



Cambridgeshire  
County Council

# Strategic Framework

2021 – 2025

# Introduction

In Cambridgeshire, we want everyone to have the opportunity to thrive – in education, in employment, and in their community.

People are what matter to us – residents, visitors, employers and employees – and we will work hard to make sure people are at the very heart of what we do as a council.

People want to live comfortably and well in a warm, safe and affordable home, within a cohesive community that is at the heart of everything we do, one that is rich in opportunity and creativity, where there are diverse opportunities for learning and employment, and where people are well-connected, so they can look out for each other and benefit from living in a safe, clean, green environment.

They expect to have a good quality of life, to be able to choose to live a healthy life, where they have the opportunities they need to improve their emotional and physical health, and where health inequality is a thing of the past.

People that need our help and support have to know they will get that quickly and in ways that respond to their specific needs – people are individuals, and the ways in which we protect and care for those who need us will recognise this.

Our booming economy should be supported through the Local Economic Recovery Strategy in order to continue to thrive, providing a skilled workforce, opportunities for people within Cambridgeshire to be able to access good work prospects locally, with opportunities to increase their earnings through learning and growth.

Children are entitled to have the best start in life, and have all of the opportunities available to them, wherever they live, to learn, develop and live life to the full.

We want our council to continue to be a council which builds on our services that enables this to happen, a council that doesn't present barriers or make things complicated, but one that works with people, alongside our communities and our partners, to make Cambridgeshire a great place to raise families, live, work and play.



A handwritten signature in black ink, appearing to read 'Steve Count'.

Steve Count Leader of  
Cambridgeshire County Council



A handwritten signature in black ink, appearing to read 'Gillian Beasley'.

Gillian Beasley, Chief Executive of  
Cambridgeshire County Council

# Why this Matters

The world around us is changing – we need to respond to the ongoing challenge of COVID-19, we have to continue to do all we can to tackle climate change, we must make sure that all of our communities benefit from growth, and it's essential we keep pace with the dynamic changes, to the way the world connects.

And most importantly of all, all of this needs to be done to make sure we level-up our county so that wherever you live, you will have the best opportunities to thrive as a Cambridgeshire resident.

We are a fast-growing county, with ever-increasing opportunities for people to grow with us: more employment, more leisure opportunities, more housing, and more opportunities to learn. But we are also a county with some differences, where people in some of our places are not easily able to take full advantage of these opportunities because of where they live, their aspiration for change, their economic circumstances, or their lifestyle choices. We want all of our residents, wherever they live, to recognise that Cambridgeshire is a place where they can thrive economically and socially, and where they see and feel the benefits associated with this on their health, wellbeing and prosperity.

As well as a growing county, we are also a county where fortunately people are often - living longer, although sometimes this will mean we need to look after people at a time of their lives when we should be proud to give back to them. Similarly, there are more people, of all ages, that are less physically or mentally able to cope without some help in our county, who may need a little extra support in their lives. We have been rethinking the way care is traditionally provided to individuals with needs, a non-personalised largely 'one size fits all' approach is not appropriate, and we need to treat all of our residents, regardless of their needs, as valuable assets each of whom make up our community. Our care will concentrate on being more proactive and more strengths-based, building on peoples' potential, and provided at the most local level possible, by providing support from the most local area possible.

We will continue to respond quickly and proactively to public health concerns, including the Coronavirus, offering help and support to our most vulnerable residents to keep them safe, and supporting communities impacted by local outbreaks.

All of this will be underpinned by our continuing transformation programme to reset our relationships for the benefit of our communities. During the pandemic we have witnessed the true strength and passion people have to look out for one another, and the council needs to provide the right support for that to continue.

# The Council's Strategic Framework

*In this changing environment, it is more important than ever that we have a clear strategic approach which will enable us to evolve as challenges become more complex and as collaboration across the public sector and with our communities becomes increasingly critical.*

Our strategic framework ensures that our plans are driven by our shared vision to make **Cambridgeshire a great place to call home** and focuses on achieving a number of outcomes for the people of Cambridgeshire. The framework, of which this Business Plan forms a central part, comprises the following elements:

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

# Our Strategic Priorities

Our strategic priorities are what drives and directs this council. They set the tone and ambition for this organisation, and they need to make sense to our residents. Our residents should feel proud of Cambridgeshire and their County council, an organisation they know has their best interests at its very core. Similarly our staff should justifiably feel proud of working for the County council, an organisation that places the needs and aspirations of its residents ahead of anything else, one that truly recognises that without our staff nothing would be possible. We want our partners to feel proud of coming alongside us to create opportunity and to tackle our challenges. Additionally we need to maintain an environment where businesses invest right across our county, creating employment opportunities fit for a dynamic, growing population.

We have set five strategic priorities that will take us where we need to be:

- **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**

Collectively, our strategic priorities will deliver our vision for making **Cambridgeshire a great place to call home**, and we have set out below the main areas of focus that we will deliver against each priority.

# Our Five Strategic Priorities:

## **Communities at the heart of everything we do:**

- The way we design and deliver our services will meet the unique needs of all of our residents, and we will be good partners with other organisations who equally strive to make Cambridgeshire the best place to live and work. We recognise that every community is different, with their own identities, strengths and challenges, and we will ensure this is understood right across our council.
- We will listen to and work alongside our residents, our colleagues across parish, town and district councils, our public sector partners, and our voluntary and faith sector partners.
- We will work in a solutions-focussed way as a matter of course, striving to work together to find the right way forward however complex the issue.
- We will make sure the right services are available to our residents in their own neighbourhoods wherever we can, making them more accessible in ways and in places that make the most sense to them.
- We celebrate diversity and are stronger together because of the diverse contributions of all our residents. We will work with communities to ensure people with protected characteristics are valued, represented and included

## **A good quality of life for everyone:**

- All of our residents and communities will have the opportunities they need to have a good quality of life: opportunities to be economically strong and independent, to enjoy social interactions within their community, and to live a healthy life.
- There has never been a more important time to make best use of public funds. We will strive to improve outcomes as efficiently as possible by working creatively with our communities and building on our successful partnerships.
- We will work hard to level up the differences that exist in some parts of our county, creating opportunity for people to become healthier, more prosperous and more independent.

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

- Our children will have the best start in life, with a positive focus on their early years, kickstarting their abilities for future learning and they will learn in local schools that strive to be the best they can be.
- Older children will have opportunities to become more active in their communities, to participate in activity that develops them, and that sets them up for adulthood.
- Children and young people who lose their way or become vulnerable to risk or harm will receive positive, proactive support to set them on a different path and to keep them safe

**Cambridgeshire: A well-connected, safe, clean, green environment:**

- All of our communities, urban and rural, wherever they are in the county, will enjoy reliable, fast broadband and mobile connectivity.
- Our green and open spaces will be well cared for, and available for everyone to enjoy, creating opportunities for sports, leisure, relaxation and learning.
- We will work with our community safety partners to help make all of our communities the safest they can be, places where people look out for each other and are proud of where they live.
- We will provide choice for our residents so they can decide for themselves the best and most sustainable way they want to get around our county – by road, rail, public transport, cycle, or on foot – safely and efficiently.

**Protecting and caring for those who need us:**

- Where people need our care, it will be relevant to them and will meet their needs, and it will be provided for them as locally as possible.
- Our care will focus on the choices people want to make about their own lives, and will strive to help people to live at home and in their own community for as long as possible, where it is safe for them to do so.
- The children in care we look after will receive the best care we can provide, in our role as their corporate parent, where we help them to flourish and thrive and get ready for independence and adulthood.
- We will look after and support children in care, ensuring they have the same opportunities that all other young people have in our county, and will prepare them well for adulthood and independence.
- We will protect the health of our residents through meaningful public health work, keeping communities safe from harm and supporting people that want to improve their own wellbeing.

# Performance

We review our performance frequently to make sure that we are delivering on our aims.

Our Service Committees monitor performance and finance in their areas monthly, and the General Purposes Committee oversees overall progress in delivering on outcome areas.

Each Service Committee chooses measures and targets to help them understand performance. This might include monitoring the activity in the service (like how many people are being supported) as well as monitoring the outcomes of the service (like how many people live independently after successfully being supported by reablement services, or the increase in footfall to libraries). Service Committee Integrated Finance Monitoring and Performance Reports are available on the Council's website.

All of the measures chosen by the Service Committees are categorised as being most relevant to one of the Council's outcomes. The General Purposes Committee then oversees the performance of all of these indicators in each of the outcome areas in a monthly Integrated Finance and Performance Report, which is also available on the Council's website, as is the full list of all performance indicators overseen by Service Committees.

The General Purposes Committee also manages our financial situation, supervises the performance of the Transformation Programme, monitors corporate indicators like staff sickness, and manages key corporate risks as part of the same report.

If performance is not at the expected standard, the Service Committee implements an improvement programme as well as taking a report to the General Purposes Committee explaining the situation and what action is being taken to get back on track.

## Section 2 – Medium Term Financial Strategy

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### 1) Executive summary

This Strategy sets out the financial picture facing the Council over the coming five years, the resources available to the Council, and the Council's strategy for managing its resources effectively. The Coronavirus pandemic has transformed the environment in which local authorities operate with wide ranging repercussions for service provision and the financial resources required to deliver services. In this context, forward planning with any degree of certainty is extremely challenging. Over the first half of the 2020-21 financial year, the Council saw its budget shortfall for the financial year 2021-22 increase from £4m to at least £33m due to significant projected income losses, foregone savings and new cost pressures associated with the ongoing impact of the pandemic. Given the uncertainties that the virus has created on the Council's net resources, the Council began budget planning for 2021-2026 with a scenario-based approach in order to provide a resource framework that could flex according to the ever changing environment.

The longer-term impacts of COVID are expected to extend considerably into the MTFs period. Some of the specific challenges that the Council expects to face over the next five years are;

- Potential for growing regional and more local inequalities as a result of the economic fallout from the pandemic
- Significant losses of fees and charges and precept income are anticipated due to suppressed demand for some services and increases in Council Tax Support
- A number of new responsibilities for local authorities with significant resource implications, such as the provision of

personal protective equipment, support to track and trace and outbreak management as well as infection control measures. As yet the extent of Government support for local authorities in funding these new burdens on an ongoing basis remains unclear.

- Providing additional support for our local care markets to ensure sufficient appropriate care provision remains available

However, the shift in attitudes and behaviours resulting from the pandemic is also likely to provide a number of opportunities to adapt service delivery models to reduce costs;

- The introduction of Community Hubs to deliver targeted support for vulnerable people has led to increased collaboration across the wider public sector. The delivery mechanisms established during this period will be further developed through the Council's Think Communities Programme.
- A significant increase in agile working has yielded savings on overhead costs for the Council
- A shift towards providing services online, from social worker consultations to music lessons has helped the Council to reduce staff mileage, supporting both the Council's budget position but also our commitment to deliver net zero carbon emissions by 2050

In May 2019, the Council declared a Climate and Environment Emergency and in June 2019, the Government legislated for

reaching net zero carbon emissions by 2050. 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 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. In addition to the international uncertainty, there are a number of Central Government consultations currently underway (or 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 green paper on the longer term funding of Adult Social Care. Local Authorities had expected these funding reforms to take effect from 2021-22 however Government has confirmed that these will now be deferred until 2022-23 at the earliest. The outcomes of any 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. The Council will raise this issue as part of our response to the ongoing consultations on the new funding model for Local Government.

In July 2020, Government issued a call for evidence on the future of the business rates system and committed to a "fundamental review" of business rates with results to be announced at the 2021 Spring Budget. The consultation covered issues pursuant to the current system, such as the frequency of revaluations and the business rates multiplier but also explored more radical options such as taxes levied on the capital values of business premises or online sales. It is possible that the funding model for local government could be impacted significantly by these reforms however the implications for the proposed 75% business rates retention scheme are as yet unclear.

The Government also announced that the next revaluation, originally scheduled for 2021, would instead take effect from April 2023. This is a welcome announcement for Cambridgeshire as a

high-growth county and provides the Council with further certainty in the short term regarding its core revenue funding.

Local taxation models, including Council tax and business rates, have the potential to be adapted as a means of incentivising increased energy efficiency across existing domestic and on-domestic buildings. A number of pilot projects are currently underway which will aim to build evidence around the viability and appetite for introducing Council tax and/or business rates incentives as a means to stimulating the energy efficiency market and saving carbon.

The Council has developed a strategic approach to the creation of transformation and innovation proposals. This has helped to ensure that proposals and ideas are captured and turned from suggestions into realities. In order to support the continuation of this strategic approach The Council previously established a Transformation Fund currently held at more than £20m ensuring that finance is not a barrier to transformation. This has supported Adult's and Children's services in particular to transform the current models of delivery and in doing so sustain higher levels of service than could have been afforded without the transformation funding.

The Council has also created a number of investment opportunities to support the delivery of the Climate Change and Environment Strategy; from broadening the scope of the Transformation Fund to include schemes which improve environmental sustainability, to launching a £16m Environment Fund to decarbonise Council properties, electrify the Council's vehicle fleet and assist oil-dependent communities in moving off oil.

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

Some service reductions are inevitable, these will be less than otherwise would have been the case had the Council not embarked upon this journey, and we will always focus on transforming rather than cutting services within this approach. The Council will continue to seek to shape proposals so that the most vulnerable are the least affected. The Council has a statutory responsibility to set a balanced budget each financial year and the proposals that are already within the Business Plan for 2021-26 do contain some proposals will be challenging to deliver.

This strategy sets out the issues and challenges for the next five financial years and creates a framework within which the detailed budgets will be constructed.

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

number and need of local population. The 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.

The key elements of this Strategy, on which basis the Business Plan is predicated, are set out below. A key point to note is that, as it stands, general Council tax is not currently expected to increase for the duration of Strategy period, but the Adult Social Care precept is assumed to increase by 2% in all five years. As yet there is no confirmation that further increases in the precept will be available beyond 2021-22, although there is the facility to carry forward any unused ASC precept from 2021-22 to 2022-23.

- No increases in general council tax from 2021-22 until 2025-26 (a 1% increase in the Council tax generates £3.0m)
- An increase in the Adult Social Care Precept of 2% for all five years of the Strategy;
- The strategic approach to developing savings and transformation proposals that support the Business Plan continue to evolve through a focus on demand management, (this entails employing a place based approach that builds on communities natural resources) efficiency, accountability, partnership and co-production;
- For the financial year 2021-22 the base budget will use the budget allocations built into the existing Business Plan but any variations will be managed, where possible, through the transformation work-streams that will bring forward cross-Council and multi-agency proposals;
- Funding for invest to save schemes will continue to be made available via the Transformation Fund as part of the Business Planning process, subject to robust business cases and with a major drive to reduce the carbon footprint of the Council and more broadly for Cambridgeshire, in partnership with others;
- The Council will continue to adopt a more commercial focus in the use of its assets (both human and infrastructure) looking for opportunities to generate income in order to protect frontline services;
- The General Reserve will be held at (and if necessary restored to) approximately 3% of expenditure (excluding schools expenditure and Combined Authority levy);
- Staff pay inflation for National Joint Council pay scales and locally agreed pay scales has been budgeted for at 0% for 2021-22 and 2% thereafter.
- Fees and charges will be reviewed annually in line with the Council's fees and charges policy;
- The capital programme will be developed in line with the framework set out in the Capital Strategy where prudential borrowing will be restricted and any additional net revenue borrowing costs would need Council approval;
- All savings proposals will be developed against the backdrop of the Council's outcome-based approach to Business Planning, recognising the need to embrace change and innovation;
- All opportunities for cross-sector and organisational working that drive end to end efficiencies and/or improvements in service delivery will be pursued;

- Business rates pooling will be fully explored with district councils and the Combined Authority where there is a mutual financial benefit to do so;
- The Council Tax assumption and forecasts are reviewed annually
- The Council will continue to lobby central government for fair funding leading into the national replacement of the current funding formula.

