carers-experiences-of-hospital-discharge-report-2021.pdf
[2] Caring Behind Closed Doors - Carers UK

- Ensuring carers are identified early, and that meaningful conversations are carried out, thereby preventing carers from reaching crisis point and breakdown.
- Ensuring carers have access to information, tools, and support to enable them to manage their health and wellbeing and support them to maintain their caring role
- Ensuring support is available in the wider community, from commissioned services and, where required, from the Council to enable carers to balance their caring roles and maintain their desired quality of life
- Identification of and engagement with 'hidden carers' who are people who undertake a caring role and do not necessarily relate to the label of 'carer' but nevertheless may require or benefit from some support.

A range of activities have been undertaken to make improvements in support for carer across these areas. These have been highlighted below:

- Strengthening conversation with carers - We have delivered a new approach where carers are supported flexibly with a variety of support opportunities. The use of strengths-based conversations has been key to this approach.
- Commissioning an All-Age Carers Support Service – The new service commenced in August 2020 and provides support to a range of carers of all ages across three providers. The new service improved consistency, with emphasis on local needs and ease of access for local carers. It provides a range of support activities which aim to increase the early identification of carers, provide support to help carers, including Young Carers, to maintain their caring role and to prevent carer breakdown. The service also provides support to carers, who are unable to carry out their caring role due to an emergency for up to 72 hours.
- Young Carers – The council, working with its commissioned provider, Centre 33, is focusing on several initiatives to support Young Carers. Centre 33 is working with mental health services around support for Young Carers who are supporting family members with eating disorders, a caring role which has significantly increased during the pandemic. Carer Champions are being rolled out within schools to improve recognition and support of Young Carers within the school environment. 16+ Transitions Assessment and Support has been developed to ensure a smooth transition from young to adult caring responsibilities and is being viewed as an example of best practice in other local authorities who are keen to implement similar systems
- Sharing Best Practice and Awareness Raising - A range of activities are undertaken within this area. Key examples include development of a Carers Brochure to highlight good practice to adult social care practitioners; active participation in Carers Week annually including radio announcements and other published materials. We recently ran a hidden carers campaign to seek to direct people towards available support, information, and advice.
- Think Communities - Carers are a key priority under the Think Communities programme. A short break for carers pilot is currently being delivered by Caring Together. Work is underway to achieve the Carers Employer tick for Cambridgeshire County Council indicating we are an employer of people with a caring responsibility. The Community Engagement Vehicle is in regular use

across all the districts and the team are refining their approach to feedback key themes and community support ideas in relation to carers.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

To achieve the elements contained within the proposal there are several actions which will need to be taken. There have already been discussions with the relevant internal teams and commissioned providers who would be responsible for the delivery of the outcomes. The stakeholders involved include:

- Caring Together – commissioned provider of Carer Services
- Think Communities
- Communications Team
- Adults Positive Challenge Carers Workstream – Operations, Contracts, Commissioning, Finance and Business Intelligence

There will also be opportunities to link with the work being carried out under the Happy at Home programme as well as health partners through Primary Care Networks within each of the localities seeking opportunities to pool funding and resources wherever possible. The current pilot for Short Breaks for Carers is jointly funded with the Primary Care Network (PCN) in East Cambridgeshire and further opportunities would be explored with PCNs in other localities to determine their priority areas and the potential for investment into this area of support thus reducing the Council's overall contribution.

To deliver against the proposal, the following activities will be undertaken:

| Activity/Task | Responsible | Timescale |
|---|---|---|
| Recruitment and training of 3 FTE additional workers to support response to contingency plans | Caring Together | Within 4 months |
| Recruitment of 1FTE counsellor to increase capacity of Listening Ear Service | Caring Together | Within 4 months |
| Recruitment and training of Volunteer Co-ordinator for each Locality to support delivery of Short Breaks for Carers | Caring Together | Within 4 months |
| Campaign to recruit volunteers in each locality to deliver short breaks for carers | Caring Together/Think Communities | Within 6 months |
| Training and support of volunteers to deliver short breaks for carers | Caring Together | Within 8 months |

| | | |
|---|---|---|
| Hidden Carers Media Campaign (potential to link to winter campaigns) | Comms Team | To start within 6-8 weeks |
| Awareness raising of support available | Comms Team/Caring Together/Think Communities/Operational Teams | Throughout |
| Analytics of media campaign success | Comms Team/Caring Together | Following Media Campaign |

Commissioners will commission the services outlined directly from the current provider under a variation to existing arrangements. The Carers Workstream will oversee the delivery of the additional support/areas of investment. The actions required will be incorporated into the Carers Action Plan and will be monitored against indicators of success to ensure the activity meets the required outcomes.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

A carer is anyone, including both children and adults who looks after a family member, partner or friend who needs help because of their illness, frailty, disability, a mental health problem or an addiction and cannot cope without their support. Therefore, the expansion of the Carers Support could actively be supporting any of the following protected characteristics:

- Age
- Disability
- Pregnancy and maternity
- Poverty
- Rural Isolation
- Race
- Sexual orientation
- Gender-reassignment (including intersex, transgender and non-binary people)
- Religion
- Marriage and civil partnership

An Equality Impact Assessment has been developed to ensure that this proposal is equitable in its aims and delivery.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-

benefits? These MUST include how this will benefit the wider internal and external system.

The total investment required to carry out all the activities outlined in the proposal is £323,420 in year 1 and then £273,420 recurrently. The investment required for each of the individual elements is shown below:

| Investment Opportunity | Year 1 Investment | Recurrent Investment |
|---|---|---|
| Additional 24/7 provider capacity (3 FTE rapid responders) to support contingency planning | £185,000 | £150,000 |
| Additional capacity (x1 FTE qualified counsellor) to support Listening Ear Service | £50,000 | £50,000 |
| Roll-out of Short Breaks for Carers | £73,420 | £73,420 |
| Media Campaign to target hidden carers | £15,000 | - |
| Total Investment | £323,420 | £273,420 |
| Offset Amount | (£70,000) | (£70,000) |
| Investment Required | £253,420 | £203,420 |

Of the investment identified above £273,420 would be recurrent costs required after the first year.

There is the potential to re-invest £70k of savings already made against the Carers Direct Payment budget into this proposal. This would reduce the overall investment requirement to £253,420 in Year 1 and £203,420 thereafter.

## Financial Benefits

Financial benefits can be summarised under the following areas:

Economic Contribution of Informal Carers

Using Census datarelating to the provision of unpaid care Carers UK and Leeds University estimated that, nationally, Carers make an economic contribution of £134 billion per year. They also estimated the value of Carers' contribution by local authority; looking at the number of Carers and estimating the cost of replacement care for the hours they provide. In Cambridgeshire and Peterborough, the value of Carers contribution in 2011 was estimated at £955 million.

Cost Avoidance

Analysis of care and support plans indicates that, with better support, carers can maintain their caring role. A snapshot capturing the impact of current practice in operational teams indicated cost avoidance of ~£2.4k per week for the interventions implemented during the snapshot period (1 month). Were we to assume that the snapshot month were typical of all months and that an intervention can prevent the need for escalation of someone's care needs for 3 months, we could say that current practice delivers preventative savings of ~£375k per year. In addition to this, our internal Carers Support Team supports carers caring for individuals not known to adult social care and helps to prevent the requirement for statutory services. Our externally commissioned carer support providers also contribute to maintaining people within a caring role and avoided cost to the local authority.

| Projected Cost Avoidance Savings | Cost Avoidance |
|---|---|
| | |
| Benefits of supporting carers to maintain their caring role through a preventative and are therefore not known to the Council | £210,000* |
| Benefits of increasing capacity to support carers in an emergency as part of an established contingency plan | £9143** |
| Total Projected Cost Avoidance: | ~£219,143 per annum |

*Caveat: Initial Estimate: Further work is required to verify this assumption using an agreed methodology and drawing on information from commissioned providers, Carers Support Team and Adult Social Care data to determine care packages resulting from carer breakdown.
**Caveat: Currently only 1 quarter of data available so cost avoidance analysis is based on limited information over a short period of time

## Costs to ASC – Emergency Support

Increasing the capacity of the commissioned provider to deal with emergency situations and provide support for up to 72 hours as part of a carers contingency plan can also provide avoided cost to the Local Authority. Currently only two activations of contingency plans can be dealt with simultaneously. There are 3692 What If (contingency) plans registered with the provider, 120 new plans were registered in the first quarter of 21/22 and this provision continues to be seen as an important part of planning for emergencies with carers.

In Q1 of 21/22 44 emergency plans were activated and 50% of these plans did not have any nominated contacts (family/friends) who could support the cared for person as part of the response to the emergency. Eight (15%) plans could not be responded to within the quarter due to the lack of provider capacity.

Using verified proxies[3] for the cost of formal interventions (e.grespite or care packages required to support and safeguardshould the informal carer not be available), there could be a potential £2285.82 in Q1 of avoided cost; annually this would amount to £9143.28. However, we currently have only had Quarter 1 of 21/22 data available which provides information across the summer months, and we can make a reasonable assumption that there is likely to be a higher incidence of emergency support required for carers over the coming winter period.

A further cost avoidance rationale can be applied through ensuring that better support for carers of individuals not yet known to Adult Social Care will delay the requirement for commissioned formal care. Using an average cost of care of £350 per week and an assumption that at least 60 carers will be able to maintain their

[3] (source: Innovate and Cultivate Adult Social Care Costings)

caring role by 10 weeks, delaying the need for adult social care a cost avoidance figure of £210,000 can be applied. This is a small number of carers based on over 700 active carers seeking support from Caring Together, the commissioned provider, in Q1 of 21/22. Further work is required to verify this assumption using an agreed methodology and drawing on information from commissioned providers, Carers Support Team and Adult Social Care data to determine care packages resulting from carer breakdown.

### Non-Financial Benefits

Further non-financial benefits can also be attributed to the proposal through the delivery of additional support to carers.

| Opportunity | Benefits |
|---|---|
| Additional provider capacity to support contingency planning | • Meet increased demand<br>• Maximise the use of contingency plans<br>• Prevent carer breakdown<br>• Reduce need for temporary care packages, hospital admission or reablement |
| Additional capacity to support Listening Ear Service | • Reduce waiting list for support<br>• Prevent carer breakdown through earlier intervention<br>• Prevent carer/cared for from requiring statutory intervention |
| Roll-out of Short Breaks for Carers | • Flexible option for carers to take a break from their caring role on a regular basis<br>• Initial positive feedback from Carers accessing the pilot service in East Cambs |
| Media Campaign to target hidden carers | • Previous campaign successful in reaching a wide audience and increasing awareness<br>• Can be targeted to increase awareness and support offered over acute period of winter pressures |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Additional provider capacity to support contingency planning - Demand does not increase and resource is not used | Flexible approach to recruitment and use of resources.<br><br>Continue to promote the use of What If plans | Amber | Commissioning/Provider |

| | | | |
|---|---|---|---|
| Additional capacity to support Listening Ear Service - Only anecdotal evidence of impact available at this stage | Provider to gather further evidence of impact<br><br>Continue to monitor the outcomes delivered as programme progresses | Amber | Commissioning/Provider |
| Roll-out of Short Breaks for Carers - Reliance on volunteers to meet demand | Engagement with local college/HE/communities to recruit volunteers<br><br>Targeted campaigns in each Locality | Red | Think Communities/Provider |
| Roll-out of Short Breaks for Carers - Evidence of impact of pilot in East Cambs not yet available | Provider to gather further evidence of impact<br><br>Continue to monitor the outcomes delivered as programme progresses | Amber | Commissioning/Provider |
| Media Campaign to target hidden carers - Final report from previous campaign not yet available | Midpoint Analytics from previous campaign available<br><br>Ensure final report is circulated | Green | Communications Team |
| Media Campaign to target hidden carers - Clear analytics required to measure impact | Clear analytics and impact measurements to be defined at the outset of the campaign | Amber | Communications Team/Think Communities/Provider |

## 8. Scope: What is within scope? What is outside of scope?

The following interventions are in scope for the proposed investment:

- Additional provider capacity to support ability to respond to contingency plans
- Additional capacity to support Listening Ear Service
- Roll out of short breaks for carers
- Media campaign to target hidden carers

Outside of scope are the following areas:

- Activities of the commissioned provider as defined by their service specification
- Actions identified under the Carers Action Plan as part of the Adults Positive Challenge Programme or Think Communities delivery
- Support for Carers through Carers Assessments and Carer Conversations

# Business Planning: Business Case – Investment proposal

## Project Title: Implementation of the Real Living Wage

**Committee:** Adults and Health Committee

**2022-23 Investment amount:** £1,187,000

Brief Description of proposal:

Implementation of the Real Living Wage to Adult Social Care staff which will include both internal council staff and third-party providers. This will commence in 2022/23 and will be phased in over a 2–3-year period. To ensure that we do this in an equitable way across the market, we are proposing to roll out incremental increases every six months to close the gap from the current rates to the Real Living Wage over a two-year period.

The total permanent investment required on a Business Planning basis is forecast as below:

| 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|---|---|---|---|---|
| 1,187k | 4,408k | 3,619k | 409k | 543k |

Date of version: 23 November 21 BP Reference: A/R.5.011

Business Leads / Sponsors: Will Patten, Director of Commissioning

# 1. Please describe what the proposed outcomes are:

The Real Living Wage is a minimum income standard which is based on what people need to earn to maintain an acceptable standard of living within the UK. It is calculated on an annual basis by an independent body called the Living Wage Foundation which is made up of leading living wage employers, trade unions and academic partners amongst others. The current Real Living Wage Rate is £9.50 per hour.

Delivery of the Real Living Wage is expected to achieve the following outcomes against the Councils key priorities:

- Protecting and caring for those who need us
  For some time now the adult social care workforce has struggled to increase capacity in line with the growth in demand for services. This impacts on the quality of services received the level of choice and control people can exercise in identifying services to meet their support needs and the cost of services to the Council. Recruitment and retention challenges are a major contributing factor to this due to comparatively low wages, high levels of competition from other sectors and lack of an established and formalised career pathway. Investing in the sector through ensuring the workforce is paid the Real Living Wage will help to tackle these issues and facilitate growth within the sector.

- Ensuring a good quality of life for everyone through addressing a key cause of local social mobility challenges
  As a major local employer and purchaser of services, the Council can choose to play a significant role in addressing social mobility challenges experienced amongst the lowest paid workforce in helping to safeguard this workforce from in-work poverty and ensure they are able to live a healthy life, particularly important given the high cost of living within Cambridgeshire.

- Communities at the heart of everything we do
  An increase in wages will inevitably lead to an increase in spending activity boosting the local economy and community. This will not only have economic advantages but will also have a positive impact on community cohesion and engagement with adult social care, linking to the placed based and think communities' approach.

# 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

## Strategies and Policy

Introduction of the Real Living Wage forms a key priority of the new joint administration within Cambridgeshire who are seeking to drive up the quality and dignity of care work and services, integrating the Council's social value approach as well as improve training, career development, pay and conditions for frontline care workers. This includes a phased implementation of the Real Living Wage.

As an organisation, the Council are also actively exploring new and more sustainable approaches to meeting growing demand for adult social care services. This includes development of more localised, placed based approaches evident through Adult Social Care and Think Communities priorities. The aim is to improve the quality, efficiency and sustainability of adult social care provision whilst also giving people receiving support maximum choice and control over who and how it is delivered. This will ensure they are enabled to remain as independent as possible for longer. However, the impact of these approaches will be limited if workforce capacity to implement and deliver them is restricted. The Real Living Wage could help to address this challenge.

## Alignment with Existing Projects

The Real Living Wage could also positively align and impact on several specific projects currently being progressed including development of a placed based homecare model, roll out of the 'happy at home' pilot which is looking at different approaches to delivering support in local communities, as well as increasing direct payments and individual service funds which require an active personal assistant workforce to be available.

## Evidence and Feedback

## Skills for Care – Scope and Workforce

The latest Skills for Care workforce statistics indicate that there were an estimated 15,000 jobs in adult social care in Cambridgeshire, split between local authorities (7%), independent sector providers (87%) and jobs working for direct payment recipients (6%). Skills for Care estimate that 8,600 of these jobs are direct care workers, often in receipt of the lowest salaries. As of March 2020, this data indicated that Care Workers within the Eastern Region were paid an average rate of £8.73 per hour. This is 77p per hour lower than that Real Living Wage.

Skills for Care estimate that the staff turnover rate in Cambridgeshire was 36.6%, which was higher than the regional average of 32.9% and higher than England, at 31.9%. Pay differentials was identified as one of the main reasons for high turnover. Implementing the Real Living Wage could therefore have a positive impact on capacity as well as recruitment and retention.

## The Real Living – Research on Impact

The Real Living Wage Foundation have undertaken a survey of all organisations currently accredited for roll out of the Real Living Wage:

- 93% of those surveyed reported they had gained as a business after becoming a Real Living Wage employer.
- 86% of respondents reported that Living Wage accreditation had enhanced their organisation's general reputation as an employer.
- 8% of large employers also reported that following accreditation staff motivation was increased.

Further evidence and statistics can be found here: [The Living Wage is Good for Business | Living Wage Foundation]

## Feedback

Locally, the Council are aware from our interactions and engagement with providers that recruitment and retention challenges are increasing across the market. This often results in increased use of agency staff and lack of continuity and consistency for those receiving services. The EU Exit and salaries offered within other sectors has a major impact on this.

Feedback from other Local Authorities who have implemented the Real Living Wage has been positive, advising it has:

- Helped to support the market during the COVID-19 pandemic to attract and retain staff within the sector, and to recognise the valuable work undertaken by the social care workforce during the pandemic.
- Improvement in the quality of services and motivation of the workforce
- Improvement in recruitment and retention within and across sectors, including better quality applicants being received by providers
- Improved supplier relations

# 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Several options for implementing the Real Living Wage have been considered and outlined within the table below:

| Option Description | Advantages | Disadvantages | Investment |
|---|---|---|---|
| 1. Real Living Wage Accreditation | • Positive reputational impact associated with accreditation and support from the Living Wage Foundation to roll out approach<br>• Full realisation of benefits outlined above<br>• The Council can undertake a light touch review of third-party contracts within the first 12 months to determine level of investment required and implement the changes with a voluntary scheme with providers. | • Significant investment in both services and capacity to implement required within 2-3 years.<br>• Neighbouring Councils and local health partners may not engage in the approach limiting impact.<br>• This could impact on the cost of care from self- funders.<br>• Providers will need to fund differential pay increases to retain staff who are on higher grades. | Estimated Initial Total: £8,501,000<br><br>Estimated upfront investment of £8m spread over a 2–3-year period for adult social care. Further investment will be required to service future annual inflation against the real living wage*<br><br>In addition to this a £501k investment in capacity over the 3- year period would be required to implement the approach. This includes on cost and inflation. |
| 2. Internal roll out of the Real Living Wage to Council employed staff and third-party providers over a 4–5-year period with Real Living Wage Accreditation being explored later | • Benefits associated with the Real Living Wage will be immediately applied to direct employees of the Council<br>• Spreading the cost of implementing the Real Living Wage would have a positive impact on cashflow and the management of pressure.<br>• The Council can undertake a detailed review of third-party contracts within the first 12 months to determine level of investment required and link the investments to when contracts are naturally renewed.<br>• Work can be undertaken with neighbouring Councils and local health partner to seek engagement prior to accreditation | • No accreditation or support from the Living Wage Foundation to roll out approach within the first 2-3 years.<br>• Benefits will take longer to realise.<br>• Investment in additional capacity to implement will be required over a longer period.<br>• Providers will need to fund differential pay increases to retain staff who are on higher grades. | Estimated Initial Total: £8,568,000<br><br>Estimated upfront investment of £8m spread over a 4-5year period for adult social care. Further investment will be required to service future annual inflation against the real living wage*<br><br>In addition to this a £568k investment in capacity over the 5- year period would be required to implement the approach. This includes on cost and inflation. |

| | | | |
|---|---|---|---|
| | • Marketing of the approach being undertaken will still have a positive reputational impact even without immediate accreditation | | |
| 3. Maintenance of the Real Living Wage to Council employed staff only - no Real Living Wage Accreditation | • Benefits associated with the Real Living Wage will be immediately applied to direct employees of the Council by implementing supplement payments<br>• No additional investment required from Adult Social Care.<br>• Can be implemented within short timescales. | • Benefits outlined will not be fully realised<br>• Limited reputation impact as will only be applied internally<br>• No accreditation or support from the Living Wage Foundation<br>• This will not challenge or address the nationally agreed pay scale | £25k investment has been ringfenced by the Council. Nil impact within Adult Social Care Budgets. |
| 4. Maintenance of the Real Living Wage to Council employed staff and third-party contracts for Adult Social Care only - no Real Living Wage Accreditation | • Benefits associated with the Real Living Wage will be immediately applied to direct employees of the Council<br>• Limit investment required from the Council as a whole<br>• Partial achievement of benefits outlined above, particularly in relation to recruitment and retention | • No accreditation or support from the Living Wage Foundation<br>• Significant investment from adult social care in both services and capacity to implement required within 2-3 years<br>• Neighbouring Councils and local health partners may not engage in the approach limiting impact.<br>• This could impact on the cost of care from self- funders.<br>• Providers will need to fund differential pay increases to retain staff who are on higher grades.<br>• Implementing the Real Living Wage within adult social care alone could create inequity across the range of sectors supported by the Council<br>• Benefits outlined will not be fully realised<br>• Limited reputational impact | Same as Option 1 with no additional investment required from the outstanding areas of spend within the Council |

***Over the past 10 years the gap between National Living Wage and Real Living Wage has narrowed, with NLW (National Living Wage) increasing by 4.1% per year on average and RLW increasing by 3.1% per year on average. If this move towards convergence continues then after the initial investment to implement the Real Living Wage, the subsequent additional investment each year to maintain RLW will be less than the annual increase in budget to maintain NLW rates.

It has been recommended that Option 4 is progressed, but with a phased implementation to manage the level of investment required commencing in 2022/23 and phasing this over a two-to-three-year period. To ensure that we do this in an equitable way across the market, we are proposing to roll out incremental increases every six months to close the gap from the current rates to the Real Living Wage. The level of investment proposed includes the additional commissioning/contract management resource to do this as highlighted within the table above.

Whilst this option will not provide the Council with immediate accreditation from the Real Living Wage Foundation, adult social care services make up 33% of total spend including schools and will still therefore have a significant impact on outcomes. This will also enable the Council to evaluate the impact of delivering the Real Living Wage, including consideration of social value to inform approaches taken across the remainder of the Council.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

To implement this approach a targeted Project Group will need to be established and attended by Contract Management, Commissioning, Finance, commissioners of health services and a Project Manager from the BID (Business Improvement & Development) Team. The project scope, plan and market engagement activities will need to be developed. This will ensure that there is a clear and costed action plan in place with associated governance, market engagement and risks/issues accounted for.

To enable this to take place, recruitment to additional capacity will need to be progressed as a priority.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Recruit to additional posts | December 2021 | April 2022 | Commissioning/ Contract Management |
| Identify BID Project Management Capacity | December 2021 | April 2022 | Commissioning/ Contract Management |
| Establish Project Group and Confirm Membership | January 2022 | April 2022 | Project Manager |
| Complete Project Plan and Management Documentation | April 2022 | May 2022 | Project Group and Project Manager |
| Agree Social Value Portal Measures to be adopted | April 2022 | May 2022 | Project Group and Project Manager |

| | | | |
|---|---|---|---|
| Develop Market Engagement Plan | April 2022 | June 2022 | Project Group and Project Manager |

A costed schedule for roll out of the Real Living Wage to all adult social care providers will need to be developed as part of the project plan by September 2022 for implementation.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

This proposal will apply to all adult social care services which cover all protected characteristics. Implementation of the Real Living Wage will have a positive impact on the adult social care workforce currently earning below the current Real Living Wage standard of £9.50 per hour and in doing so could increase their social mobility, quality of living and ability to continue undertaking their role.

Improved retention rates of the adult social care workforce could in turn lead to a positive impact on those in receipt of care, with experienced staff and better continuity of care.

An Equality Impact Assessment (EqIA) has been developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

The Council currently spend just over £193m on adult social care provision. A substantial proportion of this spend funds services which operate using a lower-than-average paid workforce who often receive the National Living Wage rather than Real Living Wage. Increasing the income for this cohort will increase their economic activity generally but this cannot be quantified at this stage and will not result in a direct return to the Council.

The project group will aim to work with procurement and the market to identify measures of social value that could potentially produce a social value return on investment as part of the process.

## Non-Financial Benefits

However, there are significant non-financial benefits to both the Council and individuals who receive adult social care services:

- ### Improved recruitment and retention
  Allowing providers to expand capacity to meet growing demand. It will enable the Council to work with health partners and adult social care providers to create a 'career in care' which is more attractive and creates longevity – less people waiting for domiciliary care, increase in the number of people supported by Personal Assistants through Direct Payments, reduction in the use of agency staff and staff turnover across care settings as well as the creation of employment opportunities.

- ### Social Value
  As a major employer and commissioner of services, the Council can positively impact on in-work poverty and social mobility challenges often arising amongst the lowest paid segments of the adult social care workforce. This will not only improve the quality of their lives but will increase their spending levels in turn boosting local communities and economy. This is particularly important given the inflated cost of living within Cambridgeshire. The commitment to use the Real Living Wage will also stimulate the development of smaller, more local enterprises which will have a similar impact – local increase in microenterprises and small businesses, identified TOMS from the Social Value Portal.

  Examples of this include:
  - Improved health and wellbeing: Low income has been found to have a direct impact on the conditions into which we are born, grow, live, work and age – which result in unfair and unjust inequalities in length and quality of life. Addressing income levels so they reflect the cost of living rather than surviving has a positive impact on this. It enables people to become more active, to undertake and become more productive in employment, it enables parents to access more opportunities for their children thereby improving the quality of their life.
  - Wider economic value: At a basic level, the Real Living Wage enables people to engage to wider communities and leisure activities like going out for dinner, joining community groups, classes and or support. It enables them the space to consider alternative training or business opportunities. Coupled with the right support, this could not only result in increased development of small business contributing to wider community outcomes and priorities but has economic benefits too. Research undertaken by an Independent Think Tank called the Smith Institute has identified that if 25% of low paid workers were moved to National Living Wage this would produce a return of £1.5bn to the local economy.[1]

[1] The Living Wage Dividend: maximising the local economic benefits of paying a living wage

- Quality Improvement
  Research has shown improved motivation and morale amongst employees [2]. This is critical when delivery adult social care services to people who are often at the most vulnerable stages of their lives – Reduction in quality concerns across various categories, improvement in local CQC (Care Quality Commission) Ratings.

- Positive Reputational Impact
  Positive reputational impact through enabling the Council to promote our status as a Real Living Wage employer for adult social care services and encouraging wider changes through procurement of services. This is also likely to improve relations between the Council and the local employers.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Recruitment to additional capacity required to implement the Real Living Wage delaying implementation | Commence recruitment process prior to the start of the financial year | Amber | Commissioning and Contract Management |
| Implementing the Real Living Wage could erode the pay differentials between staffing grades if the higher grades do not receive a proportionate increase. This could impact on financial projections and assumptions used | Early audit of ASC independent sector provider salaries and robust engagement with the market | Amber | Project Group |
| At present, more specialist services within areas such as Children's Social Care and Learning Disabilities attract staff through offering wages over and above the national living wage. Implementing the Real Living Wage across the sector could lead to staff leaving to work in other, less challenging areas | Close contract monitoring and communication with these services to monitor risk throughout the phased roll out | Amber | Project Group |

[2] Henry E, Nash D and Hann D, The Living Wage Employer Experience, Cardiff: University of Cardiff (2017), https://www.cardiff.ac.uk/news/view/722069-employer-experienceof-the-living-wage

| | | | |
|---|---|---|---|
| unless their wages increase accordingly | | | |
| May generate a counter response from other competing employers locally | Monitor closely to assess the risk | Amber | Project Group |
| Feedback from other Councils has indicated reluctance from some providers to engage due to the work they undertake with other Councils and NHS Partners not engaged in rolling out the Real Living Wage. This means we cannot mandate this in contracts. | Engage with health partners and the market to understand whether this is a risk from the outset, | Amber | Project Group |

## 8. Scope: What is within scope? What is outside of scope?

This proposal covers the application of the Real Living Wage to all Adult Social Care Services delivered both through the Council and by third party contractors. Any other service delivered or commissioned by the Council falls outside the scope of this project.

# Business Planning: Business Case – Investment proposal

## Project Title: Health Impact Assessment Fund Proposal

**Committee:** Adults and Health Committee

**2022-23 Investment request:** £125,000
(Plus £45,000 non recurrent)

Brief Description of proposal:

The use of Health impact assessment (HIA) is a systematic approach to identifying differential health impacts of proposed and implemented policies, programmes, and projects within a democratic, equitable, sustainable and ethical framework. It identifies both positive and negative health impacts so that the positive health effects can be maximised, and the negative impacts minimised within an affected community.

It is proposed to set up a £125k annual fund for department directors to use to carry out Health Impact Assessments on specific policies or programmes, through external resource or training of existing staff to carry out the HIA.

It is anticipated that approximately five HIAs will be completed per year, depending on the type of HIA undertaken (rapid, intermediate or comprehensive).

A further £45k will be used to support training across the system on the determinants of health, the role that all can play in improving health outcomes and on health impact assessments.

Date of version: 21/09/2021 BP Reference: E/R.5.007

Business Leads / Sponsors: Jyoti Atri / Emmeline Watkins

# 1. Please describe what the proposed outcomes are:

Health impact assessment (HIA) is a systematic approach to identifying differential health impacts of proposed and implemented policies, programmes, and projects within a democratic, equitable, sustainable and ethical framework.

This allows the identification of both positive and negative health impacts of policies and programmes enabling that the positive health effects can be maximised, and the negative impacts minimised within an affected community.

The proposed fund will ensure that key policies and programmes address the corporate priorities of:

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

It uses a range of structured and evaluated sources of evidence that includes public and other stakeholders' perceptions and experiences as well as public health, epidemiological, toxicological, and medical knowledge (dependant on the level of Health Impact Assessment undertaken).

HIA's follow a standard approach using eight core steps:

- Screening (screening which projects, policies etc. would benefit from an HIA
- Scoping (scoping out the areas to be addressed within the HIA)
- Baseline (setting a baseline of the current health profile of the population affected by the programme / policy)
- Community Involvement (key community and other stakeholders are engaged to feed in their experience of the project or policy)
- Evidence an analysis (a systematic review of the potential impacts including the significance of the impacts, the magnitude of the impacts and any differential impacts between groups and individuals)
- Mitigation (suggested measures for reducing negative impacts and enhancing positive impacts)
- Final report (a final report summarising the steps taken, the findings, and any mitigation measures, and future monitoring)
- Monitoring (monitoring the impacts post implementation)

HIAs help to deliver better and improved policy, programme, and project outcomes that enhances community and societal health and wellbeing.

They can either be used:

- as an analysis tool to forecast the potential negative and positive health impacts
- as a participation tool that can help residents, local community groups and other stakeholders be involved in the design of a programme / policy

- as a project management tool that can help to structure the development and implementation of policies, programmes, projects and services
- as an evaluation tool to monitor the achievement of stated objectives, outputs and outcomes or those policies, programmes, projects and services

Usually, a HIA will involve a combination of all four.

HIAs can be done on policies, programmes, and projects at the:

- beginning (i.e. during the development or pre-development stage of a programme / policy formation etc.), known as a prospective HIA;
- middle (i.e. during the implementation stage of a programme / policy), known as a concurrent HIA,
- end (i.e. at the operation or closure stage to look back and evaluate) known as a retrospective HIA.

HIAs vary in complexity and speed and are classed as rapid, intermediate or comprehensive HIAs.

Health impact assessments assess the potential impact of programmes on outcomes for those with protected characteristics as well as any environmental issues that may impact on health such as air quality.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The action plan for the Joint Administration Agreement section highlights a need to develop and implement “a clear action plan to deliver “health in all policies” including criteria for evaluating policies”.

This paper outlines the background to Health Impact Assessments (HIA) as a way of evaluating policies and proposals to deliver a range of HIA’s and an approximation of the costs.

Health impact assessment is a globally recognised approach used to judge the potential health effects of a policy, programme or project on a population, particularly on vulnerable or disadvantaged groups.

Therefore, this approach will support both the Health and Wellbeing Strategy as well as the Integrated Care System Strategic framework in improving health and reducing inequalities.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

It is proposed to set up “fund” for department directors to use to carry out Health Impact Assessments on specific policies or programmes. This fund could be used to either “buy in” an external resource to carry out HIAs or to train existing staff to carry out HIAs, this is dependent on the capacity of the department to release staff both for training and subsequent HIA assessments. On average, HIAs take about two to three months to complete so the option to buy in external consultants to undertake HIAs may be preferrable, but it may not be sustainable in the longer term if HIAs are to be used for all significant projects and / or policies, it may be more cost effective to “grow our own” resource inhouse.

Each department director will need to screen which policies / programmes would benefit from a HIA, and then decide the level of HIA needed (Rapid, Intermediate, or Comprehensive). Public Health could produce a framework and guidance for this.

It is anticipated that five HIAs will be completed per year, this will flex depending on the type of HIA undertaken i.e. if more comprehensive HIAs are undertaken fewer than five will be possible, if more rapid HIAs are undertaken more than five may be possible.

Costs to undertake Health Impact Assessments is hard to ascertain due to the varied nature and scope of HIAs, so approximate costs for consultants to produce Environmental Impact Assessments has been used as a proxy.

Generally costs vary from a day rate of £1,400.00 for high grade technical input, to a total project cost of £25,000.00 for an assessment which takes three months. Therefore, it is proposed that a budget of £125,000.00 is allocated for the fund which would enable a mix of a small number of comprehensive HIAs and several rapid HIAs.

As HIAs are underpinned by a comprehensive set of public health data there may be additional demands on the Public Health Intelligence and Business Intelligence teams to supply or signpost any consultants appointed to sources of data.

The recurrent budget of £125,000.00 is based on a number of assumptions:

- The costs of HIAs are comparable with Environmental Impact Assessment reviews.
- The Council will need to prioritise which programmes / polices need an HIA Undertaken and in which order (to manage the budget if HIA costs exceed the average cost of £25K).
- There is capacity within Public Health, Public Health Intelligence, Business intelligence to support the fund and any appointed consultants.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The fund will be flexible as to approach and therefore resource could be to buy in external capacity or train existing staff. The process of a health impact assessment specifically includes community and stakeholder involvement through the process.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| HIA fund agreed | 9 December 2021 | 8 February 2022 | Jyoti Atri |
| PH to provide framework/guidance on selecting policies / programmes that would benefit from HIA and level | Q3 2021/22 | Q4 2021/22 | Emmeline Watkins |
| Work with Corporate directors to screen which policies / programmes | Q4 2021/22 | Q4 2021/22 | Emmeline Watkins |
| Prioritisation of programmes and decision as to internal / external resource | Q4 2021/22 | Q1 2022/23 | Jyoti Atri |
| Training to be commissioned | Q4 2021/22 | Q4 2021/22 | Iain Green |
| Training to be delivered | Q1 2022/23 | Q4 2022/23 | Iain Green |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

When a service puts forward a project or policy, an Equality Impact Assessment (EqIA) will need to be carried out. The HIA methodology includes evidence from public perceptions and experiences, and protected groups will also be included in this:

Health impact assessment is a globally recognised approach used to judge the potential health effects of a policy, programme or project on a population, particularly on vulnerable or disadvantaged groups and therefore should improve health impacts and outcomes for individuals with protected characteristics, those living in poverty and in rural isolation.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

This HIA fund ensures that key policies / programmes maximise short and long-term health benefits for our population and don't unintentionally worsen health inequalities. Those benefits may not be seen specifically by the council or achieve any direct savings

### Non-Financial Benefits

The project will contribute to identification of social value in programmes / projects where they can indirectly benefit health. Health impact assessments also assess the potential impact of programmes on environmental issues that may impact on health such as air quality and co-benefits to the environment can be significant enabling the potential to deliver on both health and environmental ambitions and improving value for money.

Success measures will need to be dependent on the projects / programmes identified.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| PH leadership capacity challenges due to COVID-19 | Use of COMF funded staff to support COVID-19 response where possible with increased return to BAU planned for substantive staff | Amber | JA |
| System capacity challenges due to COVID-19 and lack of ability to carry out HIA internally | Option to use external resource to carry out HAI | Green | IG/Director for policy/programme |

Non delivery of the project means that large policies / programmes could unintentionally worsen health outcomes and increase health inequalities and internal skill set around Health Impact Assessments is not developed

Assumptions: costs of HIA are comparable to environmental impact assessment reviews. If incorrect, fewer HIAs will be carried out

## 8. Scope: What is within scope? What is outside of scope?

Any policy programmes or projects can identified by the relevant director. However, it is anticipated that through this fund, approximately five HIAs will be completed per year, depending on the type of HIA undertaken (rapid, intermediate or comprehensive).

Public Health will provide framework/guidance on selecting policies / programmes that would benefit from HIA and level of HIA.

# Section 4h
# Adults and Health

## Temporary Funding Proposals

# Business Planning: Business Case – Investment / Savings

## Project Title: Independent Living Services - Huntingdonshire

Committee**:** Adults and Health

2022-23 Investment amount: £180k
2024-25 Investment amount: £70k

Savings amount: £114k pa from 2025/26

The following one-off revenue investment amounts will be needed, it is proposed that these be funded from reserves. This business case does not require any capital investment.

| | Capital and revenue flow in £000s | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | Total |
| Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue | 180 | 0 | 70 | 0 | 0 | 0 | 250 |

The proposal is scheduled for savings to flow from the year after the opening of the new services as shown below.

| | Building volumes (in units) and savings flow (in £000s) | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | Total |
| Volume | | | | 48 | | | 48 |
| Savings | | | | 114 | | | 114 |

Brief Description of proposal:
To commission and open 48 new tenancy-based flats within Cambridgeshire, thereby increasing residential and nursing care capacity for older people wishing to remain living independently. Specifically, this supports people being able to stay in their own tenancy for longer, given care can be stepped up as needs increase, unlike residential care where they may need to move to get increased care needs met. Stimulating development of new services in this way will generate the much-needed provision to meet population growth forecasts and do so at a cost affordable to the local authority.

Date of version: December 21 BP Reference: A/R.5.015 & A/R.6.199

Business Leads / Sponsors: Executive Director of Commissioning, People & Communities

## 1. Please describe what the proposed outcomes are:

To commission and open 48 new tenancy-based flats within Cambridgeshire, thereby increasing residential and nursing care capacity for older people wishing to remain living independently. Specifically, this supports people being able to stay in their own tenancy for longer, given care can be stepped up as needs increase, unlike residential care where they may need to move to get increased care needs met.

The proposals link to the following corporate outcomes:

Communities at the heart of everything we do:

- The new service enables high dependency older people to remain within a community setting. It also means care workers from the community can support older people to remain living independently.

A good quality of life for everyone:

- The new service will also offer greater choice, control, and care flexibility for those older people no longer able to remain living safely at home.
- The programme is expected to create new whole time equivalent jobs across Cambridgeshire. Detailed work is taking place to refine this estimate.

Cambridgeshire: a well-connected, safe, clean, green environment:

- The specification will reflect a very high level of renewable energy generated onsite compared to the alternative services in the care sector. Consequently, it will reduce carbon emissions. The proposal is expected to benefit public health by reducing future harms from climate change. Initial estimates predict the new service will prevent $CO_2e$ emissions.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The proposal supports CCC's Adult Social Care Older People strategy to help people live with greater levels of independence. The work will build on early consultation carried out with user groups, providers, and social care practitioners. The work also takes account of the growth in older people population and their expectation of more choice and control of services. The information collected was from industry recognised sources such as Laing and Buisson market reports used across health and social care. This adds to information and ideas collected from district councils, industry experts and Council Members.

The proposal also helps the care market embed CCC's Climate Change strategy into the accommodation-based services. The approach involves lowering energy demand, eliminating the use of fossil fuels, and generating electricity on the premises. We will learn from experiences of other projects that have already achieved this.

Adults in employment spend a large proportion of their time in work, our jobs and our workplaces can have a big impact on our health and wellbeing. Therefore, work and health-related worklessness are important public health issues, both at local and national level. Consequently, the proposal will pursue social value from the delivery of work to disadvantaged people.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

There are two broad approaches to implementing a new ILS (Independent Living Service):

- the ‘make model’ option. Here CCC will have overall control and responsibility for funding, designing, and building an ILS. This level of control is common practice across the CCC in long-term capital programmes; and
- the ‘buy-model’ option. Here the private service providers would be commissioned to build ILS services in Cambridgeshire. We would contract flats within the ILS.

CCC’s preferred approach is for it to finance and construct CCC’s own service of this type. However, commissioning in services is also explored to assure CCC does not miss high quality and innovative services from private providers. This also benefits from sharing risk in the marketplace.

On selection of suitable sites, a feasibility study would be carried out on how the site could accommodate the new social care services. We would conduct the studies applying the HAPPI design principles. The HAPPI principles are based on 10 key design criteria used in social care housing design. Many are recognisable from good design generally - good light, ventilation, room to move around and good storage - but they have relevance to the spectrum of older persons' housing which needs to both offer an attractive alternative to the family home and be able to adapt over time to meet changing needs.

We will continue to monitor the factors which led to this mixed model approach. Factors include government policy to social care funding, older people’s preferences, land and building costs. Should circumstances change CCC may look to change the mix.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The work to deliver the ILS programme will be governed through the Older People’s Accommodation Board. This will ensure it links in with other programmes looking at similar benefits. The programme team would expect continued support by a cross-Committee Members Reference Group who provide advice and guidance on a range of topics. The governance groups will hold the programme team accountable to deliver its benefits realisation strategy, stakeholder engagement plan and risk management. The broader set of benefits expected from the ILS programme will be defined for the outline business case stage.

We will use a structured approach to programme management applying the Cabinet Office's recommended methodology for the delivery of projects and programmes. We shall also apply the construction industry standard RIBA Plan of Work to organise the process of briefing, designing, preparing, and submitting planning application, constructing, and operating building programmes.

This work will require dedicated resource and associated financial commitment to manage each programme. Expenditure would be required for an in-house multi-disciplinary project team covering commissioning, property, finance, legal and procurement. It would also be required for additional expertise in building design, and project management.

### High Level Timetable

This work will be phased with each of the 1 scheme working to the same major tasks.

| Task | Duration |
|---|---|
| Find suitable site | |
| Carry out feasibility study | 3 months |
| Produce initial business case | 1 month |
| Carry out design work | 10 months |
| Submit planning application | 5 months |
| Produce final business case | 1 month |
| Acquire site & Construct service | 12 months |
| Ramp up service user | 4 months |
| ILS ready for full use | |
| Total estimated project duration | 36 months |

The proposal is scheduled for one new 'buy' service opening in 2024/25. The locations will depend upon the suitability of land and planning permission.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

This will affect older people with eligible social care needs receiving a funded care package. It will also provide a choice to older people without eligible social care needs (self-funders).

The proposal is to meet people's care needs whilst maximising their independence. The care model focusses on building on people's existing strengths, their natural support networks, the use of technology and new care models to meet needs. The proposal does deliver new care services for older people to move into. It might therefore represent a small risk model to current living arrangements when needs increase. Decisions about the best care setting for an individual will always be made in the best interests of service users with social workers acting to identify the most appropriate care plan and making judgements about the level of independence and support required.

The proposal also affects people involved in designing and building the ILS. Government acknowledges adults in employment spend a large proportion of their time in work and that our jobs and our workplaces can have a big impact of our health and wellbeing. Therefore, work and health-related worklessness are important public health issues, both at local and national level. Consequently, ILS's will pursue social value from the delivery of work to disadvantaged people as well as understanding that some tenants may also still work whilst residing in the ILS.

An Equality Impact Assessment has been developed which provides further detail.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

A financial model is being developed that will model factors in investments, income, costs, savings, and cost of risks. The primary financial benefit is related to the annual social care budget for older people through a delay in the unnecessary escalation of social care needs.

| **Key Benefit** | **Measure** | **Baseline** | **Target & Timescale** |
|---|---|---|---|
| Cost avoidance (Buy projects) | ASC Budget | £0.9m pa | £0.14m pa phased over the programme period |

### Non-Financial Benefits

Success is achieved when more older people with higher levels of care and support are happy in their own independent living service. The proposal can support this by firstly delivering great accommodation which has been designed and built in an environmentally considerate manner. Secondly, the proposal can further help by delivering high quality care jobs instilling an enabling environment to help older people. Thirdly, the proposal can assist people who would ordinarily find it harder to obtain work in the construction and/or care sector to find meaningful employment.

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Increase in people living independently | Number of older people | NIL | 48 people phased over the programme period |
| Reduce environmental harm | Amount of CO2 or equivalent in emissions | NIL | 40 tCO2e pa phased over the programme period |
| Increase care worker jobs | Care worker numbers | NIL | 45 jobs phased over the programme period |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

The proposal has identified a range of risks. Some of them are areas the project team can work on to reduce the uncertainties of the risk impact. There are others which will require help from across the Adult Social Care directorate and the Council as a whole. The table below lists the key risks.

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| IF Covid-19 restriction policies continue THEN there will be delays to the project. | Re-arrange work plans to continue making progress and return to Covid-19 affected work at a more suitable time. | GREEN | Programme Team |
| IF suitable land cannot be found THEN there will be delays to the project. | Review CCC's land stock and maintain engagement with district councils about potential land use. | AMBER | Programme Team |
| IF construction industry inflation rises rapidly THEN the project will cost more to deliver. | Explore ways to use different materials to offset the rises in prices | AMBER | Governance Board |
| IF the DWP (Department for Working and Pensions) change the criteria agreed for Housing Benefit payments for ILS THEN the programme benefits will be reduced. | Maintain engagement with district councils to remain aware of benefits regulations | GREEN | Corporate Management |
| IF the Cabinet Office change to Public Contracts Regulations 2015 THEN the | Contribute to government consultation about the new | GREEN | Corporate Management |

| | | | |
|---|---|---|---|
| programme benefits will be increased. But no benefits are expected in the near term. | laws. Maintain a watching brief. | | |
| IF the DHSC (Department for Health and Social Care) change the Adult Social Care funding policy THEN the programme benefits will be increased. But no benefits are expected in the near term. | Maintain engagement with government alongside LGA (Local Government Association) and ADASS (Association of Directors of Adult Social Services) | AMBER | Corporate Management |

## 8. Scope: What is within scope? What is outside of scope?

ILS will focus on those people with high needs (usually but not exclusively aged 65+) who want to retain their independence but can no longer live in their own home. Individuals below the age of 65, for example those with early onset of dementia, would also be supported within ILS. The proposal does not describe community-based service or specialist service such as mental health service.

# Business Planning: Business Case – Investment Proposal

## Project Title: Care Together programme expansion

## Committee — Adults & Health Committee

## 2022-23 Investment amount: £689k

The total investment amount for the four year period would be approx. £2.915m as detailed in the table below. This could be funded from one off reserves.

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| Place-based Commissioning resource to implement Care Together across the County over 4 years (staffing) | £311,549 | £317,779 | £388,752 | £396,528 |
| Seed funding to commission place-based volunteer & community assets, mutual aid, and social enterprises | £150,000 | £125,000 | £100,000 | £100,000 |
| Introduction of holistic, outcome-based homecare for all new & existing homecare clients in East Cambridgeshire, prior to countywide roll out in new Homecare Dynamic Purchasing System (DPS) in 2024 | £47,000 | £47,000 | £- | £- |
| Expansion of Community Catalysts to develop microenterprises across the county over 4 years | £180,000 | £245,000 | £250,000 | £255,000 |
| Total | £688,549 | £734,779 | £738,752 | £751,528 |

Grand Total = £2,913,608

NB – Expansion of ISFs (Individual Service Funds) has been included in the Direct Payment business case

Brief Description of proposal:
Implementation of the Care Together programme across the County over a four year period. This will improve the range of care and support available to older people in the community to meet population growth forecasts and do so at a cost affordable to the local authority.

Date of version: 2/11/2021 BP Reference: N/A

Business Leads / Sponsors: Will Pattern, Director, People & Communities

# 1. Please describe what the proposed outcomes are:

The Care Together programme will transform the way care and support is commissioned and delivered to older people living at home. Introducing a place-based approach to commissioning, it will improve homecare provision and develop a wider range of care and support in the local community to support more older people maintain their independence and live happily at home for longer.

East Cambridgeshire is the early adopter site, currently in the planning and design phase. Implementation is scheduled for March 2022 for 2 years with an accompanying independent evaluation.

The investment will enable a transition to place-based commissioning and thus implementation of Care Together across the whole county by providing additional commissioning capacity and seed funding to develop more volunteer and community-led support and micro-enterprise.

The investment request comprises of four elements which are summarised in the table:

| Request | What will it do? | Impact | Enablers |
|---|---|---|---|
| Place-based Commissioning resource | Provide the staffing resource necessary to implement a place-based approach to commissioning, enabling the implementation of Care Together across the county and improve the range and accessibility of care and support for older people living in the community. | Successful implementation of Care Together, bringing together partners and communities to increase the range of care and support available for older people in the local community. | Growth of Think Communities and development of Integrated Neighbourhoods through the Integrated Care System will support the transition to place-based commissioning. |
| Seed funding to commission place-based volunteer & community assets, mutual aid, and social enterprises | It will be used by commissioners to<br>• fund the expansion of existing volunteer and community assets e.g., expand member only meal service to all older people in the community<br>• support the continuation of mutual aid groups<br>• create new voluntary and community support and social enterprise | Existing community assets are sustained, and new ones developed. Innovative community-owned businesses are developed contributing to economic growth. Overall, community-based services are better placed to support the growing number of older people. | In return for funding to pay the Real Living Wage, care providers will be expected to provide social value by supporting the growth and development voluntary, community, and social enterprises in the community. |
| Introduction of holistic, outcome based | Pay council-funded home care providers to deliver a more personalised and outcome-based approach, | Council-funded homecare will move from ‘time and task’ model to a | Introduction of Independent Service Funds to the existing homecare market will |

| | | | |
|---|---|---|---|
| homecare for all new & existing homecare clients in East Cambridgeshire prior to countywide roll out in new Homecare DPS in 2024 | ensuring service users are well connected into their local community, are no longer isolated or lonely and have the aids and equipment needed to maintain independence and wellbeing | personalised, comprehensive approach which considers a person's wellbeing. People's experience of council funded homecare will improve as will their quality of life as they remain connected within their community | support the transition to a more outcome-based model as they give people greater choice on how their funding is spent.<br><br>The recommissioning of the Homecare DPS (the framework through which the council 'buys' homecare from local providers) in 2024 will introduce more localised care delivery through a zone-based model and make holistic, outcome focused homecare the standard for all council-funded service users. |
| Expansion of Community Catalysts to support and develop microenterprises across the county over 4 years | Fund business mentors known as Community Catalysts to work across each district, promoting microenterprises as a business or career and supporting individuals to set up and maintain their microenterprise over time. | People are supported to set up a care-based microenterprise who may not otherwise know how to do so. The number of microenterprises that provide care and support in the local community is increased and it is becomes easier to find the right support, whether privately or council funded. | Introduction of Independent Service Funds will offer a new, easier way for people to purchase their care from a much wider range of care providers and microenterprises. |

The Care Together programme seeks to deliver 3 strategic outcomes:

## (I) Introduction of place-based commissioning

The additional staffing resource will enable the Council to make the transition to a place-based approach to commissioning. This means future services will be designed and commissioned around the specific challenges and community resources of a given area rather than the traditional countywide 'one size fits all' approach. It will result in a greater focus on the development of local community provision and how the community can better support itself whilst ensuring the right services are in place to meet the specific needs of a community.

Older people, communities, professionals, and organisations will play an active role in place-based commissioning, designing, and shaping what future services will look and feel like in their local area based upon their current experiences. Working more closely with voluntary and community groups and partners in the Integrated Neighbourhoods, it will also facilitate a more localised approach to delivery, with local teams working directly in the community. Integrated Neighbourhoods are emerging ‘place-based’ areas in which local GPs (Primary Care Networks) come together with local partners from social care, education, voluntary and community groups and local residents to work in partnership to develop local services based around local needs.

## (ii) Improve the homecare offer available to local people

Existing Council funded homecare is based around short visits to deliver personal care (known as time and task model) and is limited in choice, flexibility, and personalisation. It can involve a lot of travel for carers and the lack of time to deliver personalised care and support contributes to the challenge of retaining good carers.

The investment will improve the homecare offer available to local people. It will enable the Council to work with providers over time to develop a more localised model of homecare in which carers live and work in their local community, travel less and are empowered to deliver a person-centred service focused on individual wishes, aspirations, and wellbeing needs. It will also create a wider range of homecare providers, supporting local people to establish their own micro enterprises offering care and support. It will also introduce new ways for people to choose their own care and support through an Individual Support Fund. Together, these innovations will improve the quality of experience of people receiving Council funded homecare and make care work a more attractive employment or business opportunity.

## (iii) Develop a better range of care and support in the community to promote independence and delay demand for long term health and social care services

The Care Together programme has ambitions to join-up local health, social care, and community/voluntary services in the local area to make it much easier (and less stigmatising) to find early help and support. Better integration will also reduce duplication of services and make better use of resources.

Implementation of the Care Together programme will deliver the following specific outcomes in terms of service provision and service user experience. It will also include an independent evaluation to measure the social return on investment and the impact upon individuals, the Council and other partners

## Outcomes for individuals/community:

| |
|---|
| Individuals will benefit from a more personalised homecare offer which reduces social isolation, improves wellbeing, and promotes maintenance of independence alongside personal care |
| The care workforce will benefit from new and improved ways of working; an ability to work locally, travel less and spend more time providing quality care and support |
| Creation of micro-enterprises will promote local economic growth through new employment opportunities and increase choice for those needing care |
| Introduction of Independent Service Funds will make it easier for older people to have a personal budget and choose how it is spent it |

| |
|---|
| Local people will find it easier to access support through a ‘local offer’ which coordinates health, social care, and voluntary/community services. A strong preventative focus (e.g., assistive technology and falls prevention) will promote independence and early help, reaching out to older people in the community to proactively offer early help before a crisis or before things become too much. |
| Local people will benefit from a growth of community-based services which older people report they need to remain living independently (e.g., services or enterprises offering companionship, support with laundry, housework, garden and home maintenance and shopping) |

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

An Evidence Review completed by Public Health concluded that frequent, multi-agency support for older people in the community and a range of support interventions for carers are the most effective ways to prevent admission into long term residential care.

The Neighbourhood Cares Evaluation demonstrated the value of place-based approaches in supporting people living in the community.

Experience of the Covid Hubs demonstrated the positive impact greater coordination between local communities, health and social care services can have in supporting older people living in the community.

The Oxford Brookes University Institute of Public Care report ‘Reducing Older People’s Need for Care: Exploring Risk Factors for Loss of Independence’ has shaped thinking on key intervention points in which to deliver early intervention and prevention activities.

The Care Together programme also aligns with the following strategic priorities and plans:

Joint Administration priorities

- Move from delivering social care through an overly focused emphasis on commissioning of care agencies, towards one of empowering people and communities using new models based on delivery at neighbourhood level and through new models of governance, including more ‘in-house’ provision.
- Protect and enhance choice and control by service users, adopting a rights-based approach to service delivery and the concept of independent living, expanding opportunities for use of direct payments, individual budgets, and personal assistants.

Alignment with key strategies including the Council’s Recovery & Resilience Framework, All Age Carers Strategy 2018 to 2022.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

A business case for investment in the early adopter site in East Cambridgeshire was endorsed by Adults Committee and General Purposes Committee in late 2020/early 2021. In addition to delivering the outcomes for individuals and communities summarised in section 1 above, the initial business case outlined the potential return on investment for the Council in terms of preventing and delaying demand for long term adult social care and increasing the amount of affordable care and support available to the Council.

A feasibility and independent evaluation scheme are under way in East Cambridgeshire to provide an evidence base for this methodology moving forward.

Phase 1 Care Together programme is expected to deploy in March 2022 with the evaluation result expect in spring/summer 2024.

The option of in-house homecare provision was considered but excluded due to prohibitive costs. Initial market research suggested double the current level hourly rate paid by the Council. However, other models of homecare provision will be explored such as social enterprises and community interest companies/partnerships.

Other options considered by Adults & Health Committee include those shown in the table below:

| Option | Description | Timescales | Risk/Benefit Summary |
|---|---|---|---|
| 1. Continue in East Cambridgeshire only | Allow original approach to continue and evaluation on Care Together programme to be completed | Completion estimates: March 2024 | • No additional cost<br>• East Cambridgeshire benefits from service changes made but other districts do not<br>• Limits social and financial return on investment |
| 2. Rollout County wide following evaluation | Care Together programme early adopter site runs as planned in East Cambridgeshire until 2024. Subject to favourable evaluation findings, roll out across remaining 4 districts over a minimum 2-year period | Evaluation Outcome– August 2024<br>Approvals for additional resource - Dec 2024<br>Recruitment – April 2025<br>Commence - May 2025<br>Complete - May 2027 (earliest) | • Slower to implement but progresses based on robust evidence of impact and social return on investment<br>• Requires significant investment in project capacity<br>• Business case for investment will offer more accurate costings and timescales as it will be based on learning from the first site<br>• Avoids risk of additional investment into a programme which does not deliver value for money<br>• Allows time for health system to embed Integrated Care System |
| 3. Rollout County wide subject to evaluation, plus improved integration of teams | Expand Care Together programme across all districts subject to favourable evaluation of early adopter site.<br><br>Alongside this, further develop more integrated practices across health and social care teams through the Integrated Care System | Evaluation Outcome– August 2024<br>Approvals for additional resource - Dec 2024<br>Recruitment – April 2025<br>Commence - May 2025<br>Complete - May 2029<br>If this progressed without completion of the independent evaluation, the completion date reduces to 2026. | • As Option 2<br>• Capitalises on integration appetite and agenda to join up Adult Social Care, Adult Early Help, and primary care around a neighbourhood under the Integrated Care System<br>• Unclear if timescales will align to and pace of Integrated Care System and Integrated Neighbourhoods development<br>• Complex, large-scale transformation carrying with it increased risk of delivery within timescales set<br>• If progress prior to evaluation there is a risk of investment into an untested programme which may not deliver desired impact and value for money |
| 4. Rollout County wide without waiting for evaluation plus Neighbourhood Cares social care staffing model | Expand Care Together programme across all districts without waiting for evaluation **and** transform operational social work teams and Adult Early Help into neighbourhood facing teams as per model in Neighbourhood Cares Pilot. Given scale of transformation 4 years is more realistic. | As outlined within Option 4 | • Implements roll out 3 years sooner than Option 2<br>• Significant investment in project capacity required to deliver<br>• Significant risk of investment into an untested programme which may not deliver desired impact and value for money (Care Together programme)<br>• Benefits realisation associated with Neighbourhood Cares Model<br>• Highest cost of all options due to staffing: population rations associated with Neighbourhood Cares Model - may not be affordable and staffing may not be available |

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The next steps for the Council will be to expand roll out of the Care Together programme to the remaining 4 districts now without waiting for independent evaluation over four years

### High Level Timetable

| Task | Start Date | End Date | Dependency |
|---|---|---|---|
| Approval for additional resource | September 2021 | March 2022 | Approvals for spend and recruitment |
| Undertake expanded asset mapping for areas outside East Cams | March 2022 | July 2022 | |
| Expand Business Mentors (Community Catalyst) Support outside East Cams | March 2022 | - | |
| Recruitment | March 2022 | Aug/Sep 2022 | |
| Commence Roll Out to other districts | August 2022 | August 2026 | Successful recruitment |
| Complete Programme | August 2026 | | |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

The Care Together programme methodology is designed to support older people to remain independent and supported within their own home.

The programme will therefore be highly supporting to people with the protected characteristics of age, disability, poverty and rural isolation. Furthermore, a more personalised approach to care will also bring benefits for members of BAME (Black and Minority Ethnic) communities.

An Equality Impact Assessment (EqIA) has been developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision making is inclusive for staff and communities with protected characteristics.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

Nationally, there is a lack of evidence which demonstrates return on investment of adult social care interventions. What limited evidence is available focuses on returns for the health system.

As per the original business case (September 2020), through the creation and development of an early adopter site, the programme seeks to generate sustainable, affordable commissioning and delivery models supported by clear evidence of cost avoidance and return on investment.

Independent evaluation of the early adopter site will confirm the financial and non-financial benefits of the programme and assess its success in meeting its strategic aims. Therefore, the potential or anticipated benefits of the Care Together programme are outlined below.

### Financial Benefits

The programme is intended to deliver benefits in terms of demand management and reducing the level of demand budget that needs to be factored into the medium term financial plan, rather than cashable savings through cost reduction.

Care Together programme has strong potential to generate Return on Investment (ROI) for the council in several areas outlined below and the independent evaluation will provide evidence of this.

Principle areas of anticipated financial benefit:

1. Admission into long term residential care is delayed due to better integrated community support and enhanced homecare offer
2. Demand for long term health and social care is delayed due to easier access to early help and support
3. The council is able to meet more demand for the same expenditure as a result of growth in voluntary and community support for older people
4. Growth in micro-enterprises will diversify the homecare market and provide the council with affordable capacity to meet forecasted growth in demand
5. Evidence-based Council commissioned services will provide better value for money and demonstrate a clear impact or return on investment
6. Reduce duplication of provision commissioned by multiple partners (e.g. similar services commissioned by both health and social care)

## Non-Financial Benefits

The Care Together programme has significant social return on investment potential which should be considered;

- Improvement in individual outcomes (reduced social isolation, improved wellbeing, fewer falls etc)
- Improvement in quality and service user experience of council funded homecare
- Progresses a place-based and integrated approach to commissioning and service delivery amongst health, social care, local communities, and the voluntary sector
- Supports and stimulates development of community organisations, social enterprise, and mutual aid
- A diverse range of care and support available in the community that is easier to navigate and offers greater flexibility and choice
- Contributes to improvements in care workforce opportunities and retention
- Economic growth and job creation because of creation of micro and social enterprises
- Rewards innovation and enterprise
- Supports the reduction in carbon emissions by maximising local support and reducing unnecessary travel
- Enables the contributions of local citizens in coproducing informal care and support
- Empowers local communities to be self-reliant and take on some responsibility for supporting its older citizens

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| Risk | Mitigation | RAG (should the risk occur) | Overall Responsibility |
|---|---|---|---|
| Risk of investment into an untested programme which may not deliver desired impact and value for money | To mitigate this, we would need to wait until our evidence has been assessed in 2024 | Amber | Adults & Health Committee |
| Health system may not have resources to engage as they prioritise set up of Integrated Care System during this time | We would need to plan carefully with our health colleagues to reduce to impact of delays. | Amber | Service Director, People & Communities |
| Acceleration of the programme to all parts of the county will require significant additional | Ensure other Council departments have capacity to support | Red | Service Director, People & Communities |

| | | | |
|---|---|---|---|
| Council resources to deliver successfully | roll out and factor into programme planning | | |
| Internal and democratic approval for additional resource requests (and subsequent recruitment) will add several months to all options. | Ensure high level milestones included approval timescales.<br>Recruiting for resources would need to commence as soon as funding is made available or preferably in advance | Green | Service Director, People & Communities |
| Recruitment challenges may also cause delay in implementation | Recruiting for resources would need to commence as soon as funding is made available or preferably in advance | Red | Service Director, People & Communities |
| The impact of the programme will be reduced if there is limited engagement from health as it focuses on its transformation into an Integrated Care System | We would need to plan carefully with our health colleagues to reduce to impact of delays. | Amber | Service Director, People & Communities |

## 8. Scope: What is within scope? What is outside of scope?

### In scope:

Planning, design, and implementation of Care Together programme for older people in Huntingdonshire, Cambridge City, Fenland and South Cambridgeshire.