## 2) National and local context

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

### National economic outlook

The magnitude of the recession caused by the Coronavirus pandemic is unprecedented in modern times. UK GDP was 26% lower during the height of the crisis in April 2020 than it was only two months earlier in February. By September, GDP had risen by 17% as lockdown restrictions were eased but still remained 9.2% below February levels. However a resurgence of infections and subsequent tightening of public health restrictions slowed the economic recovery during the autumn leaving GDP at around 11% lower for the year than in 2019.

The pandemic has impacted the UK economy in several ways;

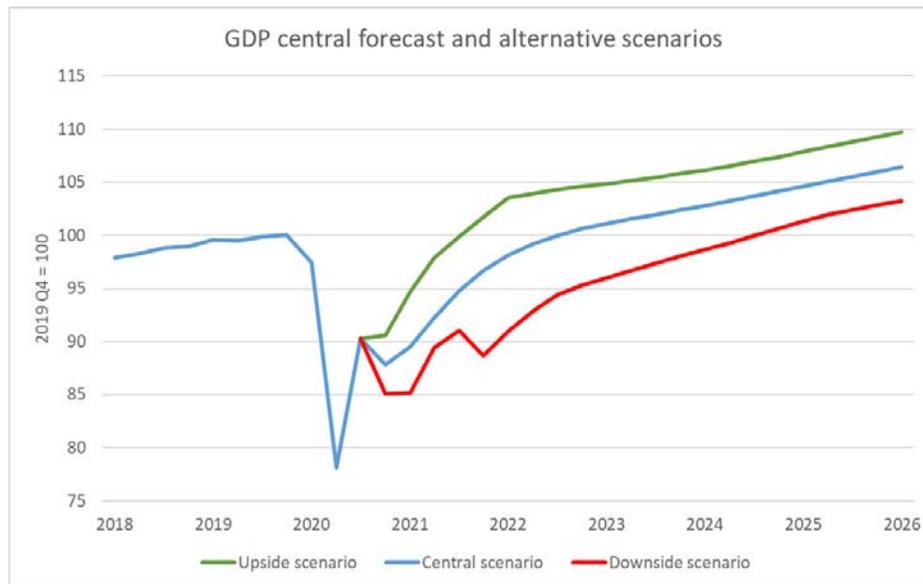
- Global supply chains have been disrupted due to business shutdowns, limiting production.
- Demand for goods and services has been impacted by the acute disruption resulting from the pandemic. Longer term structural changes to the economy are also expected due to changing customer behaviours and demand in some sectors, such as travel and tourism and hospitality, may not recover to pre-COVID levels
- The high degree of uncertainty surrounding the economic outlook is likely to dampen businesses' inclination to invest. A Bank of England survey of CFOs in

June 2020 showed that businesses expect investment to be 38% lower in Q2 2020 than would otherwise have been the case due to COVID-19. This impact is likely to be compounded by current uncertainty surrounding the UK's future relationship with the EU.

The short to medium term trajectory for the economy and employment is heavily dependent upon the public health measures required to bring the virus under control in the coming months. The Office for Budgetary Responsibility has based its forecasts upon three scenarios;

- In the upside case scenario a rapid rollout of effective vaccines will enable output to return to pre-COVID levels in late 2021
- In the central scenario vaccine rollout is effective but gradual resulting in a recovery to pre-COVID levels of activity by late 2022
- In the downside scenario further lockdowns are required and vaccines prove ineffective in keeping the virus in check leading to a lasting economic adjustment with output returning to pre-COVID levels in late 2024

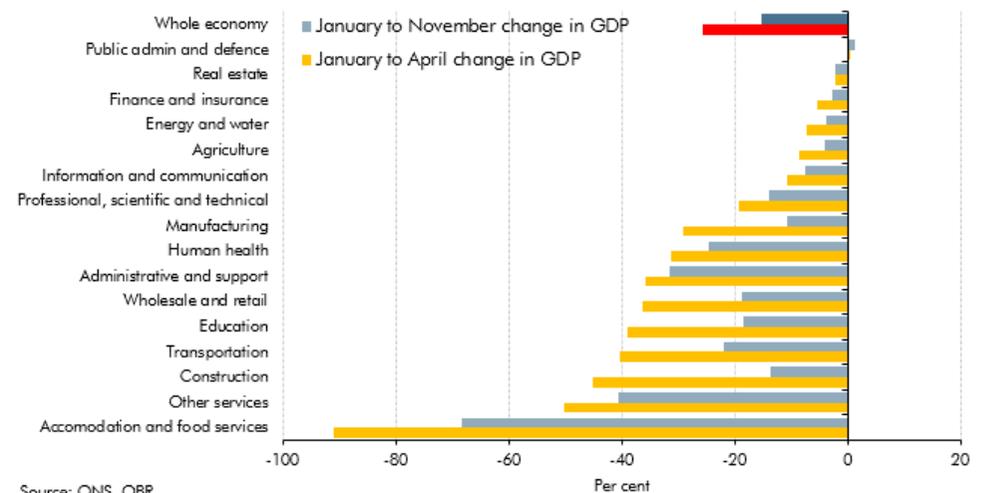
The economic growth projections across the MTFS period for each of the three scenarios are as follows.

**Figure 2.1: GDP Growth** (Source: OBR, November 2020)

The factors impacting medium term GDP growth are;

- Reduced economic contributions from a small population due to lower levels of migration
- Lower labour market participation due to early retirement, a decline in recruitment and increasing levels of unemployment
- Reduced private consumption due to the impacts of lockdown and social restrictions
- Reduced business investment due to the ongoing uncertainty resulting from the pandemic

The overall GDP growth figures mask stark variations between the differential impacts across the economy. Sectors most reliant on face-to-face interactions, such as hospitality, transport and entertainment have seen dramatic reductions in output. Sectors that have been able to continue operating either through remote working or by implementing social distancing, such as financial services, energy and agriculture, have been much less severely impacted. The following chart shows the changes in economic output per sector from January to November 2020.



Source: ONS, OBR

Whilst the housing and property market across the county had recovered since the financial crisis of 2008, the market as a whole was facing a new level of uncertainty with the prospect of the UK leaving the European Union on 31<sup>st</sup> January 2020. Since then, the

Covid-19 pandemic has disrupted many aspects of daily life with significant consequences for the global economy. Generally, activity in the housing market has recovered however, with the latest HMRC data indicating an increase in sales completed in June 2020. Indicators in the latest RICS Residential Market Survey are consistent with a further uptick in activity in the second half of 2020. It is uncertain whether this trend will be sustained however with that the stamp duty holiday due to come to an end in spring 2021.

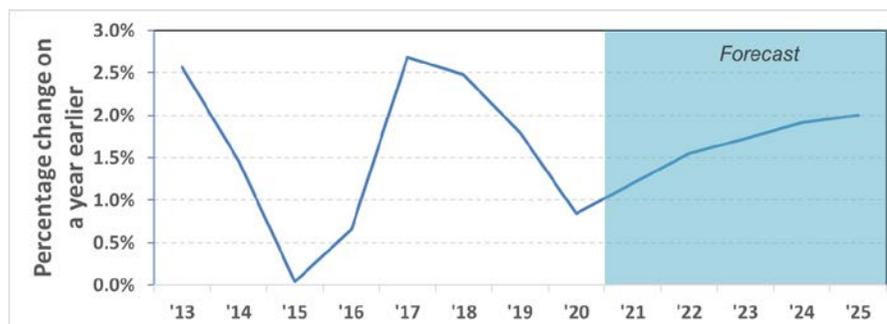
Commercial property is likely to be more adversely affected than residential property by the changes triggered by the pandemic over the medium term. Average commercial prices are expected to fall by 9.2 per cent in 2020-21, recovering to growth by 2022-23 but will remain around 2.8% lower than 2019-20 levels across the MTF5 period. The OBR projects that local authorities will reduce capital spending financed by unsupported borrowing in light of the virus-related shock to returns on commercial property investments. Croydon Borough Council recently issued a Section 114 notice and many other councils have recorded losses on commercial investments. Commercial investments are expected to remain less financially attractive over the forecast period than in 2019-20 and this impact is compounded by the recently announced change to Public Works Loan Board borrowing regulations which prohibit local authorities from borrowing from the PWLB if their capital programmes include any commercial investments.

| Financial Year                         | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| % Change in commercial property prices | 3.3     | -9.2    | -0.8    | 1.7     | 2.0     |

With the net-zero carbon emissions by 2050 target, regulatory and financial incentives are expected to support the decarbonisation of transport and heat. The necessary changes to the ways we live and work will be facilitated by environmental-led reforms to planning processes, yielding a range of public benefits including greater uptake of electric vehicles, a shift overall to mass transit systems, and from 2025, no new connections to the gas network for homes and buildings. Despite the considerable challenges in the sector, the Council continues to invest in the Cambridgeshire economy and has ambitious plans for local housing development, having set up a property development and investment company, 'This Land'.

The government has set a target of 2% for the underlying rate of inflation as measured by the Consumer Price Index. Before the pandemic, inflation was broadly in line with the target however CPI has since fallen to well below 2%. CPI inflation falls under all three OBR scenarios from 1.8% in 2019 to 0.8% in 2020 due to lower indirect taxes and energy prices and reduced consumption. CPI is likely to remain low over the next three years due principally to weak average earnings growth but is expected to return to the 2% target by the end of 2024 as oil prices rebound, the economy recovers, and temporary government policy interventions are withdrawn.

Figure 2.2: CPI Inflation (Source: OBR, November 2020)



The Government's furlough scheme has prevented mass unemployment in 2020 as surging Coronavirus infections have led to multiple periods of UK-wide business closures. Nonetheless, unemployment is expected to rise significantly from 4% to 7.5% as this support is withdrawn in the spring. Although the furlough scheme has protected jobs which will return to viability as social restrictions are eased, it has also allowed some businesses to continue to operate that would otherwise have closed. The structural unemployment rate is likely to rise due to permanent behavioural changes prompted by the pandemic, such as working from home and the shift to online retail. This will require labour to shift across occupations, sectors and regions and there is likely to be a significant lag period as unemployed workers retrain or relocate.

4.9%

of the labour force aged 16 and over could not find a job



75.2%

of people aged 16 to 64 were employed



2.66m

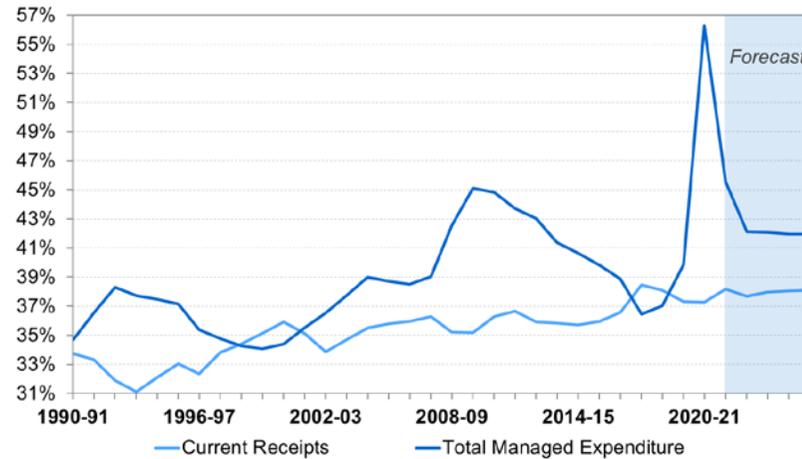
people were claiming Jobseeker's Allowance

In March 2020 the Bank of England reduced the base rate by 0.65% to 0.1%; the lowest ever level, to help reduce the economic shock caused by the coronavirus pandemic and stimulate spending. The ONS predict that the base rate will fall further to a low of -0.05% in Q2 2022, remaining negative until Q2 2023. Negative interest rates would further reduce the cost of new borrowing for local authorities however they will further increase the cost of holding excess liquidity, necessitating effective cashflow management systems and processes.

### Public Sector spending

Total public spending is forecast to rise by 16.4% of GDP in 2020-21 to 56.3%; the highest level recorded outside the World Wars. The combined impact of the virus on the economy and the Government's fiscal policy response is expected to increase the forecast deficit for 20-21 to £394bn, its highest level since 1944-45, exceed 100% of GDP. Borrowing is expected to fall back to around £102bn by 2025-26 however the OBR has estimated that a fiscal adjustment of at least £27bn would be required to match spending to receipts by 2025-26.

**Figure 2.3: Total public sector spending and receipts** (Source: OBR, Nov 2020)



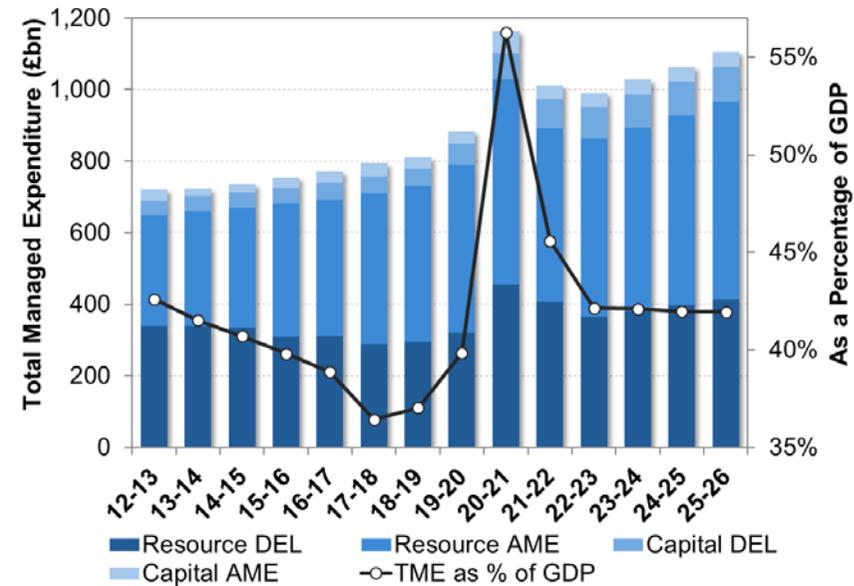
The government plans to eliminate the deficit by a mixture of spending and fiscal consolidation. Current estimates indicate that Total Managed Expenditure will be reduced from 56.3% of GDP in 2020-21 to 41.9% of GDP by 2025-26.

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

HM Treasury’s forecast for TME over the next five years, as shown in Figure 2.4, indicates an 11.1% year on year reduction in Departmental Expenditure Limits in 2021-22 followed by a 9.8%

reduction in 2022-23. The achievability of these forecasts is heavily dependent upon the progress of the pandemic and the rate at which day to day government spending returns to pre-pandemic levels. Furthermore, the fiscal impact of the new spending pledges announced since the UK entered a further period of national lockdown on 6<sup>th</sup> January 2021 have not yet been assessed and accounted for in the OBR forecasts.

**Figure 2.4: Total Managed Expenditure** (Source: OBR, Nov 2020)



Due to current levels of fiscal and economic uncertainty which have necessitated substantial and rapid changes to government spending plans, the Comprehensive Spending Review planned for 2020 was postponed. The latest spending review is for one financial year only, meaning that DELs have not been set beyond 2021-22.

By far the majority of the Ministry of Housing, Communities and Local Government's DEL is allocated to individual local authorities. The Government has launched a Fair Funding review which will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The new model of funding could bring about significant changes in distribution of funding between Local Authorities from 2022-23.

Our internal modelling is currently based on the existing system of 50% business rates retention with Government grants assumed to continue on a cash flat basis. During 2021-22 we will develop a revised model based on 75% local retention of business rates, incorporating new developments in methodology which will emerge as the consultation process progresses.

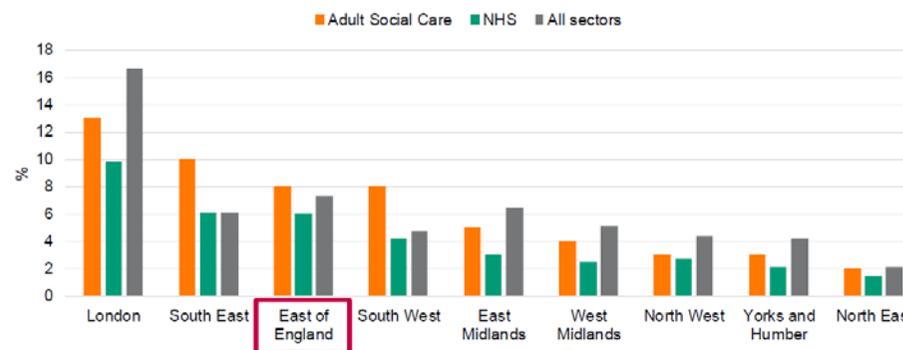
### Local economic outlook

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.

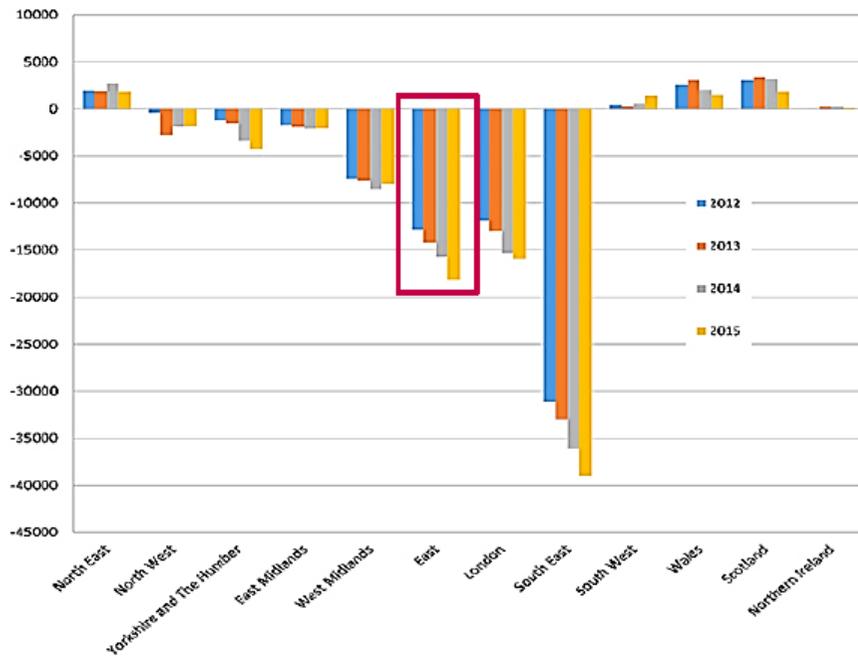
The principal risks to the East of England economy as a result of Brexit are those associated with trade and labour. Over 7% of Eastern workers are EU nationals; the highest proportion of any English region outside of London. Tighter immigration expectations

around EU migration could have a significant impact on the Adult Social Care market where 15% of the workforce in Cambridgeshire are EU nationals. Additionally, the Eastern region is the second highest net importer of European goods and services behind the South East. A reduction in the availability of EU workers or the introduction of trade tariffs impacting the cost of imported goods and services could therefore have an adverse effect on the Eastern economy.

### Proportion of EU workers by region and employment sector

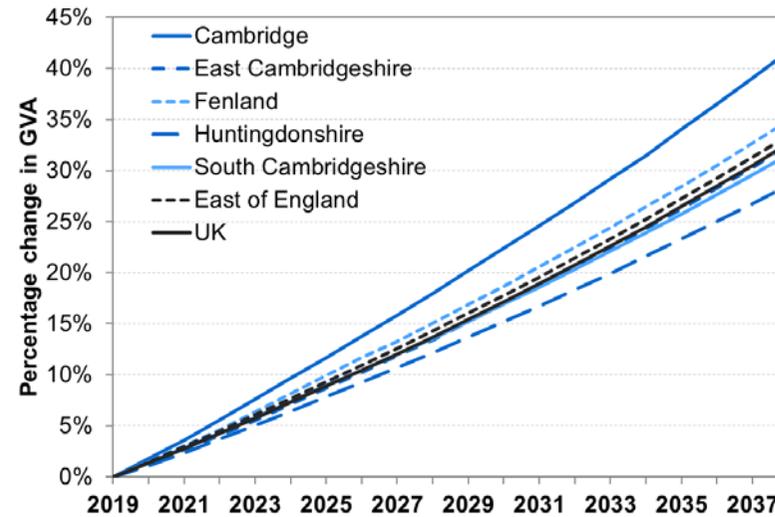


Trade balance with EU by region (£m, 2015 prices)



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

Figure 2.5: GVA growth forecasts for Cambridgeshire by district



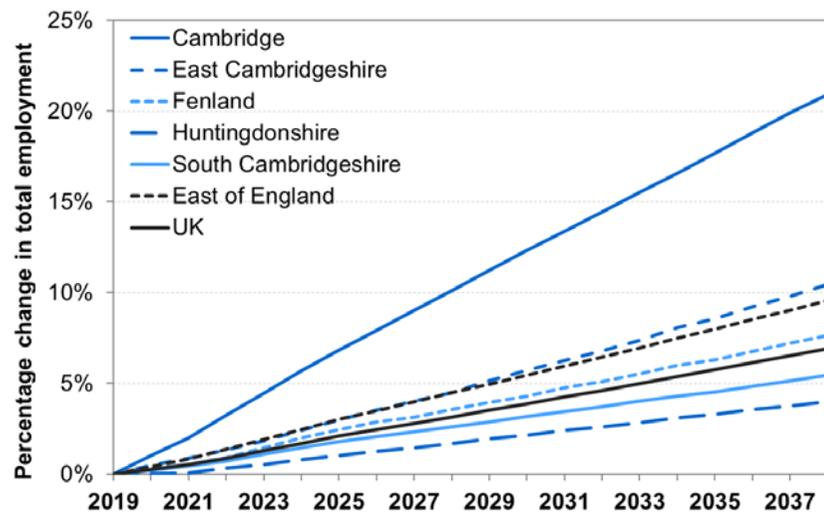
Source: East of England Forecasting Model 2017

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

Cambridgeshire’s GVA is forecast to grow by 6.4% over the term of the MTFs, with the most significant increase in Cambridge City, where GVA is expected to increase by £460m. Enterprise births relative to population is still below the regional and national averages rates. Cambridgeshire as a whole saw an increase in the number of business start-ups in 2018 compared to 2017, following a fall in new start-ups between 2016 and 2017. Retail growth in

most district town centres continues to provide an important source of employment to support the broader market town business base.

**Figure 2.6: Employment growth forecasts for Cambridgeshire by district**



Source: East of England Forecasting Model 2017

The forecast continued employment growth across all districts presents a key opportunity for the county. Cambridgeshire has seen a 6.1% rise in the number of private sector jobs from 2015 to 2018. From an historical perspective, job creation has previously been uneven, with Fenland and Cambridge only seeing limited growth between 2001 and 2011; however Fenland and Cambridge have seen jobs growth of 3.7% and 2.4% respectively from 2010 to 2016. A significant proportion of jobs in Cambridge and South Cambridgeshire are in manufacturing, healthcare and education. In

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

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

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

Reliance on ubiquitous, reliable and high speed digital connectivity continues to increase, driven by the rapid pace of technology change which now impacts across all areas of modern living, supporting economic growth and thriving communities. The Council's Connecting Cambridgeshire Programme continues to aggregate funding streams from multiple local, government and EU sources to deliver improvements to the mobile and fixed connectivity infrastructure across Cambridgeshire and Peterborough. This includes stimulating private sector telecommunications industry investment and facilitating faster, more efficient telecommunications rollout as well as providing

public funding in the areas where the market will not invest. The Council is also spearheading a “dig once” fibre ducting policy to reduce costs and disruptions by incorporating fibre ducting in new transport and infrastructure schemes across the County.

Free public access Wi-fi supports digital inclusion across all sectors of the community and helps to promote dynamic retail environments, particularly in Cambridgeshire’s market towns. New advances in mobile technology promote an “always connected” approach which is increasingly required by businesses, communities and to support public service delivery. Over the next two years the Connecting Cambridgeshire programme will continue to support the delivery of ubiquitous superfast broadband coverage as well as increasing the full fibre footprint and improving the 4G and 5G mobile coverage across the County. It will also focus on extending the availability of free public access Wi-fi to more locations and support the exploitation of digital connectivity with “smart” technology.

As part of the Greater Cambridge City Deal (now Greater Cambridge Partnership) signed with Government in 2014, it was agreed that Government would allocate £500m to Greater Cambridge infrastructure projects. The first tranche of funding was agreed on the basis of five yearly instalments and the second and third tranche is subject to two (2020 and 2025) Gateway Reviews. The purpose of the Deal is to deliver a step change in investment capability; an additional 44,000 jobs and 33,000 homes with benefits for the whole County as well as the wider area.

In May 2020 the Greater Cambridge Partnership received notification from Government that a further tranche of City Deal funding, worth up to £400m across the five years from April 2020, had been confirmed after a successful gateway review.

The deal has resulted in a changed set of governance arrangements for Greater Cambridge, allowing the County, Cambridge City Council and South Cambridgeshire District Council to pool funding, powers and decision making through a joint Executive Board. This structure is leading the joint delivery of a number of major transport schemes and has achieved a more joined-up and efficient approach to tackling the key economic issues facing this rapidly-growing city region.

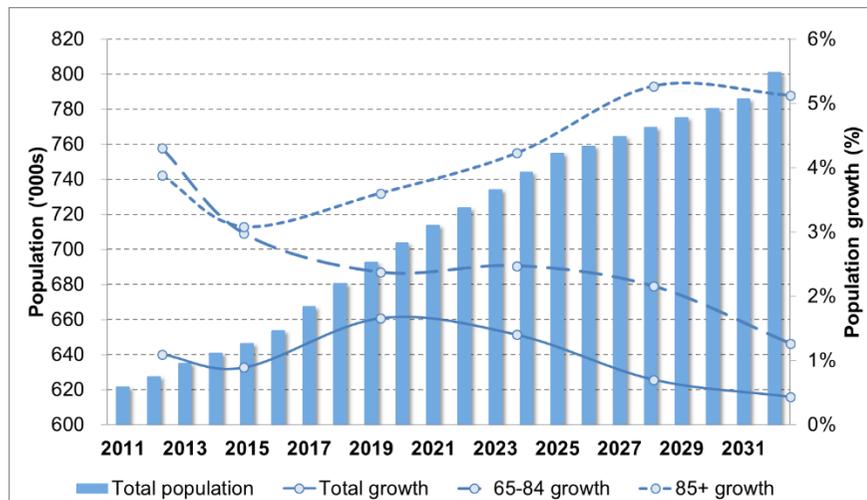
### **Cambridgeshire’s growing population**

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

increasingly more challenging as we progress through the period of this strategy.

Our forecasts show that the county's population is expected to grow by 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 2.7: Population forecasts for Cambridgeshire**



### 3) Transformation

Since 2016 we have invested heavily in an ambitious transformation agenda for Cambridgeshire citizens. Investment in a number of cross organisational change programmes through a dedicated team and fund has delivered significant financial and social returns. The Council has saved over £100m over the last four years with much of this work being supported by the Transformation Team, including £25m being saved as a direct result of investments made through the Transformation Fund.

The transformation programme is inter-linked with the Council's business planning process but predicting the on-going implications and financial consequences of COVID-19 is challenging and has necessitated the use of a different process (and underlying assumptions) in the development of the Business Plan for 2021-2022 and beyond. Our financial forecasts have been developed using a number of different scenarios, which quantify (as far as possible) the financial implications on the Council of the changing national and local conditions. However, it is clear that the scope for traditional efficiencies has diminished. Therefore the development of the Business Plan is focused on a range of more fundamental changes to the way we work.

Some of the key themes driving the current thinking are;

- **Economic recovery** – we know that the impact of the measures to reduce the spread of COVID-19 will impact the economic recovery substantially. The Office for Budget Responsibility is forecasting at least a 10% drop in GDP in the UK in 2020. This will impact employment and household income levels for many people across Cambridgeshire. The stress and anxiety caused by worrying about money, or not having enough money to maintain the right housing or buy basic necessities or afford basic utilities, is an important factor that affects demand for many of our services. Economic recovery is therefore at the heart of improving outcomes for people and managing demand for Council services.
- **Demand Management** – this is fundamentally about supporting people to remain as healthy and as independent as possible, for as long as possible, which is a significant priority as demand increases as a result of COVID-19. It is about working with people and communities to help them help themselves or the person they care for or their community e.g. access to advice and information about local support, asset building in communities and access to assistive technology. We saw communities rise to the challenges of the pandemic and support networks appearing to gather around those who needed it. We must build on this and look at how we further support these networks and groups to continue, and where public services are undisputedly needed, it is about ensuring support is made available early so that people's needs don't escalate to the point where they need to rely heavily on public sector support in the long term.
- **Think Communities** – In support of the need to manage demand and enable people to remain living in their own homes in their local communities and delay the need for more specialist services, continued investment in our Think

Communities approach is paramount. Harnessing the capacity within our local district and parish councils, the voluntary, community and faith sectors, volunteers and local place based health, County Council and blue light services will enable us to build place based support services wrapped around our vulnerable people and communities; which will reduce or delay the need for more specialist expensive services and build resilient and sustainable communities where people feel proud to live.