Forecasted investments required as part of the above including:

- Place-based commissioning resource (staffing)
- Seed funding to commission place-based volunteer/community infrastructure, mutual aid, and social enterprises in response to the needs and resources of that specific locality
- Introduction of Care Together programme Holistic Homecare
- Expansion of Community Catalysts to identify and support the setup and maintenance of micro-enterprises in each district
- Care Workforce Skills Development – to establish a Council led programme to support the development of a homecare workforce skilled in specialist and

complex care to better meet the future needs of an ageing population. This will include support for providers to branch out into specialist care and for voluntary and community organisations to progress into delivery of CQC (Care Quality Commission) regulated activities

Expansion of Individual Service Funds, although within scope of Care Together programme, has been included in the Direct Payments business case.

## Out of scope:

Community based provision for adults with learning disabilities (this will be developed as part of the joint vision for the Learning Disability Partnership)

# Business Planning: Business Case – Investment / savings

## Project Title: Expansion of Direct Payments and Individual Service Funds

Committee: Adults & Health Committee

2022-23 Investment Request: £222k

Brief Description of proposal:
Direct Payments and Individual Service Funds (ISFs) are key to supporting people to live as independently as possible within their local communities. One off reserve funding would be required for 2022-23 and savings would be made from 2023/24

Date of version: 15 September 2021 BP Reference: N/A

Business Leads / Sponsors: Will Pattern, Director, People & Communities

# 1. Please describe what the proposed outcomes are:

As a result of the proposed investment, we will:

- Increase the proportion of people, with eligible care needs, who are on self-directed support, giving them greater choice and control.
- Co-produce personalised solutions that work for individuals.
- Strengthen local community support networks.
- Increase Social Value by improving long-term wellbeing and resilience of individuals and communities through personalisation of care and support planning and engagement with local communities.
- Work in an integrated manner with health under the Care Together programme.
- Generate a positive impact for individuals by supporting them to do the things they want to do in the place they want to do them, with the people/provider of their choice.

This will be achieved by:

- Increasing the local supply of Personal Assistants available in communities to meet the care and support needs of people with a Direct Payment without increasing carbon footprint from long travel times.
- Addressing any issues or delays within existing processes and practice guidance to support Social Care Teams in using Direct Payments and Individual Service Funds.
- Developing guidance hourly rates for Direct Payments to reduce current variation and ensure that rates calculated as part of the personal budget are reflective of local market rates for services.
- Developing Individual Service Funds for people who would like to exercise more choice and control in purchasing their support but would like support from another organisation to do this.

# 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

A snapshot taken at the first quarter of 2021/22 indicated that 901 adults within Cambridgeshire use a Direct Payment to purchase their care and support – 45% of direct payments are used to support adults with a Learning Disability and/or Autism, 32% for adults with a physical disability, 19% for older people and 4% falling under the category of ‘other’.

The latest information enabling a national comparison was published in 2019/20 and this indicated that 23% of people with eligible social care needs in Cambridgeshire were in receipt of a Direct Payment against a national average of 28%. Regional data from 2020/21 suggests that the number of Direct Payments used within Cambridgeshire had slightly decreased to 21.3% against a regional average of 27%, partly due to the pandemic.

Best practice suggests that the use of Individual Service Funds is a key part of a council's 'self-directed support' offer.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The direct payment and Individual service Funds schemes are operational in other areas and have proven benefits, including better outcomes for people and more cost-effective services for Local Authorities. Therefore, we have not carried out a feasibility study as evidence is available nationally and locally. See Self directed support (connecttosupport.org); self-directed-support.pdf (scie.org.uk) for papers on the benefits of self-directed services.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Define an action plan with strong oversight | March 22 | July 22 | Direct Payment Board |
| Gain engagement and buy in from across the system to prioritise self-directed support | August 21 | Ongoing | Direct Payment Board |
| Recruitment of new capacity in Programme Management and Contract Management | Jan 2022 | Apr/May 2022 | Human Resources |
| Sourcing and Implementing new Personal Assistant resources to cover duration of Direct Payment set-up. | April 2022 | Aug/Sept 2022 | Human Resources |
| Monitor impact with ambitious Key Performance Indicators | April 2022 | Ongoing | Commissioning |
| Reduce lead times between referral and receipt of the Direct Payment. | April 2022 | July 2022 | Adults Finance Team / Commissioning / People Plus |
| Improve flow from interim care and support into Direct Payments or Independent Service Funds. | April 2022 | Ongoing | Operations |
| Access Business Intelligence data for evidence-based decision-making | April 2022 | Ongoing | Commissioning |

| | | | |
|---|---|---|---|
| Engage in more co-production with people who receive self-directed support services to ensure the services they want are available locally | April 2022 | Ongoing | Commissioning |
| Integrate with Health colleagues and the new Integrated Care Systems | August 2021 | Ongoing | Commissioning |
| Encourage the development of community enterprise and mutual aid within the social care sector | August 2021 | July 2023 | Commissioning |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

The intention is to increase the uptake of direct payments or Independent Service Funds in all these protected characteristics groups and so this proposal is expected to have a positive impact on all groups. No adverse impact is anticipated.

Other programmes such as Care Together are working to increase the options for those living in rural areas. Increasing Direct payments and Individual Service Funds in these areas will therefore benefit both programmes.

An Equality Impact Assessment (EqIA) has been developed to ensure this proposal is equitable in its aims and delivery and any potential adverse impacts on people with protected characteristics are mitigated against. This is to ensure CCC's decision-making is inclusive for staff and communities with protected characteristics in line with the Equality Act (2010) and Public Sector Equality Duty (section 149).

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

The following investment areas have been identified as key to support the expansion of this provision:

- programme management capacity to fully implement the strategy and vision
- care and support planning software
- set up an in-house personal assistant support service to deliver personalised bridging care immediately after referral, while a long-term personal assistant is recruited
- Contract management capacity to ensure robust oversight and monitoring of self-directed service contracts

Summary investment requested

| | 22/23 £000s | 23/24 £000s | 24/25 £000s | 25/26 £000s |
|---|---|---|---|---|
| Programme Management Capacity | 205 | 0 | 0 | 0 |
| Care & Support Planning Tool | 4.45 | 4.45 | 4.45 | 4.45 |
| In-House Interim personal assistant service | 150 | 150 | 150 | 150 |
| Contract Management Capacity | 97 | 97 | 97 | 97 |
| TOTAL COST | 456.45 | 251.45 | 251.45 | 251.45 |
| Direct Payment Clawbacks | 234.117 | 257.529 | 283.281 | 311.610 |
| Investment Required | 222.333 | -6.079 | -32.281 | -60.160 |

## Financial Benefits

Financial benefits derived from Direct payments are normally found in clawbacks of unused funds.

The table below shows our clawback analysis of the previous four years. The increased clawback seen for 2020-21 is due to the COVID-19 pandemic, therefore we are forecasting an 8% clawback from c. 50% of clients using the scheme.

| Quarter | | | | | | |
|---|---|---|---|---|---|---|
| Values | Year | Q1 | Q2 | Q3 | Q4 | Grand Total |
| | 2017-18 | 358,442 | 451,925 | 461,680 | 315,600 | 1,587,646 |
| | 2018-19 | 377,815 | 451,178 | 371,315 | 342,062 | 1,542,371 |
| | 2019-20 | 283,905 | 283,905 | 316,820 | 437,243 | 1,483,243 |
| | 2020-21 | 505,666 | 564,885 | 665,929 | 604,694 | 2,341,173 |
| No. Of Clawbacks | 2017-18 | 118 | 165 | 153 | 126 | 562 |
| | 2018-19 | 130 | 134 | 114 | 137 | 515 |
| | 2019-20 | 80 | 110 | 125 | 147 | 462 |
| | 2020-21 | 127 | 146 | 159 | 128 | 560 |
| Total Sum of Amount | | 1,525,827 | 1,784,808 | 1,936,167 | 1,707,631 | 6,954,433 |
| Total Count of Id | | 455 | 555 | 551 | 538 | 2099 |

The aim of this business case is to increase direct payment activity by c. 10% per annum, so it is reasonable to assume that clawbacks would increase at 10% per annum in line with this. The clawbacks will be utilised to offset some of the cost of the investment required.

## Non-Financial Benefits

- Accelerate progress and improvement through the Direct Payment Board
- Delivery of improved options and outcomes for people

- Compliance with The Care Act (2014) re. Offer of Individual Service Funds
- Ambassadorship / Championing of self-directed support options with capacity to become in-house expert who can provide training and mentoring.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) |
|---|---|---|
| Ability to recruit to these positions in a timely manner | Many of the individuals responsible for implementing actions above are already employed by the Council. However, extra resource dedicated to self-directed services would enable better and more timely results against targets. | Amber |
| Lead time between referral and first Direct Payment | Project will be working to significantly reduce waiting times between referral and first payment prior to expanding the payments scheme to ensure wait times are minimised. | Amber |
| Lack of support for interim-only care arrangements while Direct Payment is set up | Temporary care measure will be put in place with contracted providers to ensure support is always available | Red |
| Systems (Mosaic/Liquid Logic) make it difficult to communicate with specific cohorts e.g., Direct Payment clients with Personal Assistants. | We will work with IT and our supplier to see how we can actively improve communications and transition between systems | Amber |
| Personal assistant availability is time-sensitive, changing from one week to the next; Personal Assistant register has some gaps in specific geographical areas. | The Care Together project is working to increase availability in these areas through microenterprise initiatives. | Amber |
| Difficulty in unifying the way data is collected and stored makes comparisons across | Work is ongoing within these systems to unify how this data is stored and used. | Amber |

| | | |
|---|---|---|
| both local authorities and across age groups difficult. | | |
| There may be resistance from some teams to new ways of working e.g., Independent Service Funds. | A program of information and training has been initiated to mitigate any resistance to new ways of working. | Amber |
| Set up an in-house Personal Assistant support service to deliver care immediately after referral while a long-term Personal Assistant is recruited | Through Market Testing will be completed to assess the viability of this service prior to initiation. | Amber |

## 8. Scope: What is within scope? What is outside of scope?

In scope:
All Council funded forms of Self-Directed Support (Direct Payments and Individual Service Funds) are in scope.

Out of scope:
Continuing Health Care (CHC) and Personal Health Budgets - responsibility for these is with the NHS.

# Section 4i
# Adults and Health

## Capital Investment Proposals

# Business Planning: Business Case – Investment / Savings

## Project Title: Independent Living Services – Further Expansion - New Builds

Committee**:** Adult and Health

2022-23 Revenue Investment amount: N/A

This is purely a capital investment ask, there are no revenue investment implications.

| | 2022/23 (£000) | 2023/24 (£000) | 2024/25 (£000) | 2025/26 (£000) | 2026/27 (£000) | 2027/28 (£000) | Total (£000) |
|---|---|---|---|---|---|---|---|
| Capital Investment | 0 | 0 | 3,161 | 15,597 | 14,955 | 6,435 | 40,148 |

The proposal is scheduled for savings to flow from the year after the opening of the new services as shown below (figures in £000).

| | Build volumes (in units) and savings flow (in £000's) | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | Total |
| Volume | | | | 48 | 64 | 48 | 160 |
| Savings | | | | 418 | 557 | 418 | 1393 |

(Shaded boxed indicate 'make'. Numbers indicate forecast savings.

Brief Description of proposal:
Independent Living Services (ILS) are a new model of residential and nursing care delivery that we are developing in partnership with local providers and communities. The model supports people being able to stay in their own tenancy longer, as care can be stepped up as needs increased, unlike residential care where they may need to move to get increased care needs met.

The proposal is to build and open 160 new tenancy-based flats across Cambridgeshire, thereby increasing residential and nursing care capacity for older people wishing to remain living independently. Stimulating development of new services in this way will generate the much-needed provision to meet population growth forecasts and do so at a cost affordable to the local authority.

Date of version: 09/09/21 BP Reference: N/A

Business Leads / Sponsors: Executive Director of Commissioning, People & Communities

## 1. Please describe what the proposed outcomes are:

Communities at the heart of everything we do:

- The new service enables high dependency older people to remain within a community setting. It also means care workers from the community can support older people to remain living independently.

A good quality of life for everyone:

- It will also offer greater choice, control and care flexibility for those older people no longer able to remain living safely at home.
- The programme is expected to create new whole time equivalent jobs across Cambridgeshire.

Cambridgeshire: a well-connected, safe, clean, green environment:

- The proposal is expected to benefit public health by reducing future harms from climate change. Initial estimates predict the new service will prevent CO2 emissions.
- The builds in development are low carbon and high energy efficiency

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The proposal supports Cambridgeshire County Councils (CCC's) Adult Social Care Older People strategy to help people live with greater levels of independence. The work will build on the early consultation carried out with user groups, providers and social care practitioners. This adds to information and ideas collected from district councils, industry experts and Council Members.

The proposal also helps the care market embed CCC's Climate Change strategy into the accommodation-based services. The approach involves lowering energy demand, eliminating the use of fossil fuels, and generating electricity on the premises. We will learn from experiences of other projects that have already achieved this.

Adults in employment spend a large proportion of their time in work, our jobs and our workplaces can have a big impact on our health and wellbeing. Therefore, work and health-related worklessness are important public health issues, both at local and national level. Consequently, the proposal will pursue social value from the delivery of work to disadvantaged people.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

There are two broad approaches to implementing new ILS's:

- the 'make model' option. Here CCC (Cambridgeshire County Council) will have overall control and responsibility for funding, designing, and building an ILS

(Independent Living Services). This level of control is frequent practice across the CCC in long-term capital programmes; and
- the 'buy-model' option. Here the private service providers would be commissioned to build ILS services in Cambridgeshire. We would contract flats within the ILS.

CCC's preferred approach is for it to finance and construct CCC's own service of this type. The lower costs of borrowing and the greater control of a programme were significant factors. This means CCC can use its experience to manage risk rather than pass it through to a third party for an extra fee. This option also has the greatest opportunity to deliver CCC's non-financial and wider societal benefits, particularly as the type of contract we propose means we can still have effective control of the whole service.

Commissioning in services is also explored to assure CCC does not miss out on high quality and innovative services from private providers.

On selection of suitable sites, a feasibility study would be carried out on how the site could accommodate the new social care services. We would conduct the studies applying the Housing our Ageing Population Panel for Innovation (HAPPI) design principles. The HAPPI principles are based on 10 key design criteria used in social care housing design. Many are recognisable from good-design generally - good light, ventilation, room to move around and good storage - but they have particular relevance to the spectrum of older persons' housing, which needs to both offer an attractive alternative to the family home and be able to adapt over time to meet changing needs.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The work to deliver this programme will be governed through the Older People's Accommodation Board. This will ensure it links in with other programmes looking at similar benefits. The programme team would expect continued support by a cross-Committee Members Reference Group who provide advice and guidance on a range of topics. The governance groups will hold the programme team accountable to deliver its benefits realisation strategy, stakeholder engagement plan and risk management.

We will use a structured approach to programme management, including application of the construction industry standard Royal Institute Of British Architects (RIBA) Plan of Work to organise the process of briefing, designing, preparing, and submitting planning application, constructing, and operating building programmes.

This work will require dedicated resource and associated financial commitment to manage each programme. Expenditure would be required for an in-house multi-disciplinary project team covering commissioning, property, finance, legal and procurement. It would also be required for additional expertise in building design, and project management.

## High Level Timetable

This work will be phased with each of the 3 schemes working to the same major tasks.

| Task | Duration |
|---|---|
| Find suitable site | |
| Carry out feasibility study | 3 months |
| Produce initial business case | 1 month |
| Carry out design work | 10 months |
| Submit planning application | 5 months |
| Produce final business case | 1 month |
| Acquire site & Construct service | 12 months |
| Ramp up service user | 4 months |
| ILS ready for full use | |
| **Total estimated project duration** | **36 months** |

The proposal is scheduled for three 'make' services opening in 2026/27, 2027/28 and 2028/29. Placements will be made gradually, allowing people time to settle in. The locations will depend upon the suitability of land.

# 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

This will affect older people with eligible social care needs receiving a funded care package. It will also provide a choice to older people without eligible social care needs (self-funders). We established this from carrying out the following work:

- benchmarking took place with a range of service providers who support older people in their own tenancies to help with scope;
- the Annual Care Home and Retirement Home market reports from Laing Buisson (well-known international experts in the Housing and Care market) were analysed for trends;
- provider consultation took place followed by one-to-one meetings to understand requirements; and
- care professionals e.g., social workers, commissioners, OT specialists, nurses and care workers were consulted for views on the range of older people to consider for this proposal.

The proposal is to meet people's care needs, whilst maximising their independence. The care model focusses on building on people's existing strengths, their natural support networks, the use of technology and new care models to meet needs.

The proposal does deliver new care services for older people to move into. It might therefore represent a small risk model to current living arrangements when needs increase. Decisions about the best care setting for an individual will always be made in the best interests of service users with social workers acting to identify the most appropriate care plan and making judgements about the level of independence and support required.

The proposal also affects people involved in designing and building the ILS. Government acknowledges adults in employment spend a large proportion of their time in work and that our jobs and our workplaces can have a big impact of our health and wellbeing. Therefore, work and health-related worklessness are important public health issues, both at local and national level. Consequently, ILS's will pursue social value from the delivery of work to disadvantaged people as well as understanding that some tenants may also still work whilst residing in the ILS.

A more detailed Community (Equality) Impact Assessment has now been developed for this proposal.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

A financial model is being developed. It shall model factors in investments, income, costs, savings, and cost of risks. The primary financial benefit is related to the annual social care budget for older people, through the delay or prevention of unnecessary escalation of support needs.

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Cost avoidance | ASC Budget | £8.7m pa | £1.4m pa phased over the programme period |

### Non-Financial Benefits

Success is achieved when more older people with higher levels of care and support are happy in their own independent living service. The proposal can support this by firstly delivering great accommodation which has been designed and built in an environmentally considerate manner. Secondly, proposal can further help by delivering high quality care jobs instilling an enabling environment to help older people. Thirdly, the proposal can assist people who would ordinarily find it harder to obtain work in the construction and/or care sector to find meaningful employment.

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Increase in people living independently | Number of older people | NIL | 160 people phased over the programme period |

| | | | |
|---|---|---|---|
| Reduce environmental harm | Amount of $CO_2$ or equivalent in emissions | NIL | 150 $tCO_2e$ per annum phased over the programme period |
| Increase care worker jobs | Care worker numbers | NIL | 135 jobs phased over the programme period |
| Increase social value | Number of jobs for people with disability or previously long-term unemployed | NIL | 10 people each for 2 years over the programme period |

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

The proposal has identified a range of risks. The table below lists the key risks and mitigations.

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| IF Covid-19 restriction policies continues THEN there will be delays to work. | Re-arrange work plans to continue making progress and return to Covid-19 affected work at a more suitable time. | GREEN | Programme Team |
| IF suitable land cannot be found THEN there will be delays to work. | Review CCC's land stock and maintain engagement with district councils about potential land use. | AMBER | Programme Team |
| IF construction industry inflation rises rapidly THEN the project will cost more to deliver. | Explore ways to use different materials to offset the rises in prices | AMBER | Governance Board |
| IF the DWP (Department for Working and Pensions) change the criteria agreed for Housing Benefit payments for ILS THEN the programme benefits will be reduced. | Maintain engagement with district councils to remain aware of benefits regulations | GREEN | Corporate Management |
| IF the Cabinet Office change to PCR15 THEN the programme benefits will be increased. But no benefits are expected in the near term. | Contribute to government consultation about the new laws. Maintain a watching brief. | GREEN | Corporate Management |
| IF the DHSC (Department for Health and Social Care) change to adult social care funding policy THEN the | Maintain engagement with government alongside LGA (Local Government Association) and ADASS | AMBER | Corporate Management |

| | | | |
|---|---|---|---|
| programme benefits will be increased. But no benefits are expected in the near term. | | | |

## 8. Scope: What is within scope? What is outside of scope?

ILS will focus on those people with high needs (usually but not exclusively aged 65+) who want to retain their independence but can no longer live in their own home. People below the age of 65, for example those with early onset of dementia would also be supported within ILS.

# Section 4j
# Highways and Transport

## Savings Proposals

# Business Planning: Business Case proposal

## Project Title: Traffic Management - Review of network in terms charges, enforcement and powers

Committee: Highways and Transport

2022-23 Savings / Income amount: -£300k
2023-24 Savings / Income amount : -£130K

Brief description of proposal: This includes a review of the following:

Existing powers:

- Review of the strategy for bus lanes / bus gates county wide
- Review on street parking policy and operations

Future powers:

- Explore opportunities for Civil Parking Enforcement (CPE), enaction of part 6 of the Traffic Management Act (moving traffic offences) and pavement parking restrictions
- City Access (potential demand management / environmental management)

Date of version: 25/10/2021

BP Reference: B/R.7.100
B/R.7.101

Business Leads / Sponsors: David Allatt

# 1. Please describe what the proposed outcomes are:

The proposal is to undertake a review of existing powers and explore how future powers may generate additional revenue through charges, as well as realising other corporate aims.

## Existing powers include:

Bus lanes / Bus Gates
- Protect public transport journey time and attractiveness
- Revenue surplus

On Street Parking Policy
- Encourage more sustainable travel choices
- Influence demand for car parking and nature of use
- Revenue surplus

## Potential Future Powers include:

Civil Parking Enforcement:

This concerns Civil Parking Enforcement in the Fenland, Huntingdonshire, and South Cambridgeshire districts, as well as Cambridge City. This power would allow the authority to effectively manage and enforce on and off-street parking areas to prevent inconsiderate parking, improve access, support local economies and business and contributes to the Council's overarching environmental objective to reduce congestion and improve air quality.

Traffic Management Act Part 6:

This concerns congestion and network management. These powers would give the authority more control over vehicle movements at key intersections which will result in a greater level of resilience of the transport network. Illegal movements at key junctions have significant impact on the flow of traffic and at present there is no consequence for those undertaking this illegal action. The enforcement of these movements would reduce the occurrence, and therefore allow more consistent and efficient management of signal strategies and queuing traffic.

The Greater Cambridge Partnership (GCP) City Access (potential demand management / environmental management):

This will create a more attractive environment for buses, and non-motorised users to travel effectively. Beyond being a potentially significant revenue source, in doing this, the authority can tackle air quality and carbon emissions, as well as positive health and wellbeing.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The work has been identified as a key priority by the Joint Administration. The Joint Administration Agreement states the following:

‘We will focus on modal shift to encourage more residents out of cars, along with infrastructure development, the encouragement of sustainable travel, and securing safe routes and connections for pedestrians and cyclists.’

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

This business case focuses on (i) utilising existing County powers to better effect, and (ii) harnessing new powers to support enhanced network management. The County is therefore best placed to deliver these initiatives.

The Greater Cambridge Partnership (GCP) is leading the City Access work. County will need to work closely with the GCP – engagement is ongoing in this regard to best shape the approach.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Bus Lanes | Linked to CPE | | CCC |
| Parking Policy: | | | CCC |
| Full review of charges and tidy up anomalies in the City during FY 22/23 | FY 22/23 | | |
| implement | | April 23 | |
| Soham Station analysis | Sep 21 | Oct 21 | |
| Station opening – | Dec 21 | | |

| | | | |
|---|---|---|---|
| CPE: | | | CCC |
| Draft Agency Agreements (AA) | Oct 21 | Jan 22 | |
| Approval of AA | Feb 22 | Jun 22 | |
| Commence review of existing signs, lines and TROs | Mar 22 | May 22 | |
| Draft application for Civil Enforcement area in districts | Feb 21 | Sep 22 | |
| Raise purchase order and commission remedial works | Jun 22 | Aug 22 | |
| Commence remedial works | Sep 22 | Sep 23 | |
| Application submitted to Department of Transport (DfT) | Oct 22 | | |
| DfT review and parliamentary process | Oct 22 | Mar 23 | |
| Statutory consultation process | Apr 23 | Jun 23 | |
| Designation order created and CPE brought into effect | Oct 23 | | |
| TMA Part 6: | | | CCC |
| EoI to DfT | August 21 | August 21 | |
| Develop proposal | August 21 | Nov 22 | |
| Consult | Jan 22 | | |
| Designation orders | March 22 | | |
| City Access: | | | GCP |

| | | | |
|---|---|---|---|
| GCP consultation and strategic business case | Oct 21 | Dec 21 | |
| Consultation on preferred scheme | Jun 22 | Jul 22 | |
| Implementation | Jan 23 | Dec 23 | |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

Two Equality Impact Assessments have been developed - one for parking charges and one for bus gates. These will be reviewed and updated as each project progresses.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

Review of the strategy for bus lanes / bus gates county wide:

The strategy would be in line with the Local Transport Plan to prioritise public transport, while also restricting car use (or making it a less attractive option). For sites outside Cambridge City we need to wait until CPE is implemented (see timescales above) . In Huntingdonshire and South Cambridgeshire, there are a few sites where County could do bus lane / bus gate enforcement and we are building into the CPE agency agreements that bus lane / bus gates enforcement remains with County.

New possible sites for bus lanes / bus gates include Madingley Road and Victoria Avenue. As these two are already in Cambridge City we can proceed more swiftly. An indicative surplus income figures for the two sites would be £120K PA for both sites (Year 1). Upfront costs would be needed for set up:
- Cameras x 2 £36K
- Civils for both sites including signs and lines £30K (subject to site visits, target costs etc)
- Traffic Regulation Orders (TROs) £2K - Total £70K to install both sites

Other potential sies for bus lanes/bus gates include:
- Exploring opportunities with GCP regarding funding for Victoria Avenue. This location is outside the existing Special Enforcement Area
- Cambourne bus gate on to Bourn Road. It is anticipated that developers would fund the set up of this bus gate.

- Longstanton / Northstowe at Park and Ride site. This would be funded from local development.
- Huntingdon Road, Girton (SCDC). It should be noted that this bus lane would need funding.

It is too early to give an income figure for the sites outside Cambridge as it is dependent on CPE being introduced. They are unlikely to be high, and some may not cover running costs.

## Review on street parking policy and operations:

For the 2021/22 financial year, the interim traffic management proposal to impact on demand increase in charges will lead to potential increase in surplus of £200K. For the 2022/23 financial year we will do a full review of charges and tidy up anomalies in the city due to be implemented by April 2023 (i.e. without the need for infrastructure investment). This however does need to be carried out in-line with the GCP's parking strategy which may impact on income if more parking is taken out for other kinds of infrastructure (e.g cycle lanes). There is potential for increased income from parking of £150k (Year 1). It should be noted that this assumes significant on-street parking assets are not removed in favour of cycling projects.

Future powers:

It is proposed the authority explore opportunities for Civil Parking Enforcement, enaction of part 6 of the Traffic Management Act (moving traffic offences) and pavement/layby parking restrictions. Enforcement of layby CPE will run at a deficit in the other districts but costs to be met by Districts / GCP so should be net zero to CCC and opens up opportunities for bus gate and moving traffic enforcement.

Regarding moving traffic enforcement, it is proposed this is trialled in Cambridge City and then reviewed in further detail to build a more detailed business case for it. Use of this power needs to evidence where there is a congestion / safety problem and that the costs will be covered by income from fines. At this stage it is difficult to predict surplus income. However somewhere busy (e.g. the centre of Cambridge) is likely to be closer to £100k per annum surplus income.  Up-front funding would be needed to undertake this analysis and then put the sites in. There is the potential for GCP funding for these set up costs.

Regarding pavement parking, the service is still awaiting further details from DfT. It is therefore difficult to put an income figure against this power at this stage.

Regarding city Access (potential demand management / environmental management) congestion or air quality charging scheme, it is dependent on the nature of the scheme pursued. There is opportunity for significant revenue generation, but discussions will be required in terms of how this is spent.

## Non-Financial Benefits

| **Key Benefit** | **Measure** | **Baseline** | **Target & Timescale** |
|---|---|---|---|
| Improved traffic management | Reduced congestion | Current traffic levels | TBD as part of the review |
| Improvements to public transport | Bus journey times | Current bus journey times in Cambridge | TBD as part of the review |
| Improved air quality | Air quality data | TBD as part of the review | |

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Public and political resistance to more penalties | Effective comms strategy | Amber | CCC / GCP |

# 8. Scope: What is within scope? What is outside of scope?

The specific powers available for review are set out in Section 1.

# Business Planning: Business Case – Savings proposal

## Project Title: Highways Service Delivery Efficiencies

Committee**:** Highways & Transport

2022-23 Savings amount: £110k

Proposal: Improvements in Highway service delivery through improved resource planning and works scheduling, together with a review of the operational delivery of services to identify future efficiencies. This will include the development of greater integration with our supply chain partners, scheduling works and planning programmes of work.

Date of version:05/11/21 BP Reference: B/R.6.220

Business Leads / Sponsors: Emma Murden

## 1. Please describe what the proposed outcomes are:

The proposal ties in to the following CCC outcomes:
- Communities at the heart of everything we do
- A good quality of life for everyone
- Cambridgeshire: A well-connected, safe, clean, green environment
- Protecting and caring for those who need us

There is an opportunity to identify business efficiencies in planning and scheduling work. Avoiding duplication will achieve business efficiencies in scheme development, as well as construction, and will result in a positive impact on budgets. Through the Highways Services Contract we can jointly achieve this through better business processes, sharing information and integrated IT systems with the service provider Milestone.

This proposal forms part of the business savings identified in the contract, which will be rolled out collaboratively. However as new opportunities arise, we can improve existing processes. This is largely dependent upon the implementation of the IT systems by both the Client and Service Provider.

It is anticipated that the key outcomes of the proposal will include a more efficient and responsive highway service, less disruption on the network and resources being more aligned to where they are needed. Operational needs will be better served with improved planning and resource allocation, and we have already seen contract efficiencies in this area. Savings can also be achieved by bringing forward efficiencies in combined use of road space, rather than doubling over the same areas. It is also anticipated that more significant operational efficiencies could be achieved in the longer term through greater integrated working with Milestone.

By developing integrated teams to reduce duplication and combine schemes not into budget areas but rather as a holistic corridor scheme which includes all expenditure and delivery, this proposal reduces the amount of resources required for CCC and also reduces the disruption to the travelling public. There is also the added benefit of cost efficiencies where there is sufficient flexibility in budgets to move money into the year it is required and combine spend, which again may lead to savings. The proposal will also result in a reduced carbon footprint due to less duplication and fewer journeys.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Well Managed Highways is national Code of Practice and by changing our ways of working, we will be enhancing our adherence to these guidelines. The proposal also reflects the Highway Operational Standards document which outlines highways asset management policies. The proposal aligns to the organisation's business strategy by delivering a better service through better processes and systems, while simultaneously offering the service delivered on the ground to be more streamlined and efficient. In addition, the proposal delivers services to agreed budgets and delivers value for money by not duplicating work or unnecessary resources, for projects and programmes of work within the service.

The efficiencies will deliver savings as this is a known business model and the need to avoid any unnecessary costs with service delivery to achieve the desired outcomes is straightforward. Feedback from stakeholders confirms improved service delivery, in a timely and cost-effective way.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

This initiative needs to be delivered in collaboration with the strategic supply chain partner for delivering the Highway Service, Milestone. As such, a partnership approach is essential to deliver these outcomes. However, it should be noted that there are opportunities to avoid duplication and double counting on costs internally too. This will be achieved through improved project management, planning and scheduling resources and works, thereby reducing person marking and the costs involved.

The core advantage of this initiative therefore is that it offers better value for money, customer care and avoids duplication for all three elements of this proposal. Our supply chain partner has been engaged as part of this process, as these opportunities are not achievable without them. However, further review and challenge for both CCC and Milestone will continue to identify further opportunities for efficiencies.

This initiative should be understood as the start of the process of achieving on-going efficiencies. The various options available for the different parts of end to end Highway Delivery will be better understood once the business modelling commences, and businesses are engaged in achieving this.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Reduce resource allocation to work; by smart allocation of people resources to deliver programmes of | April 2022 | Ongoing | Cambridgeshire Highways |

| | | | |
|---|---|---|---|
| work in an integrated way. | | | |
| Smart planning and scheduling, through the whole project lifecycle. Including use of POWA (project management online tool) and Project Management principles through the contract. | April 2022 | Ongoing | Cambridgeshire Highways |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

It is anticipated that the proposal would have no impact on people with protected characteristics, however an EqIA will be completed as work progresses to ensure that proposals are inclusive for staff / communities with protected characteristics that may be affected.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

Smart planning and scheduling

This will be achieved through bringing forward efficiencies in the combined use of road space and avoiding duplication, improved work planning and service integration.

### Non-Financial Benefits

| **Key Benefit** | **Measure** | **Baseline** | **Target & Timescale** |
|---|---|---|---|
| Less disruption to the travelling public, combining works wherever possible. | Less road space booked and coordination of resources to deliver the desired outcomes. | Exiting KPI monitors booking road space and noncompliance. | Annual going forward |

| | | | |
|---|---|---|---|
| Better resource allocation to the public. | Better customer care, less unnecessary touch points with our service. First point of contact can assist and respond. | Customer Reporting Notifications | Annual Reporting |
| Less duplication at a cost | More service for the budget | Productivity and budget allocation | Y1 and benchmarking previous years |
| Communication improvements to the travelling public on programmes of work and delivery timescales | Planned works shared in a proactive way. | SharePoint and info available on the website. | Y1 and ongoing. |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Rollout | Early engagement | Amber | Cambridgeshire Highways |
| Savings not achieved | Tracking throughout the year | Amber | Cambridgeshire Highways |
| Systems and processes aligned | Check compatibility and system integration, organisational governance | Amber | Cambridgeshire Highways, IT |

## 8. Scope: What is within scope? What is outside of scope?

Only the Highway Term Service Contract is in scope for this business case.

However, if a full Project Management Office was in operation it could potentially be achieved across more contracts (throughout P&E and any associated Cambridgeshire County Council departments) through joint delivery.

# Business Planning: Business Case – Income

## Project Title: Review and re-baselining of Place & Economy Income

| | |
|---|---|
| Committee**:** | Highways and Transport |
| 2022-23 Income Amount: | -£500k |
| 2023-24 income amount | -£400k |
| 2024-25 income amount | -£250k |

Brief Description of proposal:

Place & Economy (P&E) as a directorate, generates many income streams associated with the services it provides. These will be reviewed, to ensure the income is maximised whilst adhering to any conditions applied to the income generated.

This will involve re-baselining the income streams to capture how our business within the county has evolved.

Whilst reflecting on these changes we anticipate there is further income to be secured. Initially we would expect additional income of £500k across the directorate in 2022/23 as the changes are implemented. This will reduce to £400k per annum for 2023/24 & to £250k per annum from 2024/25.

Date of version: 5 November 2021 BP Reference: B/R.7.102

Business Leads / Sponsors: David Allatt

## 1. Please describe what the proposed outcomes are:

The P&E directorate will undertake a comprehensive review of its income streams, mindful of the respective conditions associated with said income. The review will focus on ensuring that income is appropriately maximised.

Initially we would expect additional income of £500k across the directorate in 2022/23 as the changes are implemented. This will reduce to £400k per annum for 2023/24 and to £250k per annum from 2024/25.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The Place and Economy directorate is responsible for a wide range of services, including:

- Road safety
- Traffic management
- Street lighting
- Guided Busway
- Transport
- Minerals and waste
- Energy
- Waste management
- Highways maintenance

In providing these services, the directorate generates a range of income sources. This document sets out that a review will be undertaken to ensure that income is maximised, where appropriate within the directorate.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The option of ‘do nothing’ was considered, which would naturally result in no net change on income.

Through review, we anticipate additional income of £500k across the directorate in 2022/23 as the changes are implemented. This will reduce to £400k per annum for 2023/24 & to £250k per annum from 2024/25.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

High Level Timetable

| **Task** | **Start Date** | **End Date** | **Overall Responsibility** |
|---|---|---|---|
| Review initiated | Late 2021 | Early 2022 | Steve Cox |
| Implementation | Early 2022 | Ongoing | See above |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

We do not anticipate the review to have a disproportionate impact on people with protected characteristics, but this will be considered as part of the review and a full EqIA (Equality Impact Assessment) is being developed.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

The benefits of this proposal are solely financial as set out above. Increasing income levels will mean that a higher percentage of the costs associated with providing the service will be covered, and therefore prevent service reductions within P&E.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

N/A

## 8. Scope: What is within scope? What is outside of scope?

This proposal relates only to income across P&E

# Business Planning: Business Case proposal

## Project Title: Recycle asphalt, aggregates and gully waste

Committee**:** Highways & Transport

2022-23 Savings amount: -£15k

2023-24 Savings -£20k

Brief Description of proposal:
Reduce waste to refuse through recycling aggregates and gully waste and reuse the products back in the highway service.

Date of version: 14 September 2021 BP Reference: B/R.6.215

Business Leads / Sponsors: Emma Murden

## 1. Please describe what the proposed outcomes are:

This proposal is centred around efficiencies in recycling by reducing waste to refuse through recycling aggregates and gully waste, and then reusing the products back in the highway service. To facilitate this kind of recycling in the depots, there will be costings around licenses and depot refurbishment; these are currently being undertaken. Core options are for a large scale recycling centre on a new site or alternatively a smaller scale opportunity within an existing depot.

This proposal links to a variety of CCC outcomes, including:

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

In addition to delivering financial savings, this initiative ties into CCC's overarching strategies to reduce its carbon footprint, and further utilising a source of renewable materials that can be reused at reduced costs, with less haulage overall. It is hoped that if successful, then this model could be rolled out to other service providers and this opportunity may open new markets to CCC's services in the private sector.
There will be environmental or climate change outcomes, these are currently being assessed and an outline measure can be seen in the table calculations attached in the appendix.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Recycling supports national, local, and business policies for reducing the carbon footprint and reduction of using virgin aggregates. The proposal meets the Environment Strategy and the administrations broader objectives for the Highways service. Furthermore, it meets the Environment and Climate Change Strategy for the reduction in the carbon footprint of the service and CCC's overall business. The proposal aligns with feedback from stakeholders and communities telling us that they would like to see a greener service, at less cost but still as effective.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

At this stage, the scale of the project can be varied. It is suggested that small facilities are trialled initially with a view this fits with a wider scale depot rationalisation. This small facility option incurs less of a cost but also only allows for less production, whereas the larger scheme, while costing £2m, has the potential to bring about more business and better margins, should the smaller hired set up be a success. Discussions are ongoing with our Service providers in terms of how we can deliver such a project. This project will be delivered jointly with our strategic partners for the highway service, Milestone. Insourcing is not an option at this stage.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

There are a number of detailed business cases due to be developed by CCC and the strategic service provider as outlined below. Milestone, the Highways Contractor has introduced similar facilities elsewhere and are working in partnership with us on this project. Other teams that will be involved with the process include the Commercial Team who will be able to monitor the business case and ensure that the proposal continues to provide value, as well as and Environment Team and Finance.

Stakeholders and partners will be able to monitor the progress of this proposal via the current Highway Services Contract governance through Joint Management Team and Board. Members and then the local teams (including Property and Communities) will then be involved.

High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Gully waste recycling | Summer 2022 | Ongoing | CCC |
| Aggregate recycling – small scale | Summer 2022 | Ongoing | CCC |
| Aggregate recycling – large scale | Summer 2023/4 | Ongoing | CCC |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

It is anticipated there will be no impact on people with protected characteristics including poverty and rural isolation from these proposed changes. However, an EqIA will be carried out before the scheme proceeds, to ensure proposals are equitable.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

## Financial Benefits include:

- Gully waste reduction costs reduce by £15 per tonne, that equates to approx. £12,285 per annum savings.
- Asphalt, stone, and aggregate recycling CCC currently produce 9982 tonnes a year, 5000t could produce savings of £106,000 and 48 tCO2e. Costs of a small-scale facility would be beneficial, and a larger commercial set up could be costs if the small-scale facility is successful in an existing depot and there is a greater demand for the service.
- The marketplace may be more attractive with the recent material shortages and increasing costs of materials by 10-20%, therefore a smaller facility may be the preferred option, in the short term and developed if demand out stretches production.
- Asphalt and aggregate recycling smaller scale costs are currently being assessed. But it could generate £21,200, in Year 2 after setting up costs.
- The project is likely to generate an a saving of approx. £10-30k in the first year and depending on the scale of project will affect the savings, accordingly, going forward.

## Non-Financial Benefits

Summary of non-financial benefits is tabled below.

| **Key Benefit** | **Measure** | **Baseline** | **Target & Timescale** |
|---|---|---|---|
| Carbon reduction – gully waste | tC02e | 2 based on CCC current tonnage | 4 per 1000 t. |
| Carbon reduction – asphalt/ aggregate recycling | tC02e | 48 + | Per 5000 t |

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Not getting the consents required to run the facility from the Environment Agency | Work with them on setting up the facility | Amber | CCC |
| Not sufficient supply for demand | Look for other sources | Green | CCC |

## 8. Scope: What is within scope? What is outside of scope?

For the purposes of this business case, the proposal covers the Highway Services Contract only. However, the scheme could potentially be rolled out to other contracts (e.g waste), from other contractors in Cambridgeshire if similar savings and benefits could be realised.

# Business Planning: Business Case – Savings proposal

## Project Title: Review Street Lighting service requirements

**Committee:** Highways and Transport

**2022-23 Savings amount:** -£10k

Brief Description of proposal:

Review Street Lighting service requirement, firstly reducing the frequency of night time inspections (scouting) during the winter months, ensuring a consistent frequency of inspections throughout the year.

The on-going review will look to identify opportunities to modify lighting regimes to reflect environmental priorities.

Date of version: October 2021 BP Reference: B/R.6.216

Business Leads / Sponsors: Alan Hitch/ Emma Murden

# 1. Please describe what the proposed outcomes are:

This proposal recommends changing the frequencies of the current night time street light outage detection inspections. Currently, they are inspected every fourteen days during winter (October to March inclusive) and every twenty-eight days during summer (April to September inclusive). The proposal recommends that scouting be carried out every twenty-eight days throughout the year (January to December), thereby delivering a saving of £10k per annum.

This proposal is made as the performance indicators for the street lighting maintenance performance (LP3 Percentage of Lighting Points not working as planned) have consistently shown that the required target of 99% of streets lights to be working, has been consistently met and we do not believe that changing the scouting frequencies will alter this level of performance.

The proposal also involves a review of the street lighting dimming regime for street lights owned by the County Council. This would include reviewing the current dimming regimes as detailed in County Councils Street lighting policy to look at the possibility of additional dimming for residential areas and areas with low night time usage (commercial areas etc). It must be noted that whilst changes to the dimming regimes of our street lights which are controlled by the central management system (CMS) can be changed remotely, those which are not controlled by the CMS system (majority of village locations and smaller communities) would have to be changed by an engineer physically visiting the light with the associated cost linked to this activity having to be paid. Further information is provided in the table below:

| **Road Type** | **Dimming Regime/Lighting Levels** |
|---|---|
| Traffic Routes | Dimmed between the hours of 20:00 and 00:00 by one (1) lighting class (20%) to give 80% light output and then dimmed between 00:00 and 06:00 by two (2) lighting Classes (40%) to give 60% light output |
| Residential/Public Areas | Dimmed between the hours of 22:00 and 06:00 by 40% Lamp light output to give 60% light output |

In addition to delivering cost savings, any agreed dimming regime could significantly reduce the authority’s energy usage, which would create both energy savings and carbon savings. This review will include the consideration of LED replacement programme and part night lighting for street lighting assets across Cambridgeshire.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The replacement proposal targets our street lighting lanterns which use the most energy per lantern.

The replacement proposal covers street lighting lanterns that are primarily located on traffic routes and so their replacement with white light LED lanterns would improve the lighting on these roads from a road user perspective.

The replacement of the selected high-pressure sodium (SON) lanterns, which as noted above, will be primarily located on traffic routes, will result in fewer required planned maintenance visits by our service provider Balfour Beatty Living Places (BBLP) as lamp changes will not be required, and fewer fault visits as LED lanterns are significantly more reliable than conventional lanterns. Fewer maintenance visits on traffic routes also results in less exposure to risk for our operatives and fewer vehicle journeys which helps with our carbon reduction aims.

The replacement proposal would also look to include the lighting controls of the lanterns and where possible look to include central management system (CMS) controls, which would enable the lanterns to be controlled remotely and, in the future, possibly be controlled dynamically so that the road could be lit in line with the actual traffic usage at any given time.

A caveat to note is that there is a current risk with regards to material costs rising significantly for street lighting equipment and materials (Street lighting lanterns, Street Lighting columns and associated materials).

The proposed change to LED lanterns will result in a significant reduction in carbon emissions and energy usage, which would assist in reducing the County Councils carbon footprint in line with its climate change and environment strategy.

This proposed project has used evidence from the previous LED replacement project that was completed in December 2018 which included replacing 3,635 inefficient street lighting lanterns with LED lanterns. This project significantly reduced energy consumption for the upgraded streetlights saving 743,961 kWh per year whilst also improving the lighting provision. Feedback from residents in the areas where the new LED lanterns were installed was very positive.

As noted in the point above, the County Council replaced 3,635 inefficient street lighting lanterns with LED lanterns in 2018, with feedback received from the residents in the areas where the LED lanterns were installed being very positive, informing us that they were pleased that the new lanterns have been installed. We have also received a number of requests from residents asking when LED lanterns will be fitted to their roads in areas near to where the new LED lanterns were installed.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The proposed street lighting service requirements review is the only option being proposed and this review would be carried out by the County Councils highway commissioning team. Doing nothing would result in opportunities for financial savings and energy improvement to be missed.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The outline plan would be to carry out the proposed street lighting service requirements review and compile findings into possible options to be considered for consultation and, if agreed, future implementation.

The project leads for this proposal will be Emma Murden and Alan Hitch, responsible for Highway Contracts and Commissioning in CCC Project Delivery. Scouting is currently provided by the service provider under the private finance initiative (PFI) contract so will be negotiated with them. It is anticipated that the Commercial team involvement will be explored in more detail as the project progresses. Given the nature of the proposal, a stakeholder communication plan will be developed as the proposal is progressed based on options selected for implementation.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

There is, at present, no identified impacts on people with protected characteristics including poverty and rural isolation from these proposed changes. There could be some impact in less frequent scouting of the lights, but this is unlikely, and we will work with stakeholders to ensure that we can be quickly notified if any street lights fail. An EqIA will be developed to ensure we comply with our Public Sector Equality Duty and mitigate against any adverse risks to people with protected characteristics in our communities.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

1. The review of the scouting regime will deliver a £10k per annum saving

2. The replacement LEDs saving of £325k per annum in year 10 (following the payback period) may be achieved in less time if it can be incorporated as part of the routine maintenance replace programme over the next four years.

### Non-Financial Benefits

1. The replacement proposal targets the street lighting lanterns that we have that use the most energy per lantern.

2. The replacement proposal covers street lighting lanterns that are primarily located on traffic routes and so their replacement with white light LED lanterns would improve the lighting on these roads from a road user perspective.

3. The replacement of the selected SON lanterns, which, as noted above, will be primarily located on traffic routes, will result in fewer required planned maintenance visits by BBLP as lamp changes will not be required. It will also result in fewer fault visits as LED lanterns are significantly more reliable than conventional lanterns. Fewer maintenance visits on traffic routes also results in less exposure to risk for our operatives and fewer vehicle journeys which helps with our carbon reduction aims.

4. The LED replacement proposal would also seek to include the lighting controls of the lanterns and, where possible, look to include CMS controls, which would enable the lanterns to be controlled remotely. In the future, these could possibly be controlled dynamically so that the road could be lit in line with the actual traffic usage at any given time.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

There is a current risk with regards to material costs rising significantly for street lighting equipment and materials (Street lighting lanterns, Street Lighting columns and associated materials) which could affect the overall cost of the proposal to introduce a small LED replacement programme for the most inefficient lights.

The risk of not changing the most inefficient street lighting lanterns to LED lanterns is that energy costs continue to rise and in turn the street lighting energy expenditure continues to rise also.

As far as a reduction in scouting is concerned, there may be a perception of an impact on community safety as the public will need to report faulty lights if there is an issue before the next monthly check, this would be the same level of service as currently in the summer months. However, if the level of lighting were to decrease if there was part night lighting, this would need a full community safety audit working with the District councils and Police before any lighting services were reduced.

# 8. Scope: What is within scope? What is outside of scope?

The following elements are within the scope of the proposal:

- Street lighting dimming regime review for street lights owned by the County Council or partial part night lighting introduced.
- Investigate viability and associated costs to change the frequencies of the current night time street light outage detection inspections from the current frequency, provided by the service provider under the PFI contract.
- Develop/investigate proposal to introduce a small LED replacement programme for the most inefficient lights, approx. 9000 units with the suggested rollout to be part of the maintenance regime over a four-year period.

The following elements are out of scope for the proposal:

- Future smart technology and dynamic lighting, part night lighting or similar lighting regime.

# Section 4k
# Highways and Transport

## Pressures / Investment Proposals

# Business Planning: Business Case – Pressure

## Project Title: Place & Economy Restructure

| | |
|---|---|
| Committee**:** | Highways & Transport / and Environment & Green Investment |
| 2022-23 Investment request: | £260k pa |

Brief Description of proposal:
JMT agreed the restructure of Place & Economy (P&E) senior management structure which is currently being recruited to. It has been agreed that the in-year costs (2021/22) will be met using existing funds but the ongoing costs (£260K pa) need addressing through Business Planning.

This business case requests £260k to fund the additional costs of the new agreed structure. The existing revenue and capital funding will continue to fund the structure but this £260k is required to fund the net increase.

Date of version: 23 September 21 BP Reference: B/R.4.015

Business Leads / Sponsors: Steve Cox

# 1. Please describe what the proposed outcomes are:

The Place & Economy (P&E) Directorate is responsible for many of the enablers of growth across the county, and supporting prosperity by delivering services which keep residents and businesses moving efficiently and safely. As the central focus for Cambridgeshire's place-based services, the work of P&E is crucial in achieving the Council's overall aim of making Cambridgeshire a great place to call home and accomplishing the four core priorities of:

- Developing the local economy for the benefit of all
- Helping people to live independent and healthy lives
- Supporting and protecting vulnerable people
- Climate change and sustainability

The landscape that the County Council is working within has changed significantly in recent years with the introduction of the Greater Cambridge City Deal in 2015 now managed by the Greater Cambridge Partnership (GCP) and the Mayoral Combined Authority in 2017 (CPCA). In addition, most of CCC's senior management team until recently have been engaged in shared roles with Peterborough City Council (PCC), including the Executive Director for Place & Economy and the Service Director for Highways & Transport.

In March, our JMT (Joint Management Team) agreed to a proposed new structure for P&E Management. In order to drive forward the aspirations described above and to achieve the ambitions set out for P&E and the drivers for a new senior management structure, the following changes were agreed:

1. Deletion of the existing Service Director post
2. Deletion of Assistant Director Highways & Assistant Director Infrastructure & Growth posts
3. Creation of a new Director for Highways & Transportation that is 100% focussed on CCC
4. Three new Assistant Director roles:

    a. Assistant Director Highways Maintenance: focussed on maintaining our existing highways asset
    b. Assistant Director Transport & Strategy: focussed on longer term strategy, development and getting the best out of our network
    c. Assistant Director Project Delivery: focussed on commissioning and project delivery of the schemes and initiatives we are tasked to deliver. This will also include ensuring we get the best out of our supply chain partners and stronger relationship management with GCP and CPCA.

All the posts have now been recruited to, and senior management within P&E is fully in place with the task of ensuring that the new management structure works for the service. Moving forward there will be a need to fund the additional costs of the new agreed structure. The existing revenue and capital funding will continue to fund the structure but £260k is required to fund the net increase.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

During the Summer and Autumn of 2020 an internal review of Highway Capital Delivery was commissioned to understand the effectiveness of capital programme management and the overall control environment. It included a detailed review of several key schemes. That work was completed in October 2020. It concluded that a significant programme of work was being delivered across the Major Infrastructure Delivery (MID) team with a large number of complex and high profile schemes.

The review underlined the need for stronger early concept and design work, a greater understanding of risk and improved budget setting. There are a number of components that team leaders and managers are already seeking to re-shape and enhance service delivery within P&E; together these will create a stronger and more transparent control environment. Once implemented and operational across H&T projects, the service can realise overarching governance, project assurance, and greater control including programme, risk and cost control. It is in the context of this review that a revised management structure was settled upon.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The proposed restructure went through various iterations before it went out to consultation and was further developed to reflect the consultation feedback. This structure was felt to be the most appropriate to deliver the objectives mentioned above.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Recruitment to all posts | In process | TBC | Steve Cox |
| Recruitment of Director | Sue Proctor started on 1 November 2021 | | Steve Cox |
| Assistant Director appointments | One AD started on 1/9/21.<br>The second will start on 23/11/21.<br>New AD for Growth, Environment and Planning started on 1/7/21 | 23/11/21 | Steve Cox |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

It is not anticipated that this restructure will have effects on people with protected characteristics. An Equality Impact Assessment was developed and this will be reviewed and updated for this iteration of the restructure. The EqIA was completed before the restructure commenced to ensure we adhered to our Public Sector Equality Duty.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

The revised senior management structure will:

- Provide robust and resilient leadership for the future goals of the Place and Economy directorate;
- Better align functions within Place & Economy to build cohesion and resilience
- Ensure accountability rests at the right level in the organisation through clearly articulated roles and responsibilities;
- Simplify structures so our staff are closer to the customers that they are serving;
- Look for opportunities to commercialise and take appropriate risks by putting in place supportive systems and processes that enable and facilitate service delivery

### Financial Costs

The restructure will result in an additional £260k being needed per year to fund the new roles outlined above.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Risk of not being able to recruit to roles. | N/A All roles have now been recruited to | Green | Steve Cox |
| Risk of not being able to retain managers | Working closely with managers and being proactive about addressing problems as and when they arise | Amber | Steve Cox |

## 8. Scope: What is within scope? What is outside of scope?

Only the roles above (listed in section 1) are impacted by the proposals and are in scope.

# Business Planning: Business Case – Investment proposal

## Project Title: County input to Nationally Significant Infrastructure Projects, and Transport Works Act Orders

Committee: Highways and Transport

2022-23 Pressure / Investment: £147k

Brief Description of proposal:

The investment is towards the County Council's technical input and planning representation on a programme of massive infrastructure schemes – specifically, those considered 'Nationally Significant', or those requiring a 'Transport and Works Act Order'.

Technical resource is required to negotiate favourable outcomes from the consenting of 'nationally significant', and other substantial third-party infrastructure projects affecting Cambridgeshire.

These large projects have substantial inherent risks, so it is vital that the County is properly resourced to mitigate these risks, by

(i) Pre-application involvement in shaping the projects
(ii) Securing comprehensive mitigation as part of any planning consent, through appropriate legal agreement

By investing now, we could prevent significant future costs/risks.

Date of version: 25/10/2021 BP Reference: B/R.4.016

Business Leads / Sponsors: David Allatt / Gareth Blackett

# 1. Please describe what the proposed outcomes are:

This business case seeks investment towards the County Council's technical input on the shaping and consenting of a programme of 20 massive third-party transport and energy schemes. We are obliged to be involved in these because (i) it is a statutory duty and (ii) they present broad and significant risks if not properly planned.

The primary purpose of this input is to prevent these projects from causing significant future financial and reputational damage to the County Council. For example, the most recent Nationally Significant Infrastructure Proposal (NSIP) to be delivered in Cambridgeshire was the A14, and this has led to a substantial County maintenance liability due to damage caused to local assets during construction. It is important that lessons are learnt and that on future NSIPs, the County deploys resource to negotiate appropriate legal agreements/protective provisions to avoid similar liabilities.

The projects in the programme of massive schemes fall into two categories, both of which require a special planning consent, involving a public inquiry:

- Nationally Significant Infrastructure Proposals - are major infrastructure proposals (such as very large energy or transport projects) that bypass normal local planning requirements and are instead given planning consent by a Development Consent Order (DCO) issued by the Planning Inspectorate / Secretary of State.

- Transport and Works Act Orders (TWAOs) - these function similarly for rail, tramway and guided bus infrastructure projects

The consenting process for these scheme types is resource intensive, and the public inquiries are a statutory duty on the Council. The County Council has never faced such a large number of these schemes at once. It is vital that input is resourced to tackle the associated risks:

- County must ensure that the infrastructure is properly designed in line with appropriate safety, engineering and sustainability standards.

- County must ensure that appropriate mitigation is secured through the planning process to ensure that any severe impacts on local communities or local networks are addressed as part of the project.

- Some schemes include a statutory requirement for adoption of new local assets: the County must ensure that these are of appropriate standard, and that long term maintenance costs are externalised.

- County input is a statutory requirement, so it is essential that appropriate technical input is resourced

Input is required from the County Council across the following teams and specialisms:

| **Function** | **County Council** | **District** |
|---|---|---|
| Project Delivery | | |
| Transport Strategy & Network Management | Non-Motorised User and Rights of Way<br>Cycling<br>Traffic Management<br>Local Plan Policy<br>Transport strategy<br>Road Safety<br>Traffic Modelling<br>Business Case<br>Legal | |
| Highway Maintenance | Highway Design<br>Highway Lighting<br>Highway Structures<br>De-trunking and assets | |
| Planning, Growth & Environment | Biodiversity and Ecology<br>Cultural Heritage<br>Minerals and Waste<br>Flood and drainage<br>Archaeology<br>Public Health | Air Quality<br>Noise/Vibration<br>Land Contamination<br>Landscaping and Trees<br>Economy<br>Ecology |
| Climate Change & Energy Services | Climate and Carbon | |
| Connecting Cambridgeshire | Connecting Cambridgeshire | |

### Funding County Input into the Process

Wherever possible, the County seeks to recover its costs in resourcing this technical input. This is dealt with through Planning Performance Agreements where the pre-application advice is charged for. However, the statutory aspect of consents cannot always be recovered, and it is that element that is the focus of the business case.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The County Council has learnt significant lessons from the A14 NSIP, which resulted in a substantial maintenance liability on the County Council. It is recognised that the County must resource technical input to future major infrastructure projects to appropriately de-risk these schemes and maximise their value to Cambridgeshire communities.

## Costs of Consent Input: Case Study – A428

Taking the A428 (at the live examination stage) as an example:

National Highways is proposing to upgrade the route between the Black Cat roundabout and Caxton Gibbet roundabout with a new 10-mile dual carriageway and associated junction improvements, including major engineering works to improve the Black Cat roundabout. The scheme aims to improve journeys by road between Milton Keynes and Cambridge, bringing communities together and supporting long term growth in the region.

The costs to date this financial year split between external technical support, internal support and legal support is £147k to date (£54k of which is internal staff time).

Funding contributions from Huntingdonshire and Greater Cambridge partners have been agreed in principle (£49k per local authority) for this period. This would leave CCC's contribution of up to £49k.Future exposure on the A428 consent is assumed on a pro rata basis to year end. This would be a total additional £147k to year end, of which £49K would be unrecovered CCC costs.

## 22/23 Consent Costs

The following consents, which make up the estimated £147k, are expected in 22/23:

| **Consent** | **Status** | **Planning Performance Agreement** |
|---|---|---|
| East/West Rail | CCC engagement on EIA | Cost cover for engagement & evaluation only |
| CSET TWAO | CCC agree to promote TWAO | Officer time |
| Ely Capacity Enhancements | Phase 2 pt.2 consultation | £40K |
| MVV Energy | Initiation | TBC |
| A47 | Pre-examination | TBC |
| OxCam | Spatial framework consultation | TBC |
| Cambridge South Station | Statement of Common Ground between CCC/GCP and Network Rail | £13K invoiced 20/21 |
| Sunnica Solar Farm | DCO preparation | TBC |

The County is required to feed into these through the following stages:

| Stage | Action Required |
|---|---|
| Pre-notification | Investment planning, business case, strategic planning, options appraisals, development plan allocations, early engagement with stakeholders |
| Pre-application | Preparation of the DCO application – environmental impact assessment, non-standard stat consultation and on-going engagement, drafting DCO and supporting documents |
| Acceptance | Assessment by the Planning Inspectorate (PINS) of whether the application is of a satisfactory standard to be examined and whether the promoter has met its pre-application duties. |
| Pre-examination | Preparation for examination including opportunity for anyone to registers as an ‘interested party’ to be involved and to make their initial representations, and publication of timetable. |
| Examination | Inquisitorial examination of the application, led by Examining Inspectors at PINS |
| Recommendation | Preparation of recommendation report by PINS Examining Inspectors |
| Decision | Decision by Secretary of State |
| Post Decision | If consented, implementation, subject to judicial reviews |

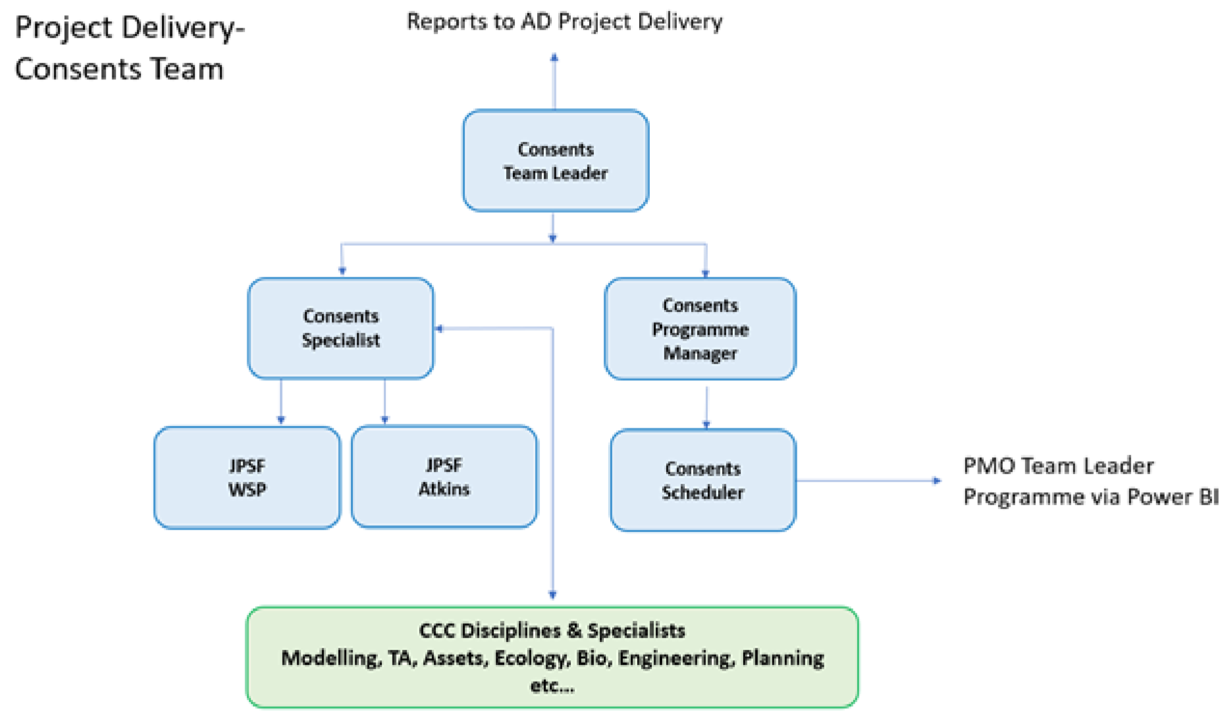
The proposal supports the CCC Business Plan priorities as follows
- A good quality of life for everyone
- Thriving places for people to live
- Zero Carbon emissions for Cambridgeshire by 2050

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Ultimately the consenting of NSIPs/TWAO’s is a statutory duty, and failure to input effectively presents significant risks in terms of being unable to effectively mitigate the local impact (and associated network risks/liabilities).

### Programming the Consents

The County Council have established a Consents Team to (i) prepare a programme for County input into the 20 consents, (ii) negotiate funding agreements with the project promoters to recover County costs where appropriate.




## Resourcing Individual Consents within the Programme

This business case is focused on resource for the County input to the projects within the programme. There is a need to draw from internal technical resource and to draw on specialist external advice where appropriate.

The lack of local resource to input into the growing number of NSIPs is acknowledged nationally. The Planning Inspectorate have convened a working group to reform the current regulations.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

County Council input to the programme will be coordinated by the Consents Team, drawing upon the relevant internal expertise from County Council technical leads.

1. The outline list of projects is outlined below which sets out the timescales of each project in the consents programme
2. The Consents Programme has been co-designed with colleagues responsible for the management of individual projects, as well as project promoters. This includes the GCP, the Combined Authority, District Council colleagues, county council staff, external professional services (where necessary) and scheme promoters (as appropriate)

There is a Consents Programme Board that meets monthly and includes representation by a range of CCC teams.

| Task | Start date | End Date (of consent stage) | Overall responsibility |
|---|---|---|---|
| East/West Rail | 2021 | 2024 | Network Rail |
| CSET | 2021 | 2022 | GCP/CCC |
| Ely Rail Enhancements | 2020 | 2024 | Network Rail |
| MVV | 2021 | 2023 | |
| A47 | 2021 | 2023 | National Highways |
| OxCam | 2021 | 2023 | |
| Cambridge South Station | 2021 | 2022 | Network Rail |
| Sunnica Solar Farm | 2021 | 2023 | Sunnica Ltd (Tribus Energy and PS renewables) |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

Advice to date indicates that as the promoters of the consents are legally required to complete EqIAs, it may not be necessary for CCC (Cambridgeshire County Council) to duplicate the process. However, each project within the Consents Programme will be reviewed to see if a County Council EqIA is required. Place and Economy and have been working with Pathfinder Legal Services for legal advice on CCCs Public Sector Equality Duty and the EqIA process in partnership projects.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

The financial benefits are predicated on the avoidance of future liabilities on the County. While little data is available, evidence from the A14 project indicates that (unfunded) work conducted by the Public Rights of Way team avoided c.£100K worth of costs due to deviations from the standard specification by the consent promoter.

It is important that lessons are learnt from the A14, which resulted in a substantial maintenance liability on the County Council, due to damage caused to local assets during construction

## Non-Financial Benefits

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Reduced reputational risk | No. of complaints | TBC | -10% per project per annum |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Non compliance with statutory consents processes | Centralised Programme Plan | Red | Gareth Blackett |
| Insufficient capacity and capability | Consents resource management plan | Amber | Gareth Blackett |

## 8. Scope: What is within scope? What is outside of scope?

Please see the Consents programme outlined in Section 4

# Section 4l
# Environment & Green Investment

## Pressures / Investment proposals

# Business Planning: Business Case – Pressure

## Project Title: Place & Economy Restructure

| | |
|---|---|
| Committee**:** | Highways & Transport / and Environment & Green Investment |
| 2022-23 Investment request: | £260k pa |

Brief Description of proposal:
JMT agreed the restructure of Place & Economy (P&E) senior management structure which is currently being recruited to. It has been agreed that the in-year costs (2021/22) will be met using existing funds but the ongoing costs (£260K pa) need addressing through Business Planning.

This business case requests £260k to fund the additional costs of the new agreed structure. The existing revenue and capital funding will continue to fund the structure but this £260k is required to fund the net increase.

| | |
|---|---|
| Date of version: 23 September 21 | BP Reference: B/R.4.015 |

Business Leads / Sponsors: Steve Cox

# 1. Please describe what the proposed outcomes are:

The Place & Economy (P&E) Directorate is responsible for many of the enablers of growth across the county, and supporting prosperity by delivering services which keep residents and businesses moving efficiently and safely. As the central focus for Cambridgeshire's place-based services, the work of P&E is crucial in achieving the Council's overall aim of making Cambridgeshire a great place to call home and accomplishing the four core priorities of:

- Developing the local economy for the benefit of all
- Helping people to live independent and healthy lives
- Supporting and protecting vulnerable people
- Climate change and sustainability

The landscape that the County Council is working within has changed significantly in recent years with the introduction of the Greater Cambridge City Deal in 2015 now managed by the Greater Cambridge Partnership (GCP) and the Mayoral Combined Authority in 2017 (CPCA). In addition, most of CCC's senior management team until recently have been engaged in shared roles with Peterborough City Council (PCC), including the Executive Director for Place & Economy and the Service Director for Highways & Transport.

In March, our JMT (Joint Management Team) agreed to a proposed new structure for P&E Management. In order to drive forward the aspirations described above and to achieve the ambitions set out for P&E and the drivers for a new senior management structure, the following changes were agreed:

1. Deletion of the existing Service Director post
2. Deletion of Assistant Director Highways & Assistant Director Infrastructure & Growth posts
3. Creation of a new Director for Highways & Transportation that is 100% focussed on CCC
4. Three new Assistant Director roles:

    a. Assistant Director Highways Maintenance: focussed on maintaining our existing highways asset
    b. Assistant Director Transport & Strategy: focussed on longer term strategy, development and getting the best out of our network
    c. Assistant Director Project Delivery: focussed on commissioning and project delivery of the schemes and initiatives we are tasked to deliver. This will also include ensuring we get the best out of our supply chain partners and stronger relationship management with GCP and CPCA.

All the posts have now been recruited to, and senior management within P&E is fully in place with the task of ensuring that the new management structure works for the service. Moving forward there will be a need to fund the additional costs of the new agreed structure. The existing revenue and capital funding will continue to fund the structure but £260k is required to fund the net increase.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

During the Summer and Autumn of 2020 an internal review of Highway Capital Delivery was commissioned to understand the effectiveness of capital programme management and the overall control environment. It included a detailed review of several key schemes. That work was completed in October 2020. It concluded that a significant programme of work was being delivered across the Major Infrastructure Delivery (MID) team with a large number of complex and high profile schemes.

The review underlined the need for stronger early concept and design work, a greater understanding of risk and improved budget setting. There are a number of components that team leaders and managers are already seeking to re-shape and enhance service delivery within P&E; together these will create a stronger and more transparent control environment. Once implemented and operational across H&T projects, the service can realise overarching governance, project assurance, and greater control including programme, risk and cost control. It is in the context of this review that a revised management structure was settled upon.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The proposed restructure went through various iterations before it went out to consultation and was further developed to reflect the consultation feedback. This structure was felt to be the most appropriate to deliver the objectives mentioned above.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Recruitment to all posts | In process | TBC | Steve Cox |
| Recruitment of Director | Sue Proctor started on 1 November 2021 | | Steve Cox |
| Assistant Director appointments | One AD started on 1/9/21.<br>The second will start on 23/11/21.<br>New AD for Growth, Environment and Planning started on 1/7/21 | 23/11/21 | Steve Cox |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

It is not anticipated that this restructure will have effects on people with protected characteristics. An Equality Impact Assessment was developed and this will be reviewed and updated for this iteration of the restructure. The EqIA was completed before the restructure commenced to ensure we adhered to our Public Sector Equality Duty.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

The revised senior management structure will:

- Provide robust and resilient leadership for the future goals of the Place and Economy directorate;
- Better align functions within Place & Economy to build cohesion and resilience
- Ensure accountability rests at the right level in the organisation through clearly articulated roles and responsibilities;
- Simplify structures so our staff are closer to the customers that they are serving;
- Look for opportunities to commercialise and take appropriate risks by putting in place supportive systems and processes that enable and facilitate service delivery

### Financial Costs

The restructure will result in an additional £260k being needed per year to fund the new roles outlined above.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Risk of not being able to recruit to roles. | N/A All roles have now been recruited to | Green | Steve Cox |
| Risk of not being able to retain managers | Working closely with managers and being proactive about addressing problems as and when they arise | Amber | Steve Cox |

## 8. Scope: What is within scope? What is outside of scope?

Only the roles above (listed in section 1) are impacted by the proposals and are in scope.

# Business Planning: Business Case – Investment proposal

## Project Title: County Biodiversity Enhancements

Committee**:** Environment & Green Investment

2022-23 Investment amount: £105k

Brief Description of proposal:
To develop the actions required for the biodiversity commitments within the Climate Change & Environment Strategy and to ensure the best biodiversity and natural capital benefits are gained from Cambridgeshire County Council (CCC) owned public assets.

This is a request for additional budget of £105,000 for 2022/3 to develop a programme for further delivery beyond 2023, estimated at £145,000 per annum.

Date of version:24 November 2021 BP Reference: B/R.5.110

Business Leads / Sponsors: Quinton Carroll / Cllrs Dupre & Gay

## 1. Please describe what the proposed outcomes are:

Cambridgeshire County Council (CCC) has made strong commitments towards biodiversity and the environment within the Climate Change & Environment Strategy (CCES) and the Joint Administration Agreement (JAA) commitments on areas such as 'Doubling Nature'.

Understanding and improving our biodiversity will:

- Increase the quality of our public open space.
- Increase the value of our natural capital account.
- Provide the target for hitting 20% biodiversity net gain.
- Help us understand the opportunities for net gain credits.
- Give the baseline for understanding habitats and environs for proactive creation and management.

In the CCES, biodiversity sits at the core of at least 10 objectives in all three areas (Mitigation, Adaptation and Natural Capital).

This project is critical for the CCC outcomes for communities, quality of life and the environment:

- Communities at the heart of everything we do
- A good quality of life for everyone
- Cambridgeshire: A well-connected, safe, clean, green environment

The JAA has biodiversity at the 'heart of the Council's work' and to 'look for other ways to promote biodiversity and increase Cambridgeshire's natural capital'. (Priority 1).

The service has already attracted some 'in year' additional core funding for biodiversity that is allowing for urgent works on our accessible local nature reserves and heritage sites, the commencement of information gathering for strategy work and extra staffing capacity to deliver these. This funding request is to continue with this increase in resources, site work and further strategy development.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Biodiversity and natural capital are central to the government's Environment Act, that recently received Royal Assent. This will increase the council's statutory obligations under biodiversity/ecology and introduce the principle of mandatory biodiversity net gain and local nature recovery strategies.

The council's Climate Change & Environment Strategy contains ambitions and headline targets for biodiversity, in particular achieving a 20% biodiversity net gain target and more generally 'Doubling Nature'. However we need to understand how to best to deliver this, building on the biodiversity baseline audit due to commence in early 2022.

These principles are also key to the Environment Framework developed for the OxCam Arc, where creating a greener environment enhances nature and increases natural capital/ecosystem services is core.

The Council is already undertaking work within its rural estate on some of these areas, but our partners are concerned about our continuing capacity to meet our commitments and take on the challenges to come.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

There are many operators and agencies working on biodiversity and natural capital, and we already work closely with Natural Cambridgeshire and others; for example we are working with the Wildlife Trust on undertaking a biodiversity baseline assessment of our land.

However, these are our own commitments and obligations and whilst we can and do work with others, our position as a county wide body with statutory obligations and a large estate means we are better acting as a leader not a follower and to define our actions for the next few years accordingly.

This request follows on from the funding recently granted for within this financial year and forms part of a longer term proposal for delivering biodiversity outcomes in the council as set out below. The increase in biodiversity officer resource and site maintenance/repairs works remains throughout as permanent items for revenue funding, but additional revenue requests vary by year. Alternatives to deliver this work such as the use of consultants would be considerably more expensive than the proposals set out below (including the resource to project manage and review their work programme), and wider Council services such as officers in the communications team to support the delivery of this specialist workstream and promote its benefits are already being used, which ensures that the best value for money for the public purse is being sought as set out below:

The proposed programme is as follows:

### 2021/2 (already agreed):

| | |
|---|---|
| Increased officer hours in biodiversity team | £19,000 |
| Increased site works budget | £40,000 |
| Biodiversity Baseline Audit | £50,000 |
| Total | £109,000 |

This work will set the baseline for what comes below insofar as the baseline audit will inform and guide the council’s next steps for doubling nature and will grow the team’s capacity in this area.

2022/3 (estimate):

| | |
|---|---|
| Maintained biodiversity officer hours | £45,000 |
| Maintained site works budget | £25,000 |
| Additional Biodiversity Officer Hours | £25,000 |
| Policy Development Advice/Consultancy | £10,000 |
| Total | £105,000 |

The main focus for 2022/3 will be the development of a biodiversity strategy and maintaining the sites and other works commenced in 2021/2. This will form the basis of a further bid for the delivery of the five year strategy. We are keeping core functions within our own establishment but the strategy development will require specific expertise and input that may be better sourced via external partners or consultancies.

Development of the strategy will require a diverse skillset around a core discipline of preparing environmental policy, with specific reference to biodiversity and land management. Even so it will likely require specific consultancy and advice, especially around areas such as natural capital accounting and green prescribing. It is unlikely that one person will have the full skillset or capacity to do this work so we are budgeting for additional officer hours plus a small consultancy/commissioning budget.

An alternative would be to request a consultancy to prepare the entire strategy on our behalf, but this is not recommended for several reasons. Strategies prepared in this way are more difficult to embed within the organisation and are rarely cost effective to produce in the first place. Our approach also allows us to keep some knowledge and skills in house to help future proof any updates.

2022/3 (estimate):

| | |
|---|---|
| Maintained biodiversity officer hours | £70,000 |
| Maintained site works budget | £25,000 |
| Biodiversity Strategy Delivery | £50,000 |
| Policy Development Advice/Consultancy | £10,000 |
| Total | £145,000 p/a |

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

Our next steps will be to reassess the CCES ambitions and objectives, considering emerging developments such as ELMS (Environmental Land Management Schemes), Local Nature Recovery Strategies, Future Parks Delivery Models and emerging other projects including:

- The proposed county land use mapping exercise proposed by the Food, Farming & Countryside Commission.

- Natural Capital assessments/opportunity mapping produced by Water Resources East, OxCam and the Future Parks Accelerator.
- Emerging Green Intrastructure Mapping tools developed by Natural England
- Mapping of environment opportunity areas

An Environmental Policy Officer post will be required from 2022/3 onwards to start that work and for the development of a biodiversity plan for the county to be implemented 2023-2028.

This has been discussed with the Assistant Director of Climate Change and Energy Services, the Assistant Director of Planning, Growth and Environment, elected Members and the Chief Finance Officer.

## High Level Timetable

| Task/Item | 2021/2 | 2022/3 | 2023 onwards | |
|---|---|---|---|---|
| | | | | |
| Additional Biodversity Staffing Resource | | | | |
| | | | | |
| Additional Site Maintenance Budget | | | | |
| | | | | |
| Biodiversity Audit | | | | |
| | | | | |
| Additional Environmental Policy Resource | | | | |
| | | | | |
| Develop Biodiversity and Natural Capital Strategy | | | | |
| | | | | |
| Deliver Strategy | | | | |
| | | | | |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

An Equality Impact Screening has been carried out for this proposal. Enhanced open spaces can provide mental and physical health benefits by providing calm and natural environments. The government is currently running ‘green social prescribing’ pilots with NHS England and others where health professionals refer patients to nature-based interventions and activities such as local walking for health or community garden schemes. This is on the back of an increasing awareness during the pandemic of the importance of access to open space and the inequality of open space in value and quality, with poorer areas being worse in this respect than wealthier ones. This work potentially will allow the county to ‘level up’ access to nature and open space.

# 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

## Financial Benefits

There are limited direct financial benefits definable at this stage. The use of ecosystem services and natural capital accounting is still under development. Similarly the market for biodiversity net gain credits is still to be defined, but this work will allow us to take advantage of these income streams at the earliest opportunity,

There are significant savings to be had to other council and public services through green social prescribing (above).

## Non-Financial Benefits

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Improved biodiversity | Surveys | Currently being assessed | Doubled by 2040 |
| Increased ecosystem services (e.g. natural flood risk management) | Natural capital | Tbc | Tbc |
| Improved quality of life for residents | Surveys | Tbc | Tbc |

# 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

The council will miss or delay the opportunity to engage with a newly emerging way of valuing nature and the wider environment and miss targets/commitments made.

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Not doubling nature | This project | Red | QMC |
| Failure to meet CCES targets | This project | Red | QMC |

## 8. Scope: What is within scope? What is outside of scope?

Biodiversity and natural capital enhancement is increasingly being seen as core to wellbeing, resources and the climate/nature emergencies. Our work will originally focus on council owned assets but will broaden out to work with partners and stakeholders across the county including (but not limited to) CPCA (Cambridge & Peterborough Combined Authority), Water Resources East, Natural Cambridgeshire, Fens Water Partnership and the OxCam Arc.

# Business Planning: Business Case – Investment proposal

## Project Title: Community Flood Action Programme

Committee**:** Environment & Green Investment

2022-23 Investment amount: £75k

Brief Description of proposal:
To continue the Community Flood Action Programme (CFAP) beyond 2021/2.

The total funding request is for £150,000 (other £75k of which would be temporary funding) that will add to the sums carried forward from this year to allow the programme to continue.

After 2022/3, the programme can continue to operate at a reduced level.

Date of version: 5/11/21 BP Reference: B/R.5.111

Business Leads / Sponsors: Quinton Carroll/Hilary Ellis

## 1. Please describe what the proposed outcomes are:

The CFAP is a multi-faceted piece of work developed to support Cambridgeshire's communities to manage and respond to flooding threats. It covers the following:

- Creation, training and support for flood action groups.
- Creation of a 'one-stop shop' website for flood risk advice and guidance.
- Mapping of watercourses throughout the County.
- Development and publication of riparian maintenance guidance and support.
- Offering of financial support towards remedial watercourse works where they meet defined criteria.
- Development and implementation of an improved reporting system for flooding and watercourse issues.
- Advice to residents on protecting their homes.

These areas of work were identified as being of most in need for development after the flooding in December 2020 and a programme commenced April 2021 with one year's funding. The primary focus of the first year has been working with communities to develop and train flood groups to aid local resilience whilst gathering information and intelligence on the location of watercourses throughout the county. The team is also working on developing the new reporting tool which can identify where watercourses are in need of repair or maintenance. By extending the programme into a second year (and onwards) we can nurture the strong working relationships we have already built with various community groups, along with creating new relationships in communities with a history of poor engagement, or no engagement at all. We will be able to use the information gathered from the communities to address watercourse blockage and maintenance issues through engagement with flood groups, our powers under the Land Drainage Act 1991 and a continuation of riparian grants (where necessary). As outlined in the initial scope of the programme, we wish to develop a robust watercourse enforcement policy which would put us in league with only a handful of Lead Local Flood Authorities (LLFAs) across the country and to be proactive in delivering our statutory obligations as a LLFA.

As LLFA we have the following statutory functions that are relevant to this investment:

- Prepare a local flood risk management strategy with other bodies and communities: CFAP is a key element of our community engagement and partnership with the district councils
- Enforce obligations to maintain flow in and repair watercourses: the proposed work on enforcement will enable us to discharge this more effectively
- Maintain a Register of Assets

The main outcome of extending the programme will be better prepared and resilient communities that in turn will enable us to be more effective in the delivery of our statutory functions. The investment made in 2021/2 has given us a 'head start' but further investment at a reduced level will embed the outcomes further within the county.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

CFAP has been developed in partnership with district councils, the Local Resilience Forum and the other Risk Management Authorities such as the Environment Agency, Anglian Water and Internal Drainage Boards (IDBs).

Flooding is an increasing issue in the county, and with climate change impacting rainfall patterns we are likely to be seeing increased large scale rainfall events in the future, meaning that our communities need to be better prepared.

As Lead Local Flood Authority, the council's actions are underpinned by the Local Flood Risk Management Strategy (LFRMS). This has recently been updated and is currently out for public consultation. Page 95 of the Strategy reads:

*"The Community Flood Action Programme is anticipated to generate new materials for this purpose and new connections with communities to make residents more aware. After the CFAP is completed the ongoing communication with communities will continue as business as usual to build on awareness of risk and responsibilities."*

CFAP directly implements Objective 3 – '*Helping Cambridgeshire's Citizens to manage their own risk*' and especially Objective 3.3 - '*Offer support & advice on responsibility for flooding and potential solutions*'.

The CFAP itself is Action 3.5 in the LFRMS Action Plan. As a result of this connection to the LFRMS, it has been agreed that the Equality Impact Assessment undertaken for the Strategy will apply to this business case.

Joint research by the Environment Agency and Defra (R&D Technical Report SC040033/SR3, 2005) highlights the importance of authorities maintaining relationships with community flood groups in order to prevent a number of negative perceptions including the neglect of victims' psycho-social needs, anxiety within the community, and economic blighting (e.g. falls in house prices). However, this research also found that communities that have been involved in decision making will have begun to 'own' their flood risk environment and will develop a sense of trust towards facilitators. Therefore, by maintaining effective community engagement, many of these negative perceptions will not arise or will be easier to manage.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

CFAP is a response to flood events. CCC is the lead local flood authority, and thus investigates flooding incidents, which makes us best placed to understand how best to support communities. However, the programme is very much a partnership approach with other councils and agencies. If we cease the programme in March 2022 we risk a loss of trust/relationship with communities and a loss of information flow between those communities and the risk management authorities (primarily the County Council but also other councils and agencies). This in turn risks the County Council being unaware of flood risk issues and therefore unable to take action to reduce the risk.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

Many of the outcomes for CFAP are in already development for implementation this year, but two aspects in particular would benefit from ongoing support. These are support for Community Flood Action Groups and riparian maintenance grants with an extra emphasis on riparian enforcement.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Continued work establishing community flood groups working with Environment Agency and District Councils | 01/04/2022 | 31/03/2023 | Q Carroll / H Ellis |
| Review of flood reporting tool and improvement works | 01/04/2022 | 30/06/2022 | Q Carroll / H Ellis |
| Review of website and improvement works | 01/07/2022 | 30/09/2022 | Q Carroll / H Ellis |
| Review of flood risk data and continued data enrichment works | 01/04/2022 | 31/03/2023 | Q Carroll / H Ellis |
| Watercourse enforcement policy development | 01/07/2022 | 31/03/2023 | Q Carroll / H Ellis |

Beyond 2022/3, the programme can continue with the support of one officer to work with flood groups and support enforcement, plus a small ongoing grant fund for occasional or emergency riparian maintenance.

### 2022/3

| | |
|---|---|
| Officer Support (2 FTE) | £100,000 |
| Enforcement Policy Development (incl. legal input) | £30,000 |
| Website reviews, licencing and improvements | £20,000 |
| Total | £150,000 |

### 2023 onwards

| | |
|---|---|
| Officer Support (1 FTE) | £50,000 |
| Riparian Maintenance/Enforcement | £30,000 |
| Total | £80,000 |

# 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

Flooding affects everybody in the community but one of the key elements of a community flood plan is to understand who is most vulnerable and thus to be a priority for support, such as the elderly or in medical need. It is understood that flooding disproportionately impacts the most vulnerable in our society. The CFAP provides assistance to communities to develop their flood plan and can share the knowledge and experience between the groups across Cambridgeshire.

It is known that smaller rural communities often feel they are isolated in terms of flood risk support, particularly as much of the funding criteria is weighted heavily towards the number of properties protected. Due to the nature of the villages being small, this is often difficult to demonstrate. The CFAP provides the ability to demonstrate the County Council is committed to working with all communities.

It has been agreed that the Equality Impact Assessment undertaken for the Strategy will apply to this business case.

# 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

## Financial Benefits

A county that is better prepared for flooding and has better managed flood assets will see savings generally. Residents and businesses in particular will benefit from fewer costs and problems created by flooding such as business interruption, staff absences, damage to perishable goods and crops, damage to property and assets, decrease in serviceable areas, impacts on reputation etc.

Nationally, the Environment Agency estimate that flood defences and flood risk management reduced the overall economic costs of flooding between November 2019 and March 2020 from £2.4bn to £333mn across England. The Associate of British Insurers (ABI) calculate that flooding events incur an average claim per household of £32,000[1]. Throughout December/January 2020/1, there were 310 reported incidents of flooded houses, so a total cost approaching £10m. This does not take into account other disruption, such as threats to infrastructure, hospitals, care homes etc, where the costs of emergency responses can be disproportionate. For example, officers are aware that the December flooding threatened a COVID-19 vaccine distribution point.

[1] https://www.abi.org.uk/news/news-articles/2020/03/insurance-pay-outs-to-help-customers-recover-from-storms-ciara-and-dennis-set-to-top-360-million/

Furthermore, the council itself will likely benefit from more autonomy within the community with regard to flood risk management. With better informed communities we are likely to see better asset management and in turn, reduced flood risk, fewer significant incidents of flooding and fewer investigations.

| **Key Benefit** | **Measure** | **Baseline** | **Target & Timescale** |
|---|---|---|---|
| Riparian fault reports | Number of reported incidents | Tbc | |
| Enforcement Actions | Number of cases | Tbc | |
| Section 19 reports identifying faulty riparian watercourses | Number of identified incidents | Tbc | |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

By not extending CFAP we have a real risk that the benefits created in its first year will be lost, especially around community engagement/support. We know that building a network takes time, and the more support given at the outset the more likely it is to embed and become self-supporting. In addition, given the complexity of setting up community groups, particularly where towns and larger villages are concerned, by not extending CFAP we could see a number of groups in important areas not receiving the support they require to make the most impact from a flood risk perspective. Furthermore, we risk the LLFA falling behind those of our neighbouring counties who have recently set up similar innovative schemes.

Flooding is a high-profile matter for the county and as Lead Local Flood Authority (LLFA) we may have serious reputational risks by not being seen to support residents.

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Increased flooding caused by riparian watercourses | Focus attention on maintenance and enforcement | Red | Q Carroll / H Ellis |
| Lack of overview of surface water drainage networks in the county | Map and monitor watercourses; use flood groups and parish councils to monitor | Red | Q Carroll / H Ellis |
| Lack of confidence by public, agencies and | Take leadership role | Amber | Q Carroll / H Ellis |

| | | | |
|---|---|---|---|
| other councils in role of LLFA | | | |
| Failure to discharge statutory functions as LLFA | Be visible and proactive in fulfilling statutory functions | Red | Q Carroll / H Ellis |

## 8. Scope: What is within scope? What is outside of scope?

As LLFA our main responsibility is towards surface water flooding. Other assets, such as rivers, drains and sewage systems are within scope of other agencies and companies. However, the combined effect of flooding impacts all these interests.

# Section 4m
# Environment & Green Investment

## Temporary Funding proposals

# Business Planning: Business Case – Investment proposal

## Project Title: ‘Active Parks’ unit

**Committee:** Environment & Green Investment

**2022-23 Investment amount:** £40k

Brief Description of proposal:
To investigate establishing an Active Parks Unit within the County Council (alongside Public Health, Think Communities, and Environment) as a first concrete step in realising the benefits that parks can have to help tackle the linked challenges of public health, climate change, and biodiversity.

Date of version: 7 December 2021 BP Reference: N/A

Business Leads / Sponsors: Quinton Carroll

# 1. Please describe what the proposed outcomes are

## Introduction

The COVID-19 pandemic has undoubtedly changed the way we live our lives now and for the foreseeable future. During the ‘lock down’ parks became the only public open spaces where millions of people could exercise, relax and meet others for the limited periods allowed. At the time these spaces were quite rightly championed by politicians and scientists alike as key to maintaining people’s physical and mental health as evidenced by numerous studies over many years. Many people used their local parks for the first time during the ‘lock down’ and as restrictions were eased parks became busier than they had ever been previously and continue to be so. Not only has the pandemic changed the relationship between people and their local parks for ever it has underlined the multiple and proven benefits these spaces provide for health and wellbeing as well as the environment.

As we move from managing the pandemic to implementing a COVID-19 Response and Green Recovery, there is an opportunity across Cambridgeshire and Peterborough for a resilient recovery that tackles the linked challenges of public health, climate change, and biodiversity.

The two-year Future Parks Accelerator (FPA) is a programme sponsored by Cambridgeshire County Council, Peterborough City Council, all the District Councils, Nene Parks Trust and the Local Nature Partnership. The programme commenced in the autumn of 2019 and had only just started when the first ‘lock down’ came. For an ambitious programme that aimed to closely involve partners and stakeholders across Cambridgeshire and Peterborough the limitations on engagement as a result of the pandemic were, and continue to be, acutely felt. This was never more so for involving health colleagues who were, and continue to be, at the forefront of tackling the pandemic. Health and wellbeing and the benefits provided by parks and green spaces remain at the heart of the project and this particular business case, however the FPA programme now runs to March next year and there are other related projects that remain to be completed.

This business case presents the case for establishing an Active Parks Unit within the County Council (alongside Public Health, Think Communities and Environment) as a first concrete step in realising the benefits parks can help tackle the linked challenges of public health, climate change, and biodiversity. The case remains a ‘work in progress’ as the Future Parks Accelerator programme will not be fully complete until next year, however the evidence presented here is sufficient to support the case for investment.

This business case sets out the case for an Active Parks Unit as part of securing the legacy of the Cambridgeshire and Peterborough Future Parks Accelerator Project. Establishing an Active Parks Unit will enable Cambridgeshire County Council and partners to realise the ‘added value’ benefits of parks and green spaces for local communities including maximising their health and wellbeing benefits, the opportunities for restoring nature and for strengthening community resilience and community organisations.

## The Vision

The Cambridgeshire and Peterborough Future Parks Accelerator is a two-year programme aimed at establishing joined up vision and sustainable future for parks and green spaces in Cambridgeshire and Peterborough. It is part of a national programme involving nine local authorities funded by the National Lottery Heritage Fund, the National Trust and the Department for Levelling up, Housing and Communities aimed at exploring innovative approaches creating a sustainable future for the UK's urban parks and green spaces. The outputs from this work have shaped the guiding principles that informed this business case.

## The Future Parks Accelerator Outputs and Principles

Cambridgeshire and Peterborough Future Parks programme is delivered in two phases, the first phase was a co-design phase whereby we engaged with a wide variety of stakeholders across several workstreams to explore the opportunities to sustainably manage parks and green spaces across the County and Peterborough.

Having undertaken this work, Cambridgeshire and Peterborough Future Parks Accelerator is now in the second phase of the programmes delivery, the Transition Phase. The aim of this second phase of work is to use what we have learnt during the co-design phase to develop an approach to sustainably management parks and green spaces at a County and Peterborough scale. What has emerged is a delivery model that respects local diversity and independence but seeks to realise the added value benefits of parks and green spaces.

In preparing the foundations to realise this vision the Cambridgeshire and Peterborough Future Parks Accelerator has three clear guiding principles based on the outputs of extensive stakeholder and partner engagement. These are illustrated below.

Figure 1 FPA Principles and Programme Outputs


Firstly, establishing arrangements for Collective Leadership across Cambridgeshire and Peterborough for all parks and green spaces that is truly collaborative across partners; secondly designing a Model for Delivery that will secure the 'added value' benefits of parks but respect local diversity in provision and operations; and thirdly preparing a Plan for Open Space that connects partners in a flexible way but recognises parks as key infrastructure across Cambridgeshire and Peterborough and helps secure new sources of finance.

## The Outcomes

Applying these guiding principles helps ensure the outputs of the project are aimed at using parks and green spaces more effectively to help achieve a range of longer term outcomes including:-

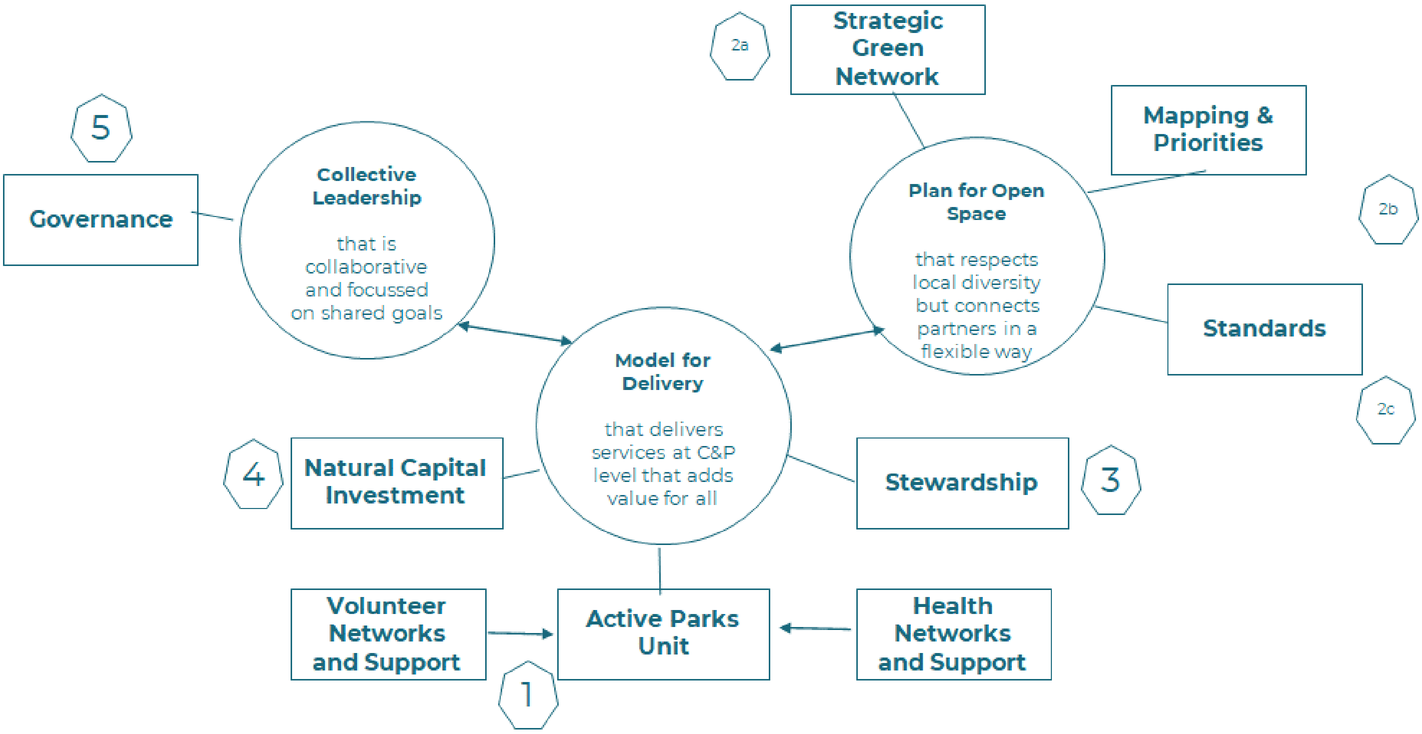
- improved physical and mental health;
- more nature restoration;
- strengthened community resilience;
- reduced carbon emissions;
- improved air quality;
- greater private and philanthropic investment into parks and green spaces and the wider landscape; and
- collective, co-operative and collaborative leadership across Cambridgeshire and Peterborough including statutory and non-statutory partners.

The project is entering its last six months, with much work still to do, and is now seeking to establish arrangements for securing its legacy and the foundations for achieving its long term aims (as envisaged by the County and its partners in the original bid). This Business Case is focussed on one element of the emerging Model for Delivery namely the Active Parks Unit that will be charged with realising the benefits of parks and green spaces for local communities.

## The Future Parks Accelerator Projects

The diagram below illustrates the other on-going project areas and their relationship to the principles and the Active Parks Unit. The Volunteer and Health projects will create the supporting networks and tools for the new unit to work with.

Figure 1 FPA Programme Outputs and Main Project Areas



### Securing the Benefits of Parks - The Active Parks Unit Proposition

The new Active Parks Unit will be focussed on securing the ‘added value’ benefits of parks and green spaces. It will respect local diversity in provision but work closely with local parks operations and stakeholders to activate parks and green spaces to achieve specific outcomes related to health and well-being, community resilience and nature restoration.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

### Building the Evidence Base

#### Stakeholder Engagement

Over the last year the project has undertaken an extensive stakeholder engagement and co-design exercise working with hundreds of public, private and voluntary sector organisations and different communities across Cambridgeshire and Peterborough. It has worked closely with elected members from all the Districts, Peterborough City Council, Cambridgeshire and Peterborough Combined Authority and Cambridgeshire County Councillors through this process and has had oversight and direction from an Executive Board with representatives from all partners including the Local Nature Partnership and Nene Park Trust. This process set the priorities and principles for shaping the legacy of the Programme, including the Active Parks Unit as reflected in this Business Case.

As part of this work, we conducted a large-scale stakeholder engagement exercise with a focus on the following objectives: developing a shared vision and common cause among partners, working collaboratively, building interest, capacity, and capability in volunteering, understanding aspirations of green space provision among new communities, and realising the health and wellbeing benefits of parks and green spaces.

There is substantial national and local evidence to be drawn on that demonstrates how parks can help tackle the linked challenges of public health, climate change, and biodiversity and how the contributions of parks can be valued to support better decision making. The evidence this Business Case draws on is given at Appendix A.

#### National Evidence

England is suffering a health crisis with diabetes, obesity, dementia and mental health issues rising unevenly across the population. Faced with these challenges, as well as those from Covid-19, there is an increasing focus not just on treating conditions, but also on prevention. This is reflected in the local objectives of partners across Cambridgeshire and Peterborough. Changing lifestyles and increasing healthy behaviours particularly physical activity, is seen as critical in helping people live more independent lives for longer. There is recognition across the health sector that outdoor activity can be an alternative or positive complement to other treatments. This applies to mental as well as physical health conditions and can be supported by green social prescribing, which involves referring patients to take part in environment and nature-based activities, such as, walking and cycling, community gardening, food-growing projects and practical conservation tasks such as tree planting.

Living in greener urban areas is associated with lower probabilities of cardiovascular disease, obesity, diabetes, asthma hospitalisation, mental distress, and ultimately mortality, among adults; and lower risks of obesity and myopia in children. Greater quantities of neighbourhood nature are also associated with better self-reported health, and subjective wellbeing in adults, and improved birth outcomes, and cognitive development, in children.

Evidence that people in more affluent social groups generally visit the natural environment much more often than less affluent groups including some black and minority ethnic groups and those with a disability or long-term illness is well established. Often economically disadvantaged communities who have poorer health and educational outcomes do not have access to good quality natural green or blue spaces close to where they live or work.

The challenges for tackling childhood obesity vary across local authority areas, but many face common issues such as proliferation of fast-food outlets on the high streets and near schools; less active travel; limited access to green spaces and physical activity. These factors create an environment that makes it harder for children and their families to make healthy choices, particularly in some of our most deprived areas. It is recognised that green space is linked to greater levels of physical activity and associated health benefits. A study on obesity in a number of European countries found that people living in areas with large amounts of green space were 3 times as likely to be physically active than people living in areas where there is little green space. Parks and green space can increase life expectancy and reduce health inequality and are associated with opportunities for physical exercise and activity through organised sports or informal activity such as walking, cycling, running or children's active play and by increasing active travel through safe green corridors.

Parks also create important opportunities to bring people together and reduce isolation. They can help refugees and migrants build a sense of belonging in new communities. But they can also amplify social divisions and groups may exclude themselves from green spaces if they feel the space is dominated by one particular group (for example, if a park is overwhelmingly used by young people) or if they feel unsafe (for example, when a space is poorly maintained or attracts antisocial behaviour). They also provide opportunities for community engagement and local residents value the chance to be involved in designing and improving their green spaces (e.g. through volunteering). Community gardening offers new residents the chance to build social connections. Children appreciate the opportunity to have their say on park improvements. Schemes to include young people in the care of green spaces can enhance their personal development and increase their environmental awareness.

Nearly two thirds of people (63%) in England reported visiting green and natural spaces in the year to March 2021. Nearly all people (94%) felt spending time outdoors was good for their physical health and a similar number (92%) said spending time outdoors was good for their mental health. The vast majority of these types of visit (78%) are to urban parks, green spaces, playing fields and countryside parks. The importance of green space has been highlighted by COVID-19. A majority of the public now say that they appreciate green space more since social distancing (53%) and that protecting local green spaces should be a higher priority when lockdown ends (63%).

Local Evidence

Whilst Cambridgeshire and Peterborough is generally healthy compared to the rest of England there are significant inequalities within the area and areas of concern particularly in respect of the behavioural risk factors to good health like physical activity and obesity. Peterborough and Fenland are significantly worse than the rest of England on these measures. Between 1 in 3 and 1 in 4 primary aged school children in Peterborough and Cambridgeshire are obese. Childhood obesity is not just a problem in Cambridgeshire - in Peterborough, Cambridgeshire, the rate is even higher, with 23.2 per cent of children in Year 6 and 11 per cent of children in Reception classed as obese. Over 40,000 people in our area have Type 2 Diabetes. Over one third of adults in Fenland (33%) are physically inactive. The proportion in Peterborough (29%) and East Cambridgeshire (29%) is only just less than this.

9% of people in Cambridgeshire and Peterborough Mental Health suffer from depression – this increases to 11% in Fenland.

Most residents in Cambridgeshire and Peterborough said they visit their local park or green spaces to socialise (46%), relax (50%), exercise (57%), spend time with children and families (52%), and see nature (52%). Nearly all residents asked (95%) said that investment in green space and nature recovery should be a priority in light of COVID19.

Huntingdonshire’s consultation to support their Healthy Open Place Strategy (2020) reported that 38% of people were using parks more; 21% said they had not visited a park/open space since lockdown; and 35% reported using them less. Further more 75% value their spaces more, 92% believe these spaces make them happy, and 59% believe these spaces bring communities together.

Between 2010 and 2016 most people in Cambridgeshire (54%) engaged with nature in an urban park, country park or playing field with the vast majority (84%) engaging in this way in urban centres like Peterborough. This pattern proportion is likely to have increased in recent years if it reflects national trends.

The FPA Co-design phase brought together a wide range of stakeholders from both the Volunteering and Health and Wellbeing sector to discuss COVID-19, the effect on parks and green spaces use, and how these spaces could be used to support response and recovery. Key themes from these sessions included:

- Increased demand on spaces
- The need for more information and education to support and harness the newfound connections to parks to improve health and wellbeing
- Balancing access and use between people and nature

In Huntingdonshire stakeholders highlighted that the deprived and inactive communities that are most likely to benefit from the district’s network of parks, green spaces, and play areas are the least likely to use them. Community engagement with people from deprived communities illustrated a need to break through the perceptions that “parks are not for me” and show clear benefits to families and individuals of using these spaces.

The quality of green spaces has a stronger bearing on health outcomes than quantity, and there is evidence that disadvantaged groups appear to gain a larger health benefit and have reduced socioeconomic-related inequalities in health when living in greener communities. There is a sizeable body of research that underlines the importance of creating more, bigger, better and joined-up green spaces, especially near to where people live, and to address inequalities.

Cambridgeshire and Peterborough are areas of contrasting health and wealth, with significant inequality experienced by large areas of Fenland and Peterborough, and pockets across the rest of the region. COVID-19 has highlighted and exacerbated these inequalities, with more deprived areas experiencing a greater impact from the pandemic. The CAPCCG Health Inequalities Strategy (2020)27 focusses on a number of key objectives, with Guiding Principle 4.4 pledging to ‘partner with other organisations to take a place-based approach to address social determinants of health’. This is of particular interest in terms of collaboration and taking a joined-up approach to tackling inequalities using parks and green spaces as the vehicle to achieving improved outcomes for communities.

## Alignment with Key Objectives

Aligning Partner Objectives Across Cambridgeshire and Peterborough:

Working across partners, and informed by the extensive engagement process, the following broad objectives arise for the legacy of the FPA project and provide some key priorities for the Active Parks Unit.

- Improving health and wellbeing
- Building community resilience
- Nature restoration
- Contributing to tackling climate change
- Creating strong governance and partnership arrangements that support shared priorities across Cambridge and Peterborough, respect diversity in local operational service delivery and encourage greater decentralisation of service delivery over time.

Alignment with County Council Key Objectives:

These objectives are shared with all partners and support key strategies of the County Council including the central themes of Covid Recovery, for individuals and communities, and tackling the climate emergency. Furthermore, the legacy proposals for Cambridgeshire and Peterborough FPA, and the creation of the Active Parks unit in particular, will support the following CCC objectives to:

| CCC Objective | FPA Legacy supports delivery… | Active Parks Unit Objective |
|---|---|---|
| • put climate change and biodiversity at the heart of the Council’s work | • by enabling nature restoration in parks | YES |
| • promote biodiversity and increase Cambridgeshire’s natural capital | • by enabling nature restoration in parks and promoting parks as key infrastructure in the wider landscape | YES |

| | | |
|---|---|---|
| • create opportunity, promote diversity and do all we can to foster inclusion across the county | • by building the capacity of parks community groups to engage with their communities and help maintain their parks | YES |
| • encourage and participate in place-based partnerships with District Councils | • by further developing the elected member governance arrangements that oversee the work of FPA into an exemplar of multi-tiered, place based partnership working | |
| • adopt a 'health in all policies' approach | • by co-ordinating the provision of green prescribing programme across parks and activating and animating parks for community benefit | YES |
| • encourage more residents out of their cars, along with infrastructure development, the encouragement of sustainable travel, and securing safe routes and connections for pedestrians and cyclists | • by mapping parks as key infrastructure alongside sustainable travel routes to encourage greater use and participation | |
| • form strong and positive partnerships as members of the Combined Authority and the Greater Cambridge Partnership in the areas of public health, climate change, public transport and sustainable homes. | • by further developing the elected member governance arrangements that oversee the work of FPA into an exemplar of multi-tiered, place based and partnership working | YES |

The aims of the Future Parks Legacy will be to support the Cambridgeshire and Peterborough COVID-19 Response and the approach to a Green Recovery. COVID-19 case numbers have been disproportionately higher in areas where people have least access to parks and green spaces such as areas of socio-economic deprivation and high-density housing.

Finally, the Peer Challenge Action Plan contains a recommendation for the County to "embrace the opportunity to reset, clarify and rebuild the different roles for the Combined Authority, the Greater Cambridges Partnership, Cambridgeshire County Council and District Councils in place shaping and place delivery, and take the lead where appropriate". The agreed response recognises that "partnerships across the Cambridgeshire system are deepening already, with improved relationships and a clearer route to delivery of shared objectives".

## Securing the Benefits of Parks – The Partnership Proposition

The District Councils, Peterborough City Council and other partners invest over £10m per annum in maintaining public parks and green spaces. COVID19 shone a light on the value of parks and green spaces and the benefits they can provide for local communities (estimated to be circa £375m per annum). However, these benefits can only be secured and maximised by better and more co-ordinated action by partners with responsibility for health, the environment and community resilience, like the County

Council, and deepened partnership working with between the County and all the Districts and PCC.

The involvement and support of all the Districts, Peterborough City Council and Cambridgeshire County Council for the Cambridgeshire and Peterborough FPA is a key output of the project and demonstrates the collective and collaborative leadership approach required for effective place shaping. The Future Parks Legacy now provides an opportunity for the County, with its partners, to move from 'Place Shaping' to 'Place delivery' and continue this collective and collaborative approach. This involves orchestrating activity on parks and green spaces across Cambridgeshire and Peterborough to the realise the opportunities for creating and securing the proven benefits of parks and the social and environmental value that they support.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

### Developing Options

The project adopted a mission-oriented project approach that used challenges to stimulate innovation across sectors and communities of interest. This is shown at Appendix B. Through a number of Task and Finish Groups, made up of a range of partners and interests from the public, private and voluntary sectors, workshops were held that tested a range of Cambridgeshire and Peterborough wide options for funding and operating parks; setting standards for parks; engaging with stakeholders for parks; and options for addressing the green space implications of housing growth in the County. These workshops resulted in the selection of preferred options for each challenge as follows:

| Group and Commissioned Reports | Preferred Options established through Co-Design process |
|---|---|
| Funding and Operating Model Group<br><br>Project Opportunity and Options Assessment Report for Cambridgeshire and Peterborough Future Parks Accelerator - Finance Earth<br><br>Work on-going in designing Model for Delivery | • "Added value" services at to be delivered at Cambridgeshire and Peterborough scale respecting diverse local operating models and avoiding duplication<br>• Approach to Natural Capital Investment with partners via the creation of a single Environment Fund/Doubling Nature Fund to enable private and philanthropic investment<br>• Single approach to Enterprise Investment across Cambridgeshire and Peterborough |
| Mapping and Standards Group<br><br>Cambridgeshire open space mapping & standards summary report<br>https://cambsfutureparks.org.uk/wp-content/uploads/2021/06/cambridgeshire-open-space-mapping-and-standards.pdf | • No single Open Space Standard across Cambridgeshire and Peterborough<br>• The creation of a Cambridgeshire and Peterborough map of all parks and green space and a whole Landscape approach to determining parks priorities |
| Stakeholder Engagement Group | • Better sharing of information to improve connectivity, identifying key contacts, |

| | |
|---|---|
| Realising the health and wellbeing benefits of public open spaces report for future parks accelerator<br><br>Building interest, capacity and capability in volunteering report for future parks accelerator | with a central hub and network across health and volunteering.<br>• Creation, co-ordination and management of green prescribing an health related programmes using parks and green spaces to support health outcomes<br>• Creation, co-ordination and management of networks of parks community groups across Cambridgeshire and Peterborough to build capacity to support health and community resilience outcomes |
| Growth and Development Group<br><br>Work on-going | • Single approach to Natural Capital mapping and priority setting for Cambridgeshire and Peterborough<br>• Best practice approach to Stewardship of new green spaces<br>• Single portal for access to all-natural capital mapping for all stakeholders across Cambridgeshire and Peterborough |

The above exercise was the Co-Design phase of the project and has resulted in five key functions requiring development for the legacy:

- An Active Parks Unit providing services supporting health, nature restoration, community resilience and climate change (which this Business Case addresses)
- Planning and mapping green space and natural capital
- Natural capital investment and fundraising
- Stewardship of new green spaces
- Governance arrangements to support the above that reflect the partners involved including Cambridgeshire County Council, Peterborough City Council, all the Districts, Cambridgeshire and Peterborough Combined Authority and the Local Nature Partnership.

This Business Case relates to the first element of the FPA Legacy the creation of a unit to support parks services for health, nature restoration, parks community and voluntary organisation support and support of carbon reduction. Its relationship to the other elements of the legacy are yet to be defined.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### Incubating the Active Parks Unit

Establishing the Active Parks Unit is the key step in securing the legacy of the project. The units focus on health, environmental and community resilience outcomes directly complements and supports Cambridgeshire County Council functions and services overseen by the Adults and Public Health Committee, the Communities, Social Mobility and Inclusion Committee and the Environment and Green Investment Committee. The detailed services proposed, are described in Appendix C, will be designed to complement existing service delivery and ensure the health and wellbeing, nature and community benefits of parks are realised for local people.

### Outline Financial Contributions from Cambridgeshire County Council

The proposed funding for piloting the first year of the Active Parks Unit is given below. How the funding for years 2 and 3 will be subject to negotiation during the pilot year. Work on the business model is on-going but the first draft of a potential staffing structure and costs is given at Appendix D. The business model of the unit is being developed by the FPA Project Team including representatives from all the Districts, Peterborough City Council and Cambridgeshire County Council including specific input from Community Connectors from the Think Communities Team.

Figure 2 Funding of the Active Parks Unit for 2022/23

| Partner Contributions Under Consideration | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|
| | Pilot Year | To be agreed | |
| C&P Combined Authority | £75,000 | | |
| Cambridgeshire CC | £40,000 | | |
| Peterborough CC | £5,000 | | |
| Districts x 5 | £25,000 | | |
| | | | |
| Future Parks Accelerator | £55,000 | | |
| | | | |
| Running Costs Pilot Year | £200,000 | | |

Year 1 is a pilot year that will enable partners to incubate the model within County Council structures to ensure maximum synergy with Public Heath, Think Communities and Environmental Services.

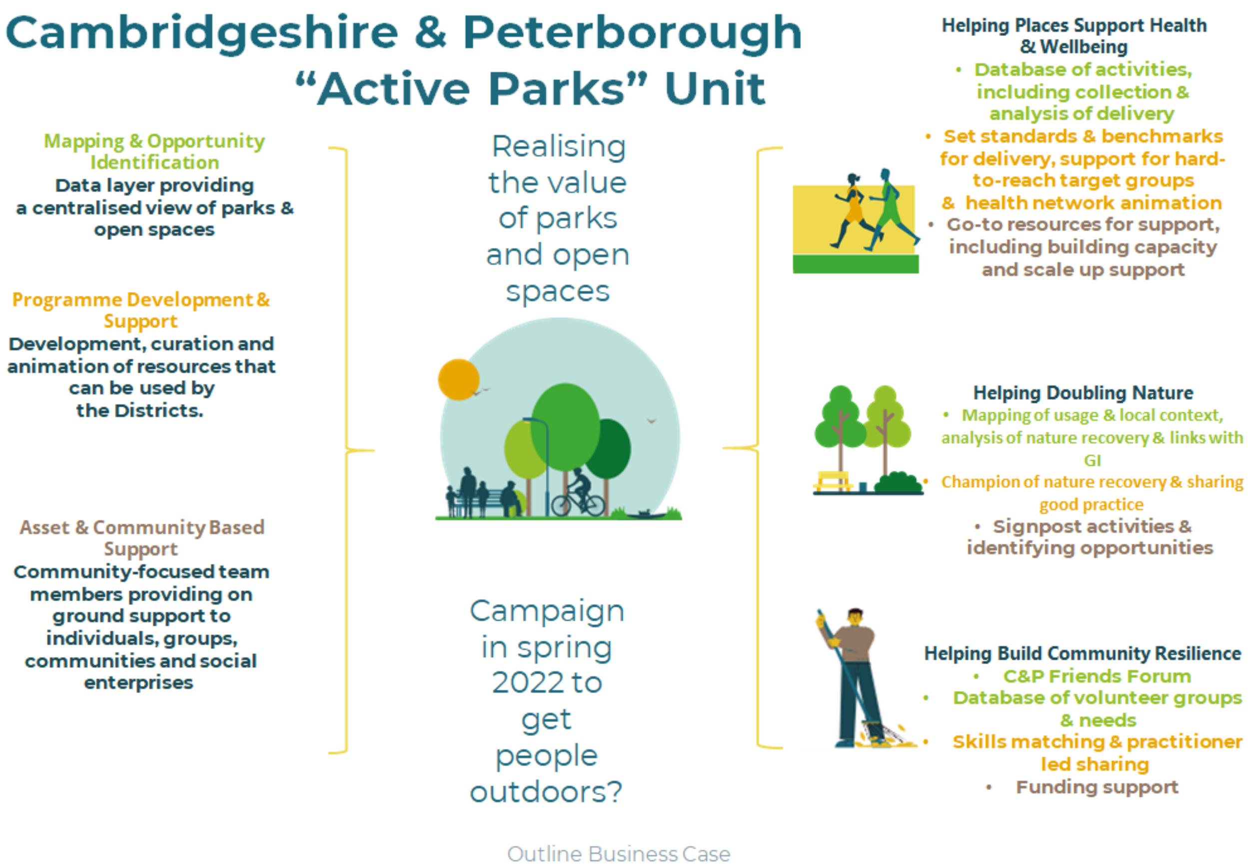
## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

Key branches of service delivery for the Active Parks Unit will be as follows:

- Mapping and opportunity identification – Providing a centralised view of parks and green spaces and related activities.
- Programme development and support – Development, curation and animation of resources that can be repeatedly used throughout the Districts and Peterborough City. In the long term, provide strategic and programme development support.
- Asset and community-based support – Community-focused delivery of on the ground support to individuals, groups, and communities seeking to utilise parks and green spaces.

The main functions and related outcomes are illustrated below. More details of the functions are given at Appendix C.

Figure 3 Main functions of the Active Parks Unit

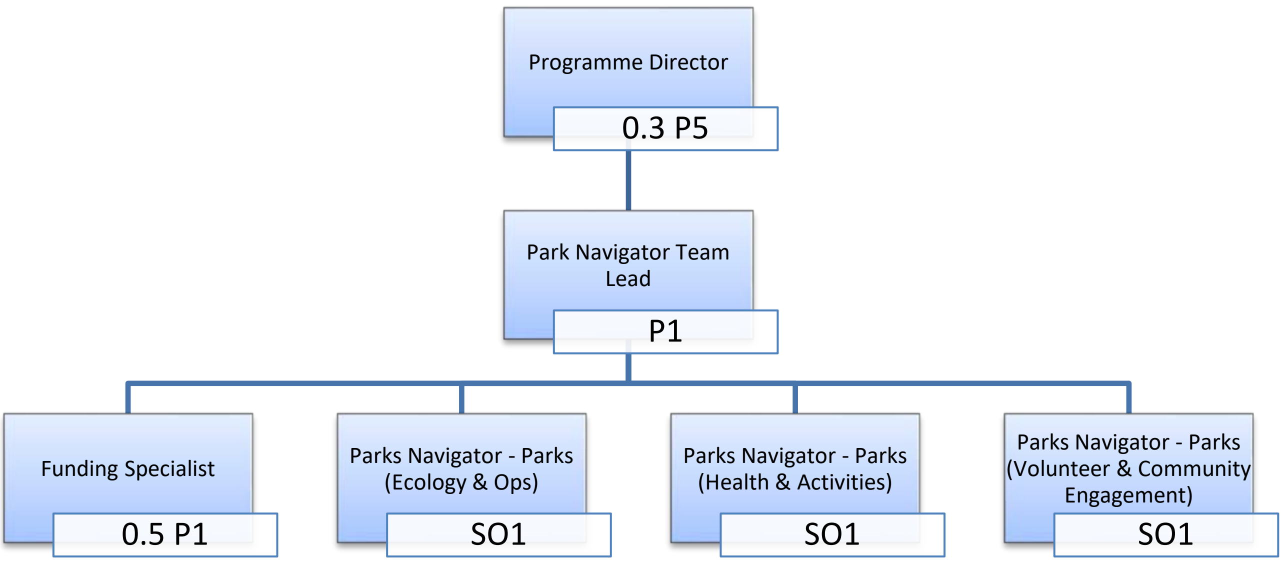



## Initial Purpose and Structure of the Active Parks Unit

Mission of the Active Parks Unit will be to realise the benefits of parks and green spaces for local communities by activating and animating these spaces. This will be achieved by working closely with local parks operations teams.

The proposed structure of the Active Parks Unit is as follows:

Figure 4 Proposed Structure of the Active Parks Unit



The purpose of the Parks Navigator will be to work across local partners to create and deliver a programme of work to increase the park's local communities' engagement with and use of their parks. This could include delivering nature activities, health initiatives, community engagement and developing the parks into a community hub for the neighbourhood. The detailed costs of the Active Parks Unit are given in Appendix D.

## Outcomes and Outputs

The project has assembled a strong evidence base of the location, quality and accessibility of parks and green space and their spatial relationship to deprivation; health inequalities; housing and population growth; and related natural capital features. From this work it will be possible to identify and prioritise interventions across parks aimed at directly addressing health inequalities in key locations such at Peterborough and Fenland, restoring nature within parks where opportunities arise as identified through natural capital mapping, tackling climate change by providing tree planting opportunities and building the capacity of parks related community groups growing the number of volunteers and boosting their capacity to help maintain and operate parks. Again, this will be directed at those local communities with the highest level of deprivation and reporting the worst health outcomes.

Detailed mapping work continues to identify areas of deficient green space and links to inequality as well as identify those green spaces that can deliver multiple benefits.

The Active Parks Unit will seek to deliver the following outputs in Phase 1. These are still under development as part of the Business Model work.

Figure 5 Active Parks Unit Outputs and Outcomes

| First Draft Outputs and Outcomes – To be further developed | | | |
|---|---|---|---|
| Service | Output | Outcome | Measures |
| Overall Outcome/Impact - Nature Recovery | | | |
| Champion Nature recovery for parks and green spaces | Advocacy, communication of successful projects restoring nature in parks and green spaces, engagement with the LNP. | Increased nature restoration projects in parks and green spaces. | • No. Of nature restoration projects in parks and green spaces.<br>• Impact measurement: m2 of land restored for nature<br>• Biodiversity change |
| Signpost activities & identify opportunities for nature restoration in parks and green spaces at the community scale. | Opportunities, to deliver nature-based activities in parks and green spaces identified. Volunteer numbers | Volunteers capacity in delivering nature-based activities in parks and green spaces.<br>Increase number of nature restoration projects in parks and green spaces.<br>Long-term outcome to increase the biodiversity in parks and green spaces and steer traffic away from | • No. Of nature restoration projects in parks and green spaces (delivered by volunteer and community groups)<br>• No. Volunteer and community groups with Nature recovery plans in parks and green spaces.<br>• Impact assessment: change in the state of nature in parks and |

| First Draft Outputs and Outcomes – To be further developed | | | |
|---|---|---|---|
| Service | Output | Outcome | Measures |
| | | sensitive sites, such as SSSI. | green spaces with nature recovery plans after 2 years.<br>• Biodiversity change |
| Overall Outcome/Impact – Strengthened Community Resilience | | | |
| Co-ordinate, maintain and market database of volunteer groups and opportunities | Increased volunteering activity and capacity across Cambridgeshire and Peterborough | Better skills match for volunteers or groups depending on their needs leading to better learning and increased capacity. | • No. Volunteer groups engaged with the Volunteer network (attend at least one event a year)<br>• No. Volunteers taking part in capacity building skills matching service sub-categorised by a) Receiving support, b) delivering support, c) both<br>• Database will also provide a baseline for Volunteer participation rate in parks and green spaces (no. Volunteers / 1,000 population)<br>• No. Volunteer groups per park / green space |
| Volunteer / group skills matching | A programme in which Volunteer groups are matched with individual volunteers or other groups with a particular area of knowledge, expertise or experience. | An increase in capacity and capabilities in volunteer groups, without significantly increasing the capacity burden onto Local Authority parks managers. | • No. Volunteers taking part in capacity building skills matching service sub-categorised by a) Receiving support, b) delivering support, c) both |
| Parks Forum set up and co-ordination | Volunteer groups across Cambridgeshire and Peterborough are connected to share best practice case studies, current activities and future aspirations. | Opportunities for collaborative working to deliver activities at scale identified and perused. | No. Volunteer groups engaged with the Volunteer network (attend at least one event a year) |

| First Draft Outputs and Outcomes – To be further developed | | | |
|---|---|---|---|
| Service | Output | Outcome | Measures |
| Funding options development for Volunteers | Volunteers are supported through the process of accessing funds – such as grant funding applications and/or crowd funding.<br>Increased funds available | Increase resource injection into volunteer and community groups.<br>Increase delivery of activities in parks and green spaces. | • No. Of successful funding bids<br>• Value of external funding secured |
| Overall Outcome/Impact – Improve Health and Well Being | | | |
| Manage a database of health-based organisations and activities delivered in parks and green spaces. | Increased take up of social prescribing via signposting health-based opportunities in parks and green spaces to providers and commissioners. | Better access to services provided in parks and green spaces that contribute to better health and wellbeing. | • No. Of referrals / participation rate<br>• No. Individuals accessing health-based services in parks and green spaces<br>• Survey data: Self-reported level of health and wellbeing |
| Develop support materials to new PCNs (primary care networks) | Link patients and social prescribers with appropriate green space.<br>Promotion of parks and green spaces for health and wellbeing.<br>Promotion of specific parks where facilities and activities are appropriate for green prescribing activities. | Improved accessibility of parks and green spaces for people with health conditions and disabilities. | • No. Projects / strategic interventions in areas of deprivation and health inequalities.<br>• Baseline – Jim Roquette data<br>• No. Of health-based activities taking place in parks and green spaces<br>• Participation rate of health-based activities in parks and green spaces. Sub-categorised by target group. (Per 1,000 population for example or by number of 'referrals') |
| Set standards & benchmarks for delivery of health-related activities in parks and green spaces. | Consistent delivery of health-related activities in parks and green spaces, | Improved self-reported health and wellbeing among targeted groups. | • Quality of health-based interventions in parks and green spaces (I.e., do these |

| First Draft Outputs and Outcomes – To be further developed | | | |
|---|---|---|---|
| Service | Output | Outcome | Measures |
| | ensuring a minimum standard quality of care. | | activities meet the standards we set)<br>• Survey data: Self-reported level of health and wellbeing |
| Marketing support, particularly hard to target groups | Promotion of parks and green spaces for health and wellbeing. Delivery marketing campaigns & messages that reach members of the public / subgroups with low park usage. | Increased use of parks and green spaces by target groups.<br><br>Increase number of target groups engaging in health and wellbeing activities in parks and green spaces. | • Participation rate of health-based activities in parks and green spaces. Sub-categorised by target group (per 1,000 population or by number of 'referrals') |
| Health network animation | Engagement with public health representatives and parks practitioners to enable a more joined up approach to the delivery of health-based activities in parks and green spaces. | Increased number of health-based activities in parks and green spaces. | • Attendance rate to events<br>• No. Of health-based activities taking place in parks and green spaces<br>• Impact assessment: where actions followed up |
| Go-to resource for getting support to deliver health and wellbeing activities | Park's Navigator will be able to respond to enquiries by signposting or connecting social prescribers, parks practitioners or volunteer / community groups to necessary contact for the delivery of health-based activities in parks and green spaces.<br><br>Support to scale up some of the | A more coordinated, joint-up approach to the delivery of health and wellbeing activities in parks and green spaces.<br><br>A reduction in barriers to delivering health and wellbeing activities in parks and green spaces<br><br>Higher standard of service for the delivery of health-related activities in parks and green spaces. | • Attendance rate to events / participation rate (I.e., percentage of people subscribed to a volunteer network who engage in activities)<br>• Impact assessment: where actions followed up and no. of joint / partnership projects perused<br>• Survey data<br>• Quality of health-based interventions in parks and green spaces (I.e., do these |

| First Draft Outputs and Outcomes – To be further developed | | | |
|---|---|---|---|
| Service | Output | Outcome | Measures |
| | smaller organisations that are currently providing green social prescribing activities, or signpost to other capacity-building programmes as appropriate. | | activities meet the standards we set) |
| Local capacity building and scale-up support for the delivery of health and wellbeing activities in parks and green spaces | Support to scale up some of the smaller organisations that are currently providing green social prescribing activities<br>Critical friend to business planning, connecting initiatives to funding, matching complementary organisations to fill gaps in capabilities and block barriers to services | Higher standard of service for the delivery of health-related activities in parks and green spaces.<br><br>Quality assurance of sites and activities delivering health and wellbeing activities in parks and green spaces<br><br>Public health representatives and social prescribers are better able to run health-based activities in parks and green spaces.<br>New services and/or services unlocked for underserved populations are developed through smart coordination of existing activities | • Quality of health-based interventions in parks and green spaces (I.e., do these activities meet the standards we set)<br><br>• Survey data<br><br>• No. Of health-based activities taking place in parks and green spaces |

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### The Value of Parks

Parks as public goods deliver positive economic externalities in the form of better physical and mental health, reduced carbon and improved air quality. They are a feature natural capital that supports social and economic activity. These benefits flow from ecosystem services and these can be measured as benefits that would be lost if a green space were removed or changed – or the benefits gained by providing a new parks or greenspace. This approach to valuing the benefits of parks is called Natural Capital Accounting and is now a recognised approach to valuing non-financial benefits in the HMT Green Book.