Our aspiration for the transformation programme was to deliver a programme that would provide the Council with the financial capacity to invest in new service areas that would improve the quality of life for residents, contribute to the Cambridge economy and address the growing environmental challenges we face. As a result of this investment in transformation the Council has taken great strides towards achieving this ambition. There are have a broad portfolio of examples to draw from which demonstrate our ability to drive efficiencies, deliver value and deliver better outcomes for people that cost less through changes to practice and use of technology and some of these are outlined below:

| Programme   | Financial benefit   | Change in practice  | Outcomes for citizens   |
|---|---|---|---|
| <p><b>Adults Positive Challenge Programme</b><br/>A whole system 'behaviour change' transformation programme across Adults Social Care</p>  | <p>£3m of savings have been realised to date with additional savings expected over the next 3 years.</p>                        | <p>Embedding 'strengths' based practice and early identification approaches within all customer 'touch points'</p> <p>Expansion and intensification of effective community and preventative solutions e.g. as Technology Enabled Care</p> | <p>Increased independence of citizens and reliance / demand on public services. Significant long-term cost reduction to the health and social care system.</p>  |
| <p><b>Resilience and independence in the SEND environment</b><br/>Ensuring education and care support packages for children and young people with SEND were appropriate to meet need, of a high quality and support and enable young people to acquire, develop and maintain independence ahead of their transition to Adult Social Care.</p> | <p>£1m of savings have been realised</p>  | <p>Support the use of managed risk by professionals and providers in the commissioning and reviews of support packages provided to children and young people with special educational needs or disabilities.</p>                          | <p>Placements are able to offer the right support at the right time, without limiting or restricting independence and / or compromising individual and family resilience.</p>                               |
| <p><b>Cambs 2020</b><br/>Rationalisation of our buildings portfolio and workforce cultural change programme</p>   | <p>A revenue saving of £210k per year, and a capital income in excess of £45m over the next 40 years</p>                        | <p>New agile ways of working adopted across Council services. Our workforce is ready and adaptable to work within and across organisational boundaries.</p>   | <p>Officers are located closer to both service users and partners ensuring that the right services can be accessed at the right time</p>  |
| <p><b>Reablement Recruitment</b><br/>Redesign of recruitment team and an innovative recruitment campaign to attract more reablement workers into Adult Social Care</p>  | <p>£750k saved<br/>Reduced agency worker cost and reduced onboarding time result in being able to deploy new workers sooner</p> | <p>Increased efficiencies and productivity in recruitment practices across all areas of children's and adults services<br/>Improved candidate / employee experience</p>   | <p>Reduced delays in hospital discharge time. Increased number of individuals who could return home rather than going into care<br/>Increased recruitment from local area</p>                               |
| <p><b>Total Mobile</b><br/>A mobile app integrating critical aspects of the Adult Social Care case management system to enable adult social care staff to access and input information via their mobile device.</p>   | <p>Significant improvements to the efficiency and productivity of frontline workers, maximising the avoidable demand</p>        | <p>Supporting the workforce to become digital by default allowing for increased flexibility</p>   | <p>A higher number of citizens will be able to access the support of preventative services due to increased efficiency, and worker access to real-time data and information will enable better quality,</p> |

| Programme   | Financial benefit   | Change in practice  | Outcomes for citizens   |
|---|---|---|---|
|   | opportunities identified in APCP.   |   | strengths based support without any delay.  |
| <p><b>SEND Transformation</b><br/>To positively influence the drivers of avoidable, high-cost demand for SEND services that don't maximise long-term independence for children and young people into adulthood.</p> | Reduced risk of exclusion, and associated challenges face as a result - 33% reduction in exclusions in settings that are utilising the new approach to date | Test and learn interventions focusing on different tools to support strengths based working, focusing on outcomes and impact on demand in the system. | Embedding trauma informed practice and 'STEPS'; a revolutionary new approach to managing behaviour in settings and schools in order to reduce exclusions and placement breakdown. |

### Flexible Use of Capital Receipts Strategy

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 (excluding Right to Buy receipts) on the revenue costs of reform projects. The flexibility was originally announced for 2016-17 to 2018-19, however this was extended by a further 3 years as part of the 2018-19 Local Government Finance Settlement.

This flexibility is 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, and can only be met from capital receipts which have been received in the years to which this direction applies.

The Council has decided to use this direction to fund the transformation resources that have been brought together to support the Transformation Programme, as well as the cost of redundancies required in order to deliver transformation of services. As a result of using this direction (using capital receipts partly to fund transformation rather than the capital programme), prudential borrowing undertaken by the Council for the years 2017-

18 to 2021-22 is budgeted to be between £3.0m and £3.9m higher in each respective year. This affects the Council's Prudential Indicators as follows:

**Table 3.1: Effect of using Capital Receipts on Prudential Indicators**

| Prudential Indicator                   | 2017-18<br>£m | 2018-19<br>£m | 2019-20<br>£m | 2020-21<br>£m | 2021-22<br>£m |
|--|---------------|---------------|---------------|---------------|---------------|
| Capital Financing Requirement          | +3.0          | +6.9          | +10.2         | +13.4         | +16.6         |
| Operational Boundary (Total Borrowing) | 899.3         | 984.6         | 1,058.0       | 1,128.7       | 1,117.3       |
| Authorised Limit (Total Borrowing)     | 929.3         | 1,014.6       | 1,088.0       | 1,158.7       | 1,147.3       |

This is expected to create additional Financing costs in the revenue budget of £88 - £161k in each of 2017-18 to 2021-22.

The Council funded £2.9m of expenditure in 2017-18 using this direction, £3.9m in 2018-19 and £2.7m in 2019-20. It is intended to fund a further £3.2m in 2020-21. This expenditure will help to deliver the following savings (all savings are ongoing):

Table 3.2: Transformation Spend to be funded by Capital Receipts, and associated savings

| Scheme   | Prior Years<br>£k |                    |                  | 2019-20<br>£k  |                    |                  | 2020-21<br>£k    |                    |
|--|-------------------|--------------------|------------------|----------------|--------------------|------------------|------------------|--------------------|
|  | ACTUAL<br>COST    | BUDGETED<br>SAVING | ACTUAL<br>SAVING | ACTUAL<br>COST | BUDGETED<br>SAVING | ACTUAL<br>SAVING | BUDGETED<br>COST | BUDGETED<br>SAVING |
| Adult Social Care Transformation                               | 1,070             | -11,941            | -10,359          | 1,258          | -4,582             | -4,582           | 909              | -3,800             |
| Learning Disability Transformation                             | 112               | -480               | -393             | -              | -450               | -450             | -                | -                  |
| Commissioning  | 240               | -451               | -269             | -              | -2,051             | -2,051           | 1,369            | -4,634             |
| Children's Change Programme                                    | 832               | -2,808             | -2,472           | 202            | -340               | -340             | 197              | -830               |
| Children's Centres & Children's Health Services Transformation | 74                | -772               | -772             | -              | -                  | -                | -                | -                  |
| Learning Transformation  | 525               | -819               | -719             | 91             | -                  | -                | 539              | -4,753             |
| Communities  | -                 | -                  | -                | -              | -60                | -60              | -                | -                  |
| Public Health Transformation                                   | -                 | -                  | -                | -              | -189               | -189             | -                | -                  |
| Transport Transformation                                       | 65                | -1,999             | -1,823           | -              | -460               | -460             | 6                | -50                |
| Assets / Facilities work stream / Property projects            | 526               | -894               | -756             | 528            | -21                | -21              | 90               | -397               |
| Automation   | 339               | -397               | -191             | -              | -                  | -                | -                | -                  |
| Organisational Structure Review                                | 1,032             | -1,793             | -2,312           | -              | -                  | -                | -                | -                  |
| Commercialisation  | 1,456             | -5,400             | -2,000           | 567            | -1,351             | -351             | 107              | -600               |
| Waste Transformation   | 13                | -1,025             | -250             | -              | -60                | -60              | -                | -                  |
| Libraries Transformation                                       | 213               | -230               | -230             | -              | -                  | -                | -                | -                  |
| Shared Services  | 157               | -                  | -                | 99             | -1,615             | -537             | -                | -                  |
| <b>TOTAL</b>   | <b>6,655</b>      | <b>-29,009</b>     | <b>-22,546</b>   | <b>2,745</b>   | <b>-11,179</b>     | <b>-9,101</b>    | <b>3,218</b>     | <b>-15,064</b>     |

These workstreams are focused on delivering the following outcomes:

| Transformation Scheme                                       | Activity  |
|---|---|
| Adult Social Care Transformation                            | <p>Through the Adults Positive Challenge Programme, the County Council has set out to design a new service model for Adult Social Care which will continue to improve outcomes whilst also being economically sustainable in the face of increasing demand and pressure on the sector. This work will focus on promoting independence and changing the conversation with staff and service-users to enable people to stay independent for longer, and has been in place has already had success in 2018/19 and 2019/20 and proposals are in place for 20/21 for Cambridgeshire and Peterborough.</p> <p>Following the implementation of Mosaic we will also look for opportunities to streamline reporting and information systems and release capacity of front line staff to work in an asset based and transformational way.</p> |
| Learning Disability Transformation                          | <p>Major programme to implement the revised model of care – meeting people’s needs through a strengths-based approach to social care. Programme also includes delivery of strategic commissioning activity, including the development of new care capacity to allow service users to return to live in-county – and converting residential provision to supported living to promote independence for people with learning disabilities as well as providing cost savings to the Council.</p>  |
| Commissioning   | <p>Supporting a review of market interventions and market shaping activities to ensure efficient delivery of statutory service provision; incorporating the development of sustainable market capacity, which is cost efficient, outcomes focused and aligns to place based community needs. This includes commissioning across older people, working age adults with physical disabilities, mental health, learning disabilities and children.</p>   |
| Children's Change Programme                                 | <p>Identifying additional opportunities within the children’s service to ensure services are targeted to those in greatest need. The programme has created a single front door for children’s services, and development of a new residential model for children on the edge of care.</p>  |
| Child & Family and Children’s Health Service transformation | <p>Best Start in Life is a 5 year strategy which aims to improve life chances of children (pre-birth to 5 years) by addressing inequalities, narrowing the gap in attainment and improving outcomes for all children, including disadvantaged children and families. The vision is that “Every child will be given the best start in life supported by families, communities and high quality integrated service.</p>   |
| Learning Transformation                                     | <p>Responding to the growing demand for our SEND services by working with families and schools to provide the right level of support and to promote independence for children and young people. This is being done through a number of areas including providing independent travel training, this enables young people to have the skills and confidence to travel more independently for their education but also gives them life skills for their future.</p>  |

| Transformation Scheme                               | Activity  |
|---|---|
| Communities   | A Review of required management and support functions within the team, depending on the outcome of funding bids.  |
| Public Health Transformation                        | We have delivered efficiencies and shared good practice through creating a joint public health directorate across Cambridgeshire County Council and Peterborough City Council. We can now transform services and make efficiencies through joint commissioning of public health programmes across the Cambridgeshire and Peterborough area, working in partnership across both local authorities and local NHS commissioners.   |
| Transport Transformation                            | Through the Total Transport transformation programme we are scrutinising contract services to ensure the Council delivers the most efficient special school transport services whilst ensuring all eligible pupils receive free transport in line with the Council's policy on journey times.   |
| Assets / Facilities work stream / Property projects | <p>Generating income through commercialising property assets and re-shaping the property portfolio to support business outcomes.</p> <p>Includes the Cambs 2020 programme which will see the Council move out of its current main base in Cambridge and adopt a Hub and Spokes model of office accommodation.</p>   |
| IT Strategy   | <ul style="list-style-type: none"> <li>• Provide systems and tools to enable staff to work effectively</li> <li>• Support joint working with an improved ability to collaborate and work seamlessly across the two councils</li> <li>• Be cost effective, minimising duplicate costs &amp; rationalising systems</li> <li>• Support the delivery of savings elsewhere across the council</li> </ul>   |
| Commercialisation                                   | <p>Development of a Strategic Investments model for the authority and creation of a dedicated investment vehicle to deploy multi-million pound investments for a commercial return.</p> <p>Review of specific areas identified within the contract register to discover what potential there is for savings through more commercially minded renegotiation, re-consideration of service specifications and consideration of where smarter payment processes may assist in driving down costs.</p> |
| Shared Services                                     | A joint working agreement is now in place with Peterborough City Council along with a growing number of shared posts. A new operating model for services previously governed by the LGSS Joint Committee has been agreed and is being implemented during 2020-21.   |

#### 4) Strategic financial framework

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

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

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

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

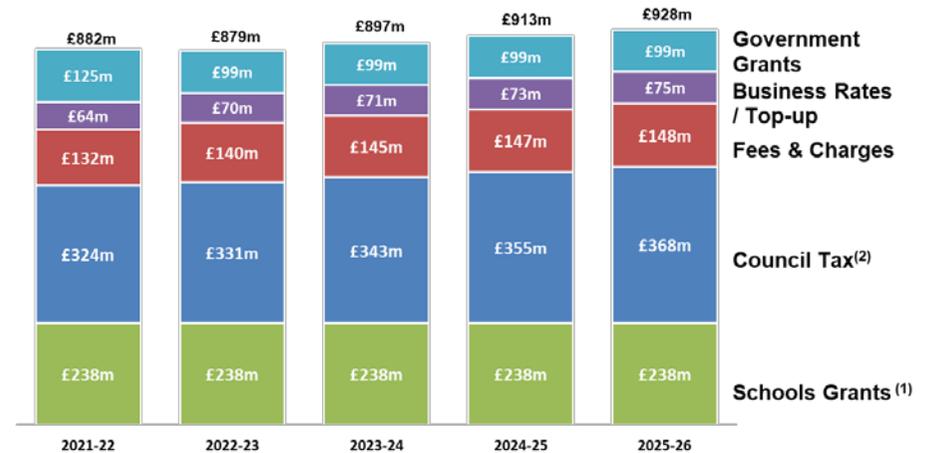
#### Funding forecast

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

In 2021-22, Cambridgeshire is expected to receive £644m of funding excluding grants retained by its schools. The key sources of

funding are Council Tax and the Adult Social Care precept with increases currently budgeted at 0% and 2% respectively in 2021-22, and Central Government funding (excluding grants to schools).

Figure 4.1: Medium term funding forecast



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

As is evident from Figure 4.1, the Council will continue to face a challenging funding environment over the medium term, particularly in 2022-23 when total funding is expected to reduce compared to 2021-22 levels due to the ending of one-off Coronavirus grants from Government. The Council expects to see an overall increase in funding (excluding schools grants) of 7.2% to 2025-26, primarily due to increases in Council tax. However inflationary pressures, population growth and increased demand

for services are expected to result in additional budget pressures of 19.9% of gross budget over the same period. This leaves a residual unfunded pressure of £81m (see figure 4.2).

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

**Table 4.1: Parameters used in modelling future funding**

| Funding Source            | Parameters  |
|---------------------------|---|
| Business Rates            | <ul style="list-style-type: none"> <li>Cambridgeshire Rateable Value (prudent assumption of zero real growth)</li> <li>National CPI inflation (multiplier frozen for 2021-22 but projected increases in line with inflation thereafter, rising to 2% by 2025-26, as per OBR forecasts)</li> </ul> |
| Top-up                    | <ul style="list-style-type: none"> <li>National CPI inflation (frozen for 2021-22 in line with Business Rates multiplier but increased in line with inflation thereafter as per OBR forecasts)</li> </ul>   |
| General Council Tax       | <ul style="list-style-type: none"> <li>Level set by Council (0% assumed for duration of MTFS)</li> <li>Occupied Cambridgeshire housing stock (0.7%-1.4% annual increase, as per District Council forecasts)</li> </ul>  |
| Adult Social Care Precept | <ul style="list-style-type: none"> <li>Level set by Council (2% assumed until 2025-26)</li> </ul>   |
| Other grants              | <ul style="list-style-type: none"> <li>Grants allocated by individual government departments overall decrease of 0.5% by 2025-26)</li> </ul>  |
| Fees & charges            | <ul style="list-style-type: none"> <li>Charges set by Council (average 2.4% annual increase over MTFS period)</li> </ul>  |

Our analysis of revenue resources is subject to a significant degree of uncertainty due to:

- The extent to which Government COVID-19 support schemes will continue throughout 2021-22 and beyond
- The economic impacts of the pandemic on local businesses and residents with potential impacts both for precept income and viability of budgeted increases in fees and charges
- As yet unknown implications of a number of government policies designed to shape the local authority funding environment including; the review of relative needs and resources, referred to as the 'Fair Funding' review, and the impact of reforms to the business rates system, due to be published in Spring 2021.