## National Evidence

The Wellbeing Value associated with the frequent use of local parks and green spaces is worth £34 billion a year, and parks and green spaces are estimated to save the NHS around £111 million per year based solely on a reduction in GP visits and excluding any additional savings from prescribing or referrals.

For every £1 spent on parks in England an estimated £7 in additional value is generated for the health and wellbeing of local people and the local environment. Parks provide natural benefits to the communities valued at £6.6bn annually including £2bn of avoided health costs. These benefits are worth £140 per year for every urban resident. Parks are a really smart low cost investment in civic infrastructure. But these returns are not the only reason for places to invest in parks.

## Local Evidence

Applying this approach in Cambridgeshire & Peterborough parks provide benefits worth £375m per year in benefits (or £25 per visit) made up of physical and mental health benefit, amenity value and carbon sequestration. The vast proportion of this is received in mental and physical wellbeing benefits which account for £317 million per year of value across Cambridge and Peterborough. This is physical health benefits of per visit £7 and mental wellbeing benefits per visit £14.

It is estimated that for every £1 spent on maintaining parks and green spaces across Cambridgeshire & Peterborough over £40 are received in benefits making parks a smart investment.

Small greenspaces are a vital source of value for urban residents in densely populated areas, creating nearly twice as much value per hectare as the largest greenspaces which tend to be located in less densely populated areas.

Going forward, increasing the frequency of greenspaces and the level of physical activity in these spaces could unlock even greater value from existing parks.

Figure 6 Measuring the Benefits of Parks

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| Mental Health | Natural Capital value | To be assessed | Increasing values of three years by increasing visits and accessibility |
| Physical Health | Natural Capital value | To be assessed | Increasing values of three years by increasing visits and accessibility |
| Carbon Sequestration | Natural Capital value | To be assessed | Increasing values of three years by increasing vegetation, canopy |

| Key Benefit | Measure | Baseline | Target & Timescale |
|---|---|---|---|
| | | | cover and tree planting etc |
| Amenity Value | Natural Capital value | To be assessed | Increasing values of three years by increasing visits and accessibility |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

The major risk is that if the council (with CPCA) do not take the initiative to incubate this project then it will not happen and therefore the benefits to nature, community and residents will not take place and they will not get the benefits of green spaces.

A further risk lies in the rapid growth and development of the county. A key factor of FPA is understanding the delivery of new green spaces as a result of development, and with the demands of new local plans and the OxCam Arc there is a poor-quality open space with all the associated failings that can bring.

A further risk is lack of engagement by the operators of public green spaces. However, all partners have been engaged with the FPA to date and this proposed model does not impact on the autonomy of those operators, instead bringing shared/added benefits.

There is also considerable reputational risk for the Council if the outputs of the FPA Project are not taken up. The National FPA Programme is designed to enable public sector partners to innovate and create new solutions to sustaining and improving parks and green spaces. The particular theme for the C&P FPA Programme was partnership and multi-tiered working and this is also a strong theme for the new administration. If the legacy of the FPA Project is not secured an opportunity for demonstrating innovation in this key area will be lost.

## 8. Scope: What is within scope? What is outside of scope?

In scope - publicly owned/accessible parks and green spaces across Cambridgeshire and Peterborough.

Out of scope – Nat Cap Investment, mapping and info, stewardship, governance

Out of scope – Cambridgeshire County Council’s farm estates.

## Appendix A - Supporting Evidence

Health and GI - Natural England A Rapid Scoping Review of Health and Wellbeing Evidence for the Framework of Green Infrastructure Standards NEER015 http://publications.naturalengland.org.uk/publication/4799558023643136

Healthy New Towns Programme - NHS Putting Health into Place. https://www.england.nhs.uk/ourwork/innovation/healthy-new-towns/#:~:text=Covers%20developing%20preventative%20and%20integrated,integrated%20and%20high%2Dquality%20services.

Promoting healthy weight in children young people and families - Public Health England - Promoting healthy weight in children, young people and families - GOV.UK (www.gov.uk)

Improving access to green spaces Public Health England - Improving access to greenspace: 2020 review (publishing.service.gov.uk)

Why should we invest in parks? National Heritage Lottery Fund https://www.heritagefund.org.uk/publications/parks-people-why-should-we-invest-parks#:~:text=Parks%20investment%20helps%20to%20reduce,do%20not%20usually%20use%20parks.

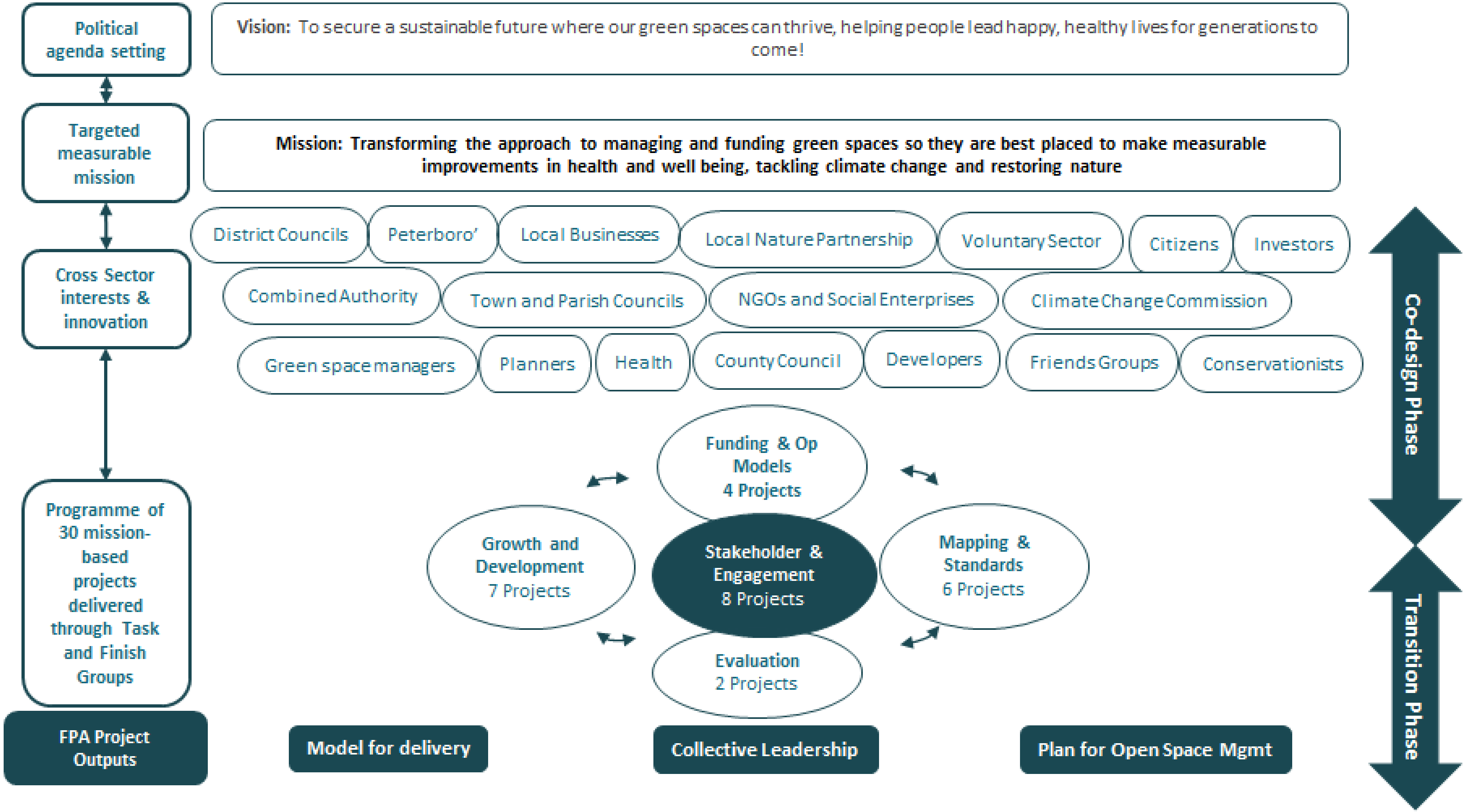
Stakeholder Engagement Workstream Project 4 NEW COMMUNITIES https://cambsfutureparks.org.uk/wp-content/uploads/2021/08/cp-future-Parks-cew-communities-report-July-2021.pdf

CAMBRIDGESHIRE OPEN SPACE MAPPING & STANDARDS SUMMARY REPORT https://cambsfutureparks.org.uk/wp-content/uploads/2021/06/cambridgeshire-open-space-mapping-and-standards.pdf

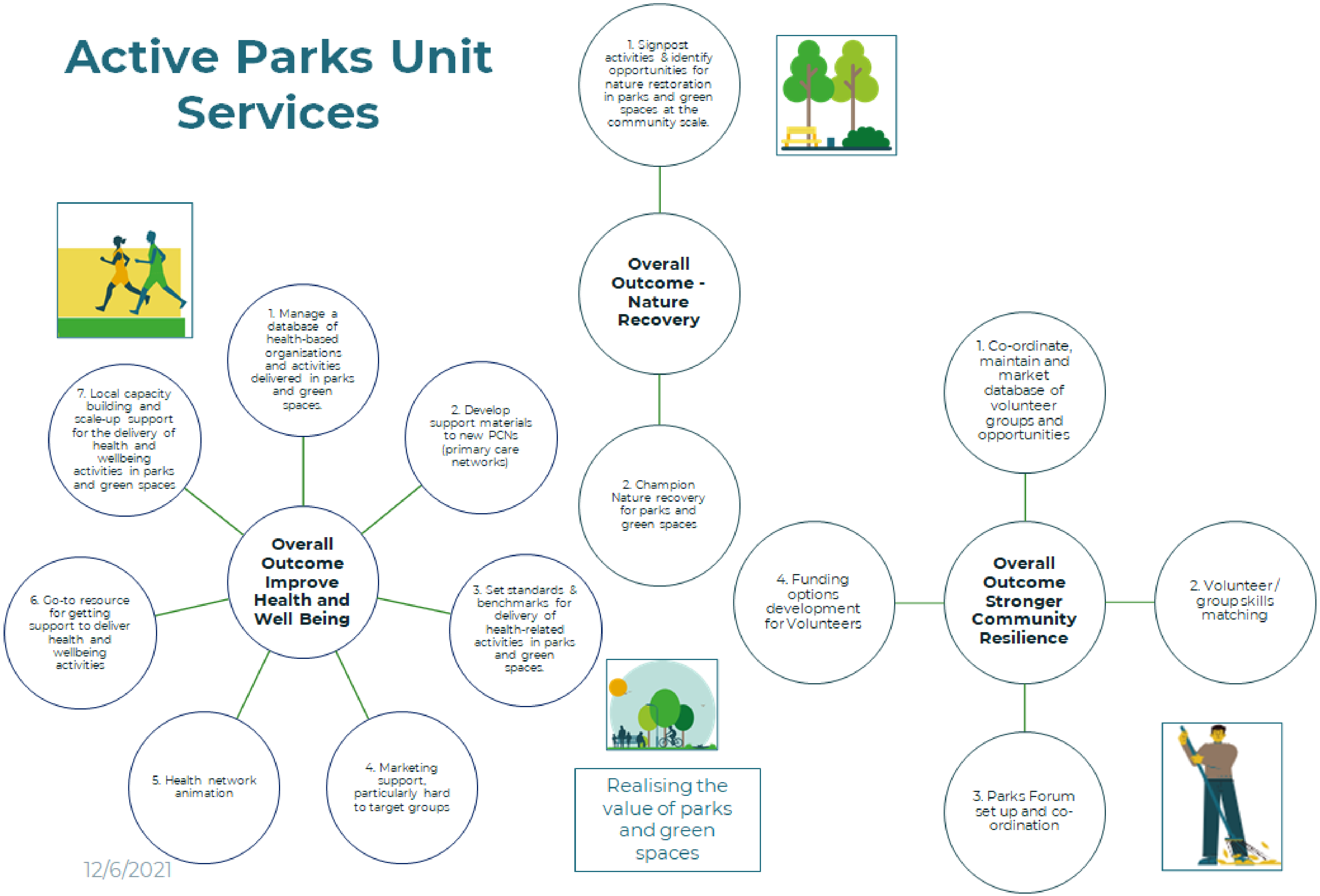
Project Opportunity and Options Assessment Report for Cambridgeshire and Peterborough Future Parks Accelerator Finance Earth

Stakeholder Engagement Workstream Project 5 Realising the health and wellbeing benefits of parks and public open spaces

## Appendix B - FPA Programme Management Approach



# Appendix C – Active Parks Unit functions and services



## Appendix D – Active Parks Unit – Phase1 Staffing Structure

| Role | # FTE | Pay Grade | Salary (Unweighted) | | Reporting to |
|---|---|---|---|---|---|
| Programme Director | 0.3 | P5 | £58,893 | £17,668 | Governance model for Parks Unit |
| Funding Specialist | 0.5 | P1 | £33,816 | £16,908 | Programme Director |
| Park Navigator Team Lead | 1 | P1 | £33,816 | £33,816 | Programme Director |
| Parks Navigator - Parks (Ecology & Ops) | 1 | S01 | £27,741 | £27,741 | Park Navigator Team Lead |
| Parks Navigator - Parks (Health) | 1 | S01 | £27,741 | £27,741 | Park Navigator Team Lead |
| Parks Navigator - Parks (Volunteers) | 1 | S01 | £27,741 | £27,741 | Park Navigator Team Lead |
| | | | | | |
| | | | | £151,615 | |
| Weighting factor, benefits, NICS | 30% | | | £45,484 | Personnel costs |
| | | | | | |
| | | | | £197,099 | |

# Business Planning: Business Case – Investment proposal

## Project Title: Managing Climate Risk

| | |
|---|---|
| Committee**:** | Environment & Green Investment |
| 2022-23 Investment amount: | £340k |
| 2023-24 Investment amount: | £260k |
| 2024-25 Investment amount: | £50k |

Brief Description of proposal:
To reduce organisational and area-based carbon emissions to avoid future costs associated with climate change impacts; and to support delivery of the Climate Change and Environment Strategy which is currently under review.

Date of version: 22 November 2021 BP Reference: N/A

Business Leads / Sponsors: Sheryl French

# 1. Please describe what the proposed outcomes are:

This proposal supports the following Cambridgeshire County Council outcomes:

- Cambridgeshire: A well-connected, safe, clean, green environment
- A good quality of life for everyone
- Communities at the heart of everything we do

## The proposal covers:

## (i). Local Area Energy Planning (LAEP)

To create a spatial representation of Cambridgeshire's current energy system and future energy requirements to strategically plan what and where energy infrastructure is needed to get net zero. Undertaking this work will benefit Cambridgeshire and the Council as it will provide opportunities for the Council to use its buildings and land assets to host or support energy projects to achieve net-zero place making and commercial benefits. The Plan will identify green energy generation and distribution opportunities, retrofitting of existing buildings and set out the strategic partnerships and scale of funding that will be needed to deliver the change to a smart energy system.

## (ii) Cambridgeshire Decarbonisation Fund.

Engage partners and businesses in the development of a detailed business case for a Fund which will invest in local carbon off-setting projects and sell carbon credits to support businesses and communities to decarbonise. This Fund will look to accelerate carbon avoidance, invest in carbon removal and invest locally in projects to manage hard-to treat carbon emissions. The Fund will support SMEs (small to medium enterprises) and large businesses to reduce carbon emissions first and offer local carbon offsets for hard-to-treat carbon reductions. This brings businesses and communities together in a shared effort to decarbonise and will drive down emissions faster than they would otherwise. The Swaffham Prior Community Heat Project will be taken through the carbon credit accretional process to allow carbon credits for this project to be sold to start the process.

## (iii). Climate change and energy services team.

Revenue funding to support the development and delivery of capital funded energy and low carbon projects. This will cover project costs including communications, setting up and managing retail functions for energy sales e.g. Swaffham Prior Community Heat Project and marketing of power and heat products such as power purchase agreements for local consumers.

## (iv).Supporting growth and communities.

Technical carbon and climate inputs are required to support the Council's input on planning applications, local plan development, Nationally Significant Infrastructure projects, advising on new and existing procurements to set carbon footprints for supply chain and advising members. In addition, Government has set up a range of decarbonisation funds (22 grant pots currently available) to apply for funding. Increasingly these require greater levels of specialist input on carbon and climate.

The outcomes from the 2022/23 interventions are listed below:

(i) A Local Area Energy Plan (LAEP):

- Engage stakeholders and partners in the scoping and development of a LAEP
- Agree the strategic framework for Cambridgeshire to develop a future smart energy system at lowest cost for our communities and businesses
- identify how Council buildings and assets can facilitate low carbon place making by becoming anchor loads, or for hosting energy infrastructure
- Identify which Council buildings and assets can be developed for energy projects to develop commercial returns
- Identify how to integrate existing energy investments and projects into a wider smart energy system for Cambridgeshire

(ii) A Cambridgeshire Decarbonisation Fund and business advisory service will:

- Support SME's to understand their carbon footprints and make plans for decarbonisation
- Collaborate with Cambridgeshire businesses on opportunities for carbon offsetting locally for hard-to-treat carbon emissions
- Collaborate with communities and partners to develop a pipeline of low carbon projects that cut carbon emissions locally
- Attract investment into decarbonisation projects in Cambridgeshire to deliver faster and deeper reductions to emissions than otherwise
- Invest in local carbon avoidance and removal to provide confidence that emissions are reduced and verified
- Accredit Swaffham Prior Community Heat Project to sell carbon credits as a first project

(iii) The Energy Team is currently delivering a £100 million investment programme into capital projects covering school and building retrofits, solar farms, district heating and smart energy grids. On average 15% of relevant staffing costs can not be fully capitalised. For new projects e.g. Swaffham Prior Community Heat Project, revenue costs for retail and sales function need to be covered.

The outcome from this investment will be carbon footprint reductions for schools, community and the Council.

(iv) Additional specialist carbon and climate skills to support the development of a data framework for carbon for the Council to inform decisions; assess planning applications; assess procurements and to apply for decarbonisation funding. Government has a range of decarbonisation funds and competitions to apply for to help the Council and communities reduce carbon emissions

The outcome from this investment will be carbon reductions from growth, reductions of scope 3 emissions and inward investment from successful decarbonisation competitions and grants.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Nationally, Government has set a target of 78% reduction of CO2e emissions by 2035 and net zero emissions by 2050.

The Council' Climate Change and Environment Strategy and targets are under review. Below is a list of the existing climate mitigation targets for the Council and its communities.

### Existing Targets

- Reduce the council's scopes 1 and 2 by 50% (compared to 2018 levels) by 2023. (retain as interim target to the proposed target)
- All buildings we own and occupy to be fossil-fuel free and all car and van fleet to be electric by 2025
- Reduce the council's scope 3 by 50.4% (compared to 2018 levels) by 2030
- By 2030, sign up to a shared target with partners and the community to deliver 50.4% GHG emissions reductions by 2030 for Cambridgeshire (based on 2018 baseline)
- Net zero carbon for Cambridgeshire by 2050 (area target)
- All council directorates to implement measures to ensure their services are adapted to climate change by 2025
- 100% of Council strategies include policies that tackle Climate Change and provide natural capital enhancement by 2023
- Deliver 20% biodiversity net-gain across all Council property, land projects and wildlife site by 2050

The JAA (Joint Administration Agreement) action plan has committed to the Review of the Climate Change and Environment Strategy and its completion by December 2021 to inform business plan proposals. The JAA action plan also includes the development of a Net Zero Programme and Resource Strategy to inform the Medium term Finance Strategy by March 2022. The latter will inform the 2023/24 business planning process and this business case is providing the interim 2022/23 interventions that are needed to continue to build skills, plans, mechanisms and attract funding for delivery.

The interventions are to support the JAA ambitions to put climate and nature at the heart of decision making. This means alignment with the new Corporate Framework and triple bottom line accounting, as well as supporting the decentralisation agenda that includes Think Communities and Happy at Home. The interventions are also supporting the COVID-19 Green recovery Plan 2020 and will inform the Council's Commercial, Investment and Asset Management Strategies.

(i) Local Area Energy Planning has been developed by the Energy Systems Catapult (ESC) funded by Government and its toolkit has been tested by three Local Authorities. The proposal is to use the ESC or equivalent toolkit and then use the information and evidence to compete for government funding to support delivery of these decarbonisation plans.

(ii) The Cambridgeshire Decarbonisation fund is in its second year of development with CUSPE researchers. The output from 2021/22 research will provide the fund model and strategic case. A detailed business case in collaboration with businesses and partners will then be developed to generate buy-in and commitment to the Fund. Already SME's are asking the Council for this type of fund and support for decarbonisation of their businesses.

(iii) and (Iv) The Council reports annually on its carbon footprint for scope 1, 2 and 3 emissions and the annual carbon footprint for Cambridgeshire. The projects for schools and CCC buildings are reducing the Council's direct carbon footprint and the larger projects are reducing emissions more broadly for Cambridgeshire. However, to increase the pace and scale of emission reductions the Council needs to use its policy levers and powers to design out emissions from growth, support supply chain emissions reductions and attract investment into decarbonisation projects locally.

## Stakeholder engagement

During October and November 2021, three webinars were held engaging with the community, businesses and partners. The key messages include:

- Align ambitions with partners and businesses to create greater impact
- Lead by example
- Support communities and businesses to decarbonise
- Provide data and evidence to inform decisions and wider engagement

In addition:

- A large number of parish councils in Cambridgeshire have declared climate emergencies and are looking to make a difference. However, a lot of the place making mechanisms such as infrastructure are in the remit of others. Climate change (nalc.gov.uk)
- Young people have sent messages via the pre lockdown Climate Strikes . Young people resume global climate strikes calling for urgent action | School climate strikes | The Guardian
- Cambridge University climate risk report for Cambridgeshire highlights the impacts on our communities. Preliminary report on climate risk in the Cambs Peterborough region 2020-2099_final.pdf (hubspotusercontent40.net)
- Key businesses in Cambridgeshire are pledging to become net zero businesses.
- https://www.cisl.cam.ac.uk/news/blog/why-the-transition-to-net-zero-is-businesss-business
- https://www.cambridgeindependent.co.uk/business/arm-commits-to-achieving-net-zero-carbon-by-2030-9147684/

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The review of the Climate Change and Environment Strategy is underway and engagement with Members, management teams, partners and stakeholders has taken place during October – November 2021. The Steer from the cross-part workshop with Councillors on 5 October and webinar on 12 October include:

(i) Whole organisation engagement and delivery of targets
(ii) Wider engagement and support for communities and businesses
(iii) Alignment with partners and
(iv) identifying the mechanisms and strategic partnerships to deliver at scale

Presentations given on the review of the Climate Change and Environment Strategy (that were undertaken during September – November 2021) also included internal management teams, the Greater Cambridge Partnership Officer Management Team; Lead Officers on Climate at the Cambridgeshire and Peterborough Combined Authority (CPCA) and a presentation to the Officer Climate Working Group (3rd November 20210.

Specific work on Local Area Energy Planning and Cambridgeshire Decarbonisation Fund has been underway since 2020/21 and has engaged with teams in Business Intelligence as well as with district Council and CPCA partners. Intervention (iii), revenue funding for the Energy team has been discussed with the Director of Resources and identified for inclusion in this business case.

### Deliverability

The Council has been building skills and knowledge since 2014 on energy infrastructure, the energy market and how to develop and deliver energy projects and retrofits for decarbonisation. This skill building was designed as a result of a 'Carbon Assessment of the Long Term Delivery Plan' undertaken by Cambridgeshire Horizons in 2009/10 that showed Cambridgeshire's growth agenda adding significant carbon footprint to Cambridgeshire. The strategic intervention to build skills and capacities has resulted in the current £100Million energy programme of living lab projects. However, it is now timely to build on this work and scope a more coherent plan for the local area for both energy and decarbonisation.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The following steps are needed:

- ✓ Complete the Cambridgeshire University Science and Policy Exchange (CUSPE) Projects on heat zones (for Local Area Energy Planning) and Cambridgeshire Decarbonisation Fund by January 2022.

- ✓ Work with partners and the CPCA to discuss LAEP with a view to scope what is needed and set up a Strategic Board to oversee the development of the LAEP and the Cambridgeshire Decarbonisation Fund. Engage with the Energy System Catapult, Eastern New Energy to scope the work programmes, undertake stakeholder mapping. April- September 2022

- ✓ Commission phase 1 of the evidence base for the LAEP and the detailed business case for the Cambridgeshire Decarbonisation Fund and engage with and get the buy-in from stakeholders/partners  Sept 2022-  March 2023

- ✓ Map the wider landscape of funding, investment, bonds, grants, competitions, developer contributions, economic incentives, green levies, finance instruments to facilitate the above.  March 2023- September 2023.

- ✓ Set up communications, marketing and sales functions to promote and commercialise energy projects April 2022- March 2024

- ✓ Bring forward skills and capacities to inform work on the Local Government Associations low carbon procurement toolkit for supply chain, a carbon data framework for the Council, government funding etc. April 2022- March 2024

## High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Complete CUSPE projects | July 2021 | January 2022 | Sheryl French and Dan Quantrill |
| Convene Strategic Board and scope work programme for LAEP and CDF | April 2022 | September 2022 | TBC |
| Commission phase 1 of the evidence bases for the LAEP and CDF | September 2022 | March 2023 | Strategic Board |
| Set up marketing, sales and comms function for energy projects and recruit new skills and capacity planning and inward investment etc | April 2022 | March 2024 | Sheryl French |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

The most vulnerable in society will suffer the biggest consequences of climate impacts unless interventions are in place to moderate impacts. Delivering change into rural communities costs more and it is important this work advocates for the vulnerable and the rural communities to prevent them getting left behind and falling into poverty.

An Equality Impact Screening has been completed for this proposal and, if the budget is approved, the impact will be assessed across the three different aspects of the bid as the projects are scoped.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

### Cost avoidance:

The Council's carbon emissions in 2019/20 across scopes 1,2 and 3 were estimated at 206,579 tonnes $CO_2$e. BEIS has published its central scenario carbon price for 2021 @ £245 per tonne to inform policy assessments. If the Council does nothing to reduce its carbon emissions, the risk value of these carbon emissions in today's price undiscounted is @ £50+million.

BEIS forecasts an increase in the per tonne price of carbon over time. If nothing is done to reduce the Councils carbon footprint the Council's risk increases as a result of (i) increased costs for fossil fuels (ii) tighter regulation on carbon emissions reducing asset values for assets with high emissions. This could result in reduced rents or additional investments to mitigate emissions in the future.

Wider society will pick up costs from climate impacts. Overheating, droughts and flooding could increase costs for maintaining roads and infrastructures and this could impact the health of our communities creating greater burdens on the NHS. If flooding events become more prevalent, Insurance companies will increase premiums and or choose not to insure companies/homes in areas of flood risk vulnerability. Other key areas of risk are agriculture and nature – the impacts of both water, (flood and drought) as well as loss of nature (e.g. for pollination, soil health) will reduce land productivity.

| **Key Benefit** | **Measure** | **Baseline** | **Target & Timescale** |
|---|---|---|---|
| CO2e reductions to limit temperature | Carbon footprint organsiation | 2018 baseline | Net Zero by 2030 scope 1 and 2, |

| | | | |
|---|---|---|---|
| rise and climate impacts | and Carbon footprint area | 2017 baseline | 50% reduction on scope 3 by 2030<br>Net zero by 2045 |
| Air quality improvements | Via Local Authority Air Quality Strategies | 2021 baseline | |
| Support for Cambridgeshire businesses to adjust to new product development and changes | £invested in carbon credits as part of the Cambridgeshire Fund | | £ invested in local projects to reduce carbon emissions |
| Infrastructure planning for low carbon places | | No LAEP in place<br>No heat zones in place | LAEP plan in place and heat zones |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| **Risk** | **Mitigation** | **RAG** (should the risk occur) | **Overall Responsibility** |
|---|---|---|---|
| Delivery risk:<br>Insufficient net zero skills in the Council to lead and support the delivery of carbon reductions | Initial skills gaps and capacity identified and included in the business plan for 2022/23 | Amber | Executive Director Place and Economy<br>and Assistant Director of Climate Change and Energy Services |
| Delivery Risk:<br>Delays to getting the right strategic and resourcing framework for Net-Zero | The Review of the CCES is underway to identify 'interim' investment funding in the business plan 2022/23. A detailed resourcing strategy for net zero will inform | Green | As above and |

| | | | |
|---|---|---|---|
| | the 2023/24 business planning process. | | |
| Risks of not acting:<br><br>Greater resource pressures from higher energy bills,<br><br>More community demands on services e.g.flood risk;<br><br>Greater spend on repairing and maintaining infrastructure<br><br>Less inward investment to the community<br><br>Reputation as not leading by example having declared a climate emergency<br><br>Opportunity to benefit commercially from a green recovery and transition diminishes<br><br>Regulatory change results in more costs to the Council | Local Area Energy planning; building retrofit plans | Green | As above |

## 8. Scope: What is within scope? What is outside of scope?

Potential capital/revenue requirements total £340,000 on staff and consultancy on capital and revenue schemes. Please see table below.

| Invest to Save (avoiding future carbon costs and climate impacts) | 2022/23 | 2023/24 | 2024/25 | CO2e reductions @£245t/CO2e price in 2021 | TOTAL |
|---|---|---|---|---|---|
| Local Area Energy Planning | £80,000 | £80,000 | £80,000 | Estimate 3.6 MtCo2e reductions by 2045 equivalent value of + £1 billion | £240,000 |
| Cambridgeshire Decarbonisation Fund | £80,000 | To be reviewed | - | TBC | £80,000 |
| Revenue support for marketing, sales, comms for energy projects | £120,000 | £120,000 | £70,000 | Cumulative contractual savings of 100,000 tCO2e from 2017-2021on current investments valued at £24.5M and more forecast from 2021-2025 | £310,000 |
| Support for growth and Communities | £60,000 | £60,000 | To be reviewed | TBC | £120,000 |
| TOTAL | £340,000 | £260,000 | £150,000 | CO2e reductions | £750,000 |

# Section 4n
# Strategy and Resources

# Savings and Income Proposals

# Business Planning: Business Case proposal

| | |
|---|---|
| Project Title: | Members' Allowances |
| Committee: | Strategy and Resources |
| 2022-23 Savings amount: | £40k |

Brief Description of proposal:
No Member may receive more than one special responsibility allowance. Savings could be made where Members are appointed to two roles as they are only eligble to receive one special responsibility allowance.

| | |
|---|---|
| Date of version: 15 Sep 2021 | BP Reference: C/R.6.105 |
| Business Leads / Sponsors: | Michelle Rowe |

## 1. Please describe what the proposed outcomes are:

With Members in their current roles, savings could be made from the Members' Allowance budget.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Members' Allowances are recommended by an Independent Remuneration Panel and then approved by the Council. As set out in the Constitution, allowances comprise the following information:

### Special Responsibility

**Group Leaders and Deputy SRAs (Special Responsibility Allowance)**

| | |
|---|---|
| Leader of the Council | £31,704 |
| Deputy Leader of the Council | £20,608 |
| Leader of the main opposition | £10,462 |
| Leader of the minor opposition x 2 | £6,340 |
| Total | £69,114* |

The Leaders of the Labour and Independent Groups will not receive the Leader of the minor opposition allowances as they are part of the Joint Administration and therefore the Labour Leader receives one allowance as Deputy Leader of the Council and the Leader of the Independent Group receives one allowance as Chair of Communities, Social Mobility and Inclusion Committee.

*The total which will actually be claimed is therefore £62,774 rather than the £69,114 total as above.

**Policy and Service Committees**

| | |
|---|---|
| Policy and Service Committee Chairs x 5 | £18,372 |
| Policy and Service Committee Vice-Chairs x 5 | £7,927 |
| Total | £131,495 |

**Other Committees**

| | |
|---|---|
| Audit and Accounts Committee Chair | £7,926 |
| Pension Fund Committee Chair | £7,926 |
| Planning Committee Chair | £7,926 |
| Total | £23,778 |

**Combined Authority Appointments**

| | |
|---|---|
| Combined Authority Board Member | £3,170 |
| Combined Authority Overview & Scrutiny Committee x 2 | £1,585 |
| Combined Authority Audit and Governance Committee | £1,585 |
| Total | £7,925* |

The Leader will not receive the Combined Authority Board allowance as they can only receive one allowance. The Council's representative on the Audit and Governance Committee is also the Chair of Audit and Accounts Committee so the same rule applies.

Fostering Panel Member to receive £140 per day or £70 per half day

*Total which will actually be claimed is therefore £3,170 rather than the £7,925 total above

The allowances for the Chair and Vice-Chair of Council are not part of the Members' Allowances Scheme and are funded from a separate budget managed by the Chief Executive's office. However, the payments are taken out of the Members' Allowances budget during the financial year. The Chair of Council receives £10,462 and the Vice-Chair of Council receives £3,170. Total for Chair and Vice-Chair is £13,632.

Special Responsibility Allowance Total including the allowances for the Chair and Vice Chair of Council is £234,849 (This does not include the Fostering Panel)

Basic Allowance

£10,568 x 61 £644,648

At the start of the financial year, the following budget figures were set for Basic and Special Responsibility Allowance budgets of £629,215 and £311,075 respectively totalling £940,290.

The changes set out above proposed by the Independent Remuneration Panel and approved by Council total £879,497.

To that figure you need to add £1,000 which is the Independent Persons allowance.

The total is therefore £880,497.

(This includes the allowance to the Chair and Vice-Chair of Council, but does not include the Fostering Panel, which is claimed for as and when the member sits on the panel. It also applies the one member one SRA rule).

Once the national local government pay award is confirmed this will be applied and backdated to these allowances from 10th May 2021. The local government employers first offer was an increase of 1.5%, however, this has been rejected by the staff side and further consideration is pending. We would expect that the uplift will be not less than 1.5% equating to an additional £13,192 across the allowances set out in this report.

The total budget figure is therefore £880,497. However, the pay award for next year needs to be added which is approximately £13,192. Total is £893,689.

There will also be a need to claim £6,432 from next year to offset the pressure to the Chair and Chair's fund. Total is therefore £900,121.

The original budget was set at £940,290 so this would give a saving of £40,169.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

N/A

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

We will need to await the outcome of the national local government pay award in order to confirm the savings amount that has been estimated.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

N/A The savings figures are simply related to current procedures and circumstances in the allowances that Members can receive.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

Potential savings of £40,169

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

It is important to note the following:

- Members cannot claim two special responsibility allowances, but if a new Member is appointed it becomes a new cost and so figures could be different to the current position.
- Co-opted Members can claim a Financial Loss Allowance which is a £50 flat fee per half day attended.
- Members can claim a Child and Dependant Carer's Allowance
- The Independent Remuneration Panel (IRP) want CCC to have a policy to support parental leave, which is going to Council on 9 November 2021
- Allowances are increased annually in line with the percentage increase in staff salaries
- The IRP is to undertake a review of the allowances for the new Policy and Service Committee Chairs and Vice-Chairs in twelve to eighteen months' time.

## 8. Scope: What is within scope? What is outside of scope?

The savings relate to Members' Allowances only.

# Business Planning: Business Case proposal

## Project Title: County Farms / Agricultural Rent

| | |
|---|---|
| Committee: | Strategy & Resources |
| Income / savings amount: | £252k |

Increase in income expected between 2021-22 and 2022-23 is £252k

Brief Description of proposal:
10% uplift in rent expected from October 2021- September 2022
2.5% annual uplift from Oct 2022

Date of version: 25/10/2021 BP Reference: C/R.7.120 [and C/R.7.151]

Business Leads / Sponsors: John Nash Rural Asset Manager

# 1. Please describe what the proposed outcomes are:

Agricultural legislation enables review of rents every 3 years with 12 months notice required.

With 98% of this year's rent reviews completed (44 holdings) Cambridgeshire County Council has increased the passing rent by an average of 16.39%. [There were some big increases this year to play catch up due to earlier internal resource restrictions]

Further, relets to existing tenants and new lettings (31 in total start date October 2021) has resulted in an increase of 16% on the passing rent.

Review of commercial lettings have also increased over 100% (one is subject to contract but with heads of terms agreed on a vacant property) .

These are very good results in the current climate and see a circa 9% increase across the rural portfolio as a whole. The changes are implemented for the agricultural year effective from October and so span two financial periods. Looking ahead to next October we have served rent review notices on 40 holdings (rent roll £400,000) where we believe there is a realistic opportunity to increase rents.

The figures at the top of this business case reflect those numbers apportioned to the relevant financial year.

There remains the possibility that tenants may serve notice on us for rent reductions moving forward.

Further ahead 2.5% is a place marker for future business planning across the portfolio and is a realistic reflection of the uncertainty in agriculture.

| **New BP** | | | |
|---|---|---|---|
| | **Farm rents** | **Covid Commercial Impairment** | **TOTAL Income Budget** |
| Base | -£4,705,000.00 | | **-£4,705,000.00** |
| 21/22 | -£290,000.00 | £205,000.00 | **-£4,790,000.00** |
| 22/23 | -£45,769.02 | -£205,000.00 | **-£5,040,769.02** |
| 23/24 | -£126,019.23 | | **-£5,166,788.24** |
| 24/25 | -£129,169.71 | | **-£5,295,957.95** |
| 25/26 | -£132,398.95 | | **-£5,428,356.90** |
| 26/27 | -£135,708.92 | | **-£5,564,065.82** |

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Unlike commercial rents, agricultural rents are not subject to specified increases using RPI (Retail Price Index) formulae. Forecasting currently is particularly difficult due to uncertainty surrounding significant influences in farming – grain prices affected by uncertainty of world grain stocks due to climatic influences (flood and drought), increasing cost of inputs due to world shortages and cost of production (e.g fertiliser and diesel) as well as reducing subsidy payments in the UK. As such, the rent review process is specialised and can vary enormously year to year due to world markets.

The work is underpinned by the County Farms Strategy and overseen by the County Farms Member Reference Group. Minor consultancy support has been provided from a firm of Agricultural Surveyors, for more complex cases.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The alternative to this proposal would be for the Council to not implement or delay rent reviews, meaning the Council would forego income due under the Farm Business Tenancies agreed.

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The next steps are to agree the proposal for BP 2022-23 and minimum of 2.5% annually thereafter. We are also exploring opportunities from biodiversity net gain further ahead.

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so, please provide as much detail as possible.

It is not anticipated that the proposal will have effects on people with protected characteristics as we are following a standard commercial process.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

Financial Benefits

- Monitoring achievement of expected rent levels/yield compared to target set
- 2.5% uplift in rents on an annual basis from Oct 2022-2023 as a planning tool

There are entries in the tables adjusted as follows:
Covid Impairment: improved by -£292k [C/R.7.151]
Income growth: reduced by +£130k [C/R.7.120]
Net improvement to business plan 2021-26 = **-£162k**

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

A key risk is that with uncertainty in the agricultural sector due to the UK Brexit and changes in subsidies and uncertain world markets, rents may well reduce rather than increase. In such a situation, ongoing capital investment into the estate may be required and associated with improvement charges.

It should be noted there is no mitigation against external influences.

## 8. Scope: What is within scope? What is outside of scope?

It should be noted that the County's agricultural estates only are in scope for this rent review.

# Business Planning: Business Case proposal

## Project Title: Reviewing Staff Structure

Committee**:** Strategy & Resources

2022-23 Savings amount: £100k

Financial Breakdown:

| | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Total £000 | One off/ Permanent? |
|---|---|---|---|---|---|---|---|
| **Savings/ Income** | £100 | £100 | | | | £200 | Permanent |
| **Investments** | | | | | | | |
| **Pressures** | | | | | | | |

Brief Description of proposal:

Undertake a review and potential redesign of the current senior leadership structure for Cambridgeshire County Council under the leadership of the new Chief Executive. This is in response to the Peer Review and to align to the council priorities.

Date of version: 16 December 2021 BP Reference: C/R.6.107

Business Leads / Sponsors: Amanda Askham

## 1. Please describe what the proposed outcomes are:

A senior managegment structure that is aligned to council priorities, addresses the areas identified in the recent Peer Review and provides opportunities for cost savings over the next two financial years.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

A review will be undertaken to identify opportunities for efficiency taking into account the following ecidence:

- Peer Review recommendations
- CCC corporate priorities
- Changes in headcount which may have resulted in a top-heavy management structure which could be leaner and more efficient as well as removing cost.
- The exploration of the potential options of a new structure could require a significant shift in how the Directors work as well as a cultural change.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

No

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Scope of review confirmed | June 2022 | | Stephen Moir |
| Review undertaken | June 2022 | | Stephen Moir |
| Full Business Case developed | June 2022 | July 2022 | Stephen Moir |
| Implementation | July 2022 | | Stephen Moir |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

There is likely to be an impact to those officers in posts which will be in scope of the review. The review will include the Equalities Impact Assessment (EqIA) to help inform the review findings and recommendations. The EqIA will be refreshed as the proposal and full business case is developed.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

- Potential cost savings due to a reduction in the number or scale of posts, this will be identified in the full business case.

### Non-Financial Benefits

- These will be identified as part of the review.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

The review will identify any risks and mitigating actions.

## 8. Scope: What is within scope? What is outside of scope?

Posts in scope include Joint Management Team leadership and supporting roles

# Business Planning: Business Case proposal

## Project Title: Reviewing Staff Structure

Committee: Strategy & Resources

2022-23 Savings amount: £100k

Financial Breakdown:

| | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | 2026-27 £000 | Total £000 | One off/ Permanent? |
|---|---|---|---|---|---|---|---|
| **Savings/ Income** | £100 | £100 | | | | £200 | Permanent |
| **Investments** | | | | | | | |
| **Pressures** | | | | | | | |

Brief Description of proposal:

Undertake a review and potential redesign of the current senior leadership structure for Cambridgeshire County Council under the leadership of the new Chief Executive. This is in response to the Peer Review and to align to the council priorities.

Date of version: 16 December 2021 BP Reference: C/R.6.107

Business Leads / Sponsors: Amanda Askham

## 1. Please describe what the proposed outcomes are:

A senior managegment structure that is aligned to council priorities, addresses the areas identified in the recent Peer Review and provides opportunities for cost savings over the next two financial years.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

A review will be undertaken to identify opportunities for efficiency taking into account the following ecidence:

- Peer Review recommendations
- CCC corporate priorities
- Changes in headcount which may have resulted in a top-heavy management structure which could be leaner and more efficient as well as removing cost.
- The exploration of the potential options of a new structure could require a significant shift in how the Directors work as well as a cultural change.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

No

## 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

### High Level Timetable

| Task | Start Date | End Date | Overall Responsibility |
|---|---|---|---|
| Scope of review confirmed | June 2022 | | Stephen Moir |
| Review undertaken | June 2022 | | Stephen Moir |
| Full Business Case developed | June 2022 | July 2022 | Stephen Moir |
| Implementation | July 2022 | | Stephen Moir |

## 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation? If so please provide as much detail as possible.

There is likely to be an impact to those officers in posts which will be in scope of the review. The review will include the Equalities Impact Assessment (EqIA) to help inform the review findings and recommendations. The EqIA will be refreshed as the proposal and full business case is developed.

## 6. What financial and non-financial benefits are there and how will you measure the performance of these? Are there any dis-benefits? These MUST include how this will benefit the wider internal and external system.

### Financial Benefits

- Potential cost savings due to a reduction in the number or scale of posts, this will be identified in the full business case.

### Non-Financial Benefits

- These will be identified as part of the review.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

The review will identify any risks and mitigating actions.

## 8. Scope: What is within scope? What is outside of scope?

Posts in scope include Joint Management Team leadership and supporting roles

Section 5

# 2021 Business Plan Consultation

# Cambridgeshire County Council

**Final Report**

**January 2022**

# Contents Page

# Project details and acknowledgements

| Item | Details |
|---|---|
| Title | Business Plan Consultation |
| Client | Cambridgeshire County Council |
| Project number | 21172 |
| Authors | Ching-Yi (Jenny) Chen |
| Research Manager | Ching-Yi (Jenny) Chen |
| Reviewed by | David Chong Ping |

This project has been delivered to ISO 9001:2015 and 20252:2019 standards.

QMS ISO 20252 : 2019 REGISTERED
Certificate No:340202020

QMS ISO 9001 : 2015 REGISTERED
Certificate No:340192020

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Somerset House, 37 Temple Street, Birmingham, B2 5DP

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Tel: 0121 604 4664

# Executive summary

Cambridgeshire County Council

## 2021 BUDGET CONSULTATION

EXECUTIVE SUMMARY

As part of the Business Planning process, the County Council wanted to consult with the public to gain insight into residents' views on areas of investment, ways to make additional savings or generate incomes, and on options of Council Tax. M·E·L Research was commissioned to undertake a public survey on the Council's behalf.

A doorstep survey was carried out with residents which was representative by district, age group and gender to the county as a whole. The fieldwork took place between November and December 2021 and 1,112 residents responded to the survey. The sections below presents the key findings of the research.

### LEVEL OF AGREEMENT TO INVESTMENT PROPOSALS (% Strongly agree/agree)


Projects and services which support people across Cambridgeshire to live their lives as independently as possible

Initiatives which join up more closely with local partners, reducing duplication of effort and resources

More measures to tackle inequalities across Cambridgeshire, particularly those that have been made worse by the pandemic

Investing in schemes which respond to the environmental crisis and work towards the County Council's target of achieving net zero carbon by 2030

### LEVEL OF SUPPORT TO PROPOSALS OF SAVING (% Strongly support/support)

Review of how we award and manage contracts

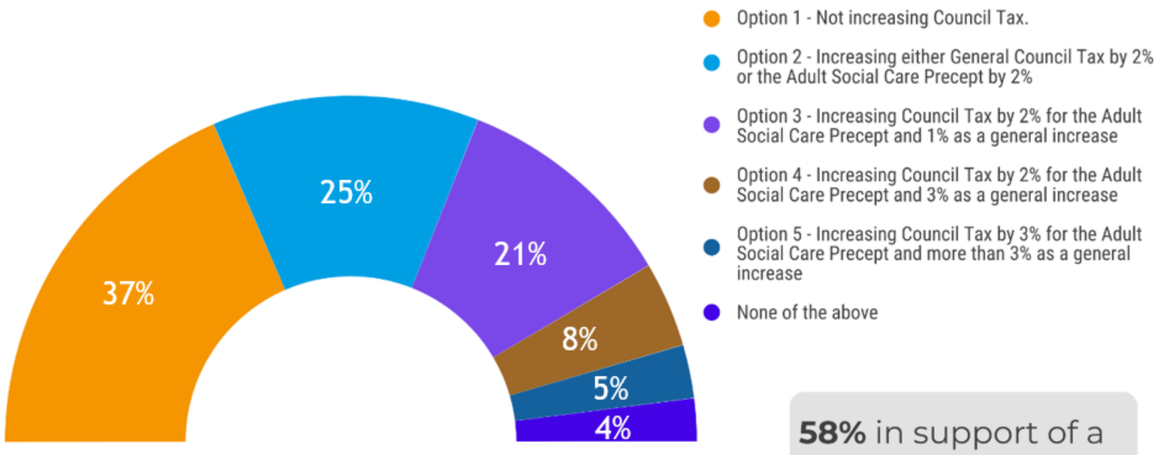
Advertising and sponsorship from local suitable businesses, displaying banners, signs or logos on some council assets and products

Generating further efficiencies and savings by working in new ways and making the most of digital innovations - e.g. more online self service

Increasing charges to deter and reduce non-sustainable methods of transport

Reduce and/or delay investment in Highway projects

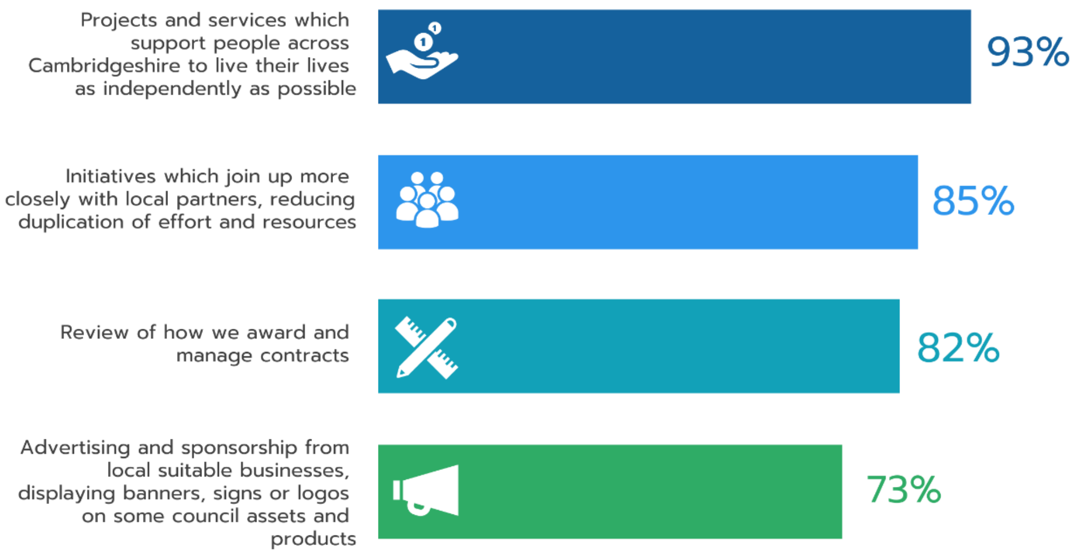
## COUNCIL TAX




**58%** in support of a Council Tax increase

n=1,112

## KEY SUMMARY FOR THE COUNCIL TO FOCUS ON



# Background

## Context

As part of the Business Planning process, the County Council wanted to consult with the public to gain insight into residents' views on areas of investment, ways to make additional savings or generate incomes, and on options of Council Tax. M·E·L Research was commissioned to undertake a public survey on the Council's behalf.

## Methodology

A 10-minute, face-to-face (doorstep) survey was carried out by professionally trained interviewers using a Computer Aided Personal Interview (CAPI) approach with a broad cross-section of residents aged 18 or older, between November and December 2021.

A stratified random sampling approach was used: a sample of residents' starting addresses were drawn randomly from Royal Mail's Postcode Address File, stratified by Cambridgeshire's four Districts and Cambridge City. From each starting address, interviewers aimed to achieve a cluster of approximately 10 interviews from adjacent and nearby properties. Quota targets were set for age groups, gender and a required number of interviews by District/City. Interviews were conducted in both urban and rural areas, reflecting the split across the County. In total, 1,112 residents participated in the survey.

To aid the interviews, showcards were provided to residents with background information of the budget planning, context of the Council Tax proposals and response options for each of the consultation questions. The 'don't know (need more information)' option was considered non-valid response (see section 'Analysis and reporting' below for further details) and therefore not presented on the showcards. Interviewers were asked to only record this answer when residents provided it without being prompted. Further information or guidance was not offered if a resident asked for more information on the proposals.

## Statistical reliability

The achieved confidence interval gives an indication of the precision of results. With 1,112 residents having completed the survey, this returns a confidence interval of ±2.9 % for a 50% statistic at the 95% confidence level. This simply means that if 50% of residents indicated they agreed with a certain aspect, the true figure could in reality lie within the range of 47.1% to 52.9% and that these results would be achieved 95 times out of 100.

The table below shows the confidence intervals for differing response results (sample tolerance).

| Percentage | Confidence interval |
|---|---|
| 50% | **±2.9** |
| 30% or 70% | **±2.7** |
| 10% or 90% | **±1.8** |

**Table 1: Sampling tolerances based on a 95% confidence level**

# Analysis and reporting

Cross-tabulations were generated for key variables including district, age group and gender to represent the broad demographic profile of the County.

Differences in views of sub-groups of the population were compared using z-tests and statistically significant results (at the 95% level) are indicated in the text.  Statistical significance means that a result is unlikely due to chance (i.e.  It is a real difference in the population).

In addition, analysis for agreement/level of support questions are reported for valid responses only, excluding residents who were unable to rate their level of agreement or support – option 'don't know (need more information)' was therefore classified as non-valid response.

Within the main body of the report, where percentages do not sum to 100 per cent, this is due to computer rounding or multiple-choice answers. Where figures do not appear in a chart or graph, these are 3% or less. The 'n' figure referred to in each chart is the total number of residents responding to the question and providing a valid answer.

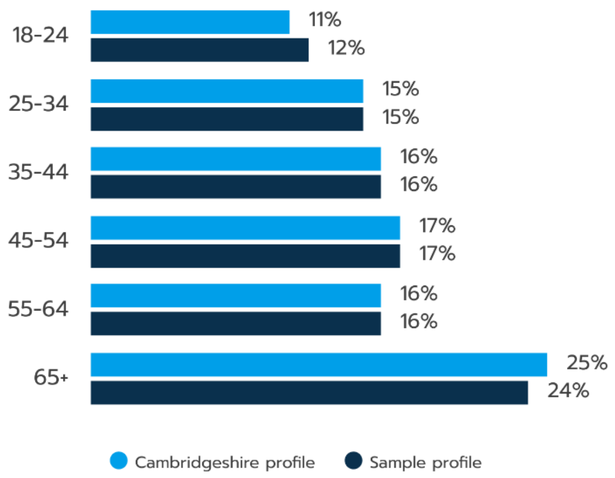
The data presented in this report is unweighted.

# Whom we spoke to

The sample was broadly representative by gender, age group and District/City when compared to Cambridgeshire as a whole.

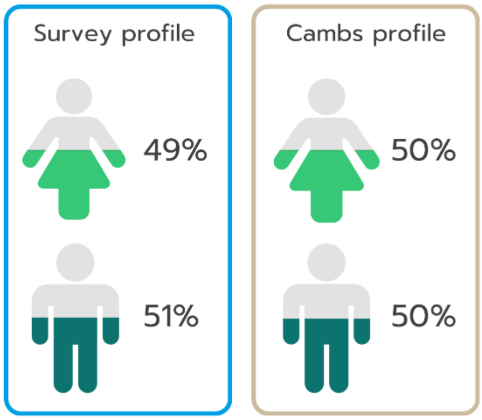
## Age group

n=1,112



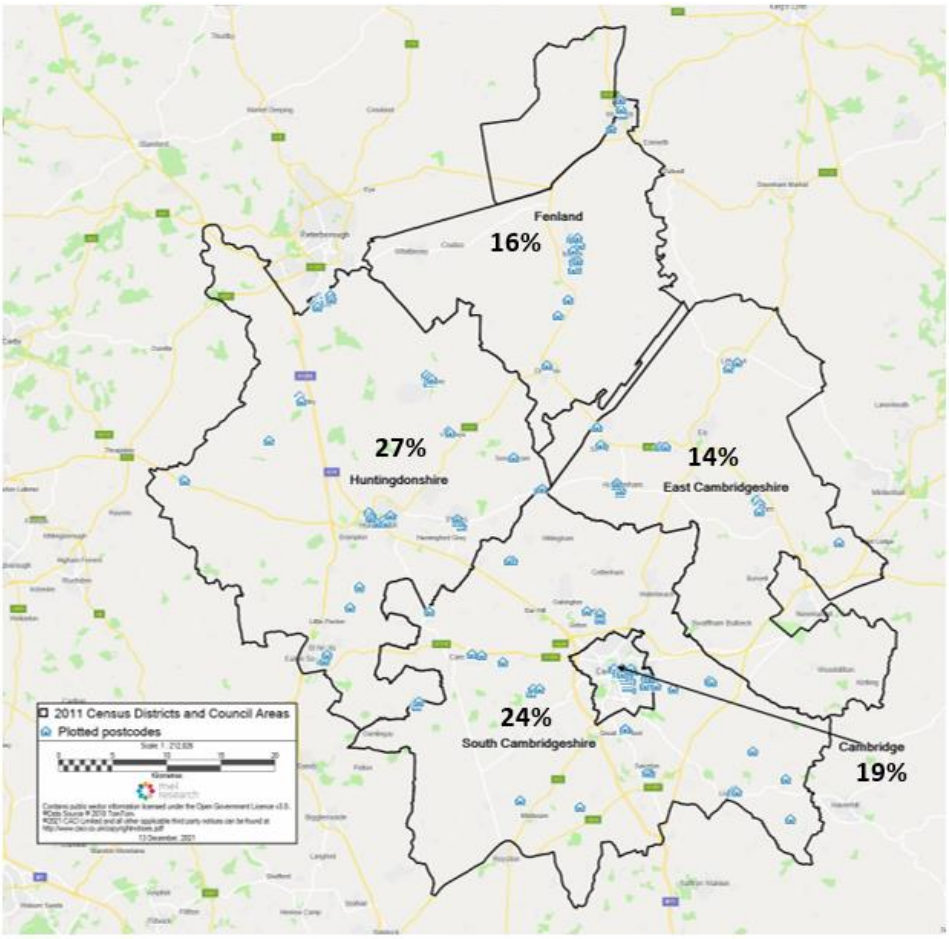

## Gender

n=1,112




## District

n=1,112



# Results

## Section 1: Investment

The County Council is considering investing more in some areas to deliver longer term benefits to people's lives and ultimately reduce costs. The proposed areas are:

- Projects and services which support people across Cambridgeshire to live their lives as independently as possible
- More measures to tackle inequalities across Cambridgeshire, particularly those that have been made worse by the pandemic
- Initiatives which join up more closely with local partners, reducing duplication of effort and resources
- Investing in schemes which respond to the environmental crisis and work towards the County Council's target of achieving net zero carbon by 2030

Residents were asked how strongly they agree or disagree to each of them.

### 1. Projects and services which support people across Cambridgeshire to live their lives as independently as possible

The majority (93%) of residents either 'strongly agreed' (43%) or 'agreed' (50%) to this proposal. Only 1% disagreed.

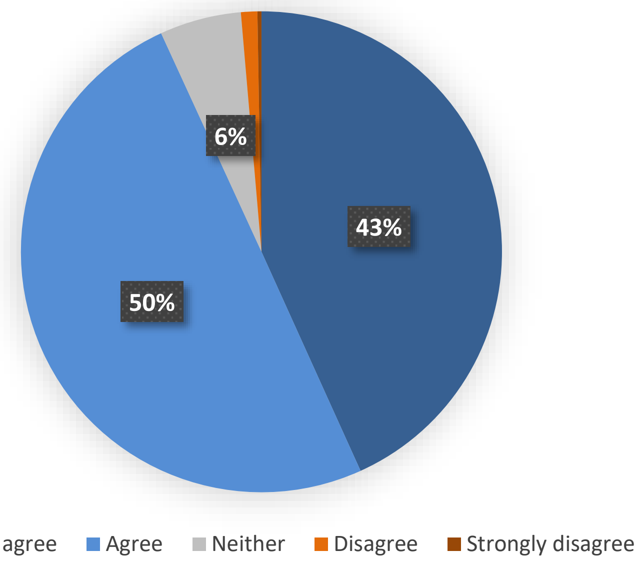



**Figure 1: Level of agreement**
*Base: 1,094*

**Sub-group analysis:**

- Residents living in South Cambridgeshire were more likely to support this proposal (95%) compared to those living in Huntingdonshire (90%).
- Those aged under 35 or over 65 were more likely to support this proposal (95-97%) compared to those aged between 35 and 54 (89%).

## 2. More measures to tackle inequalities across Cambridgeshire, particularly those that have been made worse by the pandemic

84% of residents either 'strongly agreed' (33%) or 'agreed' (50%) that the Council should invest more money in tackling inequalities across the county. 5% disagreed with it.

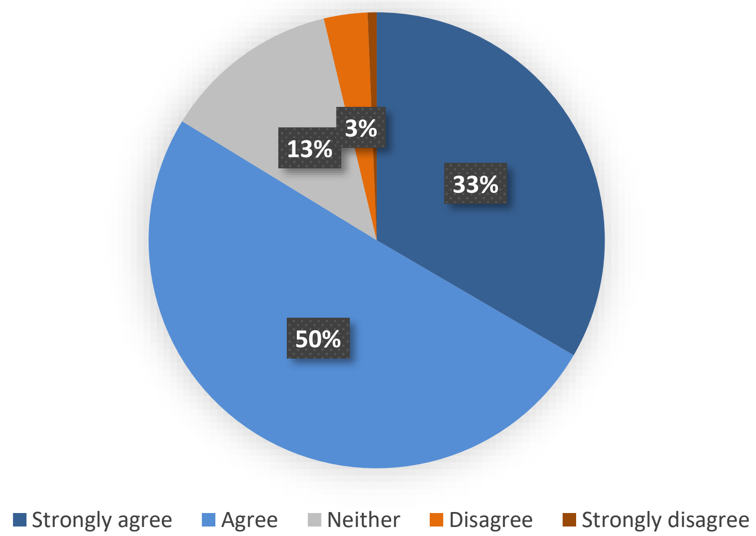



**Figure 2: Level of agreement**
*Base: 1,101*

**Sub-group analysis:**

- Residents living in Huntingdonshire were least likely to support this proposal (72%) than those living in the other districts (87-89%) and in Cambridge City (89%).
- The 18-24 age group were more likely to be in favour of this proposal (92%) compared to the older age groups (79%-84%).

## 3. Initiatives which join up more closely with local partners, reducing duplication of effort and resources

85% of residents either 'strongly agreed' (32%) or 'agreed' (53%) to this proposal. Only 1% disagreed.

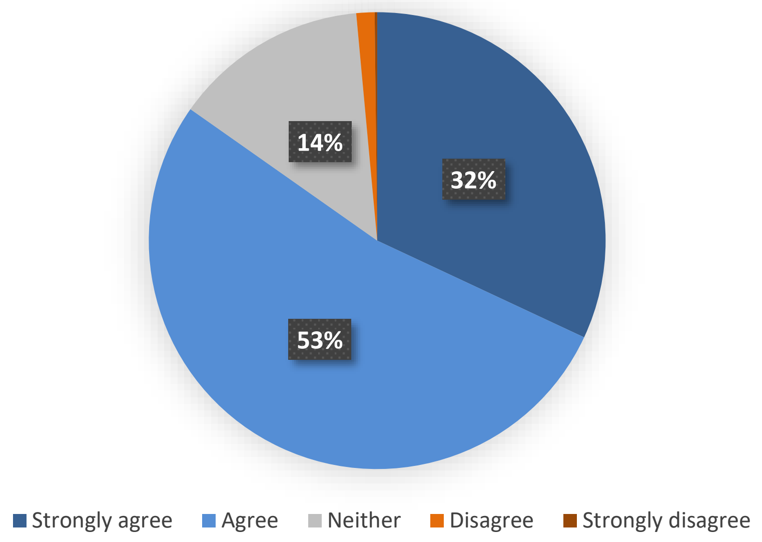



**Figure 3: Level of agreement**
*Base: 1,089*

**Sub-group analysis:**

- Residents living in South Cambridgeshire were more likely to support this proposal (89%) than those living in East Cambridgeshire (81%) and Huntingdonshire (82%).
- The 55-64 age group were more likely to be in favour of this proposal (88%) compared to the 35-44 age group (80%).

## 4. Investing in schemes which respond to the environmental crisis and work towards the County Council's target of achieving net zero carbon by 2030

81% of residents agreed to it with an even split between those 'strongly agreed' (41%) and 'agreed' (40%). 3% disagreed.

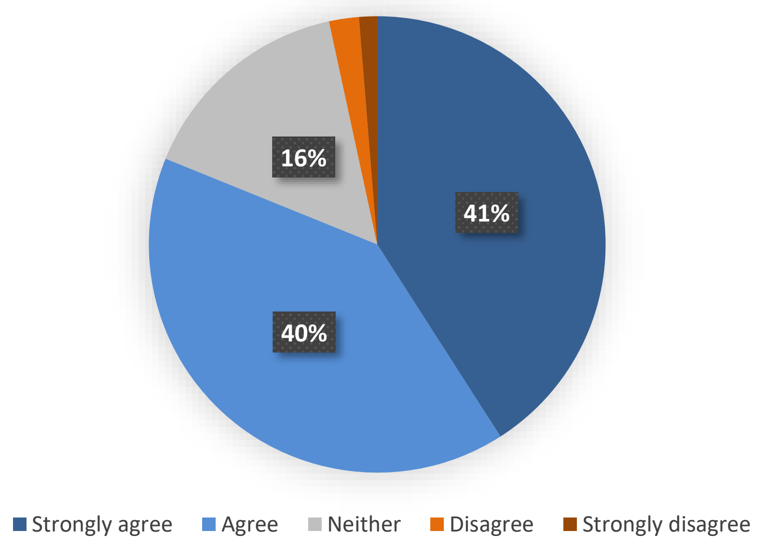



**Figure 4: Level of agreement**
*Base: 1,092*

**Sub-group analysis:**

- Residents living in Cambridge City were most likely to agree to this proposal (92%) than those living in the other districts (75-82%).

Overall residents were most in favour of the proposal to invest in projects / services which support independent living, followed by initiatives to join up resources and reduce duplications which would ultimately lead to improving efficiency (Figure 5).

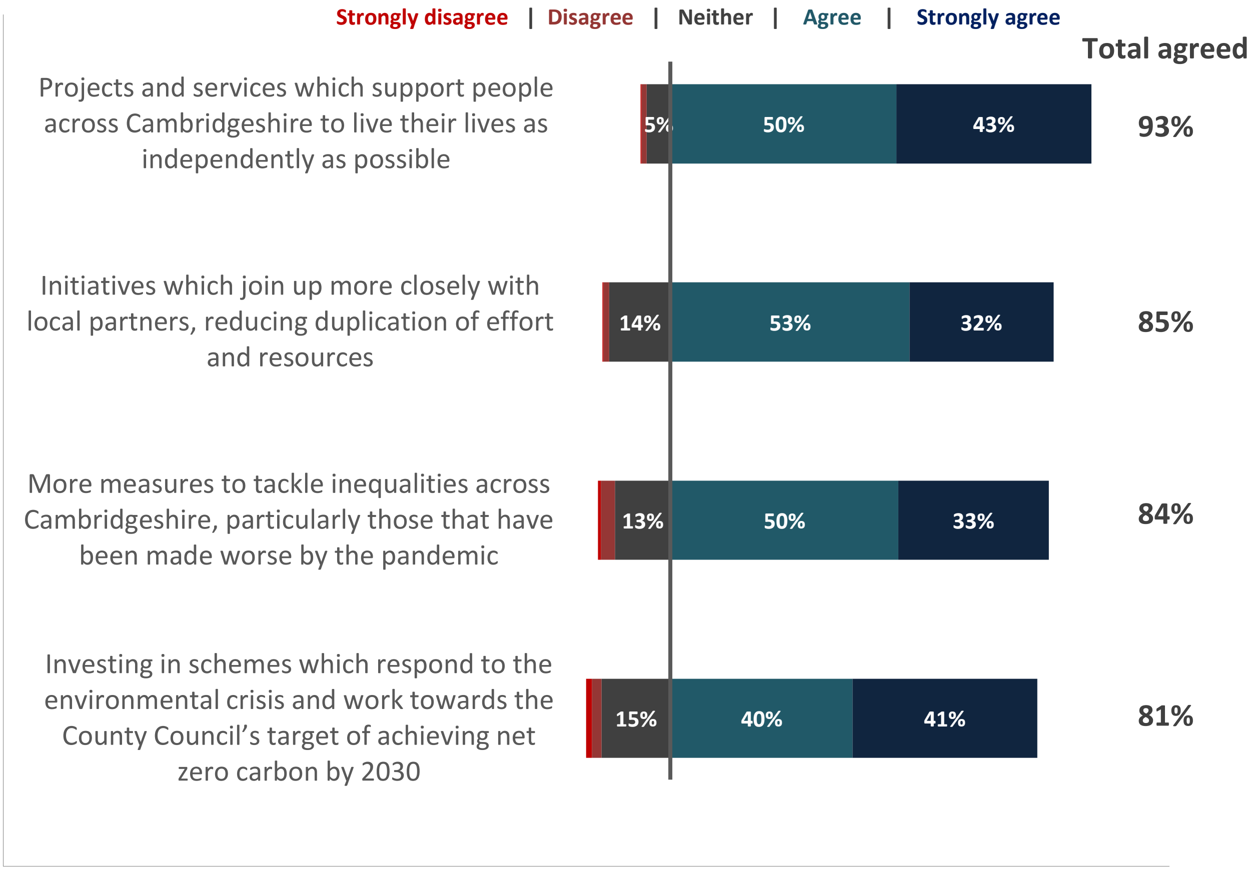



**Figure 5: Summary of the level of agreement to each proposal**

# Section 2: Savings and income

The County Council have identified some key areas where they could look to make additional savings, look for more cost-effective options or generate additional income - which could then be used to support longer term improvements. Residents were asked, if those on the lowest incomes or in receipt of certain benefits, or less able, were protected - which of the following areas they would most support the Council to focus on:

- Generating further efficiencies and savings by working in new ways and making the most of digital innovations - e.g. more online self service
- Increasing charges to deter and reduce non-sustainable methods of transport
- Advertising and sponsorship from local suitable businesses, displaying banners, signs or logos on some council assets and products
- Review of how we award and manage contracts
- Reduce and/or delay investment in Highway projects

## 1. Generating further efficiencies and savings by working in new ways and making the most of digital innovations - e.g. more online self service

Over two thirds (70%) of residents either 'strongly supported' (21%) or 'supported' (48%) that the County Council should be working in new ways and making the most of digital innovations. 14% opposed to this approach.

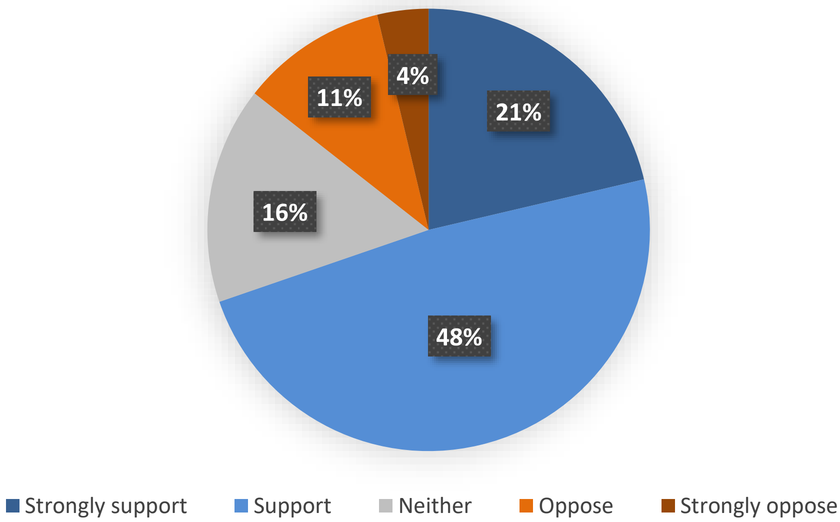



**Figure 6: Level of support**
*Base: 1,097*

**Sub-group analysis:**

- Residents living in South Cambridgeshire were least likely to support this approach (60%) than those living in the other districts (70-76%) and Cambridge City (75%).
- The 18-24 age group were more likely to support the approach (89%) than the age groups that are 35 or over (49-77%)

## 2. Increasing charges to deter and reduce non-sustainable methods of transport

Just over half (55%) of residents either 'strongly supported' (16%) or 'supported' (39%) this approach, and a quarter opposed to it.

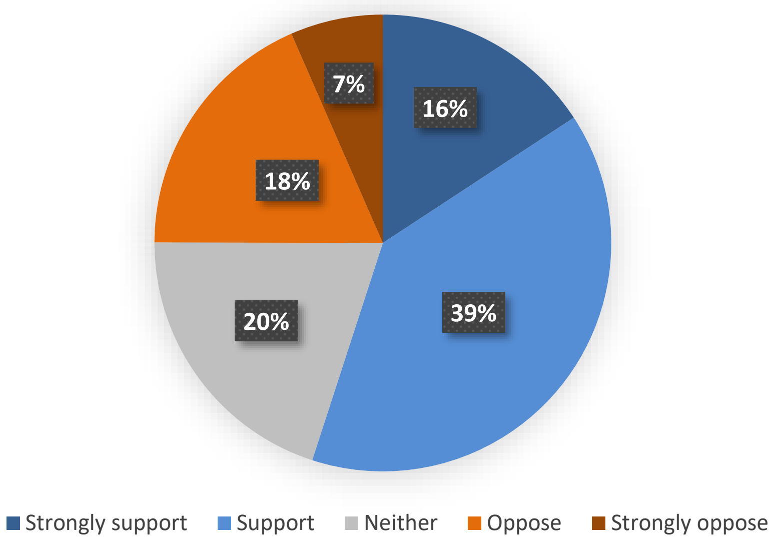



**Figure 7: Level of support**
*Base: 1,098*

**Sub-group analysis:**

- Residents living in Cambridge City, Fenland and Huntingdonshire were more likely to support this proposal (56-65%) than those living in East and South Cambridgeshire (37-46%).
- The 18-24 age group were more likely to be in favour of the suggestion (63%) than the 55+ age groups (50-52%)

## 3. Advertising and sponsorship from local suitable businesses, displaying banners, signs or logos on some council assets and products

Around three quarters (73%) of residents either 'strongly supported' (17%) or 'supported' (56%) the approach of advertising and sponsorship. 8% were opposed to it.

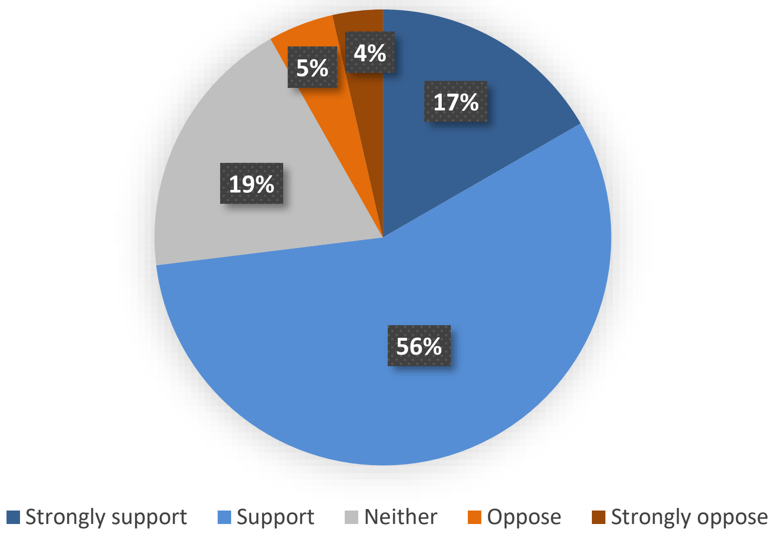



**Figure 8: Level of support**
*Base: 1,098*

**Sub-group analysis:**

- Residents living in Fenland and Huntingdonshire were more likely to support this approach (76-78%) compared to those living in Cambridge City (66%).
- Those aged 65 or over were more likely to oppose to the idea (12%) compared to those aged between 18 and 44 (5-6%)

## 4. Review of how we award and manage contracts

82% of residents either 'strongly supported' (36%) or 'supported' (46%) that the County Council should review how they award and manage contracts. Only 2% opposed to it.

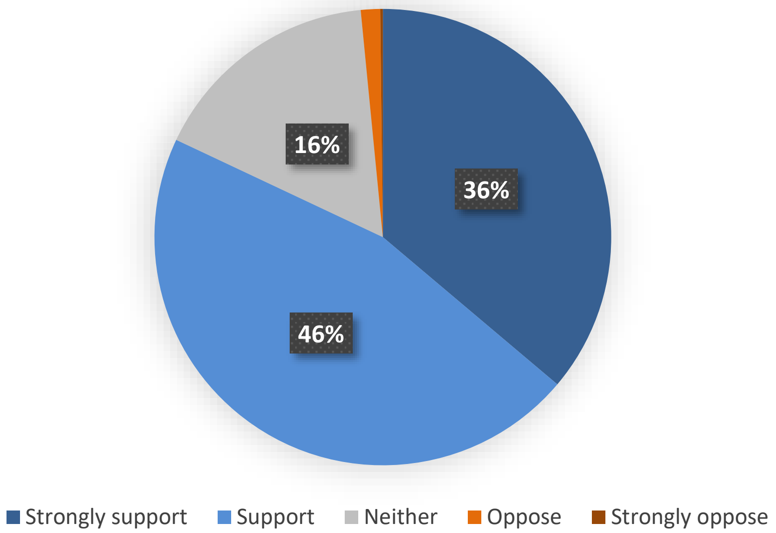



**Figure 9: Level of support**
*Base: 1,095*

**Sub-group analysis:**

- Residents living in Cambridge City (90%) and South Cambridgeshire (88%) were more likely to support this approach compared to those living in the other districts (76-78%).

## 5. Reduce and/or delay investment in Highway projects

40% of residents either 'strongly supported' (8%) or 'supported' (32%) it. A noticeable proportion (25%) were ambivalent and a third (34%) were against it.

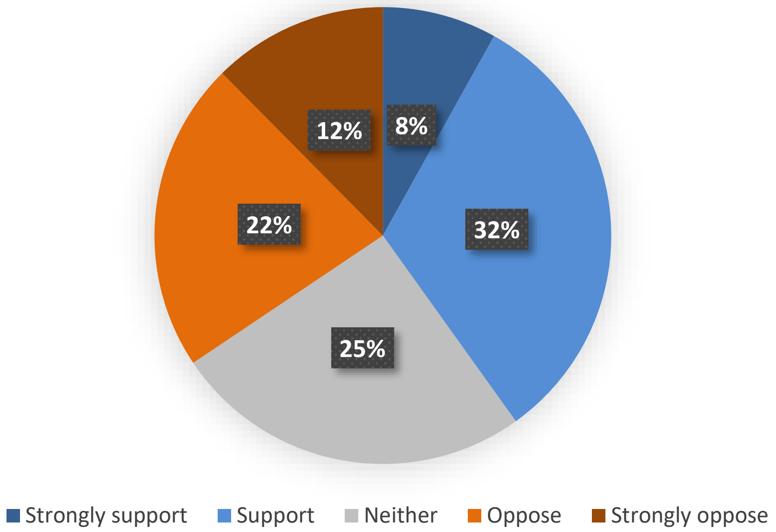



**Figure 10: Level of support**
*Base: 1,087*

**Sub-group analysis:**

- Residents living in South Cambridgeshire were least likely to be supporting this proposal (26%) compared to those living in the other districts (38-44%) and Cambridge City (51%).
- The younger age groups (18-44) were more likely to support the idea (46-49%) than the 55+ age groups (29-35%).

Overall residents were most supportive of the suggestion to review how the County Council award and manage contracts and least in favour of reducing and/or delaying investment in Highway projects (see Figure 11 overleaf).

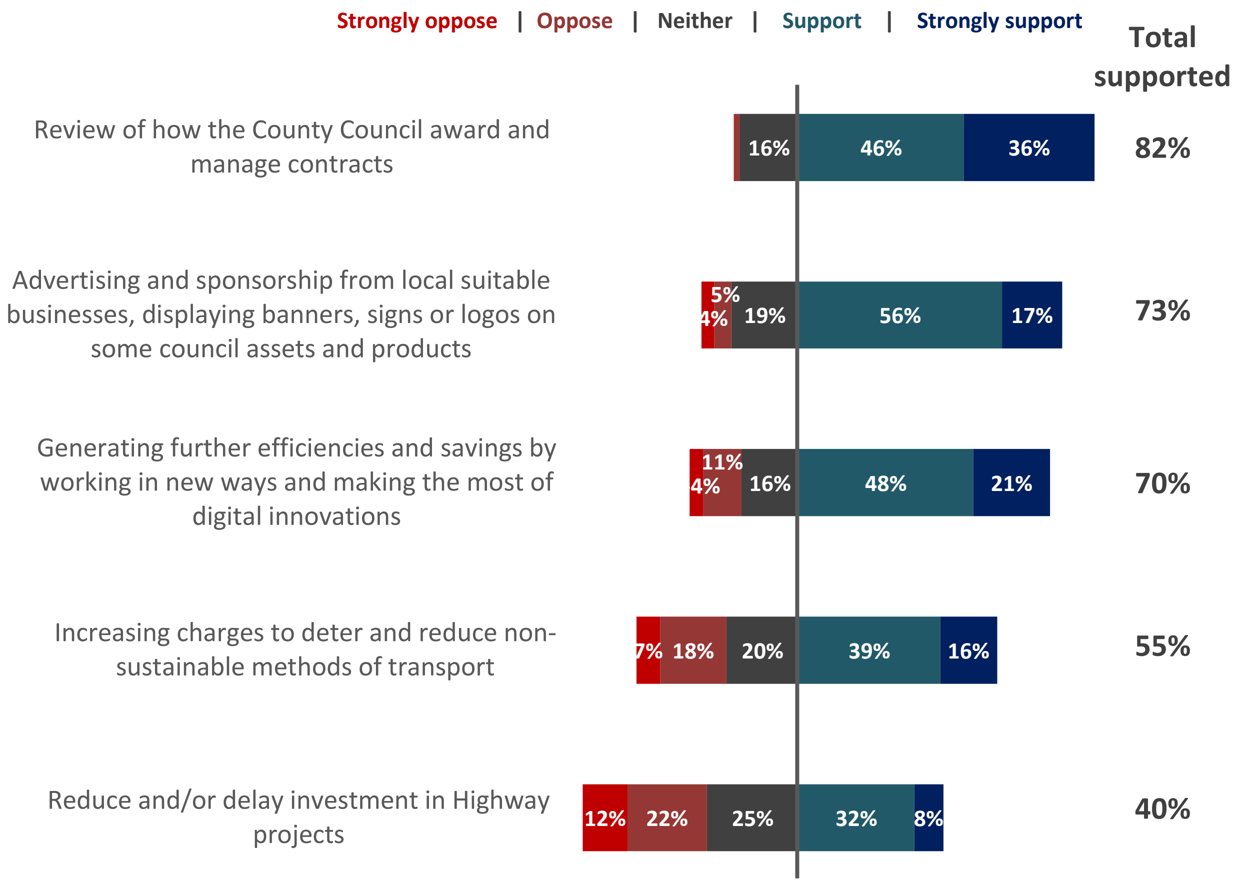



**Figure 11: Summary of the level of support for each proposal**

# Section 3: Council Tax

This public survey also consulted residents' opinion on the level of Council Tax increase. The following options were presented to them:

- Option 1 - No increase in Council Tax (0% total increase)
- Option 2 - Increasing either General Council Tax by 2% or the Adult Social Care Precept by 2% but not both (2% total increase)
- Option 3 - Increasing Council Tax by 2% for the Adult Social Care Precept and 1% as a general increase (3% total increase)
- Option 4 - Increasing Council Tax by 2% for the Adult Social Care Precept and 3% as a general increase (5% total increase)
- Option 5 - Increasing Council Tax by 3% for the Adult Social Care Precept and more than 3% as a general increase (6% or more in total)

Overall, 58% indicated a willingness to increase council tax to some extent with Option 2 (Increasing either General Council Tax by 2% or the Adult Social Care Precept by 2% but not both) and Option 3 (Increasing Council Tax by 2% for the Adult Social Care Precept and 1% as a general increase) being the more favourable proposals. Comments made related to the option chosen can be found in **Appendix B**.

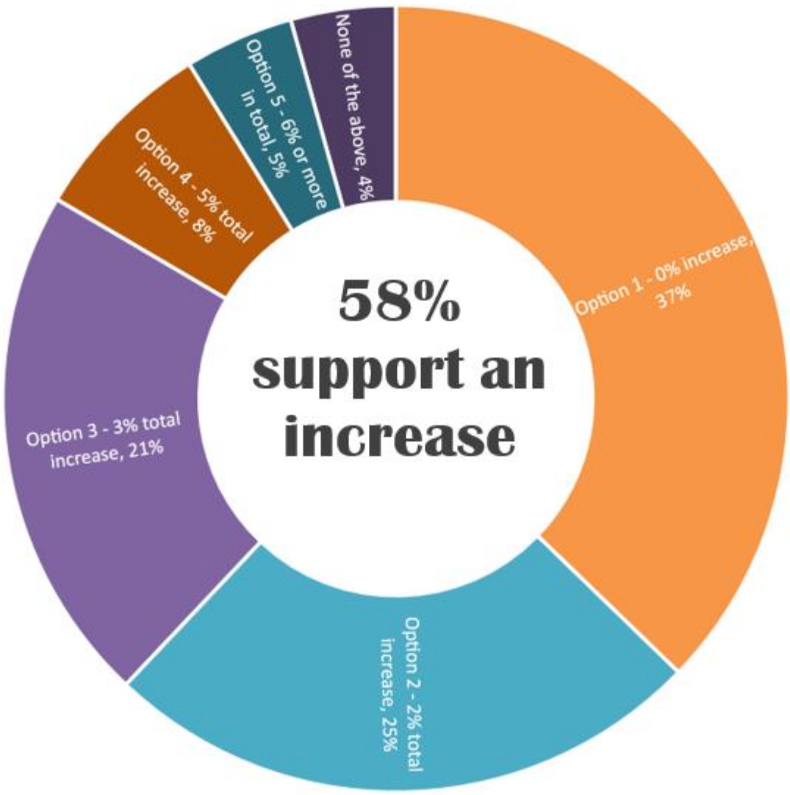



**Figure 12: Level of support in a Council Tax increase**
*Base: 1,112*

## 32% did not want the Council Tax to increase

When asked why those chose this option, around half (51%) said that they either cannot afford it or didn't want to pay more. A third (32%) suggested that the Council Tax is already too high / expensive.

**Sub-group analysis:**

- Residents living in Cambridge City (37%), Huntingdonshire (40%) and South Cambridgeshire (41%) were more likely to say that they did not want any increase in Council Tax, compared to those living in East Cambridgeshire (26%).
- The 18-24 age group were more likely to support this option (48%) than the 45+ age groups (28-36%).

## 25% supported an increase of 2% in total on the General Council Tax or the Adult Social Care Precept

When asked why residents chose this option, around five in ten (52%) said that it was a reasonable increase / best option with over a third (37%) suggesting that adult social care needs more funding and they are happy to support it.

**Sub-group analysis:**

- Residents living in East Cambridgeshire (33%) and Fenland (31%) were more likely to support this option than those living in the other districts (20-24%) and Cambridge City (20%).
- Those aged 25-34 or 65+ were also more likely to support this level of increase (both 29%) compared to those aged 55-64 (19%).

## 21% supported an increase of 2% for the Adult Social Care Precept and 1% as a general increase (3% in total)

When asked why residents chose this option, around six in ten (59%) said that it was a reasonable increase / best option and three in ten (29%) suggested that adult social care needs more funding and they are happy to support it.

**Sub-group analysis:**

- Residents living in East Cambridgeshire (32%) were more likely to be in favour of this option than those living in Huntingdonshire (16%) and South Cambridgeshire (21%).
- The age group 55-64 were more likely to support this level of increase (29%) compared to the 18-34 age groups (17%) and the 65+ age group (20%).

To provide further insight, results were analysed by Acorn[1] Classification. Acorn is a good proxy when wanting to understand the social economical variations in populations. The sample was broadly representative to the Acorn Category profile of Cambridgeshire as a whole, although Acorn 1 ‘Affluent Achievers’ were underrepresented, and Acorn 4 ‘Financially Stretched’ were overrepresented (Table 2).

| Acorn category | Cambridgeshire County profile | Sample profile | Difference |
|---|---|---|---|
| 1 - Affluent Achievers | 32% | 25% | -7% |
| 2 - Rising Prosperity | 11% | 9% | -2% |
| 3 - Comfortable Communities | 32% | 33% | +1% |
| 4 - Financially Stretched | 19% | 26% | +7% |
| 5 - Urban Adversity | 7% | 7% | - |
| 6 - Not Private Households | 0% | 0% | - |
| Total | 100% | 100% | |

**Table 2: Acorn Category profile of sample and Cambridgeshire County Council**

Figure 13 shows the level of support for each option by Acorn Category. Households classified as Acorn 2 ‘Rising Prosperity’, Acorn 3 ‘Comfortable Communities’, Acorns 4 ‘Financially Stretched’ and 5 ‘Urban Adversity’ were more likely to want to not increase Council Tax, compared to those classified as Acorn 1 ‘Affluent Achievers’.

Households classified as Acorn 1 ‘Affluent Achievers’ were more likely to be in favour of option 5 than all the other Acorn categories.

[1] Acorn is a classification system that segments the UK population by analysing demographic data, social factors, population and consumer behaviour. Acorn is broken down into three tiers; 6 categories, 18 groups and 62 types. Acorn provides valuable insight into helping to target and understand the attributes of households and postcodes areas.

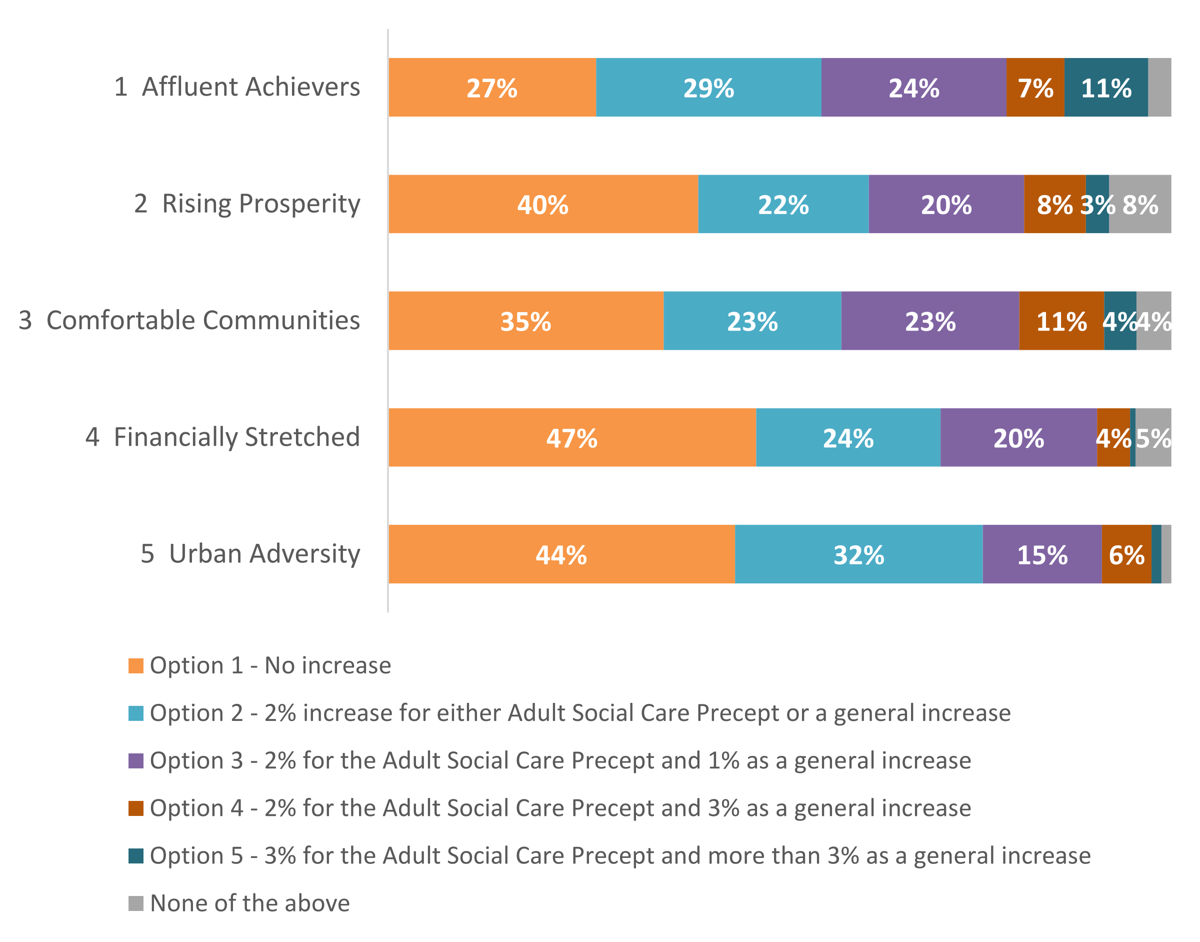



**Figure 13: Level of support by Acorn Category**

# Conclusions

## Investment

Generally speaking, residents were in agreement of the four proposals presented to them in the public survey with over 80% of respondents stating so. The proposal to invest in **projects / services which support people across Cambridgeshire to live their lives as independently as possible** has gained the most support (93%). This is followed by investment in **initiatives which join up more closely with local partners, reducing duplication of effort and resources** (85%).

## Savings and income

The levels of support for the County Council's proposals to save money / generate income vary to a larger degree, from 82% supporting **the County Council to review how they award and mange contracts** to less than half (40%) approving the idea of **reducing and / or delaying investment in Highway projects**.

## Council Tax

Overall, 58% of residents were supportive of some form of Council Tax increase. When asked to choose one option for potential increases to council tax, **raising either General Council Tax or the Adult Social Care Precept by 2%** was the most popular option (25%), closely followed by **increasing Council Tax by 2% for the Adult Social Care Precept and 1% as a general increase** (21%). The main reasons for supporting an increase were that 'it was a reasonable increase / best option' and that 'adult social care needs more funding and they are happy to support it'.

A noticeable proportion preferred **no increase in Council Tax** (37%). The top reasons for opposing a Council Tax increase were: 'can't afford it / don't wat to pay more' and 'Council Tax is already too high'.

# Appendices

## Appendix A: Questionnaire

## Appendix B: Comments around Council Tax increase

# Appendix A: Questionnaire

## PR21172 - CAMBRIDGESHIRE CC 2022-23 BUSINESS PLAN CONSULTATION SURVEY QUESTIONS

Good morning/afternoon, my name is____ and I work for M·E·L Research. I am doing a survey on behalf of Cambridgeshire County Council. The Council is seeking resident views to help them plan the budget and spending priority for next year.

The survey will take around 10 minutes to complete. [book appointment if not convenient now].

Just to confirm, your responses will be treated in the strictest confidence and you won't be identified in any information we pass on to Cambridgeshire County Council unless you give your permission.

M·E·L Research abides by the Market Research Society Code of Conduct at all times.

IF NECESSARY. This survey will be conducted following the Code of Conduct of the Market Research Society. You can change your mind on taking part at any point during the survey. The information you provide in this survey will be used for research purposes only and your own responses will not be shared with Cambridgeshire County Council.

IF NECESSARY: Our privacy notice which explains how we store and process data can be found on or website at https://melresearch.co.uk/page/privacypolicy

I need to record that you are happy to participate. This is for quality control purposes and won't be shared with anyone outside of M·E·L Research.

Can I confirm that you are happy to participate in the survey?

❍ Yes
❍ No

**COVID-19 SCREENER QUESTIONS**

**Before we continue, can I just check if you or any members of your household:**

**a) are experiencing any flu-like and/or Covid-19 symptoms?**

**b) have been diagnosed with Covid-19?**

**c) are self-isolating?**

**d) have travelled to or from a red list country in the last ten days?** (The countries include Angola, Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, South African, Zambia and Zimbabwe.)

**IF NOT TO ALL OF THE ABOVE: CONTINUE THE INTERVIEW**

**IF YES TO ANY OF THE ABOVE, READ OUT: Thank you for your time but unfortunately on this occasion I am unable to continue with the interview due to Government guidance around Covid-19.**

First can I check that you are 18 years or over?

- ❍ Yes
- ❍ No - Interviewer to ask: is anyone else in the house over 18, or END SURVEY

And can I confirm that you live in...?

*READ OUT*

- ❍ Cambridge City
- ❍ East Cambridgeshire
- ❍ Fenland
- ❍ Huntingdonshire
- ❍ South Cambridgeshire

Before we go through the consultation questions, could you spend a couple of minutes reading the background and context of the consultation?

*INTERVIEWER PRESENT SHOWCARD 1*

**Preparing the 2022/23 budget**

Cambridgeshire County Council is committed to ensuring that communities across Cambridgeshire emerge from the pandemic with resilience and confidence for the opportunities and challenges that face us. The County Council's joint administration has set out a list of priority outcomes that it wants to achieve which include measures to fight climate change, improve health and education, and to move to more sustainable ways of living and travelling

In preparing the budget for 2022-23, the County Council has estimated the likely ongoing impact that Covid 19 will have on planned savings, on its income and the need to support people whose challenges have increased.

Next year the County Council has estimated it will need to spend an additional £13m meeting the costs of care for vulnerable adults and children, the result of a growing and aging population and as we emerge from the pandemic. This is on top of over £12m of projected increase in prices for services, such as care and home to school transport and to reflect living wage increases in salaries. The County Council may also face rising costs of meeting environmental conditions for disposal of waste.

Overall, the County Council expect to need to find additional income and savings in the region of £26m to balance next year's budget.

The County Council receives some grant funding provided by the Government, but that has been reducing year on year and is not enough to cover the costs of a growing demand for services. The County Council continue to make their case to government for a fairer share of funding to increase in line with costs. They must, however, continue to prepare now in the event that the national settlement does not cover ongoing rising pressures. This includes ways to increase our income or through initiatives which may include raising Council Tax.

If the Government doesn't fully fund the additional costs, and the County Council cannot raise additional income, the County Council will have to change where it makes investments and potentially reduce the current levels of some services. Your responses to the questions below will help them think about this.

**Investment**

The County Council is considering investing more in some areas to deliver longer term benefits to people's lives and ultimately reduce costs, please indicate how you feel about investments in the following areas:

Q1. Projects and services which support people across Cambridgeshire to live their lives as independently as possible

*SHOWCARD 2*

❍ Strongly agree
❍ Agree
❍ Neither agree nor disagree
❍ Disagree
❍ Strongly disagree
❍ Don't know (need more information)

Q2. More measures to tackle inequalities across Cambridgeshire, particularly those that have been made worse by the pandemic

*SHOWCARD 2*

❍ Strongly agree
❍ Agree
❍ Neither agree nor disagree
❍ Disagree
❍ Strongly disagree
❍ Don't know (need more information)

Q3. Initiatives which join up more closely with local partners, reducing duplication of effort and resources

SHOWCARD 2

❍ Strongly agree
❍ Agree
❍ Neither agree nor disagree
❍ Disagree
❍ Strongly disagree
❍ Don't know (need more information)

Q4. Investing in schemes which respond to the environmental crisis and work towards the County Council's target of achieving net zero carbon by 2030

SHOWCARD 2

- ❍ Strongly agree
- ❍ Agree
- ❍ Neither agree nor disagree
- ❍ Disagree
- ❍ Strongly disagree
- ❍ Don't know (need more information)

**Savings and Income**

The County Council have identified some key areas where we could look to make additional savings, look for more cost-effective options or generate additional income - which could then be used to support longer term improvements. If those on the lowest incomes or in receipt of certain benefits, or less able were protected - which areas would you most support the council to focus on:

Q5. Generating further efficiencies and savings by working in new ways and making the most of digital innovations - e.g. more online self service

SHOWCARD 3

- ❍ Strongly support
- ❍ Support
- ❍ Neither support nor oppose
- ❍ Oppose
- ❍ Strongly oppose
- ❍ Don't know (need more information)

Q6. Increasing charges to deter and reduce non-sustainable methods of transport

SHOWCARD 3

- ❍ Strongly support
- ❍ Support
- ❍ Neither support nor oppose
- ❍ Oppose
- ❍ Strongly oppose
- ❍ Don't know (need more information)

Q7. Advertising and sponsorship from local suitable businesses, displaying banners, signs or logos on some council assets and products

SHOWCARD 3

- ❍ Strongly support
- ❍ Support
- ❍ Neither support nor oppose
- ❍ Oppose
- ❍ Strongly oppose
- ❍ Don't know (need more information)

Q8. Review of how we award and manage contracts

SHOWCARD 3

- ❍ Strongly support
- ❍ Support
- ❍ Neither support nor oppose
- ❍ Oppose
- ❍ Strongly oppose
- ❍ Don't know (need more information)

Q9. Reduce and/or delay investment in Highway projects

SHOWCARD 3

- ❍ Strongly support
- ❍ Support
- ❍ Neither support nor oppose
- ❍ Oppose
- ❍ Strongly oppose
- ❍ Don't know (need more information)

**Council Tax**

Cambridgeshire County Council would like to get residents' views on options for Council Tax.

*INTERVIEWER ASK RESPONDENT TO READ SHOWCARD 4*

What is the Adult Social Care Precept (ASCP)?

- The option to increase the County's share of council tax. The income generated from this charge is ring-fenced, meaning it can only be used for adult social care services.

Below presents 5 options. Please tell us which of the 5 options you support for the County Council's part of Council tax (other parts of Council Tax also go to pay for police, fire, parish and district council services).

**Option 1 - No Increase to Council Tax (0% total increase)**

This would include not raising the General Council Tax or the Adult Social Care Precept.
Council Tax would remain the same and the County Council would have to find an additional £26million of savings to balance the budget, which could lead to a reduction in services.

**Option 2 - Increasing either General Council Tax by 2% or the Adult Social Care Precept by 2% but not both (2% total increase)**

An average band D property would pay a 54p per week increase (£27.99 a year) and the County Council would have to find an additional £19.5m in savings per year to balance the budget, which may result in a reduction in services.

**Option 3 Increasing the Adult Social Care Precept by 2% and the General Council Tax by 1% (3% total increase)**

An average band D property would pay 81p per week increase (£41.94 a year) and the County Council would have to find an additional £16.5m in savings per year to balance the budget, which may result in a reduction in services.

**Option 4 - Increasing Council Tax by 2% for the Adult Social Care Precept and 3% as a general increase (5% total increase)**

An average band D property would pay a £1.34 per week increase (£69.93 a year) and the County Council will have to find an additional £9.6m of savings to balance the budget.

**Option 5 - Increasing Council Tax by 3% for the Adult Social Care Precept and more than 3% as a general increase (6% or more in total)**

An average band D property would pay a £1.61 per week increase (£83.97 a year) and the County Council will have to find an additional £6.3m of savings to balance the budget.

Every 1% increase in Council tax adds an additional 27p per week, £13.95 a year to Council Tax bills.

Q10. Which option would you support?

SHOWCARD 4

❍ Option 1 - No increase in Council tax (0% total increase)
❍ Option 2 - Increasing either General Council Tax by 2% or the Adult Social Care Precept by 2% but not both (2% total increase)
❍ Option 3 - Increasing Council Tax by 2% for the Adult Social Care Precept and 1% as a general increase (3% total increase)
❍ Option 4 - Increasing Council Tax by 2% for the Adult Social Care Precept and 3% as a general increase (5% total increase)
❍ Option 5 - Increasing Council Tax by 3% for the Adult Social Care Precept and more than 3% as a general increase (6% or more in total)
❍ None of the above

Q11. Can you please tell us why you chose the option?

To make sure we are hearing from a wide range of people we would like to ask some questions about you. These questions are optional but answering them will help us better understand what you tell us.

Q12. Can I please take your postcode? This will not be passed back to the Council.

*Interviewer to write "Refused" where applicable*

Q13. How would you describe your gender?

*SHOWCARD 5*

❍ Male
❍ Female

Q14. What age band do you fall in?

*SHOWCARD 6*

❍ 18-24
❍ 25-34
❍ 35-44
❍ 45-54
❍ 55-64
❍ 65-84
❍ 85+

Finally, the County Council may want to gain further feedback from residents about their views about priorities in Cambridgeshire.

If you are interested, please provide your name and your preferred contact details. This information WILL BE passed back to the county.

❍ Yes, please - I confirm I am happy for my name and preferred contact details to be passed to the County Council.
❍ No, thank you.

**Respondent details:**

Name:

Tel number:

Email address:

Finally, as part of our quality checking process, some of the people who answered the survey will be selected at random to answer a few quick questions about how I conducted the survey today. Could I please take  telephone number so that someone can call you if necessary? This will not be passed to anyone else.

❍ Yes
❍ No

Please can I have your telephone number? *(If not captured already)*

| |
|---|
| |

Can I take your name as well please? *(If not captured already)*

| |
|---|
| |

This is all the questions. Thank you for your time.

If you would like more information about who we are and how we use the information you've provided including your privacy rights and right to withdraw your consent at any time please visit our privacy policy melresearch.co.uk/page/privacypolicy

Interviewer to enter starting postcode

| |
|---|
| |

# Appendix B: Coded comments about Council Tax options

| Respondents | Option 1 - No increase in Council tax (0% total increase) | Option 2 - Increasing either General Council Tax by 2% or the Adult Social Care Precept by 2% but not both (2% total increase) | Option 3 - Increasing Council Tax by 2% for the Adult Social Care Precept and 1% as a general increase (3% total increase) | Option 4 - Increasing Council Tax by 2% for the Adult Social Care Precept and 3% as a general increase (5% total increase) | Option 5 - Increasing Council Tax by 3% for the Adult Social Care Precept and more than 3% as a general increase (6% or more in total) | None of the above |
|---|---|---|---|---|---|---|
| Sample base | 412 | 276 | 238 | 86 | 50 | 48 |
| Can't afford it / don't want to pay more | 51% | 8% | 4% | 2% | 4% | 13% |
| Council tax is already too high | 32% | 2% | 1% | 1% | 4% | 2% |
| A fair / reasonable increase / best option | 3% | 52% | 59% | 47% | 26% | 10% |
| Happy to support adult social care / needs more funding | 1% | 37% | 29% | 38% | 58% | 0% |
| Poor value for money / not getting good or enough services | 11% | 1% | 0% | 0% | 0% | 4% |
| Don't pay council tax | 2% | 0% | 0% | 1% | 2% | 15% |
| Don't use council services / facilities | 1% | 0% | 0% | 0% | 0% | 0% |
| Happy if it covers all essential services (Roads, Police, Education) | 1% | 1% | 7% | 8% | 6% | 2% |
| Don't want any services cut | 0% | 0% | 2% | 5% | 4% | 4% |
| The council should find other ways to raise money / improve efficiency | 4% | 0% | 1% | 0% | 2% | 4% |
| Don't know / Can't comment | 2% | 0% | 1% | 0% | 0% | 54% |

m·e·l research

Produced by the Cambridgeshire Research Group

Cambridgeshire County Council

# Business Planning 2022/23: Summary Report of Survey Findings



V0.1

December 2021

## Quality Assurance

The strategy for analysis of the consultation was as follows:

- An initial quality assurance review of the data was conducted and a review with the engagement team carried out to identify any issues or changes that occurred during the consultation process. For this consultation, there were no issues or changes.

- A set of frequencies were then produced and checks made against the total number of respondents for each question and the consultation overall. A basic sense check of the data was made at this point with issues such as checking for duplicate entries, data entry errors identified.

    - **Duplicate Entries.** Measures were in place to avoid analysing duplicated entries. The online survey software collects the timestamp and IP address of entries so patterns of deliberate duplicate entries can be spotted and countered.

      For this consultation, we identified and removed 1 duplicate entries.

    - **Partial Entries.** The system records all partial entries as well as those that went through to completion (respondent hit submit). These are reviewed separately and in a few cases, where a substantial response has been made (as opposed to someone just clicking through) then these are added to the final set for analysis.

      For this consultation, we identified and included no partial entries and removed no partial entries.

    - Within the qualitative analysis a search for any unusual patterns within the responses was carried out, such as duplicate or 'cut and paste' views being expressed on proposals.

      For this consultation, there were no unusual patterns identified.

- Free text questions were analysed using qualitative methods, namely through thematic analysis. These themes are identified using specialist software and then responses tagged with these themes (multiple tags can be given to the same response and the question phrasing means that responses can refer to the same theme in different ways). At this stage totals of tagged themes are created and sample quotes chosen for the final report that typify particular tagged themes. Comment themes are listed in order of the number of comments received, from most to least. In the reporting of themes 'most' represents where over 50% of respondents' comments were applicable, 'some' represents 25%-49%, and 'few' represents less than 25% of comments.

- The final report is then written to provide an objective view of the results of the consultation.

## Demographics

There were 512 respondents. The demographics of these respondents are as follows:

| 1. Which Cambridgeshire district do you live in? | | | | |
|---|---|---|---|---|
| **Answer Choices** | | | **Response Percent** | **Response Total** |
| 1 | Cambridge City | | 7.42% | 38 |
| 2 | East Cambridgeshire | | 38.28% | 196 |
| 3 | Fenland | | 25.98% | 133 |
| 4 | Huntingdonshire | | 13.48% | 69 |
| 5 | South Cambridgeshire | | 12.50% | 64 |
| 6 | Prefer not to say | | 2.34% | 12 |
| | | | answered | 512 |
| | | | skipped | 0 |

| 6. How would you describe your gender? | | | | |
|---|---|---|---|---|
| **Answer Choices** | | | **Response Percent** | **Response Total** |
| 1 | Female | | 49.11% | 249 |
| 2 | Male | | 43.39% | 220 |
| 3 | Other (please specify): | | 1.18% | 6 |
| 4 | Prefer not to say | | 6.31% | 32 |
| | | | answered | 507 |
| | | | skipped | 5 |

| 7. What age band do you fall in? | | | |
|---|---|---|---|
| **Answer Choices** | | **Response Percent** | **Response Total** |
| 1 | Under 18 years old | 0.00% | 0 |
| 2 | 18- 24 years old | 1.97% | 10 |
| 3 | 25- 34 years old | 12.60% | 64 |
| 4 | 35- 44 years old | 20.87% | 106 |
| 5 | 45- 54 years old | 24.41% | 124 |
| 6 | 55- 64 years old | 20.67% | 105 |
| 7 | 65- 84 years old | 15.35% | 78 |
| 8 | 85+ years old | 0.20% | 1 |
| 9 | Prefer not to say | 3.94% | 20 |
| | | answered | 508 |
| | | skipped | 4 |

## Question 2: Investment

**2. The County Council is considering investing more in some areas to deliver longer term benefits to people's lives and ultimately reduce costs. Please indicate how you feel about investments in the following areas:**

| Answer Choices | Strongly agree | Agree | Neither agree nor disagree | Disagree | Strongly disagree | Don't know | Response Total |
|---|---|---|---|---|---|---|---|
| Projects and services which support people across Cambridgeshire to live their lives as independently as possible | 34.25% 175 | 45.21% 231 | 12.72% 65 | 3.72% 19 | 3.13% 16 | 0.98% 5 | 511 |
| More measures to tackle inequalities across Cambridgeshire, particularly those that have been made worse by the pandemic | 27.84% 142 | 32.94% 168 | 23.33% 119 | 9.02% 46 | 6.08% 31 | 0.78% 4 | 510 |
| Initiatives which join up more closely with local partners, reducing duplication of effort and resources | 37.01% 188 | 38.19% 194 | 17.13% 87 | 3.54% 18 | 2.76% 14 | 1.38% 7 | 508 |
| Schemes which respond to the environmental crisis and work towards the County Council's target of achieving net zero carbon by 2030 | 28.24% 144 | 29.61% 151 | 19.22% 98 | 9.61% 49 | 12.94% 66 | 0.39% 2 | 510 |
| | | | | | | answered | 512 |
| | | | | | | skipped | 0 |

## Question 2b: Do you have any comments to explain your choices?

97 of the respondents left comments on question 2b, which asked why they had chosen their choices in response to areas considered to deliver longer term benefits to people's lives and reduce costs.

### Summary of main themes

| Answer Choice | Respondent comments |
|---|---|
| **Projects and services which support people across Cambridgeshire to live their lives as independently as possible** | • Respondents who discussed this answer choice indicated that they felt that these projects and services were important.<br>    ○ A few of these respondents felt that savings could be made for the Council through projects and services of this type<br>    ○ A few of these respondents felts that these projects and services could improve quality of life for residents and reduce inequalities<br>    ○ A few of these respondents felt that these projects and services were preventative to help save resources in the longer term<br>    ○ A few of these respondents wanted to see robust monitoring and cost effectiveness of the projects or services against the aims<br>    ○ A few of these respondents felt that these projects and services were best delivered at a local level |
| **More measures to tackle inequalities across Cambridgeshire, particularly those that have been made worse by the pandemic** | • Respondents who discussed this answer choice felt that there were inequalities that needed addressing, not just those that had been made worse by the pandemic.<br>    ○ Some of these respondents felt there was an inequal spending of money in towns and cities across Cambridgeshire, with some respondents feeling that money was spent on Cambridge and that more rural parts of the Council area were 'forgotten'<br>        ▪ A few of these respondents named Fenland and Wisbech as areas which were disproportionately affected<br>        ▪ A few of these respondents highlighted a need in investment for these rural areas, including; education, services, transport and businesses<br>        ▪ A few of these respondents felt that they were paying higher council tax |

<table>
<tr>
<td></td>
<td>costs compared to neighbouring Lincolnshire or Norfolk, for their money to be spent in cities and towns rather than more rural fringes</td>
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<td>Initiatives which join up more closely with local partners, reducing duplication of effort and resources</td>
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<ul>
<li>Respondents who discussed this answer choice felt that reducing duplication would save time, money and resources.
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<li>A few of these respondents felt that working with partners ended up costing the council more</li>
<li>A few of these respondents commented that they would like to see less service outsourced</li>
<li>A few of these respondents questioned why initiatives to reduce duplication was not already happening in the council</li>
<li>A few of these respondents felt that the process of reducing duplication and resources should not require additional investment</li>
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<td>Schemes which response to the environmental crisis and work towards the County Council’s target of achieving net zero carbon by 2030</td>
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<ul>
<li>Respondents who discussed this answer choice varied in their support for the environment crisis.
<ul>
<li>Some of these respondents felt that the environmental crisis was important but that achieving net zero by 2030 was not achievable
<ul>
<li>A few of these respondents felt that more tax was needed to raise money to support the move away from carbon usage</li>
<li>A few of these respondents felt more was needed locally to table carbon emissions. Discussions included solar panels on council properties</li>
<li>A few of these respondents felt that central government should support local areas</li>
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</li>
<li>Some of these respondents felt that the Council’s work to help people should be the priority over environment
<ul>
<li>A few felt that the cost of the environmental response was already hitting people hard, for example increase costs for fuel and were concerned about taking money away from services</li>
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<tr>
<td>Transport Theme</td>
<td>
<ul>
<li>Respondents also left comments on their answer choices which related to transport.</li>
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|---|---|
| | ○ Some of these respondents were against congestion charging<br>▪ A few of these respondents felt that it would have a negative impact on trades and those who did not live near public transport<br>▪ A few of these respondents wanted to see more done to increase public transport linkages<br>▪ A few were concerned that it would stop people visiting Cambridge or deter people from living in what was felt to be an expensive city already |
| **Other** | • Respondents also left comments which did not directly relate to answer choices. These included comments about council tax more widely and the questions or choices presented.<br>○ Some of these respondents felt that Council tax should not rise<br>▪ A few of these respondents felt that they did not get to see the difference previous rises had made<br>▪ A few of these respondents felt that the cost of council tax was already higher than in surrounding areas<br>▪ A few of these respondents felt that residents were already feeling the pressure of rises in the cost of other areas<br>▪ A few of these respondents felt more funding should come from central government<br><br>○ Some of these respondents felt that the questions were not clear, the proposals were too vague, broad or abstract |

## Question 3: Savings and Income

**3. The County Council has identified some key areas where it could look to make additional savings, look for more cost-effective options or generate additional income which could then be used to support longer term improvements. If those on the lowest incomes, in receipt of certain benefits, or are less able, were protected, which areas would you most support the council to focus on:**

| Answer Choices | Strongly support | Support | Neither support nor oppose | Oppose | Strongly oppose | Don't know | Response Total |
|---|---|---|---|---|---|---|---|
| Generating further efficiencies and savings by working in new ways and making the most of digital innovations - e.g. more online self service | 23.87% 122 | 37.77% 193 | 20.35% 104 | 12.13% 62 | 4.70% 24 | 1.17% 6 | 511 |
| Increasing charges to deter and reduce non-sustainable methods of transport | 15.13% 77 | 13.95% 71 | 12.77% 65 | 20.24% 103 | 36.54% 186 | 1.38% 7 | 509 |
| Advertising and sponsorship from local suitable businesses, displaying banners, signs or logos on some council assets and products | 18.40% 94 | 39.14% 200 | 22.90% 117 | 9.39% 48 | 8.81% 45 | 1.37% 7 | 511 |
| Reviewing how the council awards and manages contracts | 40.86% 208 | 42.24% 215 | 13.75% 70 | 0.59% 3 | 0.39% 2 | 2.16% 11 | 509 |
| Reducing and/or delaying investment in Highway projects | 9.23% 47 | 14.73% 75 | 17.68% 90 | 22.00% 112 | 34.97% 178 | 1.38% 7 | 509 |
| | | | | | | answered | 512 |
| | | | | | | skipped | 0 |

## Question 3b: Do you have any comments to explain your choices?

171 of the respondents left comments on question 3b, which asked why they had chosen their choices in response to areas considered to make additional savings, look for more cost-effective options or generate additional income.

### Summary of main themes

| Answer Choice | Respondent comments |
|---|---|
| **Reducing and/or delaying investment in Highway projects** | • Most of the respondents who discussed this answer choice indicated that the Highway projects were important |

| | |
|---|---|
| | o Most of these respondents felt ongoing maintenance of roads/paths was needed, noting existing issues such as potholes and other damage to road/path surfaces<br>▪ A few of these respondents queried if reducing and/or delaying investment in Highways projects meant creating new roads or maintaining existing ones, as they felt reducing/delaying maintenance would cost more in the long run<br>o Some of these respondents felt reducing investment in Highway projects would disproportionately impact on rural parts of the county, where personal motorised vehicles were needed due to a lack of public transport and active travel options<br>▪ Some of these respondents named Fenland and Wisbech<br>o Some of these respondents queried if reducing/delaying investment in Highway projects included improvements for active travel and public transport, as they felt these were important to reducing personal motorised vehicle usage<br>o A few of these respondents felt that improving the Highways was needed to reduce congestion and the emissions resulting from it, particularly noting improvements needing to the A10 and A47<br>o A few of these respondents felt that Highways were important to the economy<br>• A few of the respondents who discussed this answer felt that Highways projects should be delayed until the council was more financially stable or that these projects weren't concurrent with achieving net zero carbon by 2030 |
| **Increasing charges to deter and reduce non-sustainable methods of transport** | • Respondents who discussed this answer choice felt that increasing charges to deter and reduce non-sustainable methods of transport was unfair when there were not suitable sustainable transport methods available, particularly for those in rural areas outside Cambridge city<br>o Some of these respondents were concerned these charges would have a negative impact on those with lower incomes<br>o Some of these respondents felt that improvements to the accessibility and cost of |

| | |
|---|---|
| | o sustainable transport across the county were needed before introducing any charges<br>o A few of these respondents were concerned that it would stop people visiting Cambridge and negatively impact on trades |
| **Generating further efficiencies and savings by working in new ways and making the most of digital innovations - e.g. more online self service** | • Respondents who discussed this answer choice felt that online services could risk putting off service users, as they were felt to be not as adaptive to individual needs or difficult to use, or risked excluding those without internet access or were not digitally literate |
| **Reviewing how the council awards and manages contracts** | • Respondents who discussed this answer choice felt reviewing contracts was important<br>o Some of these respondents felt that the council should make less use of contractors and do more 'in-house', as they felt contractors often didn't keep to service level agreements, needed to be held more accountable, and cost more in the long run<br>o Some of these respondents felt that reviewing contracts should already be a part of 'business as usual', with some of these respondents querying how it would be done to ensure it was effective |
| **Advertising and sponsorship from local suitable businesses, displaying banners, signs or logos on some council assets and products** | • Respondents who discussed this answer varied in their response<br>o Some of these respondents felt that generating income from advertising/sponsorship from local businesses was a positive initiative<br>▪ Most of these respondents felt, however, the council needed to be cautious about who they received advertising/sponsorship from, ensuring the businesses' values align with the council and strict guidelines were followed<br>o Some of these respondents were concerned about receiving income from businesses for advertising/sponsorship, stating that there had been issues with this in the past and that it could lead to a negative reputation for the council or give the general public or private sector the impression private businesses can influence council spending |
| **Other** | • Respondents also left comments which did not directly relate to answer choices. |

| | |
|---|---|
| | ○ A few of these respondents felt that salaries should be reducing, particularly for councillors<br>○ A few of these respondents felt that more engagement was needed with local communities, particularly in more rural areas of the county<br>○ A few of these respondents felt they needed more information on these areas before they could provide an informed decision<br>○ A few of these respondents felt that more savings could be made on council properties and environmental impact could be reduced by encouraging more home working |

## Question 4: Council Tax

**4. Which of the above options do you support?**

| | **Answer Choices** | **Response Percent** | **Response Total** |
|---|---|---|---|
| 1 | Option 1 - No increase to Council Tax (0% total increase) | 33.79% | 172 |
| 2 | Option 2 - Increasing either general Council Tax by 2% or the Adult Social Care Precept by 2% but not both (2% total increase) | 16.70% | 85 |
| 3 | Option 3 - Increasing the Adult Social Care Precept by 2% and the general Council Tax by 1% (3% total increase) | 18.27% | 93 |
| 4 | Option 4 - Increasing the Adult Social Care Precept by 2% and the general Council Tax by 3% (5% total increase) | 9.04% | 46 |
| 5 | Option 5 - Increasing the Adult Social Care Precept by 3% and the general Council Tax by more than 3% (6% or more in total) | 16.90% | 86 |
| 6 | None of the above | 5.30% | 27 |
| | | answered | 509 |
| | | skipped | 3 |

## Question 4b: Can you please tell us why you chose this option?

### Respondents who chose “Option 1: - No increase to Council Tax (0% total increase)”

71 of the respondents who chose “Option 1” left comments on question 4b, which asked why they’d chosen that option.

### Summary of main themes

| Comment Theme | Respondent comments |
|---|---|
| **Current cost of Council Tax** | • Respondents who discussed this theme indicated they wished no further increase to Council Tax as they felt it was already too costly<br>    o Some of these respondents felt that the Council spent its money poorly which resulted in little benefit being seen for the increased costs, particularly in areas outside Cambridge<br>    o Some of these respondents indicated that other costs (such as fuel, heating, food) had increased significantly and income had not, so were concerned households could not afford an increase in Council Tax<br>    o Some of these respondents felt the cost of Council Tax was significantly higher than other areas of the country<br>    o Some of these respondents felt increasing Council Tax to pay for social care was “double-dipping” as National Insurance had been increased specifically for this reason |
| **Poor spending** | • Respondents who discussed this theme felt that the Council spent its money poorly which resulted in little benefit being seen for the increased costs, particularly in areas outside Cambridge<br>    o Some of these respondents felt there was a poor cost/benefit ratio for the services offered<br>        ▪ Some of these respondents highlighted issues with poor services in their area or instances where they had had to pay for services they felt the Council should offer<br>    o Some of these respondents felt there were efficiency savings that could be made by the Council, particularly around larger project budgets, by reducing outsourcing, infrastructure costs (due to the need/ability for staff to work |

| | |
|---|---|
| | from home), and salary costs in management/Councillors<br>o A few of these respondents felt the Council could do more to generate income from other sources<br>o A few of these respondents felt that information on the full costings across the Council should be available |
| **Cost of living concerns** | • Respondents who discussed this theme felt that paying increased Council Tax was unaffordable, particularly for poorer households, as the cost of living, particularly energy prices, had substantially increased while wages/income had not<br>o A few of these respondents felt that Council Tax rates should be calculated differently. Suggestions included basing it on income or increasing Council Tax on second homes/holiday homes/commercial properties |
| **Income from Central Government** | • Respondents who discussed this theme felt that Central Government should provide more funding for services the Council provides |

### Respondents who chose “Option 1: - Increasing either general Council Tax by 2% or the Adult Social Care Precept by 2% but not both (2% total increase)”

22 of the respondents who chose “Option 2” left comments on question 4b, which asked why they’d chosen that option.