In recent years local government funding has stabilised following a period of significant fiscal tightening in the wake of the global financial crisis of 2007-08. 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 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. Notwithstanding the unprecedented fiscal and economic shock to the public finances as a result of Covid-19, these challenges remain and have been exacerbated by the impacts of the pandemic on care providers and on early and 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 with tax increases widely considered likely to contribute to returning the public finances to health in the medium term.

There is expected to be a significant reduction in grant funding to local authorities in 2022-23 as much of the increase for 2021-22 is due to one-off Covid grants to assist Councils in responding to the acute impacts of the pandemic. However, we are projecting a 'cash-flat' grant position from 2022-23 through to 2025-26. Despite the improving outlook for grant funding, the Council continues to place increasing reliance on locally generated forms of revenue such as council tax and fees & charges. The government's key metric for local authority funding 'core spending power' assumes that Councils will increase Council tax to the limit of the referendum thresholds imposed. However, the Council does not make this assumption in its financial planning due to the need to balancing the need for additional resources against affordability and fairness for local taxpayers.

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

Due to the high levels of Business Rates growth in Cambridgeshire since 2013, it was financially attractive for the Council to enter into a Business Rates pooling arrangement with other local authorities

in the county. The pool will reduce the net tariff paid by the county on our Business Rates income and retain more growth locally to fund services for Cambridgeshire residents. Although 2020-21 has been an exceptionally difficult year for businesses, the Council still expects the pool to offer a net benefit, though this has yet to be confirmed. We have therefore agreed to extend the pooling arrangement for a further year in 2021-22 as analysis has shown that the Council stands to gain from the pool in all but the most pessimistic scenario.

As part of the provisional 2018-19 Local Government Finance Settlement, it was announced that the Government will implement a 75% Business Rates retention model alongside a new 'Fair Funding' formula. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out; to date the Revenue Support Grant and the Public Health Grant have been confirmed to be rolled in. The impact of these funding changes may be significant for the Council however we are awaiting further clarity from MHCLG before the changes can be included in the forecasts. The changes, previously expected to be introduced in 2021-22 will now be delayed until 2022-23 at the earliest due to the impacts of the pandemic on Government capacity and fiscal and economic uncertainty.

Since 2017/18 Government has provided additional grant funding for social care in response to the unsustainable pressures faced by many upper tier authorities in the delivery of social care services. The Improved Better Care Fund introduced in 2017/18 is now worth £14.7m per year to the Council. Additional social care support grants have increased from £2.3m in 2018/19 to £13.4m

for 2021/22. In the 2020 Spending Round, the Government confirmed that all existing social care funding would continue in 2021-22 and allocated a further £300m in grant funding for social care of which Cambridgeshire will receive £1.0m.

The government limited the general increase in Council Tax in 2020-21 to 2% per year, but provided additional flexibility for local authorities with Adult Social Care responsibilities to raise Council Tax by an additional precept. In the 2020 Spending Review, the government confirmed that a 3% Adult Social Care precept will be made available in 2021-22 and local authorities will be provided with the option to defer some or all of the increase to 2022-23.

The availability of the Adult Social Care precept has not been confirmed beyond 2021-22, however the budget assumes the precept will be available beyond this point and will be levied at a rate of 2% in each year of the Business Plan.

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

- to promote growth;
- to diversify income streams;
- to take a long term view in managing fluctuating levels of income across financial years to ensure consistency of service provision to our residents; and
- to ensure a sufficient level of reserves due to increased financial risk

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

### **Spending forecast**

Forecasting the cost of providing current levels of Council services over the medium term is the second key aspect of our revenue strategy. This allows us to assess the sustainability of current service provision. Our cost forecasting takes account of pressures from inflation, demographic and demand changes, amendments to legislation and other factors, as well as any investments the Council has opted to make. This process has proved extremely challenging for 2021-22 and beyond due to the exceptional levels of uncertainty surrounding the impacts of Covid-19 on service provision for the current MTFs period. The Council has responded to this uncertainty by considering several potential budget 'scenarios', introducing a budget review and reset process during the first quarter of each financial year and reviewing its reserves policy as set out in Sections 7 and 8 of the MTFs. Moving forward, 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.

### **Inflationary pressures**

We have responded to the uncertainty about future inflation rates relating to our main costs by making a prudent assessment of their

impact. Our policy of maintaining reserves to cover such uncertainties provides further protection.

There is not a direct link between the inflationary cost pressures we face and nationally published inflation indicators such as the Consumer Price Index (CPI) due to the more specific nature of the goods and services that we have to purchase. Estimates of inflation have been based on indices and trends, and include specific pressures such as inflationary increases built into contracts. Our medium term plans assume inflation will run at an average of around 1.6%, having taken account of the mix of goods and services we purchase. Staff pay inflation has been budgeted at 0% for 2021-22 following the announcement of a public sector pay freeze by the Chancellor in the 2020 Spending Review. However, staff earning less than the median public sector salary of £24,000 are expected to receive an increase. Local Government pay is subject to national negotiations for the sector whilst some grades are subject to local decisions. A general provision of £1.7m has therefore been included in the budget for any staff pay increases agreed. Pay inflation has been budgeted for at 2% for all staff from 2022-23. The table below shows expected overall inflation levels for the Council:

**Table 4.2: Inflationary pressures**

|                                   | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Inflationary cost increase (£000) | 9,578   | 8,741   | 9,032   | 9,224   | 9,456   |
| Inflationary cost increase (%)    | 1.8%    | 1.6%    | 1.6%    | 1.6%    | 1.6%    |

The Council is currently investing in several transformative projects to manage inflationary pressures through its approaches to commissioning including;

- Asset-Based Area Commissioning where best use of resources is achieved by integrating and coordinating community, NHS, charity and local authority care services
- Support for Micro-Enterprises to increase competition in local care markets
- Block bed tendering for residential and nursing care placements to limit spot purchasing

**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 0.4% 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

**Table 4.3: Demand pressures**

|                                       | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---------------------------------------|---------|---------|---------|---------|---------|
| Base demand pressures (£000)          | 11,332  | 12,772  | 13,645  | 13,843  | 13,899  |
| COVID-related demand pressures (£000) | 3,706   | -991    | -1,166  | -345    | -273    |
| Total demand pressures (£000)         | 15,038  | 11,781  | 12,479  | 13,498  | 13,626  |
| Total demand cost increase (%)        | 2.8%    | 2.1%    | 2.2%    | 2.4%    | 2.3%    |

In addition to a base demand forecast which takes account of demand trajectories and population growth pre-COVID, an additional scenario planning exercise was undertaken as described in Section 7. This exercise examined the likely impacts of COVID on service user numbers and severity of need. These figures have been revised during 2020-21 using the most current service usage trends and will continue to be monitored and updated as required during 2021-22. We estimate that the pandemic will increase demand pressures by £3.7m in 2021-22. This pressure will reduce over time as the acute impact and subsequent latent impacts of the pandemic diminish.

#### **Other pressures**

We recognise that there are some unavoidable cost pressures that we will have to meet. Where possible services are required to manage pressures, if necessary being met 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.

#### **Investments**

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

#### **Savings Proposals**

The Council has an ambitious savings programme which helps it to maximise outcomes for service users whilst limiting the burden for local taxpayers as far as possible. The achievability of existing planned savings has been reviewed to take account of the impact of the Coronavirus pandemic on staff capacity, market conditions and practical considerations for service provision. However, the pandemic has also provided opportunities to strengthen community support networks, develop relationships with our partners and explore new and innovative ways of working which will help us to ensure that services can be provided sustainably in the coming years.

### Financing of capital spend

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

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

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

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

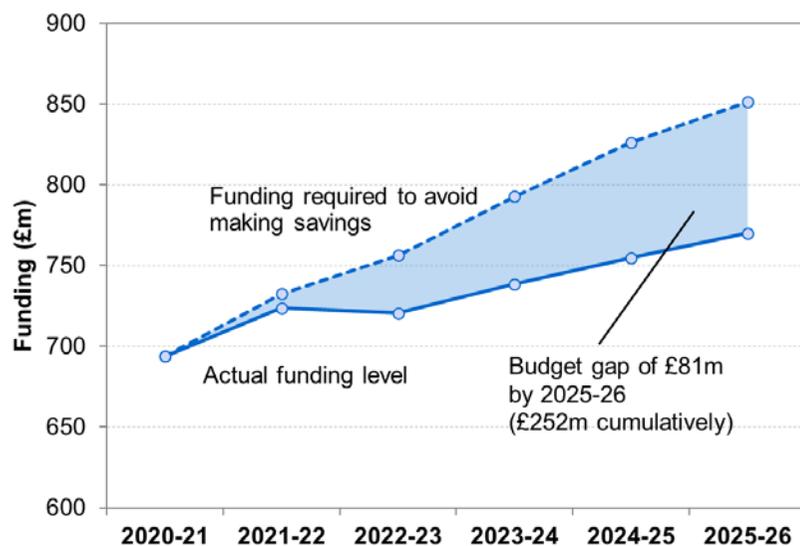
Due to the Council's strategic role in stimulating low carbon economic growth across the County through infrastructure investment, any capital proposals able to reliably demonstrate revenue income or savings at least equal to the debt charges generated by the scheme's borrowing requirement, are excluded 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.

At the Spending Review the Government reversed a 1% interest rate increase that was applied to Public Works Loan Board (PWLB) loans from October 2019. However, following a consultation on PWLB lending terms, it was confirmed that local authorities who undertake so called 'debt for yield' borrowing will be disqualified from loaning from the PWLB. When applying for new loans, local authorities must now provide details of their capital programmes for the subsequent three years and confirm that they do not plan to buy investment assets primarily for yield. Therefore in order to benefit from the favourable interest rates offered by the PWLB, the Council has ensured that its Capital Programme for 2021-26 does not include any such investments.

### Allocating our resources to address the shortfall

Inevitably, cost pressures are forecast to outstrip available resources, given the rising costs caused by inflation, growth and associated demand pressures and renewed pressure on levels of funding for local government in the wake of the Coronavirus pandemic. Consequently, we will need to make significant savings to close the budget gap.

Figure 4.2: Budget gap



Achieving these £81m of savings over the next five years will mean making tough decisions on which services to prioritise. During the last few years services have made significant savings through increasing efficiency and targeting areas that are not our highest priority with the aim of minimising the impact on our service users. We now face the additional challenge of increased demand

pressures due to Covid-19, significant reductions in fees & charges income and reductions to the local tax base. Furthermore, we are now in an environment where any further efficiencies to be made are minimal. We must therefore focus on driving transformative change across the Council, capitalising on the opportunities afforded by the pandemic in order to manage cost increases. In some cases services have opted to increase generated income instead of cutting expenditure by making savings. For the purpose of balancing the budget these two options have the same effect and are treated interchangeably.

### Capital

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

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

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

### **Capital funding**

In recent years, developer contributions have been affected by the level of uncertainty facing the housing and property markets associated with Brexit and more recently the impact of the Covid-19 pandemic. Developer contributions have also been affected by the introduction of Community Infrastructure Lev (CIL). CIL is designed to create a more consistent charging mechanism but complicates the ability of the Council to fund the necessary infrastructure requirements created by new development due to the changes in process and the involvement of the city and district councils who have exclusive legal responsibility for determining expenditure. The Council also expects that a much lower proportion of the cost of infrastructure requirements will be met by CIL contributions.

Pre-Covid, the Government had committed to prioritise increased capital investment to support its "levelling up" agenda. This plan included significant additional regeneration funding for towns, £100bn in additional infrastructure spending, including £28.8bn investment in strategic and local roads and £2.9bn to support Public Sector Decarbonisation. The Council was awarded £2.5m in

grant funding in 2020-21 to support its ambitious decarbonisation agenda. In the 2020 Spending Review, Government reaffirmed its commitment to increase infrastructure investment, supported by a National Infrastructure Strategy which included £95m for public transport schemes for Cambridgeshire and Peterborough to be delivered by the Cambridgeshire & Peterborough Combined Authority.

The Business Plan therefore anticipates as a general principle that overall capital grant allocations will remain constant from 2021-22 onwards.

The Department for Education previously announced sufficient capital funding would be available to provide for increasing numbers of school-aged children to enable authorities to ensure that there are enough schools places available to meet current and future needs. Unfortunately, the new methodology used to distribute funding for schools places did not initially reflect the Government's commitment to supply sufficient funding and the allocation of £4.4m for 2015-16 and 2016-17 was £32m less than the Council had estimated to receive for those years according to our need.

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

In addition to lobbying the DfE, the Council has also sought in the meantime to maximise its Basic Need funding by establishing how

the funding allocation model works and providing data to the DfE in such a way as to maximise our allocation. The allocations were £25.0m for 2018-19, £6.9m for 2019-20, and £20.6m for 2020-21. This went some way to reduce the Council's shortfall, but still does not come close to covering the costs of all of the Council's Basic Need schemes. It is anticipated that further Basic Need funding will not be announced until 2021 and it is expected that this announcement will only provide allocations for 2021-22. Additionally, the annual School Capacity Survey Guide return was cancelled in 2020 due to Covid-19 which adds further uncertainty to the Council's longer term capital planning.

The National Infrastructure Delivery Plan commits to investment of £23bn over the period 2016 to 2021 to deliver 500 new free schools, over 600,000 additional school places, rebuild and refurbish over 500 schools and address essential maintenance needs. To date, the Government has given approval to 8 new free schools in Cambridgeshire to pre-implementation stage. Not all of these, however, are in areas where the Council has an identified basic need requirement. There were a further 12 bids for Cambridgeshire for Wave 13, however there was much stricter criteria in place around this wave and none of the bids were successful. The application process for Wave 14 closed in November 2019; there were 2 bids for Cambridgeshire. The Spending Review 2020 announced additional funding for a further 500 new schools across the country over the next decade.

The Council is committed to working with partners in the development of the County and the services within it. There are various mechanisms in place that provide opportunities to enhance

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

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

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

The 2019 Conservative Manifesto committed to an additional £2bn of additional funding for pothole repair; £500m per annum from 2020-21. Allocations of this funding have not yet been provided by DfT but are expected in early 2021-22. For 2020-21, the funding provided by DfT has come via the new Pothole Fund, which is an amalgamation of Challenge Fund monies and the old Pothole

Action Fund and is the result of industry-wide lobbying of Government for increased funding for highway maintenance. This has resulted in additional funding; the Council expected £6m but was allocated £10.2m. The additional £4.2m is anticipated to be spread across 13 schemes located around the county, allocated according to the Council's infrastructure asset management strategy.

### **Capital expenditure**

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

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

schemes included within the Programme are aligned to assist the Council with achieving its targeted priority outcomes.

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

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

### **5) Fees and charges policy**

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

This policy has been revised following a corporate review of fees and charges across the Council and is supported by Best Practice Guidance, provided in Appendix 1. The policy and Best Practice Guidance set out the approach to be taken to fees and charges

where the Council has discretion over the amounts charged for services provided and for trading activities.