#### Summary of main themes

| Comment Theme | Respondent comments |
|---|---|
| **Current cost of Council Tax** | • Respondents who discussed this theme felt that Council Tax was already too costly<br>o Some of these respondents indicated that other costs (such as fuel, heating, food) had increased significantly and income had not, so were concerned households could not afford an increase in Council Tax |
| **Cost of living concerns** | • Respondents who discussed this theme felt that paying increased Council Tax was unaffordable, particularly for poorer households, as the cost of living, particularly energy prices, had substantially increased while wages/income had not increased enough to cover them<br>o Some of these respondents indicated they felt a 2% increase was in line with state |

| | |
|---|---|
| | pension/wage/income increase and so was reasonable |
| **Efficiency savings** | • Respondents who discussed this theme felt there were efficiency savings that could be made by the Council |
| **Need for Adult Social Care services** | • Respondents who discussed this theme indicated that they felt a 2% increase for Adult Social Care was reasonable, as it was needed, and "Option 2" would provide this without too big an impact on households with lower incomes |

### Respondents who chose "Option 3: - Increasing the Adult Social Care Precept by 2% and the general Council Tax by 1% (3% total increase)"

35 of the respondents who chose "Option 3" left comments on question 4b, which asked why they'd chosen that option.

#### Summary of main themes

| Comment Theme | Respondent comments |
|---|---|
| **Balance between services and household impact** | • Respondents who discussed this theme indicated they felt "Option 3" struck the best balance between providing necessary services without too significant an impact on households, particularly those on lower incomes.<br>  ○ Some of these respondents felt the Council should also look into efficiency savings to plug any funding gaps |
| **Cost of living concerns** | • Respondents who discussed this indicated they were concerned about the impact on poorer households, as the cost of living, particularly energy prices, had substantially increased while wages/income had not increased enough to cover them. These respondents felt, however, that some increase was needed to keep essential services |
| **Income from Central Government** | • Respondents who discussed this theme felt that Central Government should provide more funding for services the Council provides |
| **Poor spending** | • Respondents who discussed this theme felt that the Council spent its money poorly which resulted in little benefit being seen for the increased costs |

### Respondents who chose "Option 4 - Increasing the Adult Social Care Precept by 2% and the general Council Tax by 3% (5% total increase)"

14 of the respondents who chose "Option 4" left comments on question 4b, which asked why they'd chosen that option.

### Summary of main themes

| Comment Theme | Respondent comments |
|---|---|
| **Need for services** | • Respondents who discussed this theme indicated they felt "Option 4" was needed to ensure services remained funded.<br>  ○ A few of these respondents felt that the Council should demonstrate that this rise in funding was being well spent |

### Respondents who chose "Option 5 - Increasing the Adult Social Care Precept by 3% and the general Council Tax by more than 3% (6% or more in total)"

40 of the respondents who chose "Option 5" left comments on question 4b, which asked why they'd chosen that option.

### Summary of main themes

| Comment Theme | Respondent comments |
|---|---|
| **Need for services** | • Respondents who discussed this theme indicated they felt "Option 5" was needed to ensure services remained funded.<br>  ○ Some of these respondents indicated they were concerned about services being cut, as they felt they already had been cut as far as they would go |
| **Impact on lower incomes** | • Respondents who discussed this theme indicated they were concerned about the impact a Council Tax increase could have on households with lower income. These respondents felt these households should be protected |
| **Income from Central Government** | • Respondents who discussed this theme felt that Central Government should provide more funding for services the Council provides |

### Respondents who chose "None of the above"

21 of the respondents who chose "None of the above" left comments on question 4b, which asked why they'd chosen that option.

### Summary of main themes

| Comment Theme | Respondent comments |
|---|---|
| **Alternative options** | • Respondents who discussed this theme indicated they felt other Council Tax options should have been available. These included (in order of number of suggestions): |

| | |
|---|---|
| | ○ 3% on the Adult Social Care Precept and 2% on the general Council Tax<br>○ 2% on the Adult Social Care Precept and 2% on the general Council Tax<br>○ 2% on the Adult Social Care Precept and no increase on the general Council Tax<br>○ No increase on the Adult Social Care Precept and 1% on the general Council Tax |
| **Poor spending** | • Respondents who discussed this theme felt that the Council spent its money poorly which resulted in little benefit being seen for the increased costs<br>○ Some of these respondents felt there were efficiency savings that could be made by the Council, particularly around larger project budgets, by reducing outsourcing, infrastructure costs (due to the need/ability for staff to work from home), and salary costs |
| **Alternative Council Tax banding** | • Respondents who discussed this theme felt that the banding for Council Tax levels should be based on income |

1 respondent left a comment on question 4b but did not choose an option in question 4. This respondent felt individual opinions on Council Tax options were irrelevant and that the Council should be able to demonstrate how Council Tax was benefitting local areas.

Cambridgeshire County Council

Section 6

# Capital Strategy

## 2022-2023

cambridgeshire.gov.uk

# 1. Executive Summary

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

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

This Strategy describes how the Council's investment of capital resources over the next ten years, matched by key partners, will optimise the ability of the Council to achieve its Strategic Vision and Corporate Priorities outlined within the Council's Strategic Framework. The Strategy is concerned with all aspects of the Council's capital expenditure programme: planning; prioritisation; management; and funding, and is updated each year as part of the Business Planning process.

The Council achieves its vision of "Creating a greener, fairer and more caring Cambridgeshire" through delivery of its Business Plan, which targets five key Corporate Priorities. To assist in delivering the Plan, the Council needs to undertake capital investment in order to deliver on its major commitments. This includes investment in new schools and in modernising school buildings, regeneration and improvement of the county's transport infrastructure and tackling the Council's ambitious net-zero target towards 2030.

**Creating a greener, fairer and more caring Cambridgeshire**

It is crucial that when long-term investment decisions are undertaken, decision-makers can rely on clear and informed information. This includes:

- A long-term view of capital expenditure plans and any financial risks to which the Council is exposed.
- Ensuring due regard to the long-term financing affordability implications and potential risks.
- A clear overview of the Council's asset management planning arrangements and any maintenance requirements that have resource and business planning implications.

## 2. Strategic context

The development of this Strategy, along with the Council's other core strategies and plans, is informed by the current and longer-term strategic context, as set out in the Strategic Framework.

Cambridgeshire is a fast-growing place. In 2021, approximately 686,000 people lived in Cambridgeshire; by 2036, our forecasts expect this figure to increase by 14% to 779,000. Over that period, we could see a 12% increase in the number of under 25s living in Cambridgeshire and 33% increase in over 65s. This growth is not new to us – since 2011, we have already seen 10% growth in the number of people living in our communities. Over the last 20 years, there have been between 2,000 and 4,000 dwellings added to the housing stock each year.

Public services must continue to prepare for this growth in our local population in order to ensure those in need of services can access them, that infrastructure is designed and maintained to meet the needs of both current and future communities and that the Council has a robust approach to early intervention and prevention in order to support people to remain healthy and independent for as long as possible and reduce health inequalities exposed by the Covid-19 pandemic.

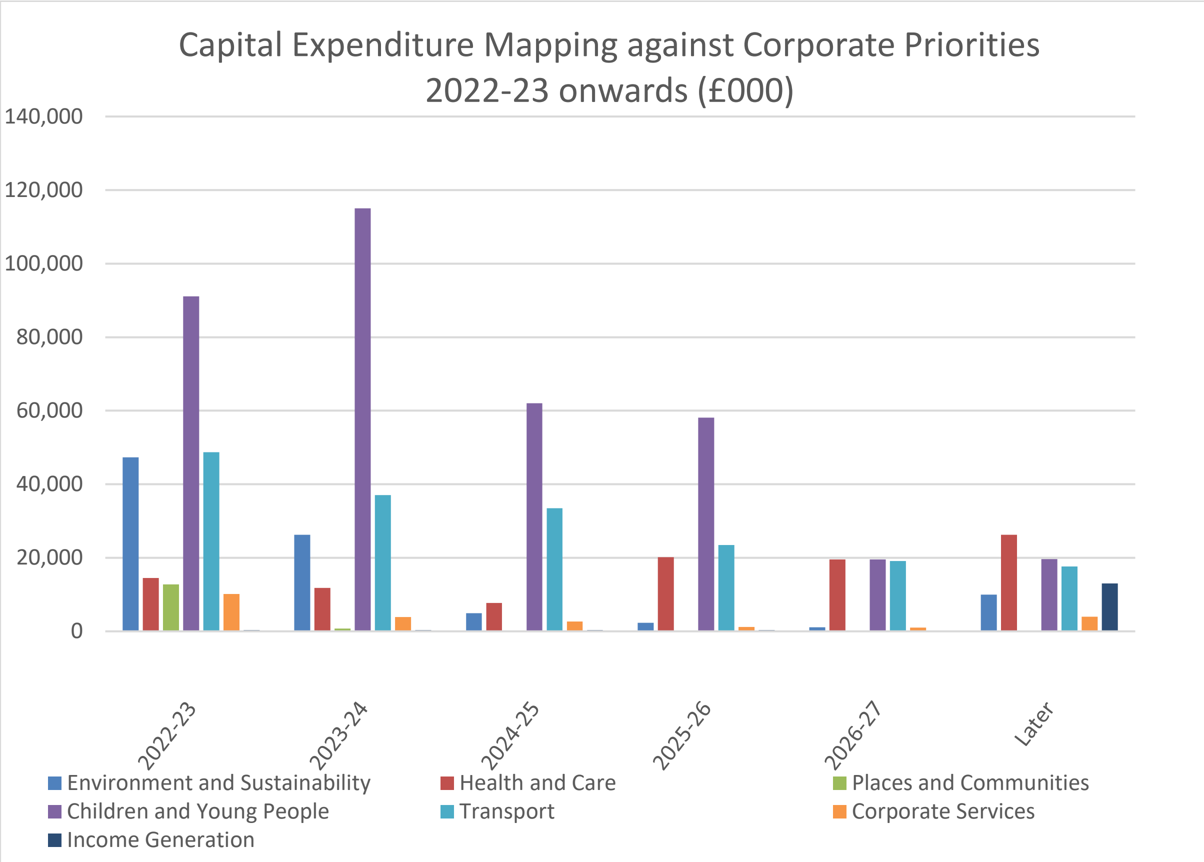
The Climate Change and Environment Strategy sets out the Council's ambition for tackling the climate and biodiversity emergencies. The Council is aiming to reduce the organisations carbon footprint for scope 1 and 2 emissions to achieve net zero by 2030 in line with the Independent Commission for Climate Change for Cambridgeshire and Peterborough. Between 2005 and 2019, Cambridgeshire saw a 24% reduction in $CO_2$ emissions, but significant further reductions are needed to reach net-zero. The largest share of $CO_2$ emissions was from land use, land use change and forestry, followed by transport and domestic.

The Council is also working to reduce its scope 3 emissions by 50.4% by 2030, a scientific target set against the 2018 baseline. This will require engagement with our suppliers and the market to build understanding and commitment to reduce the carbon footprint of the goods and services we commission and the investments we make.

The biodiversity emergency becomes more apparent everyday as the space and opportunity for nature to thrive diminishes through our economic activities. Valuing the environment and nature and placing equal priority on these to that of finance, is the triple bottom line that the Council is seeking to deliver.

## 3. Capital Investment Mapping

The Council's investment ambition can be mapped to the Council's Corporate Priorities as follows:




A more detailed review of the Capital Programme is provided in part 5d.

## 4. Future Years Strategy Development

The Capital Strategy is constantly undergoing development as part of a process of continuous improvement to support members in their decision making. Future identified activity includes:

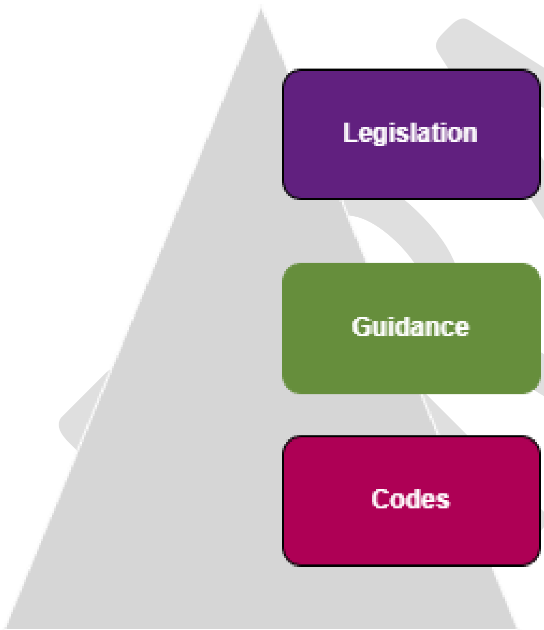
- Further development of the long-term (20-to-30-years) approach to the Capital Strategy, aligned to our longer-term corporate strategies
- Alignment with the development of the 2023-25 Corporate Strategy

- Assessment of asset management planning to inform decision making and risk as part of the development of the new Asset Management Strategy
- Updates to reflect the new Prudential Code, due to be implemented in 2023-24, and any other changes to statutory guidance
- Review of Business Case best practice and alignment of the prioritisation process with the new Corporate Priorities
- Inclusion of carbon pricing within investment decisions across all schemes.

# 5 – Detailed Strategy

## 5a. Statutory 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 several 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 relevant legislation, guidance and codes are set out as follows:




**Legislation**

- Local Government Act 2003
- Localism Act 2011 (England)
- Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 and Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) (EU EXit) Regulations 2019

**DLUHC Guidance**

- Capital Finance: *Guidance on Local Government Investments*, third edition (2018)
- Capital Finance: *Guidance on Minimum Revenue Position*, forth edition (2018)

**CIPFA Codes**

- CIPFA Prudential Code (2017)
- CIPFA Prudential Code Guidance Notes (2018)
- CIPFA Treasury Management Code of Practice and Cross- Sectoral Guidance Notes (2017)
- CIPFA Financial Management Code (2019)

## 5b. Working with partners

The Council is committed to developing strong and positive partnerships that not only enhance the investment potential of the Council through opportunities for support and contributions from third parties but enable delivery of the Council’s Corporate Priorities. Partnership working enables the

Council to leverage a larger package of investment that extends beyond our investment potential as an individual organisation.

There are a range of capital schemes currently being delivered in conjunction with partners and our commitment to social and environmental values further demonstrate our aspiration to work with the public and private sector to deliver better outcomes for people, the environment, and communities. The following summarises some of the Council's key partnerships.

### *Cambridgeshire and Peterborough Combined Authority (CPCA)*

The CPCA, led by the Mayor and representatives from the seven constituent councils, was created in 2017 to deliver the region's devolution deal. The CPCA works with the Business Board (the Local Enterprise Partnership) and other local partners to deliver strategic projects. Key ambitions for the Combined Authority include:

- doubling the size of the local economy
- accelerating house building rates to meet local and UK need
- delivering outstanding and much needed connectivity in terms of transport and digital links providing the UK's most technically skilled workforce
- transforming public service delivery to be much more seamless and responsive to local need growing international recognition for our knowledge-based economy
- improving the quality of life by tackling areas suffering from deprivation.

The CPCA receives funding and powers from Central Government, which the Mayor and the Combined Authority Board oversee, and it sets out strategies and plans for delivering its ambitions. It is expected that CCC will deliver much of the capital work commissioned by the CPCA within Cambridgeshire, and several schemes form part of our capital programme.

### *Greater Cambridge Partnership*

The Greater Cambridge Partnership is the local delivery body for a City Deal with central Government, bringing powers and investment, worth up to £500 million over 15 years, to vital improvements in infrastructure, supporting and accelerating the creation of 44,000 new jobs, 33,500 new homes and 420 additional apprenticeships.

It is the largest of several City Deal programmes agreed by central Government in 2013 and brings key partners together to work with communities, businesses, and industry leaders to support the continued growth of one of the world's leading tourism and business destinations. The four partners are:

- Cambridge City Council
- Cambridgeshire County Council
- South Cambridgeshire District Council
- University of Cambridge

In 2013, £100m of government funding was made available for transport improvements until 2020. Following successful completion of the Gateway Review in May 2020, an extra £200 million funding was made available up to 2025. The Greater Cambridge Partnership continues to explore funding opportunities, for example through Section 106 agreements with developers, and to explore private funding opportunities.

It is expected that Cambridgeshire County Council will undertake most of this work on behalf of the GCP.

*Connecting Cambridgeshire*

The Connecting Cambridgeshire programme is improving Cambridgeshire and Peterborough's digital infrastructure – including broadband, mobile and public access Wi-fi coverage – to drive economic growth, help our businesses and communities to thrive and make it easier to access public services. The project is led by Cambridgeshire County Council working with Peterborough City Council (PCC), CPCA, Government bodies, local councils, and external organisations, including telecoms suppliers and mobile operators.

Together with £3m from PCC and £8.75m government funding, the Council's initial outlay of £20m in 2011 has since been used to leverage further funding, grants and private investments, including £5.6m from CPCA, to extend the programme to improve mobile and public access Wi-fi as well as fibre broadband. The rollout has now brought superfast access to over 98% of premises – above the national average – with plans to reach over 99% coverage. The superfast broadband rollout is continuing to fill remaining gaps in coverage – using the latest fibre to the premise technology to bring gigabit-capable connections through a combination of commercial and public investment.

The Connecting Cambridgeshire Digital Connectivity Strategy 2018-2022 gives an overview of work underway to significantly improve broadband, mobile and public access Wi-fi coverage across the region by 2022. In addition to the key areas of broadband, mobile and public access Wi-fi, the strategy is underpinned by an Enabling Digital Delivery programme and a new Keeping Everyone Connected workstream, to support businesses and communities.

*This Land*

This Land Ltd was established as a wholly owned company of the Council in 2016 in order to enable development of land for housing. The company aims to develop the land it has acquired, predominantly from the Council, to provide individual, high-quality homes and new communities that are in much demand across Cambridgeshire and the surrounding counties in the East of England. As of January 2022, the Council had issued long-term loans of £113.851m, for which it receives an annual revenue return by way of interest payments, and equity of £5.851m to This Land. The Council is in the process of undertaking a shareholder review of This Land, assessing its commercial operation and future exposure to risk.

*Light Blue Fibre*

Light Blue Fibre Ltd, one of the first of its kind in the UK, is a joint venture between the University of Cambridge and Cambridgeshire County Council, making both organisations' existing extensive duct and fibre networks commercially available. It aims to attract telecoms companies, infrastructure providers and technology businesses who understand the importance of full fibre connectivity and are looking to save time and money by reducing the need for expensive and time-consuming infrastructure developments.

### *Swaffham Prior Community Heat Network*

The Council is working with Swaffham Prior Community Land Trust to bring renewable energy to Swaffham Prior by becoming one of the first villages in the UK to install a heating network into an existing community. The village is not connected to the gas grid, meaning 70% of homes rely on burning oil for heating. The ambition is to:

- End fuel poverty
- Reduce dependence on oil
- Provide cheaper, renewable heating to as many homes as possible

Over half the village have already outlined their intention to join the Heat Network, which will use Ground Source and Air Source Heat Pumps pumped through a community network to provide thermal energy, recognising the need for change and the Government's plans to phase out gas and oil boilers. Once the Energy Centre has been built and the heating network pipes have been laid, homes will be connected over time with the first connections anticipated from March 2022. The Council's role will then become that of the Energy Supplier in conjunction with the Council's technical partner, Bouygues Energy Services.

### *One Public Estate (OPE)*

OPE is an established national programme delivered in partnership by the Office of Government Property (OGP) within the Cabinet Office and the Local Government Association (LGA). It provides practical and technical support and funding to councils to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners. Cambridgeshire's 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 programme has secured up to £2.2m in funding so far to bring forward major projects for joint asset rationalisation and land release. OPE projects that are being delivered in conjunction with OPE partners include:

- North Huntingdon Strategic Growth Partnership – Wyton redevelopment of 4,500 homes with Huntingdonshire District Council (HDC)
- Think Communities Property workstream (previously the Community Hubs project)
- Ely Hospital redevelopment with NHS Cambridgeshire Community Services (CCS)
- Wisbech Hospital redevelopment with NHS CCS
- Ely Care Home development at Ely Hospital with NHS CCS
- Fenland Nene Riverfront with Fenland District Council

### *Community Infrastructure Levy (CIL)*

The Council also works 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.

### *Local Area Energy Planning*

Local Area Energy Planning is about determining the most cost-effective way of reaching net zero; identifying the partnerships that need to be created and the investments that will be required to achieve this. There are three strands:

- Place making – to achieve low carbon, oil and gas infrastructure use needs shifting to greater levels of 'electricity infrastructure', which will be the dominant infrastructure for heating and lighting buildings and transport for cars and light vans – or hydrogen for heavy transport. The Council therefore has a role in infrastructure planning and delivery.
- Green Investment – the Council can use its assets e.g., buildings and land either to host energy generation, for battery storage for larger projects or to become part of a project as an anchor tenant. The Council can also invest in energy projects for carbon reductions and carbon credits to sell.
- Local energy economy – investing in local energy provides jobs and services locally and financial benefits for the local economy.

The Council is in the initial stages of scoping out the process, with budget allocated to progress this during 2022-23.

### 5c. Internal Influences

As well as the Council's Corporate Strategy, the Capital Strategy has clear links to many other strategies, policies, and plans. The most significant of those strategies and their influence are detailed below.

| Strategy | Influence |
|---|---|
| Strategic Framework | Ensures the Council's plans are driven by the shared vision to create a greener, fairer, and more caring Cambridgeshire and focuses on achieving a number of outcomes for the people of Cambridgeshire. |
| Medium Term Financial Strategy | Sets out the financial picture facing the Council over the next five years, the resources available to the Council, and the Council's strategy for managing its resources effectively. |
| Flexible Use of Capital Receipts Strategy | Sets out how the Council will use the Flexible Use of Capital Receipts direction on transformational activity that reduces costs or demand for services. |
| Service Financial Plans | Set out the level of financial resources available for each Service area, across both revenue and capital. |

| | |
|---|---|
| Treasury Management Strategy | Establishes the framework for the effective and efficient management of the Council's treasury management activity, including the Council's borrowing and investment portfolio, within legislative, regulatory, and best practice regimes. The Strategy balances risk against reward in the best interests of stewardship of the public purse. |
| Investment Strategy | 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, it provides an overview of how the associated risk of financial and non-financial investments is managed and the implications for future financial sustainability. |
| Accommodation Needs Assessment for Older People and People with Physical Disabilities | Sets out Cambridgeshire and Peterborough's long term commissioning intentions for accommodation for older people and adults with physical disabilities to ensure sufficient, affordable, and quality accommodation is available to meet demand up to 2036. |
| Education Organisation Plan | Sets out the strategic direction on education across the Combined Authority area, based on the Council's statutory duties regarding the sufficiency, diversity, and planning of places for early years, school-aged children (including special schools) and post-16 education and training provision. |
| Think Communities Approach | Outlines how the Council will work collaboratively with parish councils, town councils, health, education and police services, local businesses, and local communities to allocate resources where and when they are needed for the people in that community. |
| Transport Investment Strategy | Sets out the transport infrastructure, services and initiatives that are required to support the growth of Cambridgeshire. |
| Transport Delivery Plan | Provides forward visibility of all the planned highway and transport capital schemes on the local network that are in all probability going to be delivered within the 3-year timeframe. |
| Supporting New Communities Strategy | Ensures that infrastructure in new communities is designed to meet the needs of the community now and in the future. Supports the development of a self-supporting, healthy, and resilient community. Ensures that where people's needs are greater than can be met within |

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| | community resources, they are supported by the right services and are helped to return to independence. |
| Planning Obligations Strategy | Sets out the Council's approach to securing developer contributions. Forms the principles for the advice which officers provide, including details about the service areas for which we may seek planning obligations. |
| Climate Change and Environment Strategy | Sets out the Council's ambitious plans to reduce our own and the county's carbon footprint, and to support others in their efforts |
| Asset Management Strategy | Provides detail on the framework for operational asset management. |
| County Farms Estate Strategy | Outlines how the estate will be managed to optimise income and development returns to produce a target revenue return to the Council of 4%, as well as how the estate will be managed to promote rural businesses, healthy living and to protect the environment. |
| Cambs 2020 Programme | Sets out the Council's plans for creating a new 'hub and spoke' approach to providing Council services, allowing the Council to move closer to the communities it serves and reduce pressure on the congested infrastructure of Cambridge. This is not just a programme of office moves, but a catalyst for change for the Council and its employees to deliver services in a different way. As this programme draws to a close, its successor will look at workspace and working practices through best use of IT and property to reduce overall costs and improve delivery. |
| Commercial Strategy | Sets out how the organisation will develop, foster, and enhance commercial activity which delivers financial, environmental, and social value, through continuing to use its assets, skills, and position to support delivery of crucial front-line services and Corporate Priorities |
| IT Strategy | Articulates how staff in shared services can work effectively with colleagues across both the Council and PCC to deliver more effective services to our citizens. Staff need access to IT that supports this vision and enables secure, easy, and robust sharing with collaboration tools delivered on a cost-effective basis, with the minimum level of duplicate costs for equipment and licences. |

| | |
|---|---|
| Procurement Strategy | This strategy has been created in line with the current National Procurement Strategy implemented in 2018 and following the service's withdrawal on 1st October 2020 from the LGSS shared service partnership. It sets out how the Procurement model of delivery will focus on transforming the recently repatriated Cambridgeshire Procurement team to an enhanced function that operates in partnership with PCC, supporting joint initiatives and Cambridgeshire's strategic requirements. |

### *Commercial Strategy*

To build on the ambitions and practice achieved as part of the 2019 - 2021 Commercial Strategy, the Commercial Strategy has been reviewed and re-set for the 2021-2025 period. This new strategy focuses on and reflects the changing and increasingly challenging economic, financial, and social landscape of Cambridgeshire. Priorities across the organisation in the last two years, coupled with the external impacts of Covid-19, the targeted recovery, changes to local authority funding and loan conditions, and the new Administration of CCC; require a refocus of commercial, business-like activities and practice within the Council.

In order to support an increasing and necessary focus on social value, the Commercial Strategy seeks to embed commercial expertise and practice in services that will sustainably enable the organisation's desired outcomes with pace and efficiency. The strategy is underpinned and supported by a strong base which will ensure effective procurement, contract management controls, understanding of full costs, ongoing engagement with supply chains and partners and horizon scanning, as well as ensuring current and planned income, commercial activities and funding streams remain maximised and sustainable. A suitable risk-based approach enables the Council to identify risks and mitigations and know when to embrace or reduce their potential impact. To align with services and deliver this broader strategy for the Council, three themes have been prioritised, enabling clarity and ownership:

- Assets
- Placemaking and Communities

– External Environment

The strategy sets out commercial activity to include:

- thinking about the commercial, environmental, and social return on investment for every pound the Council spends
- making robust decisions on a consistent basis with evidence and a sound business case
- making a surplus - from trading and investments
- maximising value for money from contractual relationships
- considering the whole life cost of policy decisions, including market impact
- collaborating with the market and with partners to develop alternative models for greater returns/cost efficiencies
- considering new and innovative ways of generating income
- maximising use of revenue and assets

Whilst all capital schemes are expected to contribute to delivery of the Council's Corporate Priorities, there are some schemes that are also expected to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement. These schemes are called Invest to Save or Invest to Earn schemes and will be self-funded in the medium-term. The Capital Programme includes the following Invest to Save / Invest to Earn schemes:

| Scheme | Total Investment (£m) | Total Net Return* (£m) |
|---|---:|---:|
| Independent Living Service: East Cambridgeshire | 17.8 | 0.9 |
| Independent Living Services | 40.1 | TBC |
| Swaffham Prior Community Heat Scheme | 13.5 | 21.6 |

| | | |
|---|---|---|
| Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride | 4.9 | 2.9 |
| Babraham Smart Energy Grid | 7.5 | 7.6 |
| Trumpington Smart Energy Grid | 7.0 | 7.0 |
| Stanground Closed Landfill Energy Project | 8.3 | 8.9 |
| Woodston Closed Landfill Energy Project | 2.5 | 9.2 |
| North Angle Solar Farm, Soham | 26.4 | 40.0 |
| Housing schemes | 148.7 | 58.2 |
| Lower Portland Farm | 3.8 | 15.1 |
| County Farms investment (Viability) | 2.7 | 5.0 |
| Shire Hall Relocation | 18.7 | 45.2 |
| **TOTAL** | **301.9** | **221.6** |

**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).*

### *Asset Management Strategy*

The Council's Capital Strategy inevitably has strong links to the Council's property 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 and carbon reduction, 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 Strategy and Resources Committee.

The Strategy will focus on the key objectives of:

- Reducing costs
- Co-locating front and/or back-office services
- Reducing carbon emissions

- Adapting assets to build resilience to a changing climate
- Increasing returns on capital
- Opening up investment opportunities
- Improving service delivery to communities
- Taking advantage of lease breaks

There will also be a detailed 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.

### *Investment Strategy (Non-financial)*

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 deliver better financial returns from property and asset holdings.

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. As with the rest of the Capital Strategy, all investment activity has been undertaken in line with the Council's vision of 'creating a greener, fairer and more caring Cambridgeshire'.

However, recent changes to the Public Works Loan Board (PWLB) rules and anticipated changes to CIPFA's Prudential Code mean that the Council is not looking to invest further in new commercial property acquisitions beyond the current portfolio over the medium-term.

Whilst no further investment is anticipated, the Council does now hold a commercial property portfolio, and as such, still 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. There are inherent risks associated with commercial activity (for further detail see part 5h) and as such the Council has taken 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.

Dependency on Commercial Income:

| | 2021-22 Estimate % | 2022-23 Estimate % | 2023-24 Estimate % | 2024-25 Estimate % | 2025-26 Estimate % | 2026-27 Estimate % |
|---|---|---|---|---|---|---|
| Commercial income* to net service expenditure | -3.5% | -3.7% | -3.9% | -4.0% | -3.8% | -3.6% |

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

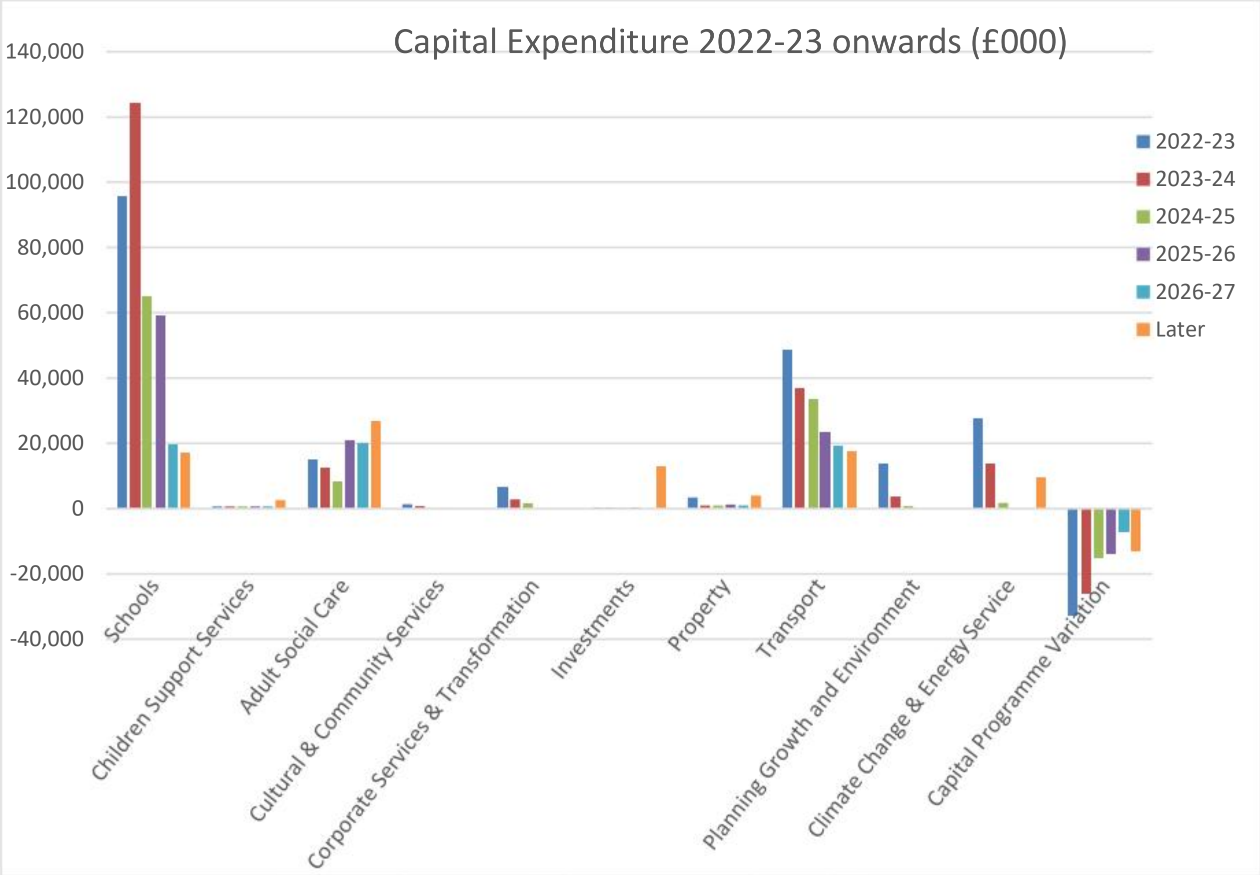
As part of this Capital Strategy, the Council sets a debt charges limit at the beginning of the business planning process as a mechanism to ensure that the Council does not overcommit its revenue resources to servicing debt. This can also be reviewed in terms of debt as a proportion of net service expenditure; for details on this see part 5f. However, it should be noted that the majority of these financing costs do not relate to borrowing incurred for commercial investment, but rather to necessary borrowing required to support the Council's service Capital Programme.

There may be a need in the future to dispose of property investments. This could occur because of the need to return the investment to cash for other purposes, poor financial performance of a particular property, or poor environmental and energy performance, for example. Whilst it is expected 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. Therefore, as part of the investment decision, consideration has been given to the potential ways in which the Council could "exit" from the investment, such as sale to another investor, sale for redevelopment, etc. These exit strategies are detailed in the current investment portfolio summary in Appendix 1 of this Strategy.

Active monitoring of the performance of individual properties within the portfolio is undertaken jointly across the property, finance, and commercial teams. If any underperformance is identified, the Commercial Team will develop an action plan to determine how to mitigate any increase in risk or threat to ongoing security, liquidity, and yield.

### 5d. Capital Investment Plan

Including an estimated previous spend of £675.1m on active schemes, the total value of the 2022-23 Capital Programme is £1.4bn. The following chart provides the areas of spend from 2022-23 onwards; the three categories of most significant capital expenditure for the Council are schools, transport, and energy.




## *Schools*

| Capital Scheme Category | £m | Description |
|---|---:|---|
| Basic Need | 301.9 | The population of Cambridgeshire is growing; therefore, additional school places are required. This covers early years, primary and secondary education for both maintained and academy schools, as the Council retains the statutory duty to provide school places. |
| Adaptions | 7.3 | Covers rebuilds after major incidents such as fire or flooding, adaptions to bring older buildings up to date in line with the Department of Education Building Bulletin guidance, and work to address long-standing suitability and condition issues. |
| Condition & Maintenance | 25.5 | Addresses significant condition and statutory compliance issues identified in maintained schools' asset management plans, ensuring places are |

| | | |
|---|---|---|
| | | sustainable and safe. This funding is used alongside Government grants and loans to fund non-carbon heating solutions in some schools where oil or gas boilers require replacement. |
| Schools Managed Capital | 7.0 | This funding is allocated directly to maintained schools to enable them to undertake low-level refurbishments, minor condition and maintenance works, and purchase equipment such as IT. |
| Specialist Provision | 32.3 | Covers both basic need provision for Special Educational Need and Disability (SEND) places, as well as adaptions to facilitate placement of children with SEND in mainstream schools in line with decisions taken by the County Resourcing Panel. |
| Temporary Accommodation | 7.0 | Enables the Council to increase the number of school places provided using mobile accommodation. This could be related to temporary increases in pupil numbers that do not require long-term resolution or could be a short-term solution whilst a longer-term resolution is identified and developed. |

### *Transport*

| Capital Scheme Category | £m | Description |
|---|---|---|
| Integrated Transport | 46.3 | Covers local infrastructure improvements regarding accessibility, road safety engineering work, new cycle route provision and the Council's contribution to the Highways Agency A14 upgrade scheme. |
| Operating the Network | 55.9 | Carriageway and footway maintenance, improvements to the Rights of Way network, bridge strengthening and traffic signal replacement. It also supports provision of the Integrated Highways Management Centre and Real Time Bus |

| | | |
|---|---|---|
| | | Information system, which provide real-time travel information. |
| Highways & Transport | 77.3 | One-off schemes to provide resolutions to specific highways and transport issues. Examples include full reconstruction of the B1050 Shelfords Road and replacement of the King's Dyke level crossing in Whittlesey. |

### *Energy*

| Capital Scheme Category | £m | Description |
|---|---|---|
| Smart energy grid demonstrators | 16.8 | Installation of low carbon energy generation assets with battery storage on Park and Ride sites. |
| Landfill energy projects | 10.5 | Installation of clean energy schemes on closed landfill sites. |
| Solar energy schemes | 7.2 | Creation of a second solar farm and an additional solar park. |
| Community heat scheme | 6.2 | This is a ground-breaking scheme enabling residents to decarbonise their heating and hot water by provision of an energy centre which will supply heat via a network of underground pipes that run through the village. |
| Decarbonisation Fund | 11.2 | Taking all non-school Council buildings off fossil fuels and converting to low carbon heating solutions such as air or ground source heat pumps. |

### *Capital Programme Variation*

The nature of capital planning is such that it can be difficult to accurately forecast timing of capital expenditure for each individual scheme, as it is difficult to pinpoint exactly which schemes will experience unforeseen delays. In order to ensure that this does not unduly impact on the revenue position (see part 5f below for further detail on the impact capital has on revenue), the Council employs the use of centrally calculated and allocated Capital

Programme Variation budgets in order to reduce the overall level of anticipated borrowing each year to a more accurate level. These budgets are calculated by applying a percentage reduction at Service level to the programme, based on several factors such as historical slippage, the nature of the current schemes in the programme, etc. This explains why the expenditure for this area in the chart above is negative. As slippage forecasts are reported throughout the year, they are offset against the variation budgets for each Service, leading to a balanced outturn overall up until the point when rephasing exceeds this budget.

Further detail on all schemes can be found within the individual service finance tables (Section 3 of the Business Plan).

### 5e. Funding the Strategy

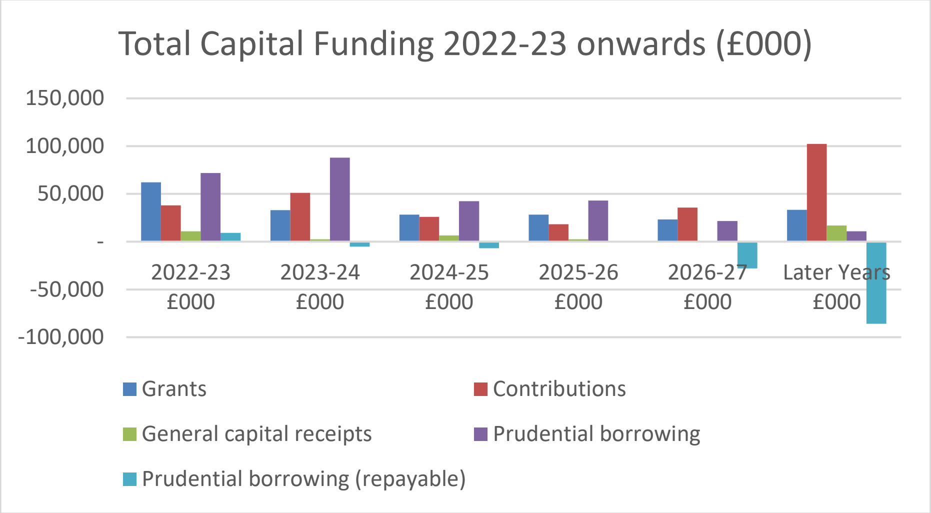
Capital expenditure is financed using a combination of the following funding sources:

| | |
|---|---|
| Earmarked Funding | Central Government and external grants |
| | Developer contributions (Section 106), Community Infrastructure Levy (CIL) and external contributions |
| | Private Finance Initiative (PFI) / Public Private Partnerships (PPP)[1] |
| Discretionary Funding | Central Government and external grants |
| | Prudential Borrowing |
| | Capital Receipts |
| | Revenue funding |

A more detailed explanation of these funding sources is provided in Appendix 2 of this Strategy.

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

The 2022-23 ten-year Programme, worth £680.2m, is budgeted to be funded through £480.1m of external grants and contributions, £39.7m of capital receipts and £160.5m of borrowing.




Prudential borrowing (repayable) normally arises through timing differences between expenditure and receipt of income. This is common in relation to schemes funded, or part-funded, by developer contributions where the timing of the contribution is determined by the pace of development and meeting certain triggers, whereas the infrastructure may be required at an earlier point. For example, a new school may be required early on in a development, even though it will not reach capacity (and therefore will not trigger all of the funding milestones usually linked to the number of housing completions) for several years. Prudential borrowing (repayable) will also be used to fund capital loans to other organisations; these loans will eventually be repaid, therefore over the life of the programme the borrowing required is zero; this explains the negative Prudential borrowing (repayable) in latter years in the above chart.

### *Government Grants*

Councils have received one-year funding envelopes for three years in a row, which hampers the Council's ability to make efficient and effective decisions over long-term financial planning. The lack of certainty has been further exacerbated by the number of financial reforms which have been put on hold, particularly during the pandemic. The Government announced in September that a Comprehensive Spending Review covering the period 2022-23 to 2024-25 would be concluded on 27th October 2021 alongside the Autumn Budget. Despite the three-year spending review, the Local Government Finance Settlement was only for one year, which is not conducive to robust financial planning, particularly in relation to capital.

*Government Grants - Highways*

As part of the National Infrastructure delivery Plan, a National Productivity Investment Fund (NPIF) was created to provide an additional £1.1bn 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 1 million 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.

In addition to the Highways Maintenance formula allocation, the Department for Transport (DfT) have previously provided a Challenge Fund and an Incentive Fund. The Challenge Fund was to enable local authorities to bid for major maintenance projects that are otherwise difficult to fund through the normal maintenance funding; in 2020-21 this was amalgamated into the Pothole Fund. 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 self-assesses themselves against set criteria that determines which of three bands they are allocated to (Band 3 being the highest performing). The Council continues to be successful in maintaining Band 3 status and for 2021-22 has secured the maximum funding available of £10.2m. However, this represents a 29% reduction in needs and incentive-based funding as compared to 2020-21 when the Council received £14.6m. This is reflective of a £250m reduction in the overall national allocations. We await DfT to provide any indication of the grant funding to be provided for 2022-23, which is anticipated in early 2022.

The 2019 Conservative Manifesto committed to an additional £2bn of additional funding for pothole repair; £500m per annum from 2020-21. For 2020-21, the funding provided by DfT came via the new Pothole Fund, which was an amalgamation of Challenge Fund monies and the old Pothole Action Fund. This resulted in additional funding and the Council was allocated £10.2m in 2020-21 and a further £8.3m in 2021-22. This does not include the former Challenge Fund and Pothole Action Fund monies and therefore represents an 18% reduction in potholes funding as compared to 2020-21.

In the Spending Review 2021, the Government announced:

- £2.7bn over the next 3 years for local roads maintenance.
- £3bn of bus investment, including £1.2bn for bus transformation deals in England to deliver London-style services, fare, and infrastructure improvements, and a further £355m new funding for zero emission buses.
- £2bn of investment in cycling and walking to build hundreds of miles of high-quality, segregated bike lanes and other facilities to improve cyclists' safety. This includes £710m of new investment in active travel funding over the next 3 years.

Any allocations of this grant to Cambridgeshire will be factored into the business planning process as they are announced.

As the CPCA is now the local transport authority it therefore receives the above DfT local transport authority designated funding, but the CPCA continues to commission the Council to carry out the required works on the transport network.

### *Government Grants – Levelling Up*

In his first speech as Prime Minister, Boris Johnson promised to 'level up across Britain' and 'answer the plea of the forgotten people and the left-behind towns'. Furthermore, the Queen's Speech 2021 said that the Government would "level up opportunities across all parts of the United Kingdom, supporting jobs, businesses and economic growth and addressing the impact of the pandemic on public services". The Budget 2021 document stated that "the government will publish the Levelling Up White Paper by the end of 2021, setting out in more detail the framework and next steps towards levelling up opportunities and boosting livelihoods across the country". This is now expected to be published in the new year. The Levelling Up White Paper will provide further information on the Government's plans to enable more areas to agree ambitious devolution deals, where there is local support, and to strengthen existing devolution arrangements to ensure local leaders can get on and deliver. So far, the following announcements have been made:

- **Levelling Up Fund** – A £4bn fund; round one allocations total £1.7bn and will fund 105 projects. None of the local authorities in Cambridgeshire have received any funding under this round.
- **Community Ownership Fund** – The first 21 projects, which will help communities across the UK protect and manage their most treasured assets, have been announced (none relate to Cambridgeshire). The Fund is being delivered over at least 8 bidding rounds.
- **UK Shared Prosperity Fund** – Over £2.6bn has been allocated to the UK Shared Prosperity Fund (UKSPF) to help people access new opportunities across the UK.
- **Towns fund** – Continued regeneration of some 170 high streets, town centres and local communities across England will occur through the Towns Fund. No funding has been allocated to towns in Cambridgeshire.
- **Street Heritage Action Zone** – Continuing the successful High Street Heritage Action Zone programme in England to revive 67 historic high streets.

- **Freeports** - up to £200m has been announced to deliver eight Freeports in England, creating regions that will flourish as hubs for global trade and investment.
- **Levelling Up Parks Fund** – £9m Levelling Up Parks Fund, funding over 100 new parks in 2022-23 to ensure equal access to parks in urban areas that are deprived of green space.
- **Sports Facilities** – The Government will fund up to 8,000 community multi-use sports and football pitches, as well as refurbish more than 4,500 tennis courts, to improve access to sport facilities.
- **Youth Services** – To support young people, investment of £560m in youth services in England, including through the Youth Investment Fund and National Citizen Service.

*Government Grants – Environment*

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 to access this discounted interest rate; in November 2019 it was notified that the bids had been successful, and the Council can now secure £61m of borrowing at a discount of 0.4% below standard PWLB borrowing rates. This will support a variety of energy investment and community energy schemes to be delivered by 2023-24. The first tranche was accessed in March 2020 when the Council applied for £8m at the discounted rate, followed by a second tranche of £6m in August 2021.

Following on from this, the UK Infrastructure Bank (UKIB) opened for business in June 2021 and is expected to unlock more than £40bn of infrastructure investment. The Council is evaluating whether any of our energy schemes in particular should apply for this investment.

The Government has also set up several grant schemes to support the retrofit of existing buildings called the Public Sector Decarbonisation Fund, Community Heat Fund, Home Upgrade Grants, a 'Prospering from the Energy revolution' fund and a whole stream of other pump prime funding. It has also brought forward the Environment Bill and Agriculture Act; these will bring inward investment to change the way we do things and value public goods. It will be important to scope the range of Government opportunities and plan how to draw down this investment to support our Capital Strategy and Corporate Priorities.

*Government Grants - Education*

The Government allocates capital funding to enable authorities to provide sufficient 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 current methodology used to distribute funding for additional school places does not always reflect the Council's need, requiring additional borrowing on top of grants received. Almost all of this need relates to infrastructure that the Council has a statutory responsibility to provide, therefore there is limited flexibility for the Council in deciding whether to proceed with these schemes and allowing for their costs within the capital programme.

The Council seeks to maximise its Basic Need funding by establishing how the funding allocation model works and providing the School Capacity (SCAP) data to the Department of Education (DfE) in such a way as to maximise the Council's allocation. As the Government has announced a three-year spending review for the period 2022-23 to 2024-25, it is hoped that three-year Basic Need funding allocations will be announced by the DfE in due course. However, based on the SCAP return principles, the Council is anticipating a significantly reduced level of funding than received for 2022-23. This obviously adds a level of uncertainty to the Council's longer-term capital planning.

The DfE has also revised the methodology used to distribute condition allocations in order to target areas of highest condition need. The funding now consists of a weighted pupil element, banded condition scores, and a location factor to represent increased costs as determined by the Building Cost

Information Service. The DfE have also increased the funding rate from £115.15 to £146 per pupil before other factors are applied. Transitional arrangements are in place to offer protection to ensure no eligible body receives less than the 2020-21 funding level. Cambridgeshire did not require this protection in 2021-22.

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 9 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. Twelve bids were applied for in Cambridgeshire under Wave 13, however there were much stricter criteria in place around this wave and none of the bids were successful. Two further bids were submitted under Wave 14 of which one was successful: a new Secondary Free School in Wisbech, which is being funded by the Education Funding Agency.

The Spending Review 2020 announced a further 500 new schools will be built over the next decade across the country. This was reaffirmed in the Spending Review 2021, alongside an announcement of £2.6bn to be spent on creating 30,000 new school places for children with special educational needs and disabilities. The Council has recently responded to a DfE consultation on the criteria for the prioritisation and selection of schools for inclusion within the programme. The response also identified those schools in Cambridgeshire that were in most urgent need of investment.

### *Developer Contributions and Capital Receipts*

The strong housing market and prospects of economic recovery have given confidence to housebuilders and developers, which, coupled with increasing investment in Build to Rent, has led to rising demand for development land. New home completions are above pre-Covid levels, with levels in February to mid-March 12% higher than in 2020, according to Energy

Performance Certificates for new dwellings. And despite the changes to Help to Buy, forward sales by the major housebuilders remain robust, with some housebuilders between 50% and 70% forward sold for 2021 completions. As a result of the stronger-than-expected market, having completed more homes and scaled back land-buying activity in 2020, housebuilders need to replenish and add to their immediate land supply to continue delivering homes over the short to medium term. However, a key obstacle for the construction industry is addressing ongoing challenges in securing building materials. Issues around labour are increasing, particularly with skilled trades like bricklayers and carpenters, and even finding qualified professionals such as quantity surveyors is becoming more problematic.

Office take-up has remained below trend in 2021, but some sectors such as life sciences remained strong. The commercial real estate firm CBRE predicted that office take-up for 2021 in the UK would surpass the record lows seen in 2020 but would remain significantly below trend with a forecast decline of 5.3% in UK office rental values for 2021; and a decline in UK office capital values of 2.2% over the same period. CBRE maintains the view that there will be a transition towards a more hybrid form of office work. Sentiment towards commercial real estate is improving but there remains a significant divergence in performance between highly prized industrial and logistics units and out-of-favour retail.

This highlights that the impact of Covid-19 is mixed across differing sectors of the property market, both nationally and locally. However, the strong housing market suggests that the Council's ability to fund capital investment through the sale of surplus land and buildings, or from contributions by developers will not be severely impacted moving forward.

The Government has declared a climate emergency and set a target to reduce carbon emissions by 78% by 2025 based on the recommendations of the Climate Commission on the 6th carbon budget. This in turn should set the country on course to deliver its final target of net-zero carbon emissions for the UK by 2050. Delivering the changes required for the net-zero target will require significant investment into energy infrastructure to facilitate the changes from oil and gas infrastructure for heating homes and transport onto electricity and hydrogen as the main infrastructures plus there will be including regulatory change, regarding planning in particular, as this will shape standards for new developments. Whilst the development industry reacts to these changes, some impact may be felt on developer contributions unless there are also changes made to development viability economics to reflect the new climate and biodiversity emergencies.

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 either generate an ongoing revenue return or are short-life assets.

### *Community Infrastructure Levy (CIL)*

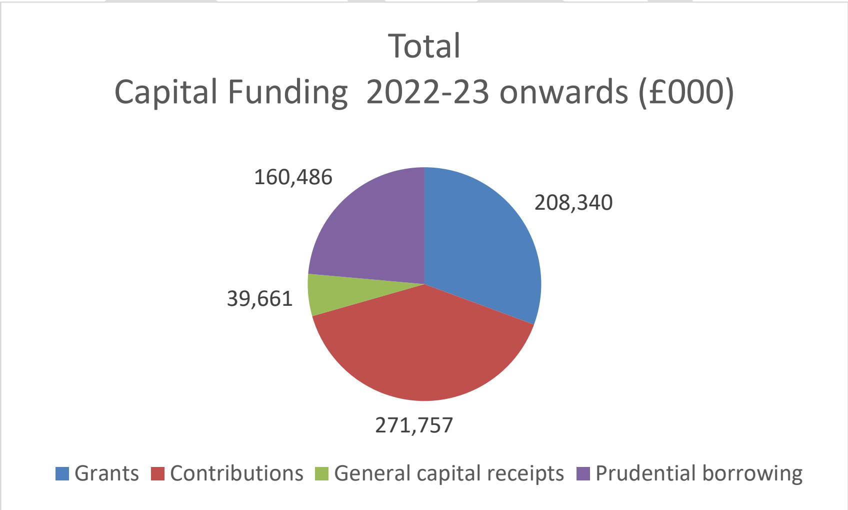
CIL works by levying a charge per net additional floor space created on all small-scale developments, instead of requiring developers to pay specific contributions towards individual projects as per the current developer contribution process (Section 106, which is still in place for large developments). 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 therefore generally receives a much lower proportion of the cost of infrastructure requirements through CIL contributions.

Huntingdonshire and East Cambridgeshire District Councils are currently the only districts within Cambridgeshire to have adopted CIL. Cambridge City Council, South Cambridgeshire District Council and Fenland District Council currently have no plans to implement CIL.

Moving forward, the Council will also need to consider the use of carbon off-set funds, where developers pay into a fund in order to effectively purchase off-set credits, rather than meet their whole carbon reduction obligation through on-site measures. The fund will then pool payments for investment into priority carbon reduction projects. Consideration will need to be given to how these funds could work and the type of regulation that may come forward as a result. Accessing this type of opportunity may be a future means of funding public infrastructure created as a result of development.

### *Borrowing*

The Council will only look to borrow money to fund a scheme either to allow for schemes that will generate payback and/or reduce future carbon liabilities (via either financial/carbon savings or through income generation), or if all other sources of funding have been exhausted but a scheme is required. Despite this, the Council has an affordability gap of £160.5m over the ten-year programme, which is due to be funded by borrowing.




## 5f. Revenue Implications and Affordability

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 considered 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, Strategy & Resources (S&R) Committee 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.

In order to afford a degree of flexibility from year to year, changes to the phasing of the debt charges 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 S&R Committee to ensure that changing factors such as the level of interest rates, or the external funding environment are taken into account when setting both.

Due to the Council's strategic role in stimulating economic growth across the county through infrastructure investment, any capital proposals that can 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. Whilst the financing costs for commercial activity schemes have already been removed from the budget and recharged to the Commercial Activity budget, there are several other Invest to Save / Earn schemes that have not been recharged e.g., third party loans. The following table therefore compares revised net financing costs excluding these costs. Following the change in the Minimum Revenue Provision policy, agreed by Full Council in February 2016, the limits in recent years have been increased by 2% each year:

| Financing Costs | 2021-22 £m | 2022-23 £m | 2023-24 £m | 2024-25 £m | 2025-26 £m | 2026-27 £m |
|---|---|---|---|---|---|---|
| 2022-23 draft BP (net figures excluding Invest to Save / Earn schemes) | 29.5 | 33.2 | 35.9 | 39.6 | 40.2 | 41.7 |
| | | | | | | |
| Recommend limit | 39.7 | 40.5 | 41.3 | 42.2 | 43.0 | 43.9 |
| **HEADROOM** | **-10.3** | **-7.3** | **-5.4** | **-2.6** | **-2.8** | **-2.2** |
| | | | | | | |
| Recommend limit (3 years) | 121.5 | | | 129.1 | | |
| **HEADROOM (3 years)** | **-23.0** | | | **-7.6** | | |

Once the service programmes have been refined, if the amalgamated level of borrowing and thus debt charges breach 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.

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.

However, there will still be a short-term revenue cost for these schemes, as with all other schemes funded by borrowing. Therefore, S&R Committee still needs 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. The debt charges budget required to fund capital borrowing for the ten-year programme is forecast to spend £34.0m in 2022-23, increasing to £42.6m by 2026-27. The following table shows the proportion of net budget (excluding schools) that is forecast to be spent on debt charges, resulting from the estimated increase in borrowing levels over the period of the 2022-23 plan. Maintaining the proportion of budget spent on debt charges at 2022/23's level (8.9%) would reduce the revenue cost of capital schemes but would require a reduction or rephasing of the Capital Programme.

| | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|---|---|---|---|---|---|
| Debt charges (including Invest to Save / Earn schemes) as a percentage of Net Service Expenditure | 8.9% | 9.8% | 10.4% | 9.6% | 9.6% |
| Debt charges (excluding Invest to Save / Earn schemes) as a percentage of Net Service Expenditure | 6.4% | 6.4% | 7.0% | 6.9% | 7.4% |

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 capital 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 and is anticipated to further extend it to 2024-25. The Council has been using this flexibility to fund transformational activity, and as a result, prudential borrowing undertaken by the Council for the years 2017-18 to 2024-25 will be between £1.5m and £3.9m higher in each respective year. This is expected to create additional Financing costs in the revenue budget of between £82k to £215k each year. For further information, please see the Flexible Use of Capital Receipts Strategy contained within part 8 of the MTFS (Section 2 of the Business Plan).

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.

### 5g. Managing the Borrowing Requirement

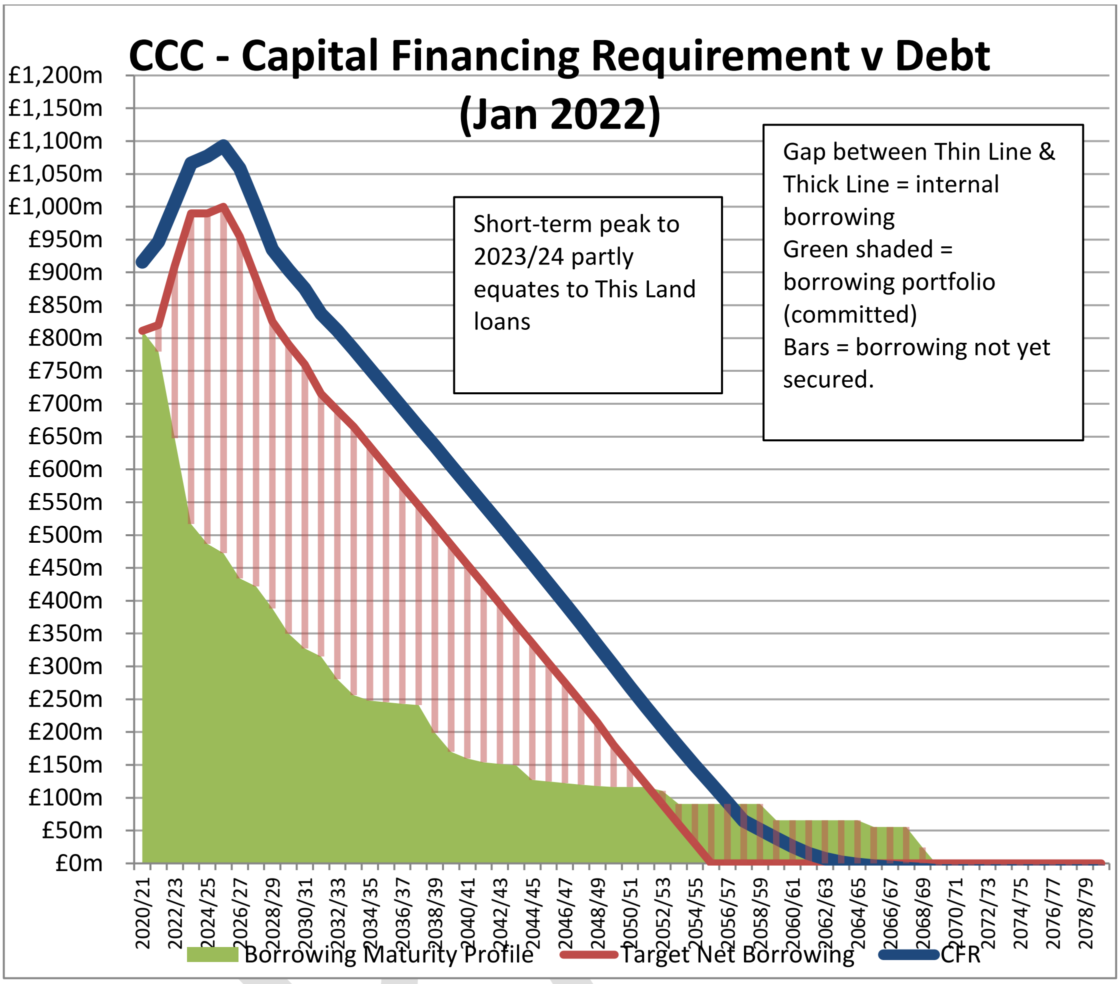
The Council's Treasury Management Strategy (Section 7 of the Business Plan) considers how the cash requirements arising from the Council's Capital Strategy and detailed investment programme are managed by external borrowing, and the timing of any such borrowing. Where capital expenditure has been incurred without a resource to pay for it, i.e., when it is proposed to be funded by borrowing, this will increase the Council's Capital Financing Requirement (CFR). The CFR therefore effectively represents the Council's underlying need to borrow. The Council reduces the CFR by making a prudent provision for the repayment of historic capital expenditure from its revenue budget in line with its agreed policy – this is called Minimum Revenue Provision (MRP). Calculation of the CFR is summarised in the table below and results in the need to borrow money.

| | |
|---|---|
| | **Opening Capital Financing Requirement** |
| + | Capital expenditure incurred in year |
| - | Grants, contributions, capital receipts and revenue funding used to fund capital expenditure |
| - | Prudent Minimum Revenue Provision (MRP) |
| = | **Closing Capital Financing Requirement** |

Future projections of the CFR based on the Capital Programme and resources deemed available to fund it are shown in the table below. Forecasts are subject to the timing of capital expenditure and receipt of funding sources.

| | 2022-23 £m | 2023-24 £m | 2024-25 £m | 2025-26 £m | 2026-27 £m |
|---|---|---|---|---|---|
| Total CFR | 1,006.2 | 1,066.4 | 1,077.2 | 1,092.7 | 1,058.4 |

The following chart shows the Council's projected CFR (underlying borrowing need) against the maturity profile of all active loans. The shaded red bars therefore represent the amount of borrowing required to be secured in future in order to meet the Council's projected borrowing requirement, based on the forecast capital programme.




The Council’s main objective when borrowing is to achieve a low but certain cost of finance, while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher. For further detail regarding the Council’s long-term borrowing strategy, please see the Treasury Management Strategy (Section 7 of the Business Plan).

### 5h. Risk

There are a range of future risks beyond the control of the Council that have the potential to impact upon the Council's ability to deliver its capital ambition. The Covid-19 pandemic has brought into stark focus the potential disruption that health crises, for example, can cause to life as we know it. Retaining a focus on future risk through a risk management approach that identifies, assesses, and manages (as far as is possible) risk is a critical part of the Capital Strategy, approach, and programme. The Council does not have the resources to mitigate all risks faced, so instead manages risk proportionately, utilising the expertise of senior officers.