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

#### **1. Council Priorities**

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

#### **2. Charge Setting**

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

#### **3. Subsidy**

In general, fees and charges will aim to recover the full cost of services except where this is prevented by legislation, market

conditions or where alternative arrangements have been expressly approved by the relevant Director. A proportionate business case should be created for all charges that a subsidised by the Council. Approval for the level of subsidy should be obtained from the relevant Service Director, in consultation with the Chief Finance Officer.

#### **4. Charging Levels**

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

#### **5. Charging Exemptions**

All services provided by the Council will be charged for unless prevented by statute, detailed as exempt in the Best Practice Guidance or under exceptional circumstances agreed exempt by the relevant Director, in consultation with the Chief Finance Officer.

#### **6. Concessions**

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

## 7. Review of Charges

All charges and the scope for charging will be reviewed at least annually within the service area, though charges within the same service area may need reviewing at separate times in the year. The review will include those services which could be charged for but which are currently provided free of charge.

The annual review will be undertaken in accordance with the Best Practice Guidance.

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

Overall, however, fees and charges income is both an invaluable contribution to the running costs of individual services and a tool for assisting the delivery of specific service objectives. Either way, it is important for the level of charges to be reviewed on an annual basis. This will not necessarily result in an increase but to not do so should be as result of a conscious decision rather than as an oversight. Detailed schedules of fees and charges have been reviewed by relevant services during 2020-21:

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

For business planning purposes the standard assumption is that all fees and charges will be increased in line with RPI (retail price index), which is around 3% for each of the years covered by the

Business Plan. Therefore, if a decision is taken to not increase some fees and charges the budget shortfall that this creates will need to be bridged through other operational savings. Conversely, if charges are increased above inflation this can contribute to departmental savings targets.

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

## 6) Financial overview

### Funding summary

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

**Table 6.1: Total funding 2021-22 to 2025-26**

|  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Business Rates plus Top-up   | 63,658          | 69,725          | 71,205          | 72,697          | 74,539          |
| Council Tax  | 323,503         | 331,455         | 342,662         | 355,479         | 367,747         |
| Other Unringfenced Grants  | 50,230          | 52,697          | 52,623          | 52,610          | 52,610          |
| Dedicated Schools Grant (DSG)  | 227,137         | 227,137         | 227,137         | 227,137         | 227,137         |
| Other grants to schools  | 11,339          | 11,339          | 11,339          | 11,339          | 11,339          |
| Better Care Funding  | 31,675          | 31,675          | 31,675          | 31,675          | 31,675          |
| Other Ringfenced Grants  | 43,059          | 15,408          | 15,408          | 15,408          | 15,408          |
| Fees & Charges   | 121,734         | 129,839         | 135,205         | 137,152         | 138,295         |
| <b>Total gross budget</b>  | <b>872,335</b>  | <b>869,275</b>  | <b>887,254</b>  | <b>903,497</b>  | <b>918,750</b>  |
| Less grants to schools <sup>(1)</sup>                                  | -238,476        | -238,476        | -238,476        | -238,476        | -238,476        |
| Schedule 2 DSG plus income from schools for traded services to schools | 89,760          | 89,760          | 89,760          | 89,760          | 89,760          |
| <b>Total gross budget excluding schools</b>                            | <b>723,619</b>  | <b>720,559</b>  | <b>738,538</b>  | <b>754,781</b>  | <b>770,034</b>  |
| Less Fees, Charges & Ringfenced Grants                                 | -286,228        | -266,682        | -272,048        | -273,995        | -275,138        |
| <b>Total net budget</b>  | <b>437,391</b>  | <b>453,877</b>  | <b>466,490</b>  | <b>480,786</b>  | <b>494,896</b>  |

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

## Local Government Finance Settlement

In November 2020 the Government announced a Spending Review covering 2021-22. The multi-year settlement expected for 2021-22 and beyond was postponed due to the considerable levels of fiscal and economic uncertainty resulting from the pandemic. 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.

The Council's Core Spending Power will increase by 5.3% in 2021-22, however 95% of the increase is attributable to the Council tax flexibilities granted to local authorities. Local authorities will be permitted to levy an Adult Social Care precept of up to 3% with additional flexibility to defer some of all of this increase to 2022-23. A general Council tax referendum limit of 2% was also confirmed.

The Council will receive an additional £1m of Social Care Grant for 2021-22 in addition to the £12.4m Social Care Grants introduced over the past three years which will continue. However, New Homes Bonus funding to local authorities continues to decline with a £650k reduction in the Council's allocation for 2021-22.

The most significant additional funding announced at the Settlement was a number of one-off Covid-19 grants and income compensation schemes. The Council will receive a grant of £11.9m to fund Covid-related spending pressures and unachievable savings,

a share of a £670m national pot for Local Council Tax Support, and income guarantees covering 75% of foregone sales, fees & charges income in Q1 2021-22 and local taxation collection fund losses for 2020-21. This is a significant and welcome package of measures, however the one-off nature of the funding leaves the Council with a budget gap of almost £18m for 2022-23.

**Table 6.2: Comparison of Cambridgeshire's overall Government funding 2016-17 – 2021-22**

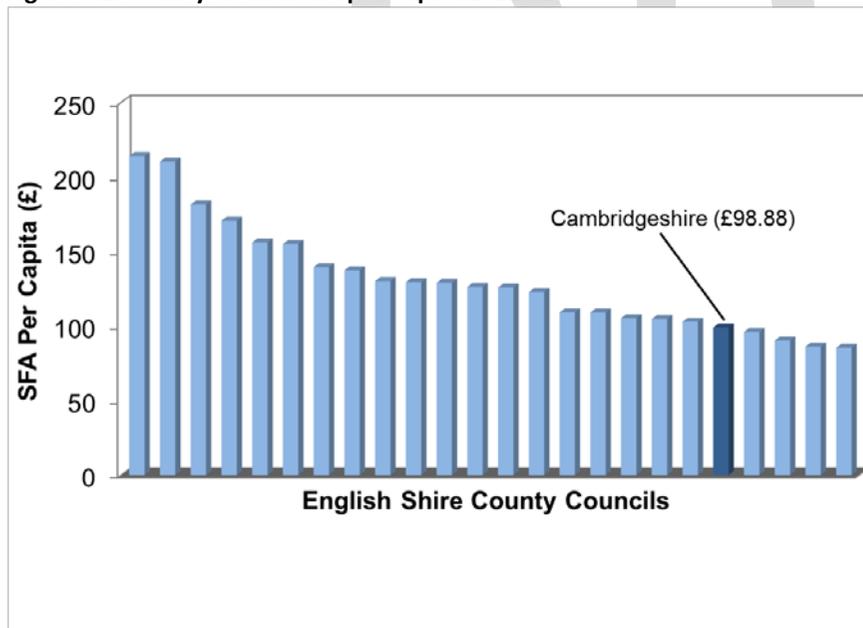
|   | 2016-17<br>£000 | 2017-18<br>£000 | 2018-19<br>£000 | 2019-20<br>£000 | 2020-21<br>£000 | 2021-22<br>£000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Business Rates plus Top-up                        | 60,190          | 62,133          | 65,732          | 67,234          | 69,838          | 63,657          |
| Revenue Support Grant                             | 33,347          | 15,312          | 3,915           | 0               | 0               | 0               |
| Other Unringfenced Grants                         | 11,214          | 8,380           | 11,305          | 14,645          | 23,831          | 50,230          |
| Better Care Funding                               | 13,148          | 21,487          | 24,744          | 27,854          | 31,675          | 31,675          |
| Other Ringfenced Grants                           | 42,947          | 40,208          | 38,312          | 38,140          | 43,079          | 43,059          |
| <b>Government Revenue Funding (excl. schools)</b> | <b>160,846</b>  | <b>147,520</b>  | <b>144,008</b>  | <b>147,873</b>  | <b>168,423</b>  | <b>188,621</b>  |
| <b>Difference</b>                                 | <b>-21,139</b>  | <b>-13,326</b>  | <b>-3,512</b>   | <b>+3,865</b>   | <b>+20,550</b>  | <b>+20,198</b>  |
| Percentage Increase                               | -11.6%          | -8.3%           | -2.4%           | +2.7%           | +13.9%          | +12.0%          |

The Council's core government revenue funding is described as its Settlement Funding Assessment (SFA) and comprises Business Rates, Top-up grant and Revenue Support Grant received by the Council until 2019-20. **For 2021-22 Cambridgeshire's SFA award**

**per head of population will be the fifth lowest of all shire county councils, at only £98.88 compared to the average of £129.73.**

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 2021/22.**

Figure 6.2: County Council SFA per Capita 2021-22



### Revenue Support Grant

The Revenue Support Grant (RSG), formally received by the Council as part of the Settlement Funding Assessment, has reduced from

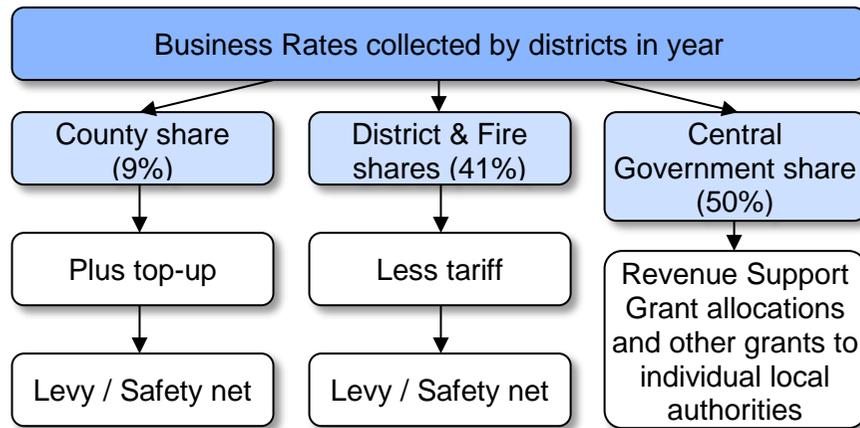
£86m in 2013-14 to zero since 2019-20. The Government announced in the 2019-20 provisional settlement that Cambridgeshire's allocation of £7.2m negative RSG would be improved to zero grant instead. Negative RSG would have effectively required the Council to pay an additional £7.2m of locally generated business rates over to central Government. From 2022-23 onwards, RSG is expected to be replaced by a new system of 75% business rates retention, allowing Local Authorities to retain a further 25% of local business rates as set out below.

### Business Rates Retention Scheme

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

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

Figure 6.3: Business Rates Retention Scheme



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

from an Authority's year-end business rates return to Government setting out the actual level of income achieved during the year.

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

**Fair Funding Model**

The current tariffs and top-ups were set in 2013-14 based on the previous 'Four Block Model' distribution and increased annually by September CPI inflation. Cambridgeshire County Council has long been concerned about the use of the Four Block Model, particularly in reflecting accurately the costs and benefits of growth as well as the relative efficiency of local authorities and the pockets of deprivation in some areas of Cambridgeshire.

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

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

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

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. To date, the government has not confirmed whether it intends to implement the review in 2022-23. 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.

### **Council Tax**

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

In 2020-21, the referendum threshold reverted back to a maximum increase of 1.99% as permitted prior to 2018-19. The threshold for increases to basic Council tax will remain at 1.99% for 2021-22. Cambridgeshire County Council starts the Business Planning Process with a Council Tax rate below the average for all counties. This follows increases in basic Council tax of 2.99% in 2018-19 and 2019-20 and 1.59% in 2020-21, responding to the need to protect vital services and put the Council's finances on a firm footing. Prior to 2018-19, Council tax had not been increased in three years.

### **Adult Social Care Precept**

Announced in the Spending Review in November 2015, local authorities responsible for adult social care ("ASC authorities") were granted permission to levy an additional 2% on their current Council Tax referendum threshold to be used entirely for adult social care. This was in recognition of demographic changes which

are leading to growing demand for adult social care, increasing pressure on council budgets.

Local authorities have been permitted to levy the ASC precept since 2016-17 and were granted flexibility to increase the precept by up to 3% per year and to a maximum of 6% over the three years to 2019-20.

The Council has chosen to levy a 2% ASC precept in each of the five years to 2020-21. For 2021-22, Councils will be permitted to increase the ASC precept by up to 3% with the option to defer some or all of this precept to 2022-23. The government has not yet confirmed whether any further increases in the precept will be permitted in future years. However, the MTFS is predicated on the assumption that the ASC precept will be increased by 2% per year. This assumption will be revisited annually and updated as required.

### Council Tax Requirement

The current Council Tax Requirement (and all other factors) gives rise to a 'Band D' Council Tax of £1,386.36. This is an increase of 2% on the actual 2020-21 level due to levying the 2% Adult Social Care Precept. This figure reflects information from the districts on the final precept and collection fund.

**Table 6.3: Build-up of recommended Council Tax Requirement and derivation of Council Tax precept 2021-22**

|   | 2021-22<br>£000 | % Rev.<br>Base  |
|---|-----------------|-----------------|
| <b>Revised base budget</b>              | <b>835,458</b>  |                 |
| Inflation                               | 9,578           | 1.1%            |
| Demography                              | 15,038          | 1.8%            |
| Pressures                               | 11,151          | 1.3%            |
| Investments                             | -741            | -0.1%           |
| Savings                                 | -13,619         | -1.6%           |
| Change in reserves/one-off items        | 14,428          | 1.7%            |
| <b>Total budget</b>                     | <b>872,335</b>  | <b>104.3%</b>   |
| <b>Less funding:</b>                    |                 |                 |
| Business Rates plus Top-up              | 63,658          | 7.6%            |
| Dedicated Schools Grant                 | 227,137         | 27.2%           |
| Unringfenced Grants (including schools) | 61,569          | 7.4%            |
| Ringfenced Grants                       | 74,734          | 8.9%            |
| Fees & Charges                          | 121,734         | 14.6%           |
| Surplus/deficit on collection fund      | 1,026           | 0.1%            |
| <b>Council Tax requirement</b>          | <b>322,477</b>  | <b>38.6%</b>    |
| District taxbase                        |                 | 232,607         |
| <b>Band D</b>                           |                 | <b>1,386.36</b> |

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

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

| Band     | Ratio      | Amount<br>£     | Increase on 2020-21<br>£ |
|----------|------------|-----------------|--------------------------|
| A        | 6/9        | 924.24          | 18.12                    |
| B        | 7/9        | 1,078.28        | 21.14                    |
| C        | 8/9        | 1,232.32        | 24.16                    |
| <b>D</b> | <b>9/9</b> | <b>1,386.36</b> | <b>27.18</b>             |
| E        | 11/9       | 1,694.44        | 33.22                    |
| F        | 13/9       | 2,002.52        | 39.26                    |
| G        | 15/9       | 2,310.60        | 45.30                    |
| H        | 18/9       | 2,772.72        | 54.36                    |

**Unringfenced grants**

The MTFs is currently predicated on the assumption that the Council will receive £50.23m in unringfenced grants in 2021-22, excluding school's grants, an increase of £26.399m on the total 2020-21 allocation of £23.831m. The majority of the anticipated increase (£24.8m) is due to the announcement of one-off Covid-19 support grants covering pandemic-related spending pressures, foregone savings, lost sales, fees and charges and income from local taxation. Much of this funding will be dependent on the level of Covid-related losses recorded by the Council and by Cambridgeshire District Authorities in respect of local taxation. Consequently there remains considerable uncertainty as to the Council's allocations of these funding streams. However, the Council's share of the fifth tranche of the COVID support grant has been confirmed at £11.9m.