The Council's planning and governance processes have been developed in such a way as to mitigate these risks. All capital Business Cases are required to complete a section on risk to identify the main drivers and potential mitigations. The following table sets out some of these:

| Risk | Mitigation |
| --- | --- |
| Legislative | Changes in statute and regulation will impact upon capital projects, as they must comply with current legislation. The Council ensures that it keeps abreast of these developments, responding to consultations where appropriate and taking any required adjustments to strategies or processes through the appropriate governance channels. |
| Property Markets | Various aspects of the programme, such as rental income, income generated by capital receipts and funding through developer contributions are affected by the health of property markets. The Council ensures it has a sound property asset strategy, suitable diversification, adequate resourcing (including use of external experts where required), and a long-term approach. |
| Environmental | The impacts of a changing climate are being felt globally and Cambridgeshire, being low lying makes it vulnerable to sea level rise, increasing flood risk, drought, and overheating, as well as future resource constraints resulting from loss of nature and global competition for resources. |
| Interest Rate | A considerable proportion of the Council's programme is funded by borrowing and is therefore exposed to fluctuations in interest rates. The Council uses prudent forecasts for future interest rates and constantly reviews its long-term borrowing strategy to mitigate against |

| | |
|---|---|
| | any interest rate rise risk. Further detail can be found in the Treasury Management Strategy. |
| Inflation | Given the size of the portfolio, a small rise in inflation can have a significant impact upon project costs. The Council builds in inflation estimates where appropriate to mitigate against this risk, plus schemes include contingency budgets in order to further mitigate against unanticipated rises. Contracts are also negotiated using fixed terms where possible. Close monitoring of the programme supports early identification and therefore appropriate response. |
| Capacity | A significant challenge in the current environment is the capacity within the supply chain to deliver projects on time and to budget. In addition, the Council needs to ensure it has sufficient project delivery expertise in order to deliver schemes efficiently and effectively. For significant programmes, dedicated project delivery resource is allocated to ensure capacity and expertise. Supply chain capacity is managed at the project and programme level, with residual risks escalated through the Council's governance process as necessary. |

### *Investment Strategy Risk*

The structure of the property portfolio has a significant bearing on the portfolio's inherent risk and return profile. Therefore, a key objective of the non-financial investment strategy was 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 as follows:

| Risk | Mitigation |
|---|---|
| Income | 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 are costs of marketing the property, the agent's disposal fees and legal fees for completing the lease documentation for re-letting the premises. |

| | |
|---|---|
| Yield | The aim of the majority of investments is to provide a secure return on income. The Council manages its commercial property as a single portfolio, ensuring that the collective returns achieved on the investments meet the overall financial target that is set. |
| Concentration | Sector Concentration – the main property sectors are retail, office, industrial and leisure/healthcare. The Council has spread its portfolio of investment across the different sectors in order to limit exposure to any volatility in a particular area. Like geographic diversification, industry diversification is sensitive to the diversification requirements of the overall portfolio.<br><br>Geographical Concentration – 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.<br><br>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.<br><br>Tenure Concentration – the portfolio is 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 are compared regarding their length (including renewal options), which may vary considerably, typically from ten to twenty years. |

The Investment Strategy requires continual evaluation of the investment portfolio against the Council's priorities to ensure that it is fit for purpose. A larger and more balanced portfolio would help to achieve the Council's aim of increasing income to support the delivery of services throughout the county, however, balancing this with risk means that a core portfolio of property assets has been sought, diversified by sector (industrial, offices and retail), location and risk.

## 5i. Capital Planning and Governance

The Capital Strategy will support, and be aligned to, the new decision-making framework which is currently being developed by the Council. When making long-term investment decisions, clear and informed information is vital to understanding the short- and long-term impact on key social, financial, and environmental indicators. Any investment proposal will be considered within the context of, but not be limited to, the following areas of impact:

- Whether the investment will support the increase of the social foundation within Cambridgeshire; ensuring no community lacks the basics of life on which no one should be left falling short (from food and housing to healthcare and political voice).
- How the investment will ensure we do not overshoot our pressure on the environmental systems (such as a stable climate, fertile soils, and a protective ozone layer).
- A long-term view of the Council's capital expenditure plans and any financial risks to which the Council are exposed.

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 funding streams for the Council.

New schemes for inclusion in the Programme are developed by Services in conjunction with Finance in line with the Corporate Priorities outlined in the Strategic Framework. Any new capital scheme costing more than £250,000 is appraised as to its financial, human resources, property, carbon, environment, 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 is undertaken as part of the Business Case development, 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 (in addition to the social, financial, and environmental factors listed above) – as this is a transition year, the existing investment criteria have continued to be used, but these will be refreshed for 2023/24. This allows schemes within and across all Services to be ranked and prioritised against each other, considering 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 Corporate Priorities.

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

- Appropriate estimates for cost and time of capital projects
- Robust project and programme management and governance

- Post project evaluation and monitoring of key carbon reductions and environmental benefits
- Prioritisation across the whole programme.

Service Committees review the prioritisation analysis, and the Capital Programme is subsequently agreed by S&R Committee, who recommends it to Full Council as part of the overarching Business Plan.

The Capital Programme is monitored in year through quarterly reporting to Service Committees and S&R Committee via Finance Monitoring Reports. These feed into the Integrated Finance Monitoring Report, which is scrutinised by CPB and also reviewed by S&R Committee. The report identifies changes required to the Capital Programme and seeks approval for:

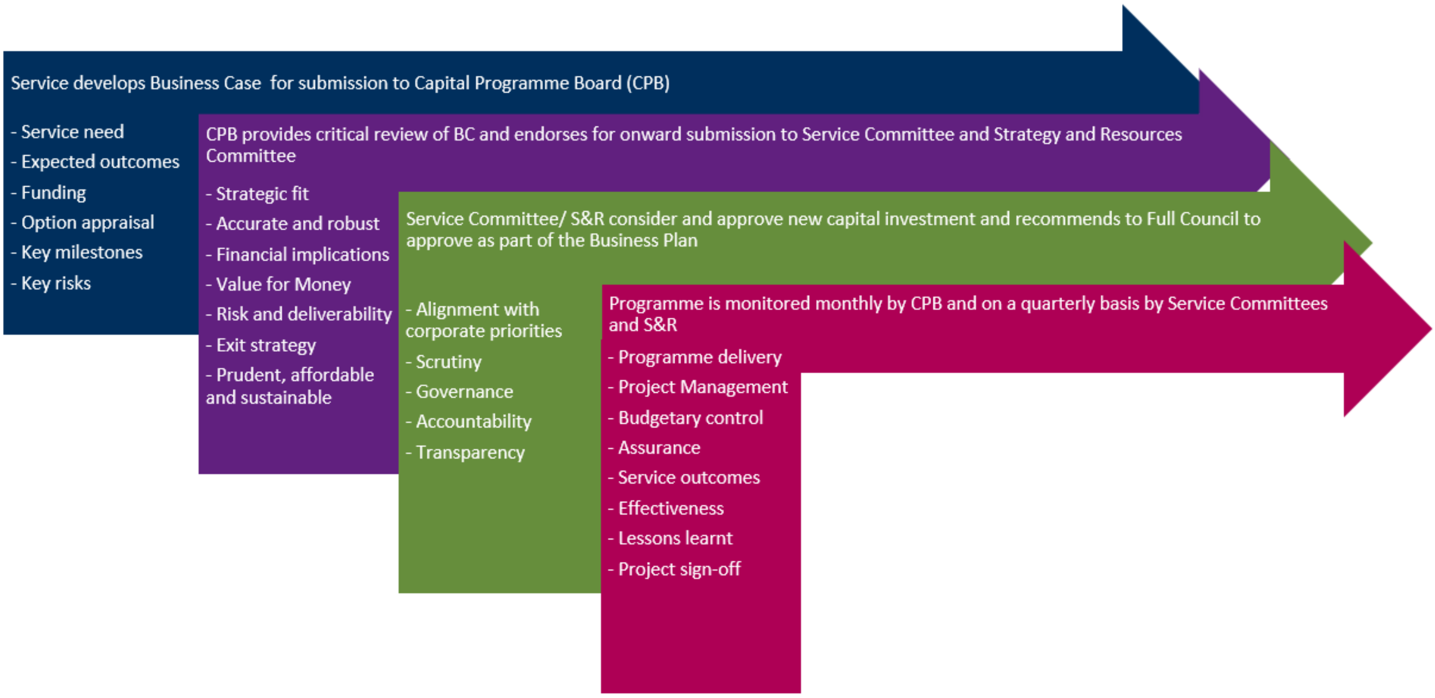
- new / updated resource allocations
- slippage or brought forward programme delivery
- increase / reduction in overall scheme costs
- virements between schemes to maximise delivery against the priorities of the Council.

It is inevitable that new demands and pressures will be identified by the Council on an ongoing basis, however, as far as 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. In these situations, any supplementary capital request will be prepared in consultation with, and with the agreement of, the Chief Finance Officer. Where possible, the report will 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 S&R Committee.

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 S&R Committee for approval as part of the monthly Integrated Finance Monitoring Report. Any overspends, 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.

The following diagram summarises the relevant responsibilities regarding the Capital Strategy to ensure decisions are made legitimately, transparently and deliver against the Corporate Priorities of the Council:




In order to support prioritisation and to avoid slippage and potentially unanticipated additional costs, the Council needs to ensure it has access to sufficient skills and capacity both within the Council and externally in order to deliver the Capital Programme. Such capacity could be project management and development skills, technical and design skills, knowledge, availability of contractors as well as wider market factors.

# Appendix 1: Non-Financial Investment Portfolio

| **Acquisition:** | **Brunswick House** | **Date of Acquisition:** | **26/07/18** |
|---|---|---|---|
| **Service Objectives** | Diversify and increase income streams to the Council, protecting frontline services, notwithstanding reducing government grant and rising demand.<br><br>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 at the time of purchase.<br><br>Inward economic investment: directly and indirectly supportive to jobs in the education sector, a key industry in the county's economy. | | |
| **Assessment of Risks** | Constructed in 2012, the property was acquired in good condition, marketed to students at the higher/premium end of the market.<br><br>The principal financial risk relates to occupancy levels (demand for student housing). Demand for student accommodation in Cambridge is expected to remain strong, despite the impact of Covid-19. 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.<br><br>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.<br><br>A successful planning application has been made since purchase to relax planning conditions to allow more flexible use of the building outside of university term time, for example for conference use. | | |

| Acquisition: | Brunswick House | | Date of Acquisition: | 26/07/18 | |
|---|---|---|---|---|---|
| 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.<br><br>The property is managed, staffed and marketed for the Council by Homes for Students who handle all day-to-day management on a contract running to 2022. Should this contract not be renewed, an alternative manager would be procured to continue running Brunswick House as student accommodation. HomesforStudents operate 15,000 student rooms across the country with a strong reputation for student experience, welfare and security. | | | | |
| 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.<br><br>Should student accommodation become less viable the Council would investigate alternatives such as residential apartments or accommodation for elderly people. | | | | |
| If funded by borrowing, why was this required? | N/A | | Why has Statutory Guidance not been adhered to? | N/A | |
| Cost<br><br>(£m) | Funded by Borrowing (£m) | Total Interest Costs (£m) | Annual Income (£m) | Annual Costs (£m) | Annual Net Return (£m) |
| 39.5 | - | - | -2.2 | 0.5 | -1.7 |

| Acquisition: | Brunswick House | | Date of Acquisition: | 26/07/18 | |
|---|---|---|---|---|---|
| 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 has established a sinking fund with at least 5% of net income in order to maintain and improve the property and compete with new entrants to the student accommodation market in Cambridge. | 30.2 | -9.3 | The reported loss arises partly from the temporary impact of new competition opening in the immediate area, plus the impact of Covid-19 (albeit this is also expected to be relatively short-term). As such, occupancy was slightly below 100% for the 2019-20 academic year and fell further in the latter part of 2019-20 as students returned home, reducing the Council's return. However, occupancy for the new academic year is at 95%. | | |

| Acquisition: | **Cromwell Leisure Park** | Date of Acquisition: | **24/05/2019** |
|---|---|---|---|
| Service Objectives | Diversify and increase income streams to the Council, protecting frontline services, notwithstanding reducing government grant and rising demand.<br><br>Inward economic investment: directly supportive to jobs in the leisure sector, supporting the local economy.<br><br>This is the only large cinema in Wisbech, creating both a significant draw into the town and leisure provision opportunity across the Fenland/west Norfolk/south Lincolnshire sub region.<br><br>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 leisure market which has experienced a recent downturn and has been put under further pressure during the pandemic. 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.<br><br>The cinema anchors the Leisure Park investment; however, the cinema industry has been hit very hard due to social distancing issues with Covid-19. However, cinemas had been trading well prior to the pandemic and there is backlog of major film releases that would help restore the sector once restrictions ease sufficiently. | | |
| Advisors / Market Research | The Council commissioned Carter Jonas to produce a purchase report which examined the local area, cinema brands, food and beverage markets, the property itself and the relevant surveys and the current leases and service charges.<br><br>Legal advice on the lease was also obtained from Mills and Reeve LLP. | | |
| Liquidity / Exit Strategy | There are no plans to sell currently.<br><br>There are four units, with two of the smaller units now vacant. The existing tenants are the Light Cinema and Prezzo Plc, who both have a | | |

| Acquisition: | Cromwell Leisure Park | | Date of Acquisition: | 24/05/2019 | |
|---|---|---|---|---|---|
| | tenancy running to 2039 with a break in 2029. In the event of any tenants vacating, new tenants are sought; one of the vacant units is currently under negotiation.<br><br>It is most likely that the cinema would remain a cinema given that it's fitted out for this purpose and based on the lack of local competition. Other leisure uses would be the most likely alternatives to a cinema but would require fitting out. Similarly, the small units are likely to remain as restaurants given the lack of local competition, the proximity of a cinema attraction and the Tesco supermarket nearby. However, the Council has been approached regarding potential other uses; consideration of the mix of use will need to be carefully balanced with any new lettings.<br><br>The Council also has the option to sell the property, though this may be difficult in the current climate for the leisure sector. | | | | |
| **If funded by borrowing, why was this required?** | The level of income generation being targeted by the Council was 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. | | **Why has Statutory Guidance not been adhered to?** | N/A<br><br>This is an in-county acquisition, supporting the leisure sector in Fenland. | |
| **Cost (£m)** | **Funded by Borrowing (£m)** | **Total Interest Costs (£m)** | **Annual Income (£m)** | **Annual Costs (£m)** | **Annual Net Return (£m)** |
| 7.0 | - | - | 0.6 | 0.0 | 0.6 |

| Acquisition: | Cromwell Leisure Park | | Date of Acquisition: | 24/05/2019 | |
|---|---|---|---|---|---|
| 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 | 7.3 | +0.3 | N/A | | |

| Acquisition: | Superstore Site, Newmarket Road | Date of Acquisition: | 15/08/2019 |
|---|---|---|---|
| Service Objectives | Diversify and increase income streams to the Council, protecting frontline services, notwithstanding reducing government grant and rising demand.<br><br>Inward economic investment: directly supportive to jobs in the retail sector, supporting the local economy.<br><br>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.<br><br>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 for housing. | | |
| 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 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.<br><br>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 | | |

<table>
<tr><td>Acquisition:</td><td colspan="2">Superstore Site, Newmarket Road</td><td>Date of Acquisition:</td><td colspan="2">15/08/2019</td></tr>
<tr><td></td><td colspan="5">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.<br><br>The Council also has the option to sell its interest in the property, particularly given the location and tenure on this site.</td></tr>
<tr><td>If funded by borrowing, why was this required?</td><td colspan="2">The level of income generation being targeted by the Council was 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.</td><td>Why has Statutory Guidance not been adhered to?</td><td colspan="2">N/A</td></tr>
<tr><td>Cost<br>(£m)</td><td>Funded by Borrowing<br>(£m)</td><td>Total Interest Costs<br>(£m)</td><td>Annual Income<br>(£m)</td><td>Annual Costs<br>(£m)</td><td>Annual Net Return<br>(£m)</td></tr>
<tr><td>54.5</td><td>54.5</td><td>25.0</td><td>2.6</td><td>0.0</td><td>2.6</td></tr>
<tr><td>Payback Period<br>(Yrs)</td><td>Net Income Yield<br>(%)</td><td>Return on Investment<br>(%)</td><td>Total Return over asset life (50 Years)<br>(£m)</td><td>Internal Rate of Return<br>(%)</td><td>Net Present Value<br>(£m)</td></tr>
<tr><td>20</td><td>4.6 rising to 5.6</td><td>167.9</td><td>150.8</td><td>4.8</td><td>35.4</td></tr>
</table>

| Acquisition: | Superstore Site, Newmarket Road | | Date of Acquisition: | 15/08/2019 |
|---|---|---|---|---|
| Additional Investment (£m) | Current Value (£m) | Gain (+) / Loss (-) (£m) | Revenue implications of reported loss / Mitigating action | |
| 0.0 | 51.0 | -3.5 | The loss mainly relates to acquisition costs of purchase (Stamp Duty Land Tax, legal fees etc), totalling £3.0m. It is anticipated that the value of the property will increase sufficiently in time over and above these costs, therefore no mitigation required. | |

| Acquisition: | Kingsbridge Centre, Peterborough | Date of Acquisition: | 21/08/2019 |
|---|---|---|---|
| Service Objectives | Diversify and increase income streams to the Council, protecting frontline services, notwithstanding reducing government grant and rising demand.<br><br>Inward economic investment: directly supportive to jobs in the industrial sector, supporting the local economy. Whilst this investment is slightly out of county, it is very much located in an area that is intrinsically linked to the Cambridgeshire local economy.<br><br>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.<br><br>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.<br><br>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.<br><br>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. | | |

<table>
<tr><td>Acquisition:</td><td colspan="2">Kingsbridge Centre, Peterborough</td><td>Date of Acquisition:</td><td colspan="2">21/08/2019</td></tr>
<tr><td>Liquidity / Exit Strategy</td><td colspan="5">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, particularly in Peterborough which benefits from good road links.</td></tr>
<tr><td>If funded by borrowing, why was this required?</td><td colspan="2">The level of income generation being targeted by the Council was 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.</td><td>Why has Statutory Guidance not been adhered to?</td><td colspan="2">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.</td></tr>
<tr><td>Cost<br><br>(£m)</td><td>Funded by Borrowing<br>(£m)</td><td>Total Interest Costs<br>(£m)</td><td>Annual Income<br>(£m)</td><td>Annual Costs<br>(£m)</td><td>Annual Net Return<br>(£m)</td></tr>
<tr><td>12.3</td><td>1.6</td><td>0.7</td><td>0.8</td><td>0.0</td><td>0.8</td></tr>
<tr><td>Payback Period<br><br>(Yrs)</td><td>Net Income Yield<br><br>(%)</td><td>Return on Investment<br><br>(%)</td><td>Total Return over asset life (50 Years)<br>(£m)</td><td>Internal Rate of Return<br>(%)</td><td>Net Present Value<br>(£m)</td></tr>
<tr><td>20</td><td>5.9 rising to 7.5</td><td>213.5</td><td>45.5</td><td>5.4</td><td>10.8</td></tr>
<tr><td>Additional Investment<br>(£m)</td><td>Current Value<br>(£m)</td><td>Gain (+) / Loss (-)<br>(£m)</td><td colspan="3">Revenue implications of reported loss / Mitigating action</td></tr>
<tr><td>0.0</td><td>11.7</td><td>-0.6</td><td colspan="3">The loss mainly relates to acquisition costs of purchase (Stamp Duty Land Tax, legal fees etc), totalling £0.7m. It is anticipated that the value of the property</td></tr>
</table>

| Acquisition: | Kingsbridge Centre, Peterborough | Date of Acquisition: | 21/08/2019 |
|---|---|---|---|
| | | | will increase sufficiently in time over and above these costs, therefore no mitigation required. |

<table>
<tr><td>Acquisition:</td><td colspan="2">Evolution Business Park, Impington</td><td>Date of Acquisition:</td><td colspan="2">31/01/2020</td></tr>
<tr><td>Service Objectives</td><td colspan="5">Diversify and increase income streams to the Council, protecting frontline services, notwithstanding reducing government grant and rising demand.<br><br>Investing in a site that provide jobs in Cambridgeshire and promotes a thriving local economy.</td></tr>
<tr><td>Assessment of Risks</td><td colspan="5">A key risk is the funding arrangements for one tenant, a young but successful company, which currently underpins 45% of the income from the site. The Council does have the option to pursue a further unit (currently being explored), which would help to mitigate some of the tenant risk.</td></tr>
<tr><td>Advisors / Market Research</td><td colspan="5">The Council commissioned a pre-purchase report by Carter Jonas which included review of the locations and site accommodation, lease and tenant reviews and market commentary. Legal advice was obtained from Birketts LLP.</td></tr>
<tr><td>Liquidity</td><td colspan="5">There are no plans to sell currently. Investor appetite has been very strong in the area which suggests the site could be sold if required.</td></tr>
<tr><td>If funded by borrowing, why was this required?</td><td colspan="2">The level of income generation being targeted by the Council was 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.</td><td>Why has Statutory Guidance not been adhered to?</td><td colspan="2">N/A</td></tr>
<tr><td>Cost<br><br>(£m)</td><td>Funded by Borrowing<br>(£m)</td><td>Total Interest Costs<br>(£m)</td><td>Annual Income<br>(£m)</td><td>Annual Costs<br>(£m)</td><td>Annual Net Return<br>(£m)</td></tr>
<tr><td>29.7</td><td>29.7</td><td>17.5</td><td>1.7</td><td>0.0</td><td>1.7</td></tr>
</table>

<table>
<tr><th>Acquisition:</th><th colspan="2">Evolution Business Park, Impington</th><th>Date of Acquisition:</th><th colspan="2">31/01/2020</th></tr>
<tr><th>Payback Period (Yrs)</th><th>Net Income Yield (%)</th><th>Return on Investment (%)</th><th>Total Return over 25 Years (£m)</th><th>Internal Rate of Return (%)</th><th>Net Present Value (£m)</th></tr>
<tr><td>16</td><td>5.7 rising to 6.6</td><td>230.5</td><td>45.6</td><td>6.6</td><td>34.8</td></tr>
<tr><th>Additional Investment (£m)</th><th>Current Value (£m)</th><th>Gain (+) / Loss (-) (£m)</th><th colspan="3">Revenue implications of reported loss / Mitigating action</th></tr>
<tr><td>0.0</td><td>23.7</td><td>-6.0</td><td colspan="3">The loss partly relates to acquisition costs of purchase (Stamp Duty Land Tax, legal fees etc), totalling £1.6m. The lower value also reflects the market post Covid-19 whereby the demand for large office accommodation has decreased.</td></tr>
</table>

# 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 levy that local authorities can choose to charge on new developments in their area and replaces a substantial proportion of S106 agreements. 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 form 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 (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 existing pressures on the revenue budget, it is unlikely that the Council will often choose to undertake this method of funding.

Cambridgeshire County Council

Section 7

# Treasury Management Strategy

## 2022-2023

cambridgeshire.gov.uk

# Contents

# 1: Introduction

## Background

The Council is required to operate a balanced budget, which broadly means that the cash raised during the year will meet Council expenditure. The treasury management operation must ensure that this cash flow is adequately planned, as well as managed, with cash being available when it is needed. Surplus cash should be invested in low-risk counterparties or instruments in line with the Council's risk appetite, providing adequate liquidity initially, before considering investment return.

Another main function of the treasury management service is the funding of the Council's Capital Strategy. This Strategy provides a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The treasury management function is critical to the Council, as the balance of debt and investment operations ensure liquidity, or the ability to meet Council spending obligations as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will, in effect, result in a loss to the General Fund balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (usually arising from capital expenditure) and are separate from the day-to-day treasury management activities.

## CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

CIPFA has defined treasury management as "the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Code). The adoption is included in the Council's Constitution.

## CIPFA Prudential Code for Capital Finance in Local Authorities

The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Local authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc. and Accounts).

The CIPFA Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.

Councils are required to set and monitor a range of prudential indicators for capital finance, covering affordability, prudence, and a range of treasury indicators.

## Treasury Management Policy Statement

The Council's Treasury Management Policy Statement is included in Appendix 2 of the Treasury Management Strategy (TMS). The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

## Treasury Management Practices

The Council's Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management objectives, and how it will manage and control those activities through its policies.

The Council's TMPs Schedules cover the detail of how the Council will apply the TMP Main Principles in carrying out its operational treasury activities.

## The Treasury Management Strategy

It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year. The Council's Treasury Management Strategy is drafted in the context of the key principles of the Treasury Code, as follows:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes. The Strategy needs to balance risk against reward in the best interests of stewardship of the public purse.

The Treasury Management Strategy incorporates:

- The Council's capital financing and borrowing strategy for the coming year
- The Council's policy on the making of the Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit as required by the Local Government Act 2003.
- The Annual Investment Strategy for the coming year as required by the Department of Levelling Up, Housing and Communities (DLUHC) revised Guidance on Local Government Investments (updated 2018).

The Strategy takes into account the impact of the Council's Medium Term Financial Strategy (MTFS), its revenue budget and Capital Programme, the balance sheet position, and the outlook for interest rates.

The Treasury Management Strategy also includes the Council's:

- Policy on borrowing in advance of need
- Counterparty creditworthiness policies

The main changes from the Treasury Management Strategy adopted by Council in February 2021 are:

- Updates to interest rate forecasts
- Updates to debt financing budget forecasts
- Updates to the Council's Annual Investment Strategy in line with best practice guidance

The Council regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is shown in Appendix 1 of the TMS.

# 2: Current Treasury Management position

The Council's projected treasury portfolio position at 31 March 2022, with forward estimates, is summarised below. The table shows external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

Any capital expenditure which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life. This is shown in graphical form in Appendix 1 of the TMS. The CFR and borrowing figures shown in Table 1 below include borrowing undertaken or planned for third party loans and Finance Lease liabilities, but excludes PFI schemes for which a separate borrowing facility forms part of the contracts and so the Council does not need to borrow itself for these.

The Council's projected borrowing need, alongside forecast external borrowing and investment balances, is shown in Tables 1 and 2 below:

Table 1: Forecast Borrowing and Investment Balances

| | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 £m | 2026/27 £m |
|---|---|---|---|---|---|---|
| **External borrowing** | | | | | | |
| **Borrowing at 1 April brought forward** | 811.3 | 820.0 | 910.0 | 990.0 | 990.0 | 1,000.0 |
| **Net Borrowing Requirement to fund capital programme (see Table 2 below)** | 30.7 | 59.8 | 60.3 | 10.8 | 15.4 | -34.3 |
| **Internal borrowing (increase (-)/reduction)*** | -21.9 | 30.2 | 19.7 | -10.8 | -5.4 | -10.7 |
| **(1) Actual borrowing at 31 March carry forward** | **820.0** | **910.0** | **990.0** | **990.0** | **1,000.0** | **955.0** |
| **(2) CFR (ex. PFI) – the borrowing need** | 946.4 | 1,006.2 | 1,066.4 | 1,077.2 | 1,092.7 | 1,058.4 |
| **(3) *[2 – 1]* Internal borrowing*** | 126.4 | 96.2 | 76.4 | 87.2 | 92.7 | 103.4 |
| **Investments** | | | | | | |

| | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 £m | 2026/27 £m |
|---|---|---|---|---|---|---|
| **Investments at 1 April** | 98.1 | 85.0 | 85.0 | 85.0 | 85.0 | 85.0 |
| **In Year Movements** | -13.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **(4) Investments at 31 March** | **85.0** | **85.0** | **85.0** | **85.0** | **85.0** | **85.0** |
| **(5) *[1 – 4]* Net borrowing** | **735.0** | **825.0** | **905.0** | **905.0** | **915.0** | **870.0** |
| | | | | | | |

**Internal Borrowing, also referred to as under/over borrowing, is temporarily funding capital spending from cash-backed resources (reserves and cashflow timing surpluses) to hand. This avoids interest payments by deferring the need to borrow externally, reduces investment balances that would otherwise earn a rate of return lower than the cost of additional borrowing (therefore minimising net interest expenses), and consequently less investments reduces the Councils exposure to credit risk. Internal Borrowing is discussed further in Part 4 Borrowing Strategy.*

Table 2: Capital Borrowing Requirement

| | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 £m | 2026/27 £m |
|---|---|---|---|---|---|---|
| **Unsupported Borrowing – General Fund** | 51.8 | 81.1 | 84.2 | 37.3 | 42.8 | 21.6 |
| **Unsupported Borrowing – Housing*** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Less: MRP and other financing movements** | -21.2 | -21.3 | -24.0 | -26.5 | -27.3 | -55.8 |
| **Net Borrowing Requirement to fund Capital Programme** | **30.7** | **59.8** | **60.3** | **10.8** | **15.4** | **-34.3** |

** Loans raised by the Council for the purposes of on-lending to its wholly owned housing development company, This Land, will be classified as capital expenditure and therefore increase the Capital Financing Requirement. However, as these loans will be repaid in full in later years, no MRP will be charged on this borrowing.*

Within the set of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross borrowing does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for current and next two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes except to cover short-term cash flows.

The Chief Finance Officer (Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties over the life of the current MTFS. This view takes into account current commitments, existing plans, and the proposals in this budget report.

## 3: Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on short and longer-term interest rates as summarised in the following table:

| LINK GROUP RATE VIEW | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
| **Bank Rate View** | 0.25% | 0.25% | 0.50% | 0.50% | 0.50% | 0.75% | 0.75% | 0.75% | 0.75% | 1.00% | 1.00% |
| **5yr PWLB** | 1.40% | 1.50% | 1.50% | 1.60% | 1.60% | 1.70% | 1.80% | 1.80% | 1.80% | 1.90% | 1.90% |
| **10yr PWLB** | 1.60% | 1.70% | 1.80% | 1.90% | 1.90% | 1.90% | 2.00% | 2.00% | 2.00% | 2.10% | 2.10% |
| **25yr PWLB** | 1.80% | 1.90% | 2.00% | 2.10% | 2.10% | 2.20% | 2.20% | 2.20% | 2.30% | 2.30% | 2.40% |
| **50yr PWLB** | 1.50% | 1.70% | 1.80% | 1.90% | 1.90% | 2.00% | 2.00% | 2.00% | 2.10% | 2.10% | 2.20% |

These are forecasts for certainty rates; gilt yields plus 80 basis points.

The publication of official LIBOR (London Inter-Bank Offered Rate) figures (and related LIBID (London Inter-Bank Bid Rate) calculations) will cease at the close of 2021. As such, references within this document have been updated to SONIA (Sterling Overnight Index Average), which is the risk-free rate for sterling markets administered by the Bank of England and the preferred benchmark for the transition to sterling risk-free rates from LIBOR. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. To support the Risk-Free Rate transition in sterling markets, the Bank of England began publishing the SONIA Compounded Index from 3 August 2020. This simplifies the calculation of compounded interest rates and in doing so provides a standardised basis through its publication as an official source.

The coronavirus outbreak has resulted in significant economic damage to the UK and economies around the world. After the Bank of England took emergency action in March 2020 to cut the Bank Rate to 0.10%, it has then left the Bank Rate unchanged at its subsequent meetings until December 2021 when it increased the rate to 0.25%. However, as shown in the forecast table above, the forecast for the Bank Rate now includes a further three increases from 0.25% in December 2021 to 1.00% by June 2024.

## Gilt yields / PWLB rates

As the interest forecast table for PWLB certainty rates above shows, the assumption is for a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the United States (US). However, there is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors:

- The potential impact that rising treasury yields in the US could have. As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant upward risk exposure to forecasts for longer-term PWLB rates. However, gilt yields and treasury yields do not always move in unison.
- Whether the Monetary Policy Committee (MPC) act to counter increasing gilt yields if they rise beyond a yet unspecified level.
- How strong inflationary pressures turn out to be in both the US and the UK, putting upward pressure on treasury and gilt yields.
- How central banks implement their new average or sustainable level inflation monetary policies.
- How well central banks manage the withdrawal of quantitative easing purchases of national bonds.

- Whether exceptional volatility will be focused on the short or long end of the yield curve, or both.

### Investment and borrowing rates

Investment returns are forecast to improve in 2022/23 based on expected increases in the Bank Rate; but actual economic circumstances may result in less improvement than expected.

Borrowing interest rates fell to historically very low rates as a result of the Covid-19 pandemic and the quantitative easing operations of the Bank of England and remain at historically low levels. However, the policy of avoiding new borrowing by running down spare cash balances has continued to be beneficial for local authorities over the last few years. The current margins over gilt yields for different types of capital expenditure are as follows:

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

The long-term forecast (beyond 10 years) for the Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from PWLB where appropriate, plus longer-term borrowing could also be undertaken for the purpose of certainty, or for flattening the profile of a heavily unbalanced maturity profile.

Temporary borrowing rates are likely, however, to remain near the current Bank Rate, which may also prove attractive as part of the Council's overall borrowing strategy. The Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs whilst also looking to balance out the debt portfolio. While this authority will not be able to avoid borrowing to finance new capital expenditure and to replace maturing debt, there will be a cost of carry (the difference between higher borrowing costs and lower investment returns) to any new borrowing that causes a temporary increase in cash balances.

## 4: Borrowing strategy

The overarching objectives for the borrowing strategy are as follows:

- To manage the Council's debt maturity profile.
- To maintain a view on current and possible future interest rate movements, and to plan borrowing accordingly.
- To monitor and review the balance between fixed and variable rate loans against the background of interest rates and the Prudential Indicators.
- Reduce reliance on one source of funding and review all alterative options available, including forward loan agreements.
- Continue to support UK Municipal Bonds Agency (MBA) bond issuance programme.
- Provide value for money and savings where possible to meet budgetary pressures.

The Council is currently maintaining an internally borrowed cash position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt. Instead, cash supporting the Council's reserves, balances, and positive cash flow has been used as an alternative, temporary measure. This strategy is prudent as investment returns are relatively low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. The decision to maintain internal borrowing will be evaluated against the potential for incurring additional long-term borrowing costs in later years, when long-term interest rates are forecast to be significantly higher.

If a significant risk of a sharp fall in long and short-term rates materialises (e.g., due to a marked increase of risks around relapse into recession or of risks of deflation), then long-term borrowings will be postponed, and potential rescheduling from fixed rate funding into short-term borrowing will be considered.

If a significant risk of a much sharper rise in long and short-term rates materialises than that currently forecast (e.g., perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the US and UK, an increase in world economic activity or a sudden increase in inflation risks), then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

In November 2019 the Council secured approval for £61m worth of discounted Local Infrastructure Rate funding via the PWLB to support clean energy work in Cambridgeshire in relation to the following projects:

- Five projects in our energy investment programme. These are primarily solar photovoltaic and battery storage projects across our assets. They are being developed to address major challenges our antiquated electricity grid is having which impact housing and business growth in the county, as well as limiting our ability to increase the amount of local, low carbon generation capacity.
- Three projects for community energy infrastructure. Swaffham Prior will be the first to retrofit an existing rural, off-gas community with a low carbon district heating scheme. Once built, the St Ives Smart Energy Grid would be the largest solar canopy project of its kind in the UK. One novel component is the Business Support Program offering which will pass along our lessons learned to the clean tech sector, assisting in wider uptake. And finally, ongoing energy efficiency and energy generation programme in schools. In this phase, we'll be exploring how to turn some schools into energy centres, supplying themselves and their communities with low carbon heat.

In March 2020, £8m of borrowing was drawn down at a rate of 1.45%, followed by a further £6m in August 2021 at a rate of 1.56%. The remainder of the borrowing is expected to be accessed during 2022/23.

## Capital Prudential & Treasury Indicators

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their prudential indicators.

A full set of prudential indicators and borrowing limits are shown in Appendix 3 of the TMS.

## Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance of need will be within the forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Borrowing in advance will be considered within the following constraints:

| Year | Max. Borrowing in advance | Notes |
|---|---|---|
| **2022/23** | 100% | Borrowing in advance will be limited to no more than the expected increase in borrowing need (CFR) over the period of the approved Medium Term Capital Programme, a maximum of 3 years in advance. |
| **2023/24** | 50% | |
| **2024/25** | 25% | |

The risks associated with any borrowing in advance activity will be subject to prior appraisal. Any advance borrowing undertaken will be reported in Treasury Management update reports.

## Debt rescheduling

As short-term borrowing rates are often considerably cheaper than longer-term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term borrowing to short-term borrowing. However, these savings will need to be considered in the light of the current treasury position and, in the current economic climate, the substantial exit costs of any debt repayment.

The reasons for any rescheduling to take place include:

- The generation of cash savings and/or discounted cash flow savings.
- Helping to fulfil the treasury strategy.
- Enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Any rescheduling activity undertaken will be reported to Strategy and Resources (S&R) Committee, at the next quarterly report following its action.

### New financial institutions as a source of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to obtaining funding from other sources:

- Local authorities provide primarily shorter-dated maturities of up to around 3 years at lower rates than the Certainty Rate.
- Financial institutions, primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a "cost of carry" or to achieve refinancing certainty over the next few years.
- UK MBA (see part 11).
- UK Infrastructure Bank, launched in June 2021 to support the Government's plan to deliver £600bn in gross public sector investment over the next 5 years. The bank will offer loans to local authorities at a rate of gilts plus 60 bps.

## 5: Minimum Revenue Provision

The Council is required to repay an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if desired (Voluntary Revenue Provision - VRP).

DLUHC Regulations have been issued which require Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The MRP Policy is in Appendix 4 of the TMS. The Council, in conjunction with its Treasury Management advisors, considers the MRP policy to be prudent.

## 6: Investment strategy

The Government's 'Guidance on Local Government Investments' requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy and the Annual Investment Strategy to be combined into one document.

The Council's general policy objective is to invest its surplus funds prudently. As such the Council's investment priorities in priority order are:

- the security of the invested capital
- the liquidity of the invested capital
- the yield received from the investment

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short-term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider-ranging fund options.

The Council's Annual Investment Strategy (AIS) is shown in Appendix 5.

# 7: Risk Analysis and Forecast Sensitivity

## Risk Management

The Council regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the Council's approved Treasury Management Practices. The main risks to the treasury activities are:

- Credit and counterparty risk (security of investments)
- Liquidity risk (adequacy of cash resources)
- Interest rate risk (fluctuations in interest rate levels)
- Exchange rate risk (fluctuations in exchange rates)
- Refinancing risks (impact of debt maturing in future years)

- Legal and regulatory risk (non-compliance with statutory and regulatory requirements)
- Fraud, error and corruption, and contingency management (in normal and business continuity situations)
- Market risk (fluctuations in the value of principal sums)

The TMP Schedules set out the ways in which the Council seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error, and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk). Council officers, in conjunction with the treasury advisers, will monitor these risks closely.

### Sensitivity of the Forecast

The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the Council has no control.

Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the Council's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP Schedules and the treasury strategy, and in line with the Council's risk appetite, to keep negative variations to a minimum. Any significant variations will be reported to S&R Committee as part of the Council's regular budget monitoring arrangements.

## 8: Reporting arrangements

### Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes requires local authorities to prepare a Capital Strategy report which provides the following:

- 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 is managed

- the implications for future financial sustainability

The aim of the capital strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The Council's Capital Strategy is reported separately from the Treasury Management Strategy within the Business Plan and reports on non-treasury investments. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy on commercial investments usually driven by expenditure on an asset. The Capital Strategy demonstrates:

- The corporate governance arrangements for these types of activities
- Any service objectives relating to the investments
- The expected income, costs and resulting contribution
- The debt related to the activity and the associated interest costs
- For non-loan type investments, the cost against the current market value
- The risk associated with each activity

For non-treasury investment where a physical asset is being bought, details of market research, advisors used (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there is also an explanation of why borrowing was required and why the DLUHC Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital Strategy.

The Capital Strategy will also consider the proportionality between the treasury investments shown throughout this report and non-treasury investments.

## Treasury Management Reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals:

a) **Prudential and treasury indicators and treasury strategy (this report)** - The first, and most important report is forward looking and covers:

- capital plans (including prudential indicators)
- a Minimum Revenue Provision (MRP) policy (how residual capital expenditure is charged to revenue over time)
- the Treasury Management Strategy (how the investments and borrowings are to be organised), including treasury indicators
- an Investment Strategy (the parameters on how investments are to be managed)

b) **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, S&R Committee will receive quarterly update reports.

c) **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The above reports are required to be adequately scrutinised before being recommended to Council. This role is undertaken by the Section 151 Officer & S&R Committee.

## 9: Treasury Management Budget

The table below provides a breakdown of the treasury management budget at January 2022. Key assumptions behind the 2022/23 budget estimates are:

- Average rates achievable on short-term investments will be 0.1% (increasing to 0.6%), the average net return on the Council's long-term CCLA property fund treasury management investment will be 3.4%, the average return on multi-class asset will be 2.1% and the average return on the infrastructure income fund will be 3.8%.

- New and replacement borrowing to fund the capital programme will be financed by a mixture of short to medium-term borrowing, at rates equating to between 1.5% and 3.0% over the medium-term.
- The MRP charge is in line with the Council's MRP policy.

| | 2021/22 Estimate £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|---|---|---|---|---|---|---|
| **Interest payable** | 18.7 | 19.5 | 22.4 | 23.8 | 24.2 | 23.9 |
| **MRP** | 19.1 | 21.3 | 24.0 | 26.5 | 27.3 | 28.0 |
| **Interest receivable** | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 |
| **Interest on investment activity** | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| **Debt Management Expenses** | 0.6 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| **Net Interest expenses recharged to Service** | -6.2 | -6.0 | -7.4 | -7.9 | -9.1 | -8.8 |
| **Technical adjustments** | 0.1 | 0.8 | -0.7 | -0.8 | -0.9 | 0.1 |
| **Sub Total** | **32.3** | **36.0** | **38.7** | **42.0** | **41.9** | **43.6** |
| **Capitalised Interest** | -2.1 | -1.9 | -2.0 | -1.6 | -0.8 | -0.9 |
| **Grand Total** | **30.3** | **34.0** | **36.8** | **40.5** | **41.1** | **42.6** |

## 10: Policy on the use of external service providers/consultant

The Council's external treasury management advisors are Link Group, Treasury solutions. The two-year extension option within the contract with Link Asset Servicing has been activated, following the original formal procurement exercise in 2019/20.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, the Council's treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

## 11: Future developments

Local Authorities are having to consider innovative strategies towards improving service provision to their communities. This approach to innovation also applies to councils' treasury management activities. The Government is introducing new statutory powers and policy change which will have an impact on treasury management approaches in the future. Examples of such changes are:

a) **Loans to Third Parties**
The Council may borrow to make grants or loans to third parties for the purpose of capital expenditure, as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146). This will usually be to support local economic development, and may be funded by external borrowing.

A framework within which the Council may consider advancing loans to third party, not for profit, organisations is shown in Appendix 6 of the TMS.

In addition, the following material projects in this respect are under way:

- This Land – loans issued at commercial rates, to facilitate the construction of residential housing in Cambridgeshire and the vicinity

b) **UK Municipal Bonds Agency (MBA)**
The County Council remains committed to participating in a multi-authority pooled bond, facilitated by the MBA, as complementary to PWLB borrowing. The purpose of the MBA is to issue bonds in the capital markets at lower rates than the PWLB.

The November 2020 reduction in margin over gilts for PWLB rates by 100 basis points on local authorities' loans means that UK MBA is now a less favourable an option than it had been in comparison to higher PWLB rates but there should remain a narrow competitive margin relative to PWLB.

To date the MBA has issued a small number of single Council bonds and a pooled bond issue is awaited.

c) **Impact of IFRS 9**

An important consideration when assessing current and future investment policy is the implementation of accounting standard IFRS 9 in the Local Authority Code of Practice. A key element of this standard is the move away from assessing risk based on incurred losses on financial assets (i.e., an event that has happened) to expected loss (i.e., the likelihood of loss across the asset lifetime). Whilst this will not materially impact upon traditional treasury investments, the standard also encompasses other investment areas including loans to third parties, subsidiaries, or longer-dated service investments. The expected credit loss model requires local authorities to make provision for these potential losses having assessed the asset with regard to the due diligence undertaken prior to investment, the nature of any guarantees, and subsequent regular updates.

The Council has made the following material loan agreement with third parties:

- This Land – loans at commercial rates to facilitate the construction of residential housing in Cambridgeshire.

A revenue provision may be required to be set aside in future depending on the risk assessment of the investment.

In addition to the above, the new standard requires changes to the recognition and subsequent valuation treatment of certain investment products. These instruments include property and equity, but also service investments that give rise to cashflows that are not solely payments of principal and interest (SPPI) on the principal outstanding. DLUHC introduced a five-year statutory override allowing Councils to reverse any revenue impact of pooled fund valuation gains and losses. DLUHC were not minded to make this statutory override permanent, and will keep it under review.

## 12: Training

A key outcome of investigations into local authority investments following the credit crisis has been an emphasis on the need to ensure appropriate training and knowledge in relation to treasury management activities, for officers employed by the Council, in particular treasury management staff, and for members charged with governance of the treasury management function.

Link Group run training events regularly which are attended by the Treasury Team. In addition, members of the team attend national forums and practitioner user groups. Treasury Management training for committee members will be delivered as required to facilitate informed decision making and challenge processes. The last training to take place was a session as part of the Member induction plan for the 2021-25 Council in December 2021.

## 13: List of appendices

Appendix 1: Treasury Management Scheme of Delegation and Role of Section 151 Officer
Appendix 2: Treasury Management Policy Statement
Appendix 3: Prudential and Treasury Indicators
Appendix 4: Minimum Revenue Provision (MRP) Policy Statement
Appendix 5: Annual Investment Strategy
Appendix 6: Third Party Loans Policy

# Appendix 1: Treasury Management Scheme of Delegation and role of the Section 151 Officer

## The Scheme of Delegation

Council:

- Approval of annual Treasury Management Strategy and mid-year update to the strategy.
- Approval of the annual Treasury Management report.
- Approval of the Treasury Management budget.

Strategy & Resources Committee:

- Approval of the Treasury Management quarterly update reports.
- Approval of the Treasury Management outturn report
- Scrutiny of performance against the Strategy.
- Management of the Council's non-financial Investment Strategy

## The Treasury Management role of the Section 151 Officer

The Council's Chief Finance Officer (CFO) is the officer designated for the purposes of Section 151 of the Local Government Act 1972 as the Responsible Officer for treasury management at the Council.

The Council's Financial Regulations delegates responsibility for the execution and administration of treasury management decisions to the CFO, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

The CFO has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.

Prior to entering into any capital financing, lending, or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

The CFO may delegate his power to borrow and invest to members of his staff.

The CFO is responsible for:

- Ensuring that the schedules to the Treasury Management Practices (TMPs) are fully reviewed and updated annually and monitoring compliance to the Treasury Management in the Public Services: Code of Practice and Guidance Notes
- Ensuring that the Council's Treasury Management Policy is adhered to, and if not, bringing the matter to the attention of elected members as soon as possible
- Submitting regular treasury management reports to S&R Committee and Council
- Submitting debt financing revenue budgets and budget variations in line with the Council's budgetary policies
- Receiving and reviewing treasury management information reports
- Reviewing the performance of the treasury management function and promoting value for money
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers (e.g., treasury management advisors) in line with the approval limits set out in the Council's procurement rules
- Preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments, and treasury management, with a long-term timeframe
- Ensuring that the capital strategy is prudent, sustainable, affordable, and prudent in the long-term and provides value for money
- Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- Ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- Ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources

- Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- Provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans, and financial guarantees
- Ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- Creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed

# Appendix 2: Treasury Management Policy Statement

We define treasury management activities as:

"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

We regard the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

We acknowledge that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management

# Appendix 3: Prudential and Treasury Indicators

## 1: The Capital Prudential Indicators

The Council's capital expenditure plans are the key driver of Treasury Management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

**Capital expenditure**. This prudential indicator shows the Council's capital expenditure plans; both those agreed previously, and those forming part of this budget cycle. Capital expenditure excludes spend on Private Finance Initiatives (PFI) and leasing arrangements, which are shown on the balance sheet.

The table below summarises the capital expenditure plans which give rise to a net financing need (borrowing). Detailed capital expenditure plans are set out in the Capital Strategy.

| | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 £m | 2026/27 £m |
|---|---|---|---|---|---|---|
| Net Borrowing Requirement to fund Capital Programme | 30.7 | 59.8 | 60.3 | 10.8 | 15.4 | -34.3 |

**The Council's borrowing need (the Capital Financing Requirement).** The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

Following accounting changes, the CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

| | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|---|---|---|---|---|---|---|
| Capital Financing Requirement (CFR) | | | | | | |
| Total CFR | **946.4** | **1,006.2** | **1,066.4** | **1,077.2** | **1,092.7** | **1,058.4** |
| Movement in CFR | **30.7** | **59.8** | **60.3** | **10.8** | **15.4** | **-34.3** |
| | | | | | | |
| Movement in CFR represented by: | | | | | | |
| Unsupported Capital Expenditure (Prudential Borrowing) in capital programme | 51.8 | 81.1 | 84.2 | 37.3 | 42.8 | 21.6 |
| Less: MRP and other financing movements | -21.2 | -21.3 | -24.0 | -26.5 | -27.3 | -55.8 |
| Movement in CFR | **30.7** | **59.8** | **60.3** | **10.8** | **15.4** | **-34.3** |

**The authorised limit for external borrowing.** A key prudential indicator, this represents a control on the maximum level of borrowing and the legal limit beyond which external borrowing is prohibited. This limit is set by and can only be amended by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term. The limit represents the total CFR (assumed fully funded by borrowing) - including any other long-term liabilities (e.g., PFI schemes, finance leases) though these types of scheme including a borrowing facility and so the Council is not required to separately borrow for them - plus a margin to accommodate any unplanned adverse cashflow movements.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The Council is asked to approve the following Authorised Limit:

| Authorised Limit | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 £m | 2026/27 £m |
|---|---|---|---|---|---|
| Total Borrowing | 1,090 | 1,140 | 1,190 | 1,200 | 1,220 |

**The operational boundary.** This is the operational limit, set deliberately lower than the authorised limit, beyond which external debt is not normally expected to exceed. The limit represents the total CFR (assumed fully funded by borrowing) - including any other long-term liabilities (e.g., PFI schemes, finance leases) though these types of scheme including a borrowing facility and so the Council is not required to separately borrow for them - plus a margin to accommodate any unplanned adverse cashflow movements. This limit acts as an early warning indicator should borrowing be approaching the Authorised Limit. This limit may be breached on occasion under normal circumstances, but sustained or regular breaches should trigger a review of borrowing levels.

| **Operational Boundary** | **2022/23 £m** | **2023/24 £m** | **2024/25 £m** | **2025/26 £m** | **2026/27 £m** |
|---|---|---|---|---|---|
| Total Borrowing | 1,060 | 1,110 | 1,160 | 1,170 | 1,190 |

## 2: Treasury Management limits on activity

There are four debt and investment related treasury activity limits. The purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs or improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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

Fixed rate calculation:

<u>Fixed rate borrowing – fixed rate investments</u>
Total borrowing – total investments

Variable rate calculation:

<u>Variable rate borrowing** – fixed rate investments</u>

Total borrowing – total investments

**defined as less than 1 year to remaining to maturity, or in the case of LOBO borrowing, the next call date falling within 12 months.

| Limits on Interest Rate Exposure | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|---|---|---|---|---|---|
| | Upper | Upper | Upper | Upper | Upper |
| Limits on fixed interest rates based on net debt | 150% | 150% | 150% | 150% | 150% |
| Limits on variable interest rates based on net debt | 65% | 65% | 65% | 65% | 65% |

The maturity structure of borrowing indicator represents the borrowing falling due in each period expressed as a percentage of total borrowing. These gross limits are set to manage the Council's exposure to sums falling due for refinancing or repayment.

| Maturity Structure of Borrowing | | | |
|---|---|---|---|
| | Lower | Upper | 30/10/2021 Comparator |
| Under 12 months | 0% | 80% | 27% |
| 12 months to 2 years | 0% | 50% | 6% |
| 2 years to 5 years | 0% | 50% | 10% |
| 5 years to 10 years | 0% | 50% | 12% |
| 10 years and above | 0% | 100% | 45% |

The Treasury Management Code of Practice Guidance notes require that maturity is determined by the earliest date on which the lender can require repayment, which in the case of LOBO loans, is the next break point.

**Total principal funds invested for periods longer than 365 days.** The Council is asked to approve the following treasury indicator limits for total principal funds that may be invested for periods greater than 365 days. The limits are set with regard to the Council's liquidity requirements to reduce the risk of need for early liquidation of investment and are based on the medium/long-term availability of resources after each year end.

| Maximum principal sums invested for periods longer than 365 days | | | | | |
|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Limit (£m) | 50 | 50 | 50 | 50 | 50 |

## 3: Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework is an indicator required to assess the affordability of the capital investment plans. This provides an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicator:

**Actual and estimates of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

This is calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers.

| Actual and estimates of financing costs to net revenue stream | | | | | |
|---|---|---|---|---|---|
| | 2022/23 Estimate % | 2023/24 Estimate % | 2024/25 Estimate % | 2025/26 Estimate % | 2026/27 Estimate % |
| Financing costs to net revenue stream | 8.9 | 9.6 | 10.1 | 9.7 | 9.6 |

# Appendix 4: Minimum Revenue Provision Policy Statement

## Policy statement

The Council is required to repay an element of the accumulated General Fund capital spend each year (Capital Financing Requirement - CFR) through a revenue charge (Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required.

DLUHC have issued regulations that require Council to approve an MRP Statement in advance of each year. A variety of options are provided to Councils in the guidance with the underlying principle that a prudent provision is made. A formal review of this Policy is to be undertaken every five years with the next review due to take place in January 2021. Due to capacity issues, in part as a result of the additional work required by the ongoing pandemic, this review has been delayed by one year to March 2022. This has allowed a detailed review to be undertaken during 2021/22, in conjunction with the Council's treasury advisors.

## Historic debt liability accumulated up to 31st March 2010

Up until 2014/15, the proportion of provision that related to historic debt liability accumulated up to 31st March 2010 was calculated using Option 1 of DLUHC Guidance (the 'Regulatory Method'). This method is based upon 4% of the CFR adjusted for 'Adjustment A' (the difference between the old credit ceiling system and the introduction of the Capital Financing Requirement). A reducing balance calculation means that debt liability is never entirely repaid, and the amount of debt equal to 'Adjustment A' (for this Council £2.133m) is not provided for at all. In January and February 2016, General Purposes Committee (GPC) considered a number of potential alternative methodologies. These covered both annuity and straight-line options, calculated over an average life of up to 50 years.

After considering the range of options available, a change in policy was introduced from 2015/16. The method chosen to replace the "Regulatory Method" for historic debt liability accumulated up to 31st March 2010 and that remained outstanding at 31st March 2015 was an annuity calculation, but one directly linked to the remaining life of the assets the debt liability had funded (held on the Council's balance sheet). This directly relates the cost of financing those assets with their expected useful life, thereby aligning costs with benefits and is allowable under the DLUHC Guidance. This approach will continue to be applied.

## Debt liability accumulated from 1st April 2010

Prudent provision for any subsequent borrowing from 1st April 2010 onwards will be calculated using Option 3 of DLUHC Guidance (the 'Asset Life Method') on a straight line basis, in line with estimates for the expected useful life of the asset financed by debt. Estimated life periods will be determined under delegated powers. In view of the variety of types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. MRP will be charged from the financial year after the asset becomes operational.

The determination as to which schemes shall be deemed to be financed from available capital resources and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.

## Third Party Loans

The only exception to these rules is loans classified as capital expenditure and raised by the Council for the purposes of funding third party loans. No MRP will be charged on this debt liability as the loans will be repaid in full in later years by way of capital receipt which will be used to repay that borrowing. Each item where there is no annual MRP charge will be reviewed on at least an annual basis and if there is a likelihood of capital loss, an expected loss would be charged in accordance with IFRS 9 requirements (see part 11).

## Share/Equity Capital

The Council may invest in share and equity investments, either directly or through collective pooled funds. These investments will usually be treated as capital expenditure and in such cases, where these investments are funded by unsupported borrowing, MRP charges will be considered on a case-by-case prudent basis.

## Private Finance Initiatives (PFI)

For assets acquired by leases, contracts or Private Finance Initiatives, the element of the annual charge that goes to write down the balance sheet liability will be applied as MRP.

# Appendix 5: Annual Investment Strategy

## 1: Investment policy

DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

The Council's appetite for risk must be clearly identified in its strategy report. The Council affirms that its investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the Council will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the TMP Schedules and the Treasury Management Strategy.

Responsibility for risk management and control lies within the Council and cannot be delegated to an outside organisation. Investment instruments identified for use in the financial year are listed in parts 6 and 7 of this appendix under the 'Specified' and 'Non-Specified' Investment categories.

**Council's in-house funds**
Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

- If it is thought that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as short-term or variable.

- Conversely, if it is thought that the Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates for longer periods.

**Investment returns expectations**
The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long-term forecast is for periods over 10 years in the future):

| Average earnings in each year | |
|---|---|
| 2022/23 | 0.50% |
| 2023/24 | 0.75% |
| 2024/25 | 1.00% |
| 2025/26 | 1.25% |
| Long term later years | 2.00% |

## 2: Creditworthiness policy

The Council's counterparty and credit risk management policies and its approved instruments for investments are set out below. These, taken together, form the fundamental parameters of the Council's Investment Strategy.

The Council defines high credit quality in terms of investment counterparties as those organisations that:

- Meet the requirements of the creditworthiness service provided by the Council's external treasury advisors and;
- UK banking or other financial institutions, or are;
- UK national or local government bodies, or are;
- Countries with a sovereign ratings of -AA or above, or are;
- Triple-A rated Money Market funds.

The creditworthiness service provided by the Council's external treasury advisors applies a modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies

- Credit Default Swaps (CDS – a traded insurance policy market against default risk) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted calculation with an overlay of CDS spreads, to determine suggested duration for investment. The Council will apply these suggested duration limits to it investments at all times, unless otherwise approved by the CFO.

Investments held in a multi-class credit fund are diversified across investment grade and high-yielding credit in accordance with the Council's treasury management objectives and appetite for risk.

The Council makes arrangements for monitoring of the more 'liquid' non-specified investments through professional advice, including from an independent investment advisor, from time-to-time. These arrangements are overseen by the Strategy & Resources Committee.

All credit ratings will be monitored daily**.** The Council is alerted to changes in ratings of all three agencies through its use of the Link creditworthiness service:

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings, the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively by Link. Extreme market movements may result in a downgrade of an institution, or removal from the Council's lending list.

Sole reliance will not be placed on the use of the Council's external treasury advisor's creditworthiness service. In addition, the Council will also use market data, financial press, and information on any external support for banks to help support its decision-making process.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times, and as such the CFO shall have the discretion during the year to lift or increase the restrictions on the counterparty list and or to adjust the associated lending limits on values and durations should it become necessary, to enable the effective management of risk in relation to its investments.

## 3: Sovereign Limits

Expectation of implicit sovereign support for banks and financial institutions in extraordinary situations has lessened considerably in the last couple of years, and alongside that, changes to banking regulations have focussed on improving the banking sectors resilience to financial and economic stress.

The Council has determined that it will only use approved counterparties from overseas countries with a sovereign credit rating from the three main ratings agencies that is equal to or above AA-. Banks domiciled in the UK are exempt from this minimum sovereign credit rating, so may be used if the sovereign rating of the UK fall below AA-.

The list of countries that qualify using these credit criteria as at January 2022 is shown below. This list will be amended by officers should ratings change in accordance with this policy.

| AAA | AA+ | AA | AA- |
|---|---|---|---|
| Australia | Finland | Abu Dhabi (UAE) | Qatar |
| Canada | USA | Belgium | |
| Denmark | | France | |
| Germany | | UK | |
| Netherlands | | | |
| Singapore | | | |
| Sweden | | | |
| Switzerland | | | |

## 4: Banking services

Following a competitive tender exercise and the completion of the contract standstill period in December 2019, the Council completed the switching of Banker on 5 October 2020 from Barclays Bank to NatWest Bank. The Council has remaining residual accounts at Barclays for treasury management purposes and deputyship clients.

The Council may continue to use its own bankers for transactional purposes if the credit rating of the institution falls below the above minimum criteria, however, balances will be minimised in both monetary size and time invested.

## 5: Investment position and use of Council's resources

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

Investments will be made with reference to core balances, cash flow requirements and the outlook for interest rates.

For its cash flow generated balances, the Council will seek to utilise its business banking reserve account and notice accounts, money market funds (CNAV, LVNAV and VNAV) and short-dated term deposits in order to benefit from the compounding of interest.

## 6: Specified investments

The Council assesses that an investment is a specified investment if all of the following criteria apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long-term investment (i.e., up to 1 year).
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
- The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
    - The United Kingdom Government.
    - A local authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland.
    - High credit quality is defined as a minimum credit rating as outlined in this strategy.

Specified investment instruments approved for use are:

| Instrument | Minimum 'High' Credit Criteria | Maximum Amount |
|---|---|---|
| Debt Management Agency Deposit Facility (DMADF) | UK sovereign rating | No maximum |
| UK Government Gilts / Treasury Bills | UK sovereign rating | |
| Certificate of Deposits & Notice Accounts | Per Treasury Advisors creditworthiness service | £10m per individual/ group in total |
| Term Deposits - Banks and Building Societies | Per Treasury Advisors creditworthiness service | |
| Term Deposits - Local Authorities and Housing Associations | Considered on an individual basis | |
| Bank Call/Instant Access Accounts | Per Treasury Advisors creditworthiness service | £20m per individual/ group in total |
| Collateralised Deposit / Covered Bonds | AAA | |
| Bonds issued by multilateral development banks | AAA / UK sovereign rating | |
| Bond issuance issued by a financial institution which is explicitly guaranteed by UK Government (e.g., National Rail) | UK sovereign rating | |
| Sovereign bond issues (other than the UK Govt) | AAA / UK sovereign rating | |
| **Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs):** | | |
| Money Market Funds (CNAV, LVNAV or VNAV) | AAA MMF rating | £20m per individual/ group in total |
| CCLA (PSDF) Money Market Fund | Considered on an individual basis | |
| Bond Funds | Considered on an individual basis | |
| Gilt Funds | Considered on an individual basis | |



The Council may enter into forward agreements up to 3 months in advance of the investment commencing. If forward agreements are made, the forward period plus the deal period should not exceed the 1 year to be classified as a specified investment.

Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is compounded by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.

The counterparty limit with the Council’s corporate bank may be utilised over and above the set counterparty limit on an overnight basis if cash surpluses are identified as a result of unexpected receipts of income after the day’s dealing position is closed. This occurs when the timing for receipt of funds is uncertain, for example the sale of a property. In such instances, funds will be withdrawn to bring the Councils exposure back in line with the approved counterparty limit as soon as reasonably practicable and invested elsewhere in line with this strategy. If this happens, the CFO should be notified.

## 7: Non-specified investments

Non-specified investments are defined as those with less high credit quality, potentially for periods over one year, or for more complex instruments which require greater consideration and need to be passed by members and officers before authorisation.

Given the additional risk profile associated with non-specified investment, the Council may consult with its external treasury advisors before undertaking such investments where appropriate.

Non-specified investment instruments approved for use are:

<table>
<tr><th>Instrument</th><th>Minimum ‘High’ Credit Criteria</th><th>Maximum Amount</th></tr>
<tr><td>UK Government</td><td>Government backed</td><td>No maximum</td></tr>
<tr><td>Certificate of Deposits & Notice Accounts</td><td>Per Treasury Advisors creditworthiness service</td><td rowspan="3">£10m per individual/ group in total</td></tr>
<tr><td>Term Deposits - Banks and Building Societies</td><td>Per Treasury Advisors creditworthiness service</td></tr>
<tr><td>Term Deposits - Local Authorities and Housing Associations</td><td>Considered on an individual basis</td></tr>
<tr><td>Collateralised Deposit / Covered Bonds</td><td>AAA</td><td rowspan="4">£20m per individual/ group in total</td></tr>
<tr><td>Bonds issued by multilateral development banks</td><td>AAA / UK sovereign rating</td></tr>
<tr><td>Bond issuance issued by a financial institution which is explicitly guaranteed by UK Government (e.g., National Rail)</td><td>UK sovereign rating</td></tr>
<tr><td>Sovereign bond issues (other than the UK Govt)</td><td>AAA / UK sovereign rating</td></tr>
</table>

| | | |
|---|---|---|
| Corporate Bond / Equity Holdings | Considered on an individual basis | £10m per individual/ group in total |
| **Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs):** | | |
| Property Funds | Considered on an individual basis | £20m per individual/ group in total |
| Infrastructure Funds | Considered on an individual basis | |
| Diversified Income / Multi Asset Funds | Considered on an individual basis | |
| Enhanced Money Market Funds | AAA VNAV MMF rating | |
| Corporate Bond / Equity Funds / Share Capital | Considered on an individual basis | |
| Asset Backed Securities / Green Energy Bonds | Considered on an individual basis | £5m per individual/ group in total |
| Ultra-short dated bond Funds | Considered on an individual basis | £5m per individual/ group in total |

Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is compounded by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.

## 8: Third Party Loans

The Council has the power to lend monies to third parties subject to a number of criteria:

- Any loans to or investments in third parties will be made under the Well Being powers of the Council conferred by section 2 of the Local Government Act 2000 or permitted under any other act.
- The Well Being power can be exercised for the benefit of some or all of the residents or visitors to a local authority's area. The power may also be used to benefit organisations and even an individual.

The primary aims of any investment - in order of priority - are the security of its capital, liquidity of its capital and to obtain a return on its capital commensurate with levels of security and liquidity. These aims are crucial in determining whether to proceed with a potential loan.

Appendix 6 of the TMS sets out the Council's framework within which it may consider advancing loans to third party, not for profit, organisations.

## 9: Investments defined as capital expenditure

The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1) (d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as 'non-specified investments'.

Investments in "money market funds" which are collective investment schemes and bonds issued by "multilateral development banks" – both defined in SI 2004 No 534 – will not be treated as capital expenditure.

A loan, grant or financial assistance provided by this Council to another body will be treated as capital expenditure if the Council would define the other body's use of those funds as capital had it undertaken the expenditure itself.

## 10: Provisions for credit related losses

If any of the Council's investments appear at risk of loss due to default (i.e., this is a credit related loss and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount.

## 11: End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

## 12: External fund managers

Up to £60m of the Council's funds may be externally managed on a discretionary / pooled basis, currently by CCLA, Allianz Global Investors and VT Gravis. The Council's external fund managers comply with the Annual Investment Strategy. The agreements between the Council and the fund managers additionally stipulate guidelines on duration and other limits in order to contain and control risk.

The Council fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. In order to aid this assessment, the Council has appointed Link Group & ArlingClose to monitor the performance of some of these funds and is provided with a suite of regular reporting. This includes:

- Measuring the external manager's performance on a periodic and ongoing basis.
- Monitoring and impact assessment (where appropriate) of investment decisions made by the manager, in light of portfolio positioning as well as general economic and specific market background.
- Comparing fund manager performance against fund guidelines, benchmark, and target return (where applicable).
- Comparing fund manager performance against the Council's threshold for market risk and the degree of volatility in returns it is willing to accept in its risk-reward relationship

In addition to formal reports, representatives of Link Group meet with representatives of the fund manager semi-annually to review performance, address any concerns, and gain a better understanding of the manager's future strategy and direction.

## 13: Investment performance / risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or annual reports.

## 14: Pension fund cash

The Council will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, which were implemented on 1 January 2010. The Council will not pool pension fund cash with its own cash balances for investment purposes. Any investments made by the pension fund directly with the Council will comply with the requirements of SI 2009 No 393.

# Appendix 6: Third Party Loans Policy

## Introduction

Whilst the Council should not wish to become a commercial lender in the marketplace it can use its ability to borrow, at relatively economic rates, to support the delivery of improved outcomes for the residents of Cambridgeshire. At the same time this will facilitate the creation of a relatively modest income stream to support the Council's overall financial resilience. All applications must demonstrate alignment to the Council's core objectives and priorities and should support those outcomes.

The intention of this policy is therefore to establish a framework within which the Council may consider advancing loans to third party, not for profit, organisations.

## Nature of Organisations Considered

The Council will consider the provision of a loan facility to organisations that fulfil both of the following criteria:

- Not for Profit Organisations, where the loan required will be used to fund infrastructure to support the delivery of services to the residents of Cambridgeshire, and;
- Organisations that provide services that align to the Council's core objectives and priorities (including subsidiary companies and joint ventures)

## Governance Arrangements

All proposals will be considered by the Capital Programme Board or equivalent forum. Loans of less than £250,000 that fulfil the policy framework are delegated to the Council's CFO in consultation with the Chair of S&R Committee. Should the Committee Chair declare a conflict of interest, consultation will take place with the Committee Vice-Chair.

Loans in excess of £250,000 or loans that are outside of the framework parameters require S&R Committee approval. The exception to this is loans associated with Council owned assets which remain within the remit of S&R Committee.

## Limits

No specific limits are proposed but all loans in excess of £250,000 will require S&R Committee approval. Given the level of administration that will be required to manage the loan agreement over the life of the loan, no requests for loans of less than £10,000 will be considered.

## Business Case Review

Any application for loan finance must be accompanied by a robust business case. Due-diligence checks will be undertaken to test the underlying assumptions applied. Specialist support may be required to carry out these assessments.

## Subsidy control and Interest Rates

Under EU law, State Aid rules were to be taken into account whenever public money is given to an organisation that undertakes any commercial operation. State Aid is defined as an advantage in any form whatsoever conferred on a selective basis to undertakings by public authorities. Subsidies granted to individuals or general measures open to all enterprises are not covered by the State Aid prohibition. Although the UK has now left the EU, successor arrangements have been implemented to meet the UK's international obligations on subsidy control.

The general parameters of the scheme will not permit loans to be made where the funding could be used in the delivery of commercial activities. However, not for profit organisations often undertake commercial activities in order to support the delivery of non-commercial activities. State aid can be avoided by using the Market Economy Operator (MEO) principles. If the state is acting in a way that a rational private investor would, for example in providing loans or capital on terms that would be acceptable to a genuine private investor who is motivated by return and not policy objectives, then it is not providing State Aid. This is because the beneficiary is not considered to be obtaining an advantage from the State but on the same terms that it could have obtained on the open market.

The actual interest rate charged on loans of this nature will be set with reference to the minimum permitted within State Aid rules at the time of fund advance and the Council's cost of borrowing plus an appropriate credit risk margin, whichever is higher. If there is any doubt as to whether State Aid may be an issue, legal advice must be sought.

## Loan Framework

- All loans must be secured against an asset or guaranteed by a public sector organisation with tax raising powers.
- The maximum loan to value will not exceed 80% unless fully guaranteed by a public sector body.
- The maximum duration of the loan will be 30 years, but the loan period must not exceed the useful life of the asset.
- An independent valuation of the asset upon which the loan is secured will be undertaken by the Council.
- A robust business case must be developed that demonstrates that the loan repayments are affordable.
- The on-going value of the asset(s) that the loan has been secured against will be valued on a 5-year basis. A charge to revenue may be required if the equity value falls below the debt outstanding or if it becomes clear that the borrowing organisation is unable to service the debt.
- Guarantees will be called upon if the lending organisation falls into arrears of more than 12 months.

Given the administrative costs incurred in both establishing and managing loans of this nature, an administration/arrangement fee will be applied to each loan made. The following arrangement fees will be applied:

| Minimum Loan Value | Maximum Loan Value | Arrangement Fee |
|---:|---:|---:|
| £10,000 | £119,999 | £1,200 |
| £120,000 | £289,999 | 1% of loan |
| £290,000 | - | £2,950 |

## Exemptions

Exemptions to this policy may be considered, but any exemption will need to be approved by S&R Committee.

Agenda Item No: 9

# CUSPE Policy Challenges Research on Models of Local Government after COVID-19

To: Strategy and Resources Committee

Meeting Date: 27th January 2022

From: Executive Director, Business Improvement and Development

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Outcome: The Committee is being asked to consider the research and recommendations from CUSPE on models of local government after COVID-19. The intended outcome is a decision as to whether and to what extent the research report's recommendations will be agreed to and implemented within the relevant Council services.

Recommendation: The Committee is asked to:

a) Note and comment on the research undertaken by CUSPE on the wellbeing economy as a proposed model of local government decision-making after the emergence of COVID-19;

b) Consider the recommendations made by CUSPE as set out in the full report at Appendix 1, pages 17-18; and

c) Task officers to prepare a detailed strategy setting out the ways in which recommendations (if agreed) can be driven forward and delivered, either by the Council or in collaboration with our partners.


Officer contact:
Name: Amanda Askham
Post: Executive Director, Business Improvement and Development
Email: Amanda.askham@cambridgeshire.gov.uk
Tel: 01223 703565

Member contacts:
Names: Councillors Lucy Nethsingha and Elisa Meschini
Post: Chair/Vice-Chair
Email: lucy.nethsingha@cambridgeshire.gov.uk/elisa.meschini@cambridgeshire.gov.uk
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). The programme, known as the CUSPE Policy Challenges, brings teams of researchers from the University of Cambridge together alongside supporting members and officers to explore challenges the Council faces in the form of research questions.

1.2 In February 2021 it was decided that the 2021 round of the CUSPE Policy Challenges would be scaled down to a later start and shorter timeframe in light of the May 2021 elections, and that research topics would be limited to follow up questions based on previous CUSPE reports. In April 2021, Amanda Askham, Executive Director of Business Improvement and Development, proposed the topic of “Models of Local Government after COVID-19” as a follow up to the 2017 CUSPE report on “New Models for Transformation”.

1.3 The research project began in July 2021, with Amanda Askham as the officer supporting the researchers and Councillor Lucy Nethsingha, Leader of the Council, and Councillor Elisa Meschini, Deputy Leader of the Council, as the supporting members. The research report under consideration here is the outcome of the researchers’ development of and response to the topic of models of local government after COVID-19.

1.4 On 24th January 2022 a Members’ Seminar will take place to allow the CUSPE research team a more thorough presentation of their research and conversation with Strategy and Resources Committee Members prior to committee.

## 2. Main Issues

2.1 The main point of the CUSPE research report is that the Council should introduce a ‘wellbeing economy’ in Cambridgeshire as a model of local government appropriate to the recovery from COVID-19 and beyond. A wellbeing economy is a model of government decision-making that prioritises and aligns decisions around aspects of human wellbeing as measures of success, in contrast to models that prioritise conventional economic measures such as Gross Domestic Product (GDP).

2.2 After a brief introduction, the report discusses the rationale for focusing on wellbeing in light of COVID-19 in Cambridgeshire. Here it is emphasised that the model of a wellbeing economy has been deemed effective in battling various forms of inequality, whilst COVID-19 has exacerbated existing inequalities. Some Cambridgeshire and Peterborough specific statistics that corroborate this are highlighted, with sensitivity to the diversity of communities and outcomes within the area.

2.3 The report discusses examples of existing Council activity that move in the direction of a wellbeing economy – such as the measurement of environmental, economic, and health outcomes, the current interest in Doughnut Economics and community wealth building, and the Joint Administration Agreement – and proposes ways these can be further developed. It is also worth noting here that a wellbeing economy framework is relevant to recent Council work on social value in Procurement and the BID directorate, as wellbeing-enhancing initiatives for our communities could form part of a social value offer, and the framework could help connect social value to wider Council activity.

2.4 International case studies of governments that have adopted a wellbeing economy model are introduced and their local relevance proposed. Indications of potential movement in this direction at the national level in the UK are also mentioned. To illustrate how wellbeing priorities can be defined within the categories of financial, environmental, human, and social wellbeing, elements of the Joint Administration's priorities are put alongside the wellbeing priorities of New Zealand and Wales. The benefits of a 'wellbeing assessment' for all policy decisions are also discussed here.

2.5 The report highlights the connection between sustainability and wellbeing, citing the United Nations' 17 Sustainable Development Goals and the Liveable Cities project as support for the idea that reducing carbon emissions is integral to human wellbeing rather than a separate policy area.

2.6 The report discusses the implementation of a wellbeing economy measurement framework at the Council in terms of three core principles – the maintenance of human health, economic health, and environmental health – and two types of indicators – objective and subjective wellbeing. Data sources for measuring these indicators and ways of managing the measurement are suggested. A three-step process of implementation is recommended.

2.7 The report concludes with several policy recommendations deriving from the foregoing discussions, suggestions for the Council to conduct primary research that are beyond the scope of this research project but would enable a wellbeing economy framework to be more tailored to the County's needs, and 'future outlook' that supports the models of community wealth building and public-private partnerships as ways of overcoming the tension between the wellbeing benefits of sustainability to residents and the private sector's contribution to carbon emissions, as well as being key to implementing a wellbeing economy.

## 3. Alignment with corporate priorities

3.1 Communities at the heart of everything we do
The report above sets out the implications for this priority in 2.2, 2.3, and 2.7.

3.2 A good quality of life for everyone
The report above sets out the implications for this priority in 2.1, 2.2, 2.3, 2.4, 2.5, and 2.6.

3.3 Helping our children learn, develop and live life to the full
There are no significant implications for this priority.

3.4 Cambridgeshire: a well-connected, safe, clean, green environment
The report above sets out the implications for this priority in 2.4, 2.5, 2.6, and 2.7.

3.5 Protecting and caring for those who need us
There are no significant implications for this priority.

## 4. Significant Implications

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

- The research report recommends the Council create a Wellbeing Officer role

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
The following bullet points set out details of significant implications identified by officers:
- The research report recommends the adoption of a wellbeing economy framework as a means of tackling social and economic inequality in Cambridgeshire.

4.5 Engagement and Communications Implications
The following bullet points set out details of significant implications identified by officers:
- The research report advises the Council to conduct primary research to better understand what improvements in wellbeing mean to local residents.

4.6 Localism and Local Member Involvement
The following bullet points set out details of significant implications identified by officers:
- The research report advises the Council to consider community wealth building as a means of implementing a wellbeing economy.

4.7 Public Health Implications
The following bullet points set out details of significant implications identified by officers:
- The overall motivation of the research report is to propose a model of local government that is appropriate to the recovery from COVID-19.
- The overarching theme of the research report is that government decision making is improved by a central focus on resident wellbeing as a measure of success.
- It has the potential to address health inequalities.
- 2.6 above includes significant implications for this public health.

4.8 Environment and Climate Change Implications on Priority Areas

4.8.1 Implication 1: Energy efficient, low carbon buildings.
Neutral Status:
Explanation: While several examples and case studies of climate action are discussed, the research report only recommends the Council establish a more general connection between environmental sustainability and wellbeing.

4.8.2 Implication 2: Low carbon transport.
Neutral Status:
Explanation: While several examples and case studies of climate action are discussed, the research report only recommends the Council establish a more general connection between environmental sustainability and wellbeing.

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Neutral Status:
Explanation: While several examples and case studies of climate action are discussed, the research report only recommends the Council establish a more general connection between environmental sustainability and wellbeing.

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Neutral Status:
Explanation: While several examples and case studies of climate action are discussed, the research report only recommends the Council establish a more general connection between environmental sustainability and wellbeing.

4.8.5 Implication 5: Water use, availability and management:
Neutral Status:
Explanation: While several examples and case studies of climate action are discussed, the research report only recommends the Council establish a more general connection between environmental sustainability and wellbeing.

4.8.6 Implication 6: Air Pollution.
Neutral Status:
Explanation: While several examples and case studies of climate action are discussed, the research report only recommends the Council establish a more general connection between environmental sustainability and wellbeing.

4.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.
Positive Status:
Explanation: The research report recommends the Council establish a connection between environmental sustainability and wellbeing.

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

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

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: Amanda Askham

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

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

Have any Public Health implications been cleared by Public Health?
Yes
Name of Officer: Val Thomas

# 5. Source documents

## 5.1 Source documents

“CUSPE Team 3 2021: Models of Local Government after Covid-19” (CUSPE research report)

## 5.2 Location

Attached as Appendix 1.

# Models of Local Government after Covid-19: Introducing the Concept of a Wellbeing Economy

Cambridgeshire County Council in collaboration with Cambridge University Science and Policy Exchange

2021

Ali Ahmad, Marianna Cavada, Alexander Johnston, Emily Staricoff

# Table of Contents

# Introduction

In this report we propose that the county council should introduce a wellbeing economy in Cambridgeshire, as a model for how the local government could look following the recovery from Covid-19. We will discuss the importance of wellbeing in light of Covid-19; briefly look at the current context in Cambridgeshire; evaluate various case studies and draw out what the county council could learn from them; look at the role of sustainability in wellbeing; discuss wellbeing in local governance; and discuss how a measurement framework could be implemented. Proposing a detailed framework of how Cambridgeshire's wellbeing economy could look is beyond the scope of this report. However, we will introduce the theory behind a wellbeing economy and explain how this could benefit Cambridgeshire. We believe that the introduction of a Wellbeing economy would serve as a means for the council to focus much of the work already carried out and align work to a rewarding framework. We will propose to the council that development of a wellbeing economy framework would be a constructive approach to take. Furthermore, the report will include various proposals and recommendations for the council to consider, acting as a sounding board for best practices surrounding development, implementation and evaluation of a wellbeing economy framework.

As the joint administration establish their priorities, they are presented with a unique opportunity to re-think the decision-making process within the council. The introduction of a wellbeing economy could serve as a means to shift the council's mindset to look at the impact of the council in a broader sense, integrating the fulfilment of the council's statutory duties with the drive to bring positive change to the lives of those it serves. Changing perspectives to think about the broad influence the council can have, rather than just what it is required to do, would establish a different way of working. A holistic approach, whereby decisions that are made by all committees within the council are aligned with one another, would bring endless benefits not only the council itself, but also to all those that the council serve.

In 2008, a Commission was set up in France on the request of President Nicholas Sarkozy in order to look into the limitations of GDP as a measure of prosperity and social progress. The Commission agreed that using national income is not a good indicator of human wellbeing and that the measurement itself contained several conceptual and statistical deficiencies. For example, National Accounts in different countries are computed in different ways which effects the final GDP figure and leads to flawed outcomes. At the moment, local and international policy-making are greatly influenced by variables that go into GDP growth such as economic prosperity, inflation and unemployment. Although these measures are important for the persistence of an economy, they prevent us from looking at what it is that civilisations have really been working towards: wellbeing. The narrow indicators of GDP have contributed to governments making bad choices for their people and precluded a probe into their welfare. With that in mind, the aim of this report is to look into other dimensions of social existence such as health, community, education, capabilities, freedom and sense of security. Whilst there is no single indicator that can give an insight into the proper ways of measuring these factors, this report will try to initiate a dialogue that would encourage the Cambridgeshire County Council to look into other avenues that would define and direct its future policies.

Although regions that focused on economic performance were able to invest in their infrastructure, it is also important to note that a focus on economic factors have contributed to the degradation of the environment in Cambridgeshire as in the world. One of the County's prized assets is its environmental assets and the sense of community that pervades every aspect of human life. Instead of measuring the productivity of all individuals and firms in the economy, we are encouraging a look into measures of societal wellbeing and assessing the failure of economic metrics of taking the individual into consideration. At the core of our study is a revelation that economic objectives should not be seen as ends by themselves but as a means for better living. Indeed, although there have been some GDP measures – such as 'green GDP' creating by the mining industry in order to take account of environmental degradation – which take into consideration other factors of life, we are suggesting a radically different system that prioritises individual perception and capabilities.

## Importance of Wellbeing in Light of Covid

The Covid-19 pandemic has had an adverse impact on the UK economy as a whole leading to a 20.4% fall in the national GDP in the second quarter of 2020, according to the Office for National Statistics. For this reason, there has generally been a push in local councils, especially in Scotland and Wales, to make a further step in the right direction and make progress on the level of social factors that are unrelated to monetary gain. That is not to say that these regions, or any in the UK for that matter, have been solely focusing on financial factors but, in a capitalist world, this focus is inevitable and it all amounts to what is suggested on the accounting balance sheets. It must also be mentioned that matters do not work in the same way they used to in the past; in other words, the profit or return on an investment is no longer a business decision but one that measures the influence and consequences of a decision on society as a whole, in consideration of individual prosperity and the comfort of the individual. However, the point here is to bring forward a plan that would further establish and set in motion a grander scheme that gives more attention to wellbeing, community wealth and societal welfare. That is, to set in motion what is already there and to get this idea off the ground. A wellbeing economy is not counterproductive to GDP, it is merely a way to achieve social equality and do justice the citizen who does not have the right to just 'quit'.

In light of the Covid-19 pandemic, the Advisory Group on Economic Recovery in Scotland gathered evidence that a wellbeing economy was favourable in terms of generating economic growth and quality job creation whilst still addressing important issues such as climate change and fair work. The Advisory Group professed that the model of a wellbeing economy is now more vital than ever in order to build resilience in the face of future adversities, whether they are in the shape of other pathogens, cyber-attacks or other economically damaging threats.

The Covid-19 pandemic has further highlighted and exacerbated the existence of unequal distributions of income, issues in housing, racial discrimination, class divisions and social inequality in access to education, healthcare and transportation. With these issues highlighted in the report, it was concluded that it would be more suitable to address matters that pertain not only to financial and physical capital, but also to natural capital (geology, soil, air, etc.), human capital (skills, knowledge, health, etc.) and social capital (networks, communities, norms, etc.). Whilst each of these features can reinforce and reinvigorate the other, it should be mentioned that the different factors can also restrict and hinder one another; for example, a lack in financial capital can place limits on how much the local economy allows for investment in natural and social capital. Therefore, an assessment of each of these factors must take place and the impact of the pandemic on all these factors must be considered for the design of a new way forward. The pandemic has also affected different sectors disproportionally, therefore on the Gross Value Added (GVA) side of things a sectorial analysis – also taking into consideration the effects of Brexit – will have to be conducted paying attention to the segregation of sectors and their division into subsectors.

## Current Context in Cambridgeshire

The Covid-19 pandemic has presented Cambridgeshire with a chance to remodel its approach to governance and reorganise its assets in a way that would be fairer to all individuals in society. The city of Cambridge, which forms the economic powerhouse of Cambridgeshire, has ranked 6th out of the top 50 cities where Gross Value Added (a measure similar to GDP but used for local economies) was measured, showing a 7.3% growth in 2021 compared to the projected 2% annual increase that was expected before the pandemic hit which was a rate higher than all regions in the South East. Of course, this boost in the GVA is a direct and indirect result of the lifting up of restrictions and the return to business. And, whilst this rate is favourable and welcomed, it is also indicative of the North/South divide in Cambridgeshire and a lack of implementation, or realisation, of the 'levelling up' agenda. The agenda of equality must be put at the heart, where its success is dependent on a radical rehabilitation of policy making priorities and the inclusion of wellbeing in local decisions. In the spirit of cultivating resilience and preventative action, the local economy must not be steered from above as it has been in the past but must be provided for and nourished in a manner that takes into consideration not only profit maximisation and high GDP but also the long-term effects of education, unemployment, income disparities, virtual infrastructure and life skills.

The pandemic acted to highlight at an international, national and local level the serious, and tragic, effect that inequalities can have. This is heightened in the local context, illustrated by the fact that life expectancy of a man living in the poorest part of Peterborough is 75.8 years, whereas the life expectancy for a man living in the richest part of Cambridge is almost ten years greater, at 85.2 years. This starkly emphasises the impact of inequalities across the county, and these have only been widened by Covid-19. There are many strategies at both a local and national level that are already in place to address this, for example the NHS Cambridgeshire and Peterborough Health inequalities Strategy. Furthermore, the PwC CNN Future of Local Governments report emphasises the importance of placing wellbeing at the centre of covid recovery schemes. We believe that the introduction of a wellbeing economy to Cambridgeshire as a model of local government after Covid-19 could act as an umbrella aim towards reducing these inequalities at a local level. The priorities and focus would be specific to local areas, leading to a direct impact on individuals experiencing these inequalities on a daily basis.

Regarding measurement practices, the Cambridgeshire County Council already places significant emphasis on several of the factors that could ultimately form part of a wellbeing economy framework. Indeed, environmental, economic, and health outcomes are regularly measured and analysed. However, there is the potential of presenting these measures together in a cohesive framework to ensure that each policy decision is made with the aim of balancing all of these important aims. Furthermore, currently only objective measures of wellbeing are used by the Council. During the height of the Covid-19 pandemic, however, the importance of subjective measures of wellbeing for government decision-making was made clear by the success of the weekly subjective wellbeing figures collected by the Office of National Statistics (ONS) in the "Coronavirus and the social impacts on Great Britain" bulletin. The analysis was of course UK-wide, and therefore measured the subjective wellbeing of the citizens of Cambridgeshire. Moreover, it was a short-term or "momentary" measure of subjective wellbeing, since it sought to monitor fast-moving changes in wellbeing as the pandemic progressed. The use of a long-term or "global" measure of subjective wellbeing could therefore be a significant asset to the Council as it eventually moves into the post-Covid phase.

We understand that the council is currently exploring the principles of Doughnut Economics, as pioneered by Kate Raworth. The Doughnut Economics model is designed to provide a framework to change the way in which we think about economics and economic growth that is suitable for the current century. The fundamental principle of the Doughnut is to "meet the needs of all people within the means of the living planet". The Doughnut illustrates a "social foundation" and an "ecological ceiling", between which is "the safe and just space for humanity" to thrive. The social foundation ensures that everyone has access to basic needs, such a food and water, education, housing and safety. The ecological ceiling states the fundamental properties of our living planet that must be sustained, or limited, to support life, such a biodiversity, climate change and pollution. The Doughnut states that we must not fall short of any of the social foundations but that we must also not exceed the ecological ceiling, but rather we must strive towards thriving within social and ecological limits.


Figure from: Doughnut Economics Action Lab. *Accessed: 7.11.2021.*

A core thought processes behind the Doughnut is the understanding that growth cannot continue endlessly and rather everything should go through a healthy phase of growth, followed by a period during which it can then thrive. Kate Raworth eloquently described this in her TED Talk, using the analogy of how a human will grow in height until adulthood, at which point they stop getting taller, but continue to develop and thrive as a person. The Doughnut says that the same principle must be applied to an economy. Raworth proposes that there is an ever increasing need to move the goal of economics away from endless GDP growth towards the ability to thrive in the "safe and just space for humanity", that the middle of the Doughnut provides. We believe that there is great synergy between the values of the Doughnut framework and those of a wellbeing economy. Both frameworks emphasise the need to place human and environmental factors at the centre of all decision-making processes. Furthermore, the introduction of a wellbeing economy could serve as an incredibly effective means by which to implement the Doughnut Principles of Practice. The culmination of Doughnut Economic principles underpinning a wellbeing economy represents a truly exciting opportunity for Cambridgeshire County Council to be a radical, transformative and forward-thinking organisation.

## Local Application of Case Studies

The concept of a wellbeing economy first originated in Bhutan with the introduction of a measure of "Gross National Happiness" in 1972. Inspired by the Buddhist concept of the "Middle Path", the happiness that Bhutan seeks to measure covers a wide range of factors that influence human wellbeing. These encompass both traditional areas of concern in the West, such as living standards, health and education, along with additional, less traditional measures such as psychological wellbeing and environmental diversity. In 2011, the UN General Assembly acknowledged the universal benefits of such an approach by passing the resolution "Happiness:

towards a holistic approach to development". This report will present a detailed overview of a few case studies, which collectively demonstrate the various ways in which wellbeing frameworks have recently been incorporated in modern economies.

In 2019, New Zealand published the first ever Wellbeing Budget, whereby success of the country would be measured through wellbeing, rather than purely through economic metrics. Placing wellbeing at the heart of the budget takes a novel approach to economic growth, where a new Living Standards Framework is used in place of GDP to measure and track progress. The key features of the Living Standards Framework are financial, environmental, human (individuals) and social (communities). Aligned with these key features, New Zealand have developed a comprehensive list of 61 indicators within this framework that are measurable and trackable. The Living Standards Framework has been criticised for being overly complex, with suggestions that a single measure of quality of life would be more efficient. The subjective nature of the indicators has also been a point of criticism, with some suggesting that objective measures correlating to wellbeing, such as access to housing and education, would be better metrics. Nevertheless, evidence gathered from the Living Standards Framework analysis was used to inform where priority areas for investments should be; these are the areas that would have the most substantial and lasting intergenerational impact on wellbeing. In short, these are topics surrounding mental health, poverty, inequalities of marginalised groups, sustainability and productivity. The biggest new spend in the Wellbeing Budget was in a range of areas that will improve broad aspects of mental health. As well as solutions as an individual level, the importance of economic and social determinants of wellbeing were also highlighted.

All ministries of the government were instructed to design policies to improve wellbeing. Additionally, and of interest to local decisions, part of the novel approach to the Wellbeing Budget meant that every bid for funding from the budget has to go through a Wellbeing Analysis. This meant that initiatives were assessed on their impact upon the five key priority areas of the Wellbeing Budget. This has helped to shift public discussion towards increased interest and understanding of the budget. Additionally, the budget is clearly designed so that a growing economy demonstrates meaningful benefit to citizens' everyday lives, further increasing the favourable view in which the Wellbeing Budget was received.

In 2014, Wales launched 'The Wales We Want National Conversation. This was a 6-month national consultation period about the vision that citizens have for the future of Wales. This shaped the development of seven wellbeing priorities for the Wellbeing of Future Generations (Wales) Act of 2015. The priorities are: a prosperous Wales; a resilient Wales; a more equal Wales; a healthier Wales; a Wales of cohesive communities; a Wales of vibrant culture and thriving Welsh language; a globally responsible Wales. As a result of this act, all public bodies have a duty to work towards achieving all seven of these goals. To ensure accountability to this this act, Wales established a new government role, 'Future Generations Commissioner for Wales'. This role ensures that policy makers take responsibility for the long-term impact of all decisions that are made and monitors the extent to which wellbeing objectives are being met. If the structure of the local council allows, introduction of an analogous role to Cambridgeshire County Council would greatly accelerate the process of developing, introducing and evaluating a wellbeing economy framework. This role would serve to ensure the longevity of the framework. Furthermore, this would be a very progressive step that would take Cambridgeshire County Council one step ahead of international and national trends.

Over the last few years, there has also been murmurs of the establishment of a wellbeing economy by the UK parliament. For example, the 2019 Labour Party Manifesto included the promise of the introduction of a 'Future Generations Wellbeing Act', to ensure that all policies were built around striving for improvements in various aspects of health and tackling widening health inequalities. Furthermore, in January 2020 Lord Bird, a Crossbench Peer, introduced a Private Members' Bill titled 'Wellbeing of Future Generations Bills [HL]', which was inspired by the Wellbeing of Future Generations (Wales) Act of 2015. However, this Bill has not progressed further than its second reading. The Bill would require all public bodies to act in the interest of the environmental, social, economic and cultural wellbeing objectives, which would be determined through public consultation. Additionally, the Bill places an emphasis on the importance of consideration for the future generations in all policymaking decisions, alongside the introduction of a Commissioner for Future Generations for the United Kingdom and a Joint Parliamentary Committee on Future Generations. This suggests growing interest at a national, as well as international, level in this topic. We believe that the establishment of a Wellbeing Economy in Cambridgeshire would place the local government at the forefront of cutting-edge policymaking attitudes, providing an opportunity to be one step ahead of the national governments' decisions.

We believe that Cambridgeshire County Council could learn from the approaches that have already been taken in various ways. For example, the commonalities between the approaches taken by all of the aforementioned approaches can be drawn out and their skeleton structures aligned to the current priorities of the new administration. The recently signed Cambridgeshire County Council Joint Administration Agreement states that the council aims to work towards a "greener, fairer and more caring Cambridgeshire". The priorities agreed could align into the following categories: financial, environmental, human, social. By categorising the priorities in this way, these currently standing priorities could directly translate into Cambridgeshire's wellbeing economy priories; equivalent to those set by New Zealand in their wellbeing budget or Wales in their Wellbeing of Future Generations (Wales) Act of 2015. The table below gives an example of how all the priorities of the aforementioned case studies, as well as the joint administration, could align to four main categories: financial, environmental, human and social.

| Category | Wales' seven wellbeing goals | New Zealand's six wellbeing priorities | Cambridgeshire Joint Administration priorities |
|---|---|---|---|
| **Economic** | • A prosperous Wales | • Building a productive nation<br>• Investing in New Zealand | • Covid recovery Plan<br>• Real Living Wage |
| **Environmental** | • A resilient Wales<br>• A globally responsible Wales | • Transitioning to a sustainable and low-emissions economy | • Tackle the climate emergency<br>• Move forward Net Zero target<br>• Increase biodiversity<br>• Encourage sustainable travel |

| | | | |
|---|---|---|---|
| **Human** | • A healthier Wales<br>• A more equal Wales | • Taking mental health seriously<br>• Improving child wellbeing | • Tackling poverty and inequality<br>• Health in all policies<br>• Focus on children and young people |
| **Social** | • A Wales of more cohesive communities<br>• A Wales of vibrant culture and thriving Welsh language | • Supporting Māori and Pasifika populations | • Develop community hubs<br>• Devolve power to local communities |

Furthermore, the Joint Agreement Action Plan discusses the following actions:

- That the review process for decision making on spending and investments will ensure that all decisions are made in the context of meeting the Net Zero strategy.
- That all decisions are equally weighted for social, environmental and financial criteria. This would ensure that decisions are assessed for their impact on residents living in deprivation and on the population as a whole, with a commitment to fairness in overall allocation.
- A plan to deliver a 'health in all policies approach', which would include clear criteria for evaluating policies.

Taking inspiration from the New Zealand model, where every bid for funding from the budget has to go through a Wellbeing Analysis, these three actions could all be aligned to fall under a wellbeing economy umbrella, whereby all new committee proposals include a section where policy suggestions undergo a wellbeing assessment. The wellbeing assessment would ensure that all new policy proposals are aligned with the County Council's financial, environmental, human and social priorities, as stated above. Furthermore, the introduction of a wellbeing assessment to committee proposals could serve as a means for each committee's key performance indicators to be reassessed and viewed in a more holistic manner, ensuring that all of the key performance indictors align with the goals of the wellbeing economy framework. It would be of upmost importance that the wellbeing assessment was aligned to the principles of the Doughnut Economics model. For the greatest chance of success and impact, a wellbeing economy underpinned by Doughnut Economic principles, must not sit to the side of decision-making processes, but rather at the heart of all decisions that are made.

## Sustainability and Wellbeing

Sustainability takes into account the aforementioned pillars of economic, environmental, human and social development. These should consider actions not just on an urban level, but also on the rural aspects, specifically for areas in the Cambridgeshire County Council.

Overall sustainability takes into consideration the consequences of our present action and impact of these actions on the future and the conditions of subsequent generations. In our case, how the rural environment will be affected in the future by our actions today. These ideas should be part of the CCC's holistic ambitions and not only across different sectors. Therefore, sustainability needs to be implemented as a holistic strategy across Cambridgeshire County. Similarly, we cannot rely on sustainability only, as this could have an impact on how people live and possibly individual lives. For example, how sustainability can improve individual lives in and around. Cambridgeshire and how can support a better approach for sustainable prosperity?

This section is discussing the relation of sustainability to the wider well-being. This is because often sustainability is not seen as been directly linked to higher levels of wellbeing, especially this is not well thought for rural areas. This is evident through local policy that should consider sustainability as a practice where people should to enhance the urban and rural environment or as a fulfilment of national and international goals. For example, protecting the environmental using less plastic, this often is a personal choice, or when the Council adopts strategies towards the national level of lowering carbon emissions. Furthermore, strategies should consider the impact of carbon on the rural areas of the County Council. For example, sustainability needs to be at the heart of decision making when planning future actions for the Cambridgeshire County.

Cambridgeshire County Council needs to establish a connection between policy for sustainability and wellbeing. This means, that a certain trust across all levels of citizenry should be built to develop strategies and policies which provides benefits for sustainable city and urban living. There have been several examples internationally for example, the 2030 Agenda for Sustainable Development which has clear aims for "people, planet and prosperity". The Sustainable Agenda was adopted by the UN members aiming for the fulfilment of the 17 UN Sustainable Development Goals and their 169 targets within the SDG goals. The 17 SDGs, consider the overarching strategies which cover most, if not, all the great challenges of the environment, across all scales. It is considered an important statement into the sustainability and wellbeing relationship. It is not until access to resources, equality, a sustainable environment, peace (these are some of the goals) are addressed that we can ensure global sustainability. For example, we cannot claim local sustainability, unless we take action for global sustainability. Equally, we should be able to address individual sustainability once we have implemented ways of local sustainability.

In this conceptualisation of implementing the individual, societal, and planetary wellbeing, The Liveable cities (LC) project (EPSRC) developed a methodology to measure performance in terms of wellbeing and the overall liveability within the lower carbon levels. Similar attempts to measure liveability levels were developed by private entities, for example, the Global Liveability Index 2021 and Liveability. The LC research developed radical solutions for achieving the UK's ambitious carbon reduction targets for people, environment and governance. What the research showed, is that environmental sustainability could add long term benefits to peoples' life. The LC vision is to transform urban and rural living by protecting and enhancing the environment as the way to achieve better living. The LC method, showed that environmental sustainability in particular is affecting overall living across the individual, societal, and planetary wellbeing.

According to the Carbon Majors Report 2017, 100 companies in the world are responsible for 71% of global greenhouse gas emissions. It is hardly the case that a small County like Cambridgeshire is held responsible for the remaining 29%. Yet, through collective action and community awareness a ripple effect of 'carbon conversations' and a sense of belonging to a worldwide movement can help the citizens feel more at ease and would enhance their mental and physical wellbeing. Environmental activism has been proven to have public good characteristics and although individual participation has low impact on the climate crisis, it instigates a psychosocial effect that encourages, or even forces, companies and governments to move away from environmentally harmful modes of living. Government action on the local level contributes to a higher level of citizen trust and to the creation of an idea of 'collective risk sharing' as well as a feeling of involvement which gives the citizens more power and control over their own wellbeing. These factors are reflected in measures of economic activity and form a vital part of human wellbeing.

In order to implement environmental sustainability and achieve wellbeing and a better liveability for all, a radical agenda is needed. For example, how are the three pillars of sustainability of 'society, environment, and economy' are prioritised in the County's Councils' Action. In particular, the Liveable cities research provides the evidence base for the short- and long-term benefits in the local economy. The aim for Cambridgeshire County Council in order to achieve sustainability in terms of low carbon strategies and to design these criteria into the future economy policy which can benefit people and the environment.

The shared benefits of practicing environmental sustainability are realised increasingly, but in a long-term manner. For example, cycling is a practice which helps to lower carbon emissions, reduce congestion in heavy traffic areas, and improve air quality. Additionally, cyclists could harness the societal benefits of becoming part of the cycling community in the city. However, designing this solution can seem challenging in terms of its timeframe. For example, the impact in the existing city infrastructure needs radical change in urban engineering and relevant decision-making in policy. Such a radical change would need time, resources, and mostly, political wiliness, which might exceed the timespan of the policy decision-makers.

When it comes to sustainability, all three pillars should be considered in order to achieve a holistic approach to wellbeing in cities. In order to achieve economic sustainability in the local governance, the County Council should prioritise environmental practices using an evidence-based scenario to show the short- and long-term benefits. Using academic research, the Council can design and develop local policy to support environmental sustainability and prove at the same time the wellbeing economic benefits. This will allow the Council to adopt a new strategy to focus on the paradigm shift that economy needs to adopt wellbeing and sustain quality of life in the future.

Other radical practices which can enhance low carbon can be designed in the future Local Plan. For example, academic research into the practice of smart cities, showed that cities can benefit from the overarching concept of smartness. Specifically, cities can become truly smart, meaning they can address local challenges understanding their potential for lowering their carbon emissions. A tool developed within the smart cities research has implemented more than 500 criteria into four main lenses: Environment, Society, Governance, and Economy to understand the impact of decision making across all lenses. This can offer a good opportunity for

Cambridgeshire County Council to further the smart agenda beyond the digital implementation that some consider smartness is all about (Cavada et al., 2019).

## Implementing a Measurement Framework to Monitor the Success and Impact of a Wellbeing Economy

After assessing several case studies, discussed previously, we deem that any wellbeing economy should be loosely structured around three core principles: the maintenance of human health, economic health, and environmental health. Beyond these, there is wide scope for governments to introduce additional wellbeing factors, such as the maintenance of culture, that can be tailored in different regions. Once such a framework is established, governments are then faced with the challenge of how to best monitor these crucial factors. Recently, Pappalardo et al. presented the review article "Measuring objective and subjective wellbeing: dimensions and data sources", which highlights the many benefits of wellbeing measures to public policy makers. In today's increasingly fast-paced, technological society, there is large scope for the frequent measurement of several key markers of societal wellbeing. The article outlines a potential series of criteria for objective wellbeing as follows: health; safety; job opportunities; socioeconomic development; environment; civic and political engagement.

It is widely acknowledged that such objective measures provide good indicators of a healthy society. Moreover, they link closely with those observed in case studies, such as New Zealand's Living Standards Framework or the Wellbeing of Future Generations (Wales) Act of 2015, as well as with the principles of Doughnut Economics. There are several potential data sources by which each of the above criteria can be measured.

### Objective measures of wellbeing

Regarding physical health, there is a wide range of readily available data on health standards available from Public Health England (PHE) in its Public Health Profiles. Many governments throughout the world make extensive use of data such as these at both national and local levels. It is self-evident that a key factor determining whether such measurement practices translate into positive outcomes for a community is the speed with which institutions can reverse the negative health trends of a population. This can be achieved by measuring and carefully examining trends in several key "risk-indicators", such as the number of people that drive carefully, who do not drink large amounts of alcohol, and who do not smoke. It is helpful to consider this as proactive monitoring, rather than purely reactive monitoring, such as measures of disease rates, etc. Once a trend is identified in the latter case, it is often too late to reverse negative outcomes for the individuals comprising the data sources. Of course, a comprehensive measure of health standards will require a wide selection of both types of indicators. Personal safety is another factor that can be placed in the broad category of physical health, and can be monitored with the wide range of statistics pertaining to criminality, which is one of the most common security threats in both developed and emerging nations.

The assessment of the economic health of a society is essential for the achievement of the broader aims of any wellbeing economy framework; it is therefore essential that measures of economic growth are included. Job opportunities can be broken into three broad categories: employment rate, quality of work, and work-life balance. Quality of work can be estimated in a variety of ways, including objective working stability and safety at work, while work-life balance can be estimated by calculating the average percentage of an individual's day that is spent at work. Socioeconomic development more broadly can be measured in a plethora of ways. According to the Organization for Economic Co-operation and Development (OECD), the economic wellbeing of a society ultimately reduces to two key factors: available income and wealth, and consumption expenditure. These objective measures are straightforward to measure.

Cambridgeshire County Council has already made a strong commitment to environmental health by signing up to the UK 100 clean energy pledge. Measuring the progress towards the Council's environmental goals is a challenge, and must balance both global and local considerations of environmental impact. It is beyond the scope of this report to recommend further measures in addition to the extensive range already employed by the Council. Rather, this report proposes that the Council's environmental aims take a central position within a new, wellbeing framework, to improve communication between different departments of the Council and ensure that environmental considerations are discussed during all policy decisions, and potential impacts are balanced alongside broader societal and economic goals.

Aside from measures related to the three core principles of physical health, economic health, and environmental health mentioned previously, it is interesting to note that Pappalardo et al. also include a measure of civic and political engagement. This can be broadly viewed as an instance in which a wellbeing framework includes a "cultural" element. In this case, its inclusion by a government reveals an underlying aim at cultivating a society that values the political engagement essential to a healthy democracy. It is also a key measure of social cohesion and the extent to which citizens trust their government. It is best measured by voter turnout, i.e., the percentage of the registered population that vote at both national and local elections.

The indicators outlined above provide a broad framework of objective measures that could potentially be useful for the Council to monitor. Additionally, it is worth noting that the UK national government periodically makes use of The English Indicies of Deprivation 2019 (IoD2019) to measure relative deprivation in small areas of England. There are seven domains of deprivation that are weighted and combined to create a single Index of Multiple Deprivation score. The seven domains are income, employment, education, health, crime, barriers to housing, and services and living environment. Furthermore, local data on deprivation are available via Cambridgeshire Insight and the Business Intelligence Team at Cambridgeshire County Council, who may like to take a lead on this aspect of the mindset shift. By inverting such measures, they could be used to measure wellbeing as opposed to deprivation. In this way, they could be combined to generate an 'Index of Wellbeing' score. This simple inversion represents a concrete example of how the Council could align pre-existing measurement structures with the principles of the Doughnut Economics framework.

### Subjective measures of wellbeing

In addition to the measures of objective wellbeing mentioned above, there exist both global and momentary measures of subjective wellbeing:

- Global measures include large surveys with a single-item scale, such as the Positive and Negative Affect Scale
- Momentary measures include the Ecological Momentary Assessment (EMA) and Day Reconstruction Method (DRM)

Data science researchers tend to recommend the use of both for accurate results, however, this may not be feasible in the case of the Cambridgeshire council. Both EMA and DRM methods are quite involved, involving the participation of select samples of a population for extended periods of time. It is possible that the council could consider utilising such methods in the future, particularly in times of unprecedented societal stress, as exemplified by the weekly wellbeing figures collected by the Office of National Statistics (ONS) during the height of the Covid-19 pandemic in the "Coronavirus and the social impacts on Great Britain" bulletin. While momentary measures provide key insights during such times, Shiffman et al. demonstrate that future behaviours can be more easily predicted using global measures of happiness. As such, this report recommends that the council initially measures subjective wellbeing using the global measure already available from ONS data. This data consists of a quarterly estimate of personal wellbeing over the entirety of the UK, collected from the Annual Population Survey. The ready availability of such data will ensure that the necessary changes can be made to measurement strategies in an efficient, cost-effective manner, without the need to create additional teams to determine council-specific measures of subjective wellbeing. Further measures could potentially be added later on to expand the assessment of subjective wellbeing, if the initial implementation is successful.

One key advantage of monitoring a subjective measure of wellbeing, is the potential that it could be used as a "failsafe" in tandem with several objective measures of wellbeing. In this way, the chosen wellbeing framework could be consistently reassessed based on ONS data. If there is consistently a correlation between the implementation of a policy and a change, either positive or negative, in the subjective wellbeing of Cambridgeshire as a whole (or, indeed, individual regions) then the policy could be re-evaluated. One possible way in which this could be implemented is to introduce two broad metrics for the assessment of the wellbeing of the citizens of Cambridgeshire:

- Several objective measures of individual, societal, environmental wellbeing, analogous to New Zealand's Living Standards Framework or the Wellbeing of Future Generations (Wales) Act of 2015.
- One subjective measure, based initially on ONS data, that could potentially be further expanded to make use of other data sources, such as google search trends.

The specific choice of the objective measures used in this framework is flexible. It can vary as the goals of the council change in response to shifts in public opinion, national priorities, and the success of the initial implementation of a wellbeing economy. However, the key point is that the introduction of such a framework will send a clear message to council staff and the wider community that consideration of citizen wellbeing should never be neglected in council policy. Likewise, the rigour with which the council decides to monitor changes in both objective and subjective wellbeing is also variable. During the initial implementation phase, it is reasonable that this could simply consist of qualitative observations of general trends in plots of each measure produced by the council. If the initial implementation of the wellbeing framework shows promise, it may be the case that the council would desire to expand the programme by introducing a greater level of rigour to the measurement process.

# Implementing a Wellbeing Economy

The implementation of a wellbeing economy for the Cambridgeshire County Council will involve a consideration of the time-scale over which the necessary changes will be made to the aims and policy assessment procedures employed by the council. In this report, a three-step framework is proposed, outlining the short-term, medium-term and long-term plans for implementing a measurement system for evaluating the success of any policy proposal. The stages are designed such that each stage could be the last stage reached, i.e., they are effectively three graded models of how to implement a measurement system that facilitates the maintenance of a wellbeing economy. The choice of which stage to reach is dependent upon the goals of the council, and the success of previous stages.

## Stage 1 (short-term implementation – implement as soon as possible)

In this stage, only objective measures of wellbeing comprise the framework. Each new policy implementation must pass through a specific checkpoint (a "wellbeing assessment") in order to be implemented. This checkpoint will likely involve a meeting with senior members of the council. It must be demonstrated that there is reason to believe that the policy implementation will have a positive impact on the desired objective measures of wellbeing. Furthermore, at periodic intervals (to be defined in accordance with the frequency at which the key measures can be determined) the change in each measure will be published (e.g., for that quarter). The Council's Strategy and Resources Committee would provide the ideal platform for the discussion and assessment of each measure, and possible ways to improve each associated outcome.

## Stage 2 (medium-term implementation - implement after the collection of two data points of the ONS annual measure of subjective wellbeing, i.e., 1-2 years after Stage 1 begins)

Identical to Stage 1, with the addition of at least one measure of subjective wellbeing to the overall list of measures. There is now the ability to annually examine the change in subjective wellbeing and analyse this in the context of any noticeable changes in objective measures. The inclusion of subjective wellbeing as an independent measure of the progress of the county would potentially send a significant message that the Council is concerned deeply with wellbeing at the fundamental level, and is striving towards the development of a county that puts the wellbeing of its citizens as one of its highest priorities.

### Stage 3 (long-term implementation)

At this point, the Council will have developed a significant quantity of longer-term data. In order to introduce a greater level of rigour to the measurement process, a bespoke team (either internal to the council, or hired consultants) could be assigned the task of establishing the necessary numerical tools needed to automatically track and flag any significant correlations between desired measures. Once implemented, the variable costs of maintaining such a system would be effectively non-existent. A significant decrease in any objective measure will prompt an assessment by the department most associated with the measure and a brief report outlining potential ideas to reverse the trend. Moreover, if there is a significant decrease in subjective measures, it could then be determined which of the other measures correlates most with this change in subjective wellbeing. The associated department will then present a brief report outlining how to improve their measure and potential changes to the Council's operations will be discussed at the quarterly meetings of the Strategy and Resources Committee.

## Policy Recommendations

This report recommends that:

1. That the council develops and implements a wellbeing economy framework in Cambridgeshire
2. The council works to transform ways of thinking and change mindsets to take a holistic and aligned approach to all decision-making processes
3. That all committee proposals include a section where policy suggestions must undergo a wellbeing assessment. The wellbeing assessment would ensure that all new policy proposals are aligned with the County Council's financial, environmental and human priorities.
4. Therefore, that the Council addresses matters that pertain not only to financial and physical capital, but also to natural capital (geology, soil, air, etc.), human capital (skills, knowledge, health, etc.) and social capital (networks, communities, norms, etc.).
5. That the Council confronts the North/South and East/West divide in Cambridgeshire in realisation of the 'levelling up' agenda, and with the goal of promoting wellbeing evenly across the County.
6. If the principles of Doughnut Economics are adopted, these should be used to underpin the development of the wellbeing economy framework.
7. That there is a creation of a new Wellbeing Officer role within the council's structure. This role would be responsible for holding the council accountable and ensuring that all of their actions are aligned with the priorities of the wellbeing economy.

8. The Business Intelligence Team leads on the transition to invert Measures of Deprivation to create an 'Index of Wellbeing' score, forming the foundations of a mindset shift within the organisation

9. The Council employs a range of objective measures of wellbeing, alongside one subjective measure of wellbeing (using ONS data) in order to regularly assess the success of its wellbeing economy framework by monitoring wellbeing at a fundamental level.

10. The Council initiates the three-stage scheme for the introduction of a measurement system for the wellbeing economy, presented in Section 6. In outline, Stage 1 consists solely of objective measures, Stage 2 introduces at least one subjective measure, while Stage 3 seeks to add quantitative rigour to the assessment procedure.

11. Cambridgeshire County Council needs to establish a link between sustainability and wellbeing across the individual, societal, and planetary wellbeing (LC, 2017). Through action, it needs to show the importance of low-carbon solutions. Academic evidence can support this radical solution.

12. It would be beneficial to use academic-developed tools to support solutions within the low carbon agenda. In this way, it is possible to minimise the cost and any risk involved in these decisions.

# Conclusion and Ongoing Research Suggestions

Due to the shortened timeframe of this CUSPE research project, unfortunately we were not able to conduct any primary research. Nevertheless, we believe that in order to implement the recommendations from this report effectively, it would be essential for the County Council to conduct some primary research to establish the priorities of Cambridgeshire's wellbeing economy. We propose that the County Council could conduct a piece of research, with the aim to understand what improvements in wellbeing would look like from the point of view of local residents. It would be most impactful if the wellbeing priorities could be decided based on the views of the local residents. This would be most beneficial if all of the different areas of the county were assessed individually. It would likely result in some overarching priorities as well as other region-specific policies. It would be interesting to look at what wellbeing priorities would be most important for different age ranges.

We propose that the council could initially engage in open-ended discussions to scope what sort of wellbeing priorities would be suggested from local residents, of all ages and demographics. Once a shortlist has been created, a voting system could be set up to pass the final decision back into the hands of the local people. This could be done online, with the vote advertised widely across schools, workplaces and community centres. We would recommend that the wellbeing priorities are reviewed and updated in this manner on a regular basis. Although more logistically challenging, it is key to understand that the key indicators of wellbeing will be very dynamic overtime. Taking inspiration from Wales' National Conversation, this would likely increase engagement in local policy making, especially if local residents can see their views and feedback reflected in the work of the council.

We believe that Cambridgeshire County Council is in a very strong position to introduce a wellbeing economy, building on much of the foundations that are already established within the organisation. This would serve as a framework by which many current activities of the organisation could culminate and align so that the whole is greater than the sum of its parts. We believe that the policy recommendations in this report come in a timely manner as the joint administration establishes its priorities. This is an exciting opportunity for Cambridgeshire County Council, and we look forward to seeing where it is taken.

## Future Outlook: A Transition into a Wellbeing Economy through PPEs and Community Wealth Building

The neoliberal economic system has long ignored the impact of its policies on human wellbeing but this does not mean that wellbeing cannot be integrated into classical and liberal approaches to politics and economics. A transition into a wellbeing economy would entail redistributing income in a way that is fairer to all members of society, the rich and poor alike. An added focus on income disparity, housing conditions, job security and economic justice is essential to the model of wellbeing and is a necessary factor in fostering local potential of under-represented members of the society of Cambridgeshire. The movement away from the neoliberal model – not to say that this is the that Cambridgeshire follows such models but to highlight possible roots that it might have in this model – requires a deeper analysis of the local situation through the lens of wellbeing and through criteria that contribute to human and social wellbeing. The implementation of a wellbeing economy requires structural changes and systemic work that should be supported by research and analytic premises that support its continuation as well as ensure that the application of wellbeing is meaningful within local contexts. In Cambridgeshire, a radical overnight change is not required since a focus on wellbeing is already there; ideas of wellbeing should be introduced, however, more formally, in a gradual manner, and a study of their effects is to be considered until a full model matures and a combination of different approaches should be achieved. The Covid-19 pandemic has put local ecologies and health in danger, and showed the weakness of models that have their roots in neoliberalism. The neoliberal model considers the wellbeing approach to be 'weak' and 'unrealistic' but this stance has been brought into doubt with current events. The current global economy has its roots in a design that ignores both nature and mental health, and is not prepared to adapt to changes in societal needs. With this in mind, a complexity of approaches that covers many sectors of the economy is needed at the *local level* for such deep structural change that lead to an economy that gives attention to wellbeing

In order to implement a model of wellbeing that is as spread out in Cambridgeshire as possible, the Council could benefit Public-Private Partnerships in which the existence of private companies can be utilised to the citizen's advantage. Whilst private consumers have the option of boycotting goods and services, citizens of Cambridgeshire face high costs of relocating and 'opting out', which is why focusing on wellbeing through sustainability will contribute to a higher citizen retention rate and, consequently, a decrease in loss of local culture. Public-Private Partnerships (PPEs) would contribute to maintaining the focus on citizens and exploit the benefits of capitalism in order to serve local communities. Breaking the barriers between companies and governments requires administrative action at the highest level of both organisations with the aim of merging profit maximisation goals with those that seek the maximisation of social welfare. The two need not be mutually exclusive. Government inclusion in the market can lead to expansion of welfare services, but the inclusion of private companies in governmental decision does not, partly because private companies are not accountable for the citizens that they serve or liable for any form of transparency in their dealings. Local populations have a higher degree of trust in their councils , the same cannot be said with regards to their views of 'the market' which is more random, foreign to them and self-interested in nature. The issue at hand pertains more to the ability of a synergetic symbiosis that would serve the wellbeing of citizens and less about the functionality and ultimate objectives of each sector. The goal of this type of hybrid form of organisation is to encourage local involvement and participation, and result in a 'collective mentality' that promotes ideas of welfare in local economies combining features of market capitalism and societal benefits. Local governments, for example, may involve a higher degree of taxation on companies that hinder or degrade these welfare values. It should also be realised that in some instances, citizens end up paying (in the form of taxes) for the effects that private companies have on the planet. Citizens are often unfairly taxed for environmental damage and waste management. The majority of this damage actually comes from private companies that emit greenhouse gases, and externalities that come at a price and social cost that damages local populations in Cambridgeshire.

Moreover, it is favourable in Cambridgeshire to tie a wellbeing economy with the idea of community wealth building, the two reinforce each other and constitute a synergetic combination. Community wealth building the economy towards thoughtful actions about individuals, it pushes businesses to contribute to the prosperity of local citizens and empowers them to feel like they are part of the local economy to which they can contribute and take decisions in. The idea has been launched in other UK councils, such as North Ayrshire in Scotland, where the public sector and private sector showed high degrees of collaboration driven towards the enhancement of wellbeing in local societies. It is a notion based on the ideals of sustainability and participation, and one that could be easily actioned in Cambridgeshire County Council given the diminished focus on monetary aspects to begin with. The community wealth building approach was initially developed by the Democracy Collaborative in the USA and has proved to be successful in Cleveland and Ohio, as well as Lancashire and Preston in the UK, the latter of which showed a 4-time increase in local spending and a huge reduction in the unemployment rate (almost halved). All in all, it is our stance in this report that community wealth building and wellbeing go hand in hand, and should be implemented together. The result would be a highly resilient economy, reduction in inequalities, added consideration to the climate emergency, a higher rate of re-investment and the ability to deal with social challenges through the integration of economy and society. For more on the community wealth building plan in North Ayrshire, the first to be implemented in Scotland starting 2019, refer to NAC CWB Strategy Brochure (north-ayrshire.gov.uk).

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Agenda Item No.10

# Strategy and Resources Committee Agenda Plan

Notes

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.
* indicates items expected to be recommended for determination by full Council.
+ indicates items expected to be confidential, which would exclude the press and public.

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

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

| Committee date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|---|---|---|---|---|---|
| 29/03/22 | Integrated Finance Monitoring Report for the Period Ending 31st January 2022 | R Barnes | 2022/002 | 16/03/22 | 21/03/22 |
| | Treasury Management Report – Quarter 3 | K Kent-Augustin | Not applicable | | |
| | No Car Zones | M Staton | Not applicable | | |
| | Joint Agreement and Peer Review Action Tracking | A Askham | Not applicable | | |
| | Performance Reporting | T Barden | Not applicable | | |
| | Insurance Retender | M Greenall | 2022/017 | | |
| | Corporate Risk Register | A Askham | Not applicable | | |
| | Corporate Services Report (including financial monitoring) | A Askham/ T Kelly/ | Not applicable | | |

| Committee date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|---|---|---|---|---|---|
| | | S Grace/ F McMillan | | | |
| | Corporate Services Performance Report Quarter 3 | T Barden | Not applicable | | |
| | This Land monitoring update | T Kelly | Not applicable | | |
| | Waste Management PFI Contract – Update on Variations to Waterbeach Facility Permits+(Confidential item) | A Smith | 2022/012 | | |
| | New Shire Hall – Multi Function Room | T Cooper | Not applicable | | |
| | East Barnwell Asset Management | T Kelly | 2022/026 | | |
| | Remote storage contract | B Stevenson | 2022/039 | | |
| 03/05/22 Reserve date | | | | 19/04/22 | 22/04/22 |
| 14/06/22 | Notification of the Appointment of the Chair and Vice Chair | M Rowe | Not applicable | | |
| | Joint Agreement and Peer Review Action Tracking | A Askham | Not applicable | | |
| | Integrated Finance Monitoring Report for the Period Ending 31st March 2022 | R Barnes | 2022/021 | 31/05/21 | 06/06/22 |
| | Treasury Management Report – Quarter 4 and Outturn Report* | Kim Kent-Augustin | Not applicable | | |
| | Corporate Services Performance Report Quarter 4 | T Barden | Not applicable | | |
| | Corporate Services Report (including financial monitoring) | A Askham/ T Kelly/ S Grace/ F McMillan | Not applicable | | |
| 20/09/22 Reserve date | | | | 07/09/22 | 12/09/22 |
| 20/10/22 | Integrated Finance Monitoring Report for the Period Ending 31st August 2022 | R Barnes | 2022/022 | 10/10/22 | 12/10/22 |

| Committee date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|---|---|---|---|---|---|
| | Joint Agreement and Peer Review Action Tracking | A Askham | Not applicable | | |
| | Treasury Management Report – Quarter 1 | Kim Kent-Augustin | Not applicable | | |
| | Business Planning Update for 2023-28 | T Kelly | Not applicable | | |
| | Corporate Services Performance Report Quarter 1 | T Barden | Not applicable | | |
| | Service Committee Review of the draft 2023-24 Capital Programme | T Kelly | Not applicable | | |
| | Corporate Services Report (including financial monitoring) | A Askham/ T Kelly/ S Grace/ F McMillan | Not applicable | | |
| | IT & Digital Strategy | S Smith | 2022/028 | | |
| 16/12/22 | Integrated Finance Monitoring Report for the Period Ending 31st October 2022 | R Barnes | 2022/023 | 05/12/22 | 08/12/22 |
| | Joint Agreement and Peer Review Action Tracking | A Askham | Not applicable | | |
| | Business Planning Proposals for 2023-28 | T Kelly | Not applicable | | |
| | Corporate Services Performance Report Quarter 2 | T Barden | Not applicable | | |
| | Treasury Management Report – Quarter 2* | Kim Kent-Augustin | Not applicable | | |
| | Corporate Services Report (including financial monitoring) | A Askham/ T Kelly/ S Grace/ F McMillan | Not applicable | | |
| 26/01/23 | Integrated Finance Monitoring Report for the Period Ending 30th November 2022 | R Barnes | 2023/003 | 16/01/23 | 18/01/23 |
| | Business Plan* | T Kelly | Not applicable | | |
| 28/03/23 | Integrated Finance Monitoring Report for the Period Ending 31st January 2023 | R Barnes | 2023/002 | 15/03/23 | 20/03/23 |

| Committee date | Agenda item | Lead officer | Reference if key decision | Deadline for draft reports | Agenda despatch date |
|---|---|---|---|---|---|
| | Joint Agreement and Peer Review Action Tracking | A Askham | Not applicable | | |
| | Corporate Risk Register | A Askham | Not applicable | | |
| | Corporate Services Performance Report Quarter 3 | T Barden | Not applicable | | |
| | Treasury Management Report – Quarter 3 | Kim Kent-Augustin | Not applicable | | |
| | Corporate Services Report (including financial monitoring) | A Askham/ T Kelly/ S Grace/ F McMillan | Not applicable | | |
| 02/05/23 Reserve date | | | | 19/04/23 | 21/04/23 |

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