The Government has introduced national business rates reliefs schemes for those businesses which have been most severely impacted by the pandemic, including retail, hospitality and leisure and childcare providers. The Council expects to receive an additional £4.3m in Section 31 grants in 2021-22 as compensation for the reduction in business rates income in 2020-21. Additionally, the Council's allocation of compensation for under-indexing the business rates multiplier will increase by £0.8m following the announcement that the business rates multiplier and top-up funding will be frozen at 2020-21 levels for 2021-22.

The additional £1bn funding for social care announced in the Autumn 2019 budget will continue and a further £300m pot was announced at the 2020 Spending Review, of which Cambridgeshire will receive £0.96m. This was a disappointing allocation for the Council as a significant adjustment was applied to limit grant to those authorities that are eligible to levy the ASC precept, thereby increasing the burden on local taxpayers in these regions.

The Public Health Grant will remain ringfenced until 2022-23, at which point it is expected to be rolled into the shift to 75% business rates retention. Planning collaboratively across directorates on an outcomes basis should enable the Council to reach a position where the presence or absence of the ringfence becomes less important. However there may be a risk that when the ringfence is removed, Public Health England will require achievement of performance and activity targets which require more funding to deliver than we are currently allocating.

**Table 6.5: Unringfenced grants for Cambridgeshire 2021-22**

|   | <b>2021-22<br/>£000</b> |
|---|-------------------------|
| Section 31 grants and local taxation support* | 17,022                  |
| COVID Tranche 5 Grant                         | 11,887                  |
| Social Care Support Grant                     | 13,384                  |
| New Homes Bonus                               | 2,280                   |
| Education Services Grants                     | 2,231                   |
| Other unringfenced grants                     | 3,427                   |
| <b>Total unringfenced grants</b>              | <b>50,230</b>           |

\*Includes local taxation 75% income guarantee and Local Council Tax Support Grant

### Ringfenced grants

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

Major sources of ringfenced funding include the Better Care Fund. This pooled fund, worth £6.7bn nationally in 2020-21, took full effect in 2015-16, and is intended to allow health and social care services to work more closely in local areas. The improved Better Care Fund announced in the Spring 2017 budget, is worth £14.7m to Cambridgeshire in 2021-22. The £2.3m Winter Pressures Grant announced in the Autumn 2018 budget was rolled into the improved Better Care Fund from 2020-21. All ringfenced grants are

expected to continue at their 2021-22 levels for the duration of the MTFS period.

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

### Fees and charges

A significant, and increasing, proportion of the Council's income is generated by charging for some of the services it provides. The Council reviews its charges on an annual basis, with proposals presented to Members. Local authorities have faced significant shortfalls in sales, fees and charges income in 2020-21 as a result of national restrictions imposed in response to the coronavirus pandemic. 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.

Government launched a fees and charges compensation scheme in August 2020 to reimburse local authorities for 75% of their lost fees and charges income in excess of 5% of budgeted levels. This scheme is expected to be worth £6.9m to the Council in 2020-21. At the Spending Review, the Chancellor announced that the scheme would continue to operate throughout the first quarter of

2021-22. Based on budgeted losses for 21-22 it is estimated that the scheme will provide a further £1.2m in compensation to the Council next year.

### **Dedicated Schools Grant**

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

The Council saw a total DSG overspend across SEND services of £9.3m in 2019-20 which, combined with underspends on other DSG budgets, led to a deficit of £16.6m carried forward into 2020-21. As a result of continuing increases in the numbers of pupils with Education Health & Care Plans, the Council anticipates an increased overspend of £11.3m in 2020-21, bringing the total DSG deficit carried forward into 2021-22 to £28m. Local Authorities are permitted to carry deficits in their DSG funding between financial years however this remains a serious issue for the Council. A deficit recovery plan has been submitted to the Department for Education and 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. The DfE intend to publish an SEND Review in Spring 2021.

In the 2019 Spending Round Government committed to a £7.1bn increase in funding for schools by 2022-23. For 2021-22, the government has committed to increase per pupil funding by at least 2%. The minimum per pupil amount will increase to £4,180 for primary schools and £5,215 for secondary schools. The additional schools funding includes an additional £730m across the country for the high needs block in 2021-22.

## Capital programme spending

The 2021-22 ten year capital programme worth £608.7m is budgeted to be funded through £491.4m of external grants and contributions, £17.4m of capital receipts and £99.9m of borrowing (Table 6.6). This is in addition to previous spend of £655.5m on some of these schemes creating a total Capital Programme value of £1.3 billion. The related revenue impact of prudential borrowing is due to increase from £31.8m in 2021-22, to £44.7m by 2025-26. However, this will in part be offset by the forecast income from the various Invest to Earn schemes.

**Table 6.6: Funding the capital programme 2021-22 to 2030-31**

|                                  | Prev. years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later years<br>£000 | Total<br>£000    |
|----------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|------------------|
| Grants                           | 187,233             | 40,360          | 27,606          | 26,988          | 27,136          | 26,797          | 29,488              | <b>365,608</b>   |
| Contributions                    | 92,657              | 38,596          | 53,968          | 50,308          | 18,414          | 1,487           | 150,285             | <b>405,715</b>   |
| General capital receipts         | 17,664              | 1,351           | -               | 2,000           | 2,000           | 2,000           | 10,000              | <b>35,015</b>    |
| Prudential borrowing             | 224,143             | 68,820          | 79,076          | 48,821          | 18,599          | 3,044           | 12,863              | <b>455,366</b>   |
| Prudential borrowing (repayable) | 133,821             | -2,939          | 3,876           | -7,339          | -1,756          | -               | -123,172            | <b>2,491</b>     |
| <b>Total funding</b>             | <b>655,518</b>      | <b>146,188</b>  | <b>164,526</b>  | <b>120,778</b>  | <b>64,393</b>   | <b>33,328</b>   | <b>79,464</b>       | <b>1,264,195</b> |

Section 3 later in the Business Plan sets out the detail of the 2021-22 to 2030-31 capital schemes which are summarised in the tables below.

Table 6.7 summarises schemes according to start date, whereas Table 6.8 summarises capital expenditure by service. These tables include schemes that were committed in previous years but are scheduled to complete from 2021-22 onwards. Total expenditure on major new investments underway or planned includes:

- Providing for demographic pressures regarding new and improved schools and Child and Family Centres, as well as adaptations and major repairs (£513m)

- Housing Provision (£152m)
- Major road maintenance (£79m)
- Investing in Connecting Cambridgeshire (£46m)
- King's Dyke Crossing (£34m)
- North Angle Solar Farm, Soham (£26m)
- A14 Upgrade (£25m)
- Shire Hall Relocation (£19m)
- Decarbonisation Fund (£15m)
- Transformation Activity (£14m)
- Integrated Community Equipment Service (£13m)
- Wisbech Town Centre Access Study (£11m)
- Stanground Closed Landfill Energy Project (£8m)
- Care Suites – East Cambridgeshire [REDACTED]
- Waste – Household Recycling Centre Improvements [REDACTED]
- Abbey – Chesterton Bridge (£7m)
- Trumpington Smart Energy Grid (£7m)
- Babraham Smart Energy Grid (£6m)
- Cambs 2020 Spokes Asset Review (£6m)
- Community Fund (£5m)
- Data Centre Relocation (£5m)
- Building Maintenance (£5m)

Table 6.7: Capital programme for 2021-22 to 2030-31

|                    | Prev. years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later years<br>£000 | Total<br>£000    |
|--------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|------------------|
| Ongoing            | 87,728              | 5,377           | 5,330           | 9,592           | 18,186          | 22,783          | 25,968              | 174,964          |
| Commitments        | 538,654             | 79,181          | 73,412          | 52,052          | 20,818          | 3,082           | 26,070              | 793,269          |
| <b>New starts:</b> |                     |                 |                 |                 |                 |                 |                     |                  |
| 2018-19            | 6,647               | 32,612          | 8,621           | -               | -               | -               | 2,446               | 50,326           |
| 2019-20            | 13,041              | 11,091          | 2,122           | -               | -               | -               | -                   | 26,254           |
| 2020-21            | 7,378               | 4,467           | 9,800           | 7,300           | 3,490           | 225             | -                   | 32,660           |
| 2021-22            | 2,010               | 13,460          | 63,656          | 29,893          | 5,284           | 430             | -                   | 114,733          |
| 2022-23            | 1                   | -               | 1,385           | 11,850          | 3,015           | 133             | -                   | 16,384           |
| 2023-24            | 59                  | -               | 200             | 10,091          | 13,600          | 6,155           | 340                 | 30,445           |
| 2024-25            | -                   | -               | -               | -               | -               | -               | -                   | -                |
| 2025-26            | -                   | -               | -               | -               | -               | 520             | 11,340              | 11,860           |
| 2026-27            | -                   | -               | -               | -               | -               | -               | 13,300              | 13,300           |
| <b>Total spend</b> | <b>655,518</b>      | <b>146,188</b>  | <b>164,526</b>  | <b>120,778</b>  | <b>64,393</b>   | <b>33,328</b>   | <b>79,464</b>       | <b>1,264,195</b> |

Table 6.8: Services' capital programme for 2021-22 to 2030-31

| Scheme       | Prev. years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later years<br>£000 | Total<br>£000    |
|--------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|------------------|
| P&C          | 135,103             | 44,701          | 129,726         | 102,818         | 42,963          | 16,808          | 53,481              | 525,600          |
| P&E          | 300,719             | 41,101          | 21,761          | 15,190          | 15,185          | 15,185          | 15,200              | 424,341          |
| CS           | 47,250              | 17,028          | 946             | 106             | -               | -               | -                   | 65,330           |
| C&I          | 172,446             | 43,358          | 12,093          | 2,664           | 6,245           | 1,335           | 10,783              | 248,924          |
| <b>Total</b> | <b>655,518</b>      | <b>146,188</b>  | <b>164,526</b>  | <b>120,778</b>  | <b>64,393</b>   | <b>33,328</b>   | <b>79,464</b>       | <b>1,264,195</b> |

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

**Table 6.9: Invest to Save / Earn schemes for 2021-22 to 2030-31**

| Total Investment (£m) | Scheme   | Total Net Return* (£m) |
|-----------------------|--|------------------------|
| 3.645                 | Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride | 2.0                    |
| 6.306                 | Babraham Smart Energy Grid   | 10.6                   |
| 6.969                 | Trumpington Smart Energy Grid                                      | 7.0                    |
| 8.267                 | Stanground Closed Landfill Energy Project                          | 8.9                    |
| 2.526                 | Woodston Closed Landfill Energy Project                            | 8.8                    |
| 26.258                | North Angle Solar Farm, Soham                                      | 40.1                   |
| 152.395               | Housing schemes  | 57.8                   |
| 4.000                 | Lower Portland Farm  | 15.1                   |
| 2.700                 | County Farms investment (Viability)                                | 7.4                    |
| 18.737                | Shire Hall Relocation  | 45.2                   |
| <b>231.8</b>          | <b>TOTAL</b>   | <b>202.9</b>           |

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

## 7) Balancing the budget

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

The Business Planning process is a rolling five year assessment of resource requirements and availability, providing clear guidance on the level of resources that services are likely to have available to deliver outcomes over that period. This process takes into account changes to the forecasts of inflation, demography, and service pressures such as new legislative requirements that have resource implications.

Due to the extent of current uncertainties around the impacts of the pandemic on demand for services, fees and charges income and new duties for local authorities and the extent to which these will be funded by Government, a scenario planning approach was adopted during the first stage of business planning in order to allow the Council to set a balanced budget for 2021-22. The Council modelled three possible budget scenarios based on varying levels of ongoing disruption due to COVID-19.

For each scenario the likely impacts on service demand or customer base were modelled using a wide range of data drawn from published economic impact assessments, observed trends in service provision during 2020-21 and benchmarking against forecasting models used by other local authorities. Some of the key areas of impact reviewed have included:

- The impact of excess deaths on our social care service user population
- The impact of 'deconditioning' amongst existing clients, either as a result of being unable to access preventative medical services or as a result of disruptions to their ordinary care package support
- Changes in choices about care – anticipating preferences about residential care to change given the risks reported on in national media
- Ensuring care and early years providers are resilient and viable to continue to provide support to service users
- Carer breakdown – as a result of increased pressures during lockdown, carers being unable to cope and increased support needed to provide for social care needs
- Economic and social pressures leading to increased safeguarding risk for children in families
- The impact of schools' changes in teaching and all-round curriculum on services that they usually pay the Council for
- The impact of changes in visitor / client numbers on services such as libraries
- The income effects of lower levels of economic activity, particularly in town centres, affecting service such as on-street parking, streetworks permits and Park and Ride and Guided Busway services
- The impact of higher unemployment and benefits claimants on Council Tax income
- The impact of economic downturn on property investments

The Council has progressed its detailed service-level budget planning based on the most likely scenario; this will remain subject to revision until the point at which the budget is agreed by Full Council in February. However, broader planning was undertaken as part of the budget setting process to consider measures that could be taken to allow the Council to set a balanced budget in each scenario. The scenarios provided fixed points of reference for budget planning spanning a range of possible circumstances, allowing the Council to select the most appropriate assumptions as the emerging picture became clearer.

The Council also undertakes an annual budget review and rebasing exercise during the first quarter of each financial year to reassess the budget position in light of developments from the point at which the budget is approved by Full Council in February. This allows the budget to be flexed to take account of material changes in circumstances such as significant increases in inflationary pressures or new legislative requirements. It also allows the Council to reassess the funding available following the confirmation of locally retained business rates income, grants announced outside of the local government finance settlement and the year-end financial position for the preceding year. This approach will allow the Council to adapt its budget to respond to any future challenges or opportunities that may emerge as a result of the pandemic.

The construction of the Council's budget is centred around its transformation programme. Savings and efficiency proposals are structured around the cross-cutting transformation themes set out in Section 3 which span multiple service blocks. As a consequence the Council no longer utilises the traditional service block cash limit

approach but instead balances the budget by considering the requirement for savings or additional income across all areas of service provision. The Council prioritise the resources available to it to meet the changing and growing needs of the communities we serve, only considering savings as a last resort.

However, in order to distinguish the budgets which fall under the remits of each of the Council's Committees, the Council's budget is divided into the following service blocks:

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

Detailed spending plans for 2021-22, and outline plans for later years, are set out within Section 3 of the Business Plan.

The Council adopts a set of nine guiding principles for the development of a balanced and sustainable budget across the MTFS period and considers that these remain appropriate given the uncertainty of the pandemic:

1. Utilising sustainable revenue streams to reduce reliance on one-off sources of funding
2. Ensuring that the potential longer term impact of emerging pressures and rising demands are recognised
3. Ensuring that the Council provides efficient and well managed services with benchmarked unit costs

4. Driving effective investment in services to enable long term evidence-led reform
5. Utilising the Council's assets to generate an ongoing return rather than short term capital receipts
6. Ensuring the MTFS includes realistic but prudent assumptions around central government funding
7. Ensuring that the Council is well prepared to manage partnership risks
8. Maintaining a multi-year focus on longer term strategic planning
9. Managing future carbon liabilities and risks from climate change

## 8) Reserves policy and position

### Need for reserves

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

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

### Reserve types

The Council maintains the following types of reserve:

- **General reserve** – a working balance to cushion the impact of uneven cash flows. The reserve also acts as a contingency that we can use in-year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or in the Council's control. The reserve also provides coverage for grant and income risk.
- **Earmarked reserves** – reserves we have set aside to meet known or predicted liabilities e.g. insurance claims, or that we set aside for specific and designated purposes.

- **Schools reserves** – we encourage schools to hold general contingency reserves within advisory limits. The Chief Finance Officer and Service Director - 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.
- **Transformation Fund** – an earmarked reserve created as a result of changes to the Minimum Revenue Provision, set aside to support innovative projects across the Council that will deliver savings in future years.
- **Innovate & Cultivate Fund** –£2m has been allocated to community organisations with big ideas for transformative preventative work that will positively impact the Council's expenditure. Projects demonstrably make an impact on County Council priority outcomes – particularly in relation to working with vulnerable people, thereby diverting children and adults from needing high-cost Council services.

### Level of reserves

We need to consider the general economic conditions, the certainty of these conditions, and the probability and financial

Impact of service and business risks specific to the Council in order to calculate the level of reserves we need to hold.

The coronavirus pandemic has resulted in the most significant reduction in UK GDP in modern history and the trajectory of the economic recovery remains a key uncertainty which is dependent upon a number of interrelated factors including the impact of any subsequent peaks of the virus, changes in consumer behaviour and Government's economic policy response to the pandemic. The socioeconomic impacts of Covid are expected to exert considerable

upward pressure on demand for services whilst reducing the locally generated income available to the Council. The financial impact of service and business risks currently facing the Council has been modelled with a range of £49m, equivalent to 7% of the Council's gross budget. It is therefore expected that reserves will play a significant role in helping the Council to manage the financial impacts of risks that are likely to be realised during the current MTFS period.

**Table 8.1: Estimated level of reserves by type 2021-22 to 2025-26**

| Balance as at:                                  | 31 March<br>2021<br>£m | 31 March<br>2022<br>£m | 31 March<br>2023<br>£m | 31 March<br>2024<br>£m | 31 March<br>2025<br>£m | 31 March<br>2026<br>£m |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| General reserve                                 | 19.5                   | 19.2                   | 19.1                   | 19.7                   | 20.1                   | 20.6                   |
| Earmarked reserves ~                            | 36.8                   | 34.8                   | 32.8                   | 30.8                   | 30.8                   | 30.8                   |
| Schools reserves #                              | -15.9                  | -23.2                  | -24.5                  | -22.8                  | -22.2                  | -22.2                  |
| Transformation & Innovation Funds*              | 26.8                   | 30.9                   | 33.6                   | 36.8                   | 39.5                   | 41.7                   |
| <b>Total</b>                                    | <b>67.2</b>            | <b>61.7</b>            | <b>62.3</b>            | <b>64.1</b>            | <b>67.2</b>            | <b>69.9</b>            |
| General reserve as % of gross non-school budget | 3.0%                   | 3.0%                   | 3.0%                   | 3.0%                   | 3.0%                   | 3.0%                   |

~ Includes reserves for balances held by individual services for specific matters, insurance claims, and provision to set off commercial and partnership risks

# Schools reserves comprise the individual balances held by schools as part of their delegated budget (these funds are not available to the County Council centrally) set against the accumulated high needs block deficit. Under the current regulations this currently leads to a negative balance overall.

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

The Council expects to receive around £25m in one-off grant funding in 2021-22 to respond to both the immediate and longer term impacts of the Coronavirus pandemic. The timing of and extent of ongoing repercussions from the pandemic, such as reductions in the tax base and latent demand pressures following the lifting of lockdown restrictions, remain highly uncertain. Furthermore, the one-off nature of this funding has increased the Council's 2022-23 budget gap to at least £17.6m, increasing sustainability risk should additional funding not be forthcoming in 2022-23.

In consideration of these risks and uncertainties, it is prudent to direct some of this additional funding to earmarked reserves to be released to the general fund as and when required. It is currently estimated that at least £6m of compensatory funding for local taxation losses will be available to contribute towards meeting future year's pressures. The figures in table 8.1 assume that this funding will be fully utilised by 2024-25 however this will be reviewed on an annual basis.

### **Adequacy of the general reserve**

In previous years, the Council has set the general reserve at 3% of gross non-school expenditure in line with the advice of our External Auditor. The general reserve balance takes account of the level of uncertainty in the Local Government funding environment, such as the impact of Council Tax Benefit on the local tax base and grants available from Government, the uncertainties surrounding modelling of service cost pressures and the risk of failure to deliver savings initiatives. The Coronavirus pandemic has significantly

increased the financial risk to the Council in each of these areas. However, the Council has opted to manage these risks as far as possible by adopting a scenario planning approach to budgeting which has allowed the Council to incorporate contingency planning into its core budgeting processes with the aim of reducing reliance on reserve funding.

The Council has reviewed the level of its **general reserve** and has set a target for the underlying balance of no less than 3% of gross non-school spending in 2021-22, this level will be maintained for the whole of the MTF period. The table below sets out some of the known risks presenting themselves to the Council and their expected 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:

- In March 2020 the Government made a commitment to take any necessary measures to support local authorities in their response to Coronavirus. The Council has since been allocated over £60m additional Government funding to help meet 2020-21 financial pressures resulting from Covid-19. The Council is currently progressing discussions with MHCLG around ongoing financial support requirements.

The Council holds a substantial Transformation Fund which continues to support our ambitious programme of investment in service efficiency. However, this fund also provides the Council with additional contingency should the general reserve be fully utilised.

Table 8.2: Target general reserve balance for 2021-22 to 2025-26

| Risk  | Source of risk  | Value<br>£m |
|---|---|-------------|
| Inflation   | 0.5% variation on Council inflation forecasts.  | 0.8         |
| Demand  | 4% variation on Council demand forecasts.   | 6.4         |
| Interest rate change                                  | 0.5% variation in the Bank of England Base Rate.  | 0.1         |
| Council Tax   | Inaccuracy in District tax base forecasts and collection levels.  | 1.7         |
| Business Rates  | Inaccuracy in District taxbase forecasts of County share of Business Rates to the value which triggers the Safety Net.  | 0.6         |
| 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.  | 1.4         |
| 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 | 4.0         |
| Non-compliance with regulatory standards              | E.g. Information Commissioner fines.  | 0.5         |
| Major contract risk                                   | E.g., contractor viability, mis-specification, non-delivery.  | 2.1         |
| Unidentified risks                                    | Unknown   | 1.4         |
| <b>Balance</b>  |   | <b>19.5</b> |

## 9) Business Plan roles and responsibilities

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

### Full Council

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

Council is responsible for:

- “(b) Approving or adopting the Policy Framework and the Budget
- (c) Subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 4 of this Constitution, making decisions about any matter in the discharge of a committee function which is covered by the Policy Framework or the Budget where the decision-making body is minded to make it in a manner which would be contrary to

the Policy Framework or contrary to, or not wholly in accordance with, the Budget

- (d) Approving changes to any plan or strategy which form part of the Council's Policy Framework, unless:
- i. that change is required by the Secretary of State or any Government Minister where the plan or strategy has been submitted to him for approval, or
  - ii. Full Council specifically delegated authority in relation to these functions when it approved or adopted the plan or strategy"

### **General Purposes Committee**

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

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

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

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

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

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

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

### **Service Committees**

Service committees have the responsibility for the operational delivery of the Business Plan as agreed by Council within the financial resources allocated for that purpose by Council. The specific functions covered by the committee are set out in the

Constitution but the generic responsibility that falls to all is set out below:

“This committee has delegated authority to exercise all the Council’s functions, save those reserved to Full Council, relating to the delivery, by or on behalf of, the County Council, of services relating to...”

## 10) Risks

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

- **Containing inflation to funded levels** – we will achieve this by closely managing budgets and contracts and further improving our control of the supply chain.
- **Managing service demand to funded levels** – we will achieve this through clearer modelling of service demand patterns using numerous datasets that are available to our internal Research Team and supplemented with service knowledge. A number of the proposals in the Business Plan are predicated on averting or suppressing the demand for services.
- **Delivering savings to planned levels** – we will achieve this through SMART (specific, measurable, achievable, relevant and timely) action plans and detailed review. All savings – efficiencies or service reductions – need to be recurrent. We have built savings requirements into the base budget and we monitor these monthly as part of budgetary control.

- **Containing the revenue consequences of capital schemes to planned levels** – capital investments sometimes have revenue implications, either operational or capital financing costs. We will manage these by ensuring capital projects do not start without a tested and approved business case, incorporating the cost of the whole life cycle.
- **Responding to the uncertainties of the UKs exit from the European Union** – we have fully reviewed our financial strategy in light of the most recent economic forecasts and continue to develop plans in response to emerging risks and opportunities presented as a result of Brexit.
- **Future funding changes** – our plans have been developed against the backdrop 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.

Additionally, the Council faces a number of emerging risks arising as a result of the Coronavirus pandemic. Some of the key risks are as follows:

- **Adult Social Care market resilience** - Covid-19 has greatly increased the costs faced by providers of social care. In particular, costs have increased due to greater use of personal protective equipment, as well as infection control processes. The Government is currently providing a substantial level of additional grant funding to support care providers in meeting these challenges but the extent of financial support in future years is currently unclear.
- **Increased safeguarding risks** – socioeconomic pressures such as rising unemployment and ongoing social restrictions are likely to increase the safeguarding risks for children. The recent trend in declining numbers of children subject to Child Protection Plans has halted and the Council is beginning to see increasing costs for Children in Care.
- **Speed of economic recovery** – the pandemic has brought about the largest recession faced by the UK economy in modern times. A deep and prolonged recession will lead to extensive job losses with varying regional impacts which could result in increased inequality in our county. Additionally, the resulting increase in Council Tax Support reliefs will reduce the precept income available to the council.
- **Income from traffic and enforcement services** – these income streams are significantly dependent upon levels of traffic and footfall in economic centres around the county. Traffic in Cambridge City is currently 15% lower than pre-Covid levels and bus passenger numbers are down by around 50%. It is unclear whether traffic and footfall will recover to pre-Covid levels in all areas.

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

### **Appendix 1 – Fees and Charges Best Practice Guidance**

The Council provides a wide range of services for which it has the ability to make a charge – either under statutory powers (set by the government) or discretionary (set by the Council).

Fees and charges fall into three categories:

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

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

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

### **PURPOSE OF THE GUIDANCE**

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

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

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

### **ASSESSMENT OF CHARGING LEVELS – THE STANDARD CHARGE**

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

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

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

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

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

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

#### LEVEL OF SUBSIDY

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

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

- Charging the maximum that users are prepared to pay, taking into account competitor pricing, when a service is 'demand led' or competes with others based on quality and/or cost.
- Differential charging to tap into the value placed on the service by different users.

- Reduce a fee or charge in order to stimulate demand for a service to maximise the Council's market share, which will lead to an increase in income generation.

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

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

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

#### CONCESSIONS

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

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

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

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

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

borne in mind when setting concessions or promoting use of a service by specific target groups.

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

### **CHARGING EXEMPTIONS**

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

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

### **PROCESSES AND FREQUENCIES**

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

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

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

#### **COLLECTION OF CHARGES AND OUTSTANDING DEBTS**

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

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

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

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

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

#### **APPROVALS**

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

#### **MONITORING AND IMPROVEMENT**

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

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

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

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

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

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

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

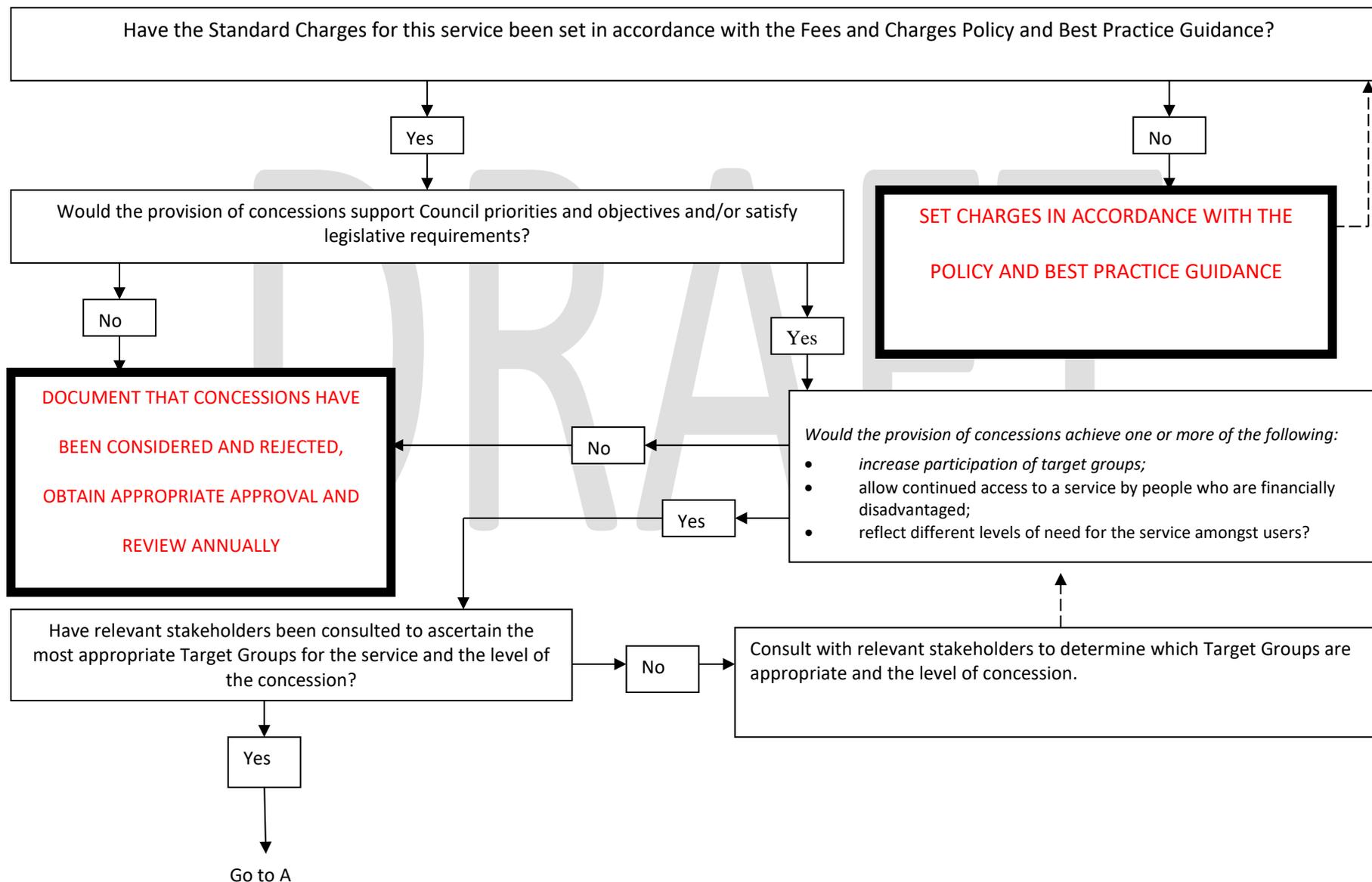
### **UNDER/OVERACHIEVEMENT OF FEES AND CHARGES.**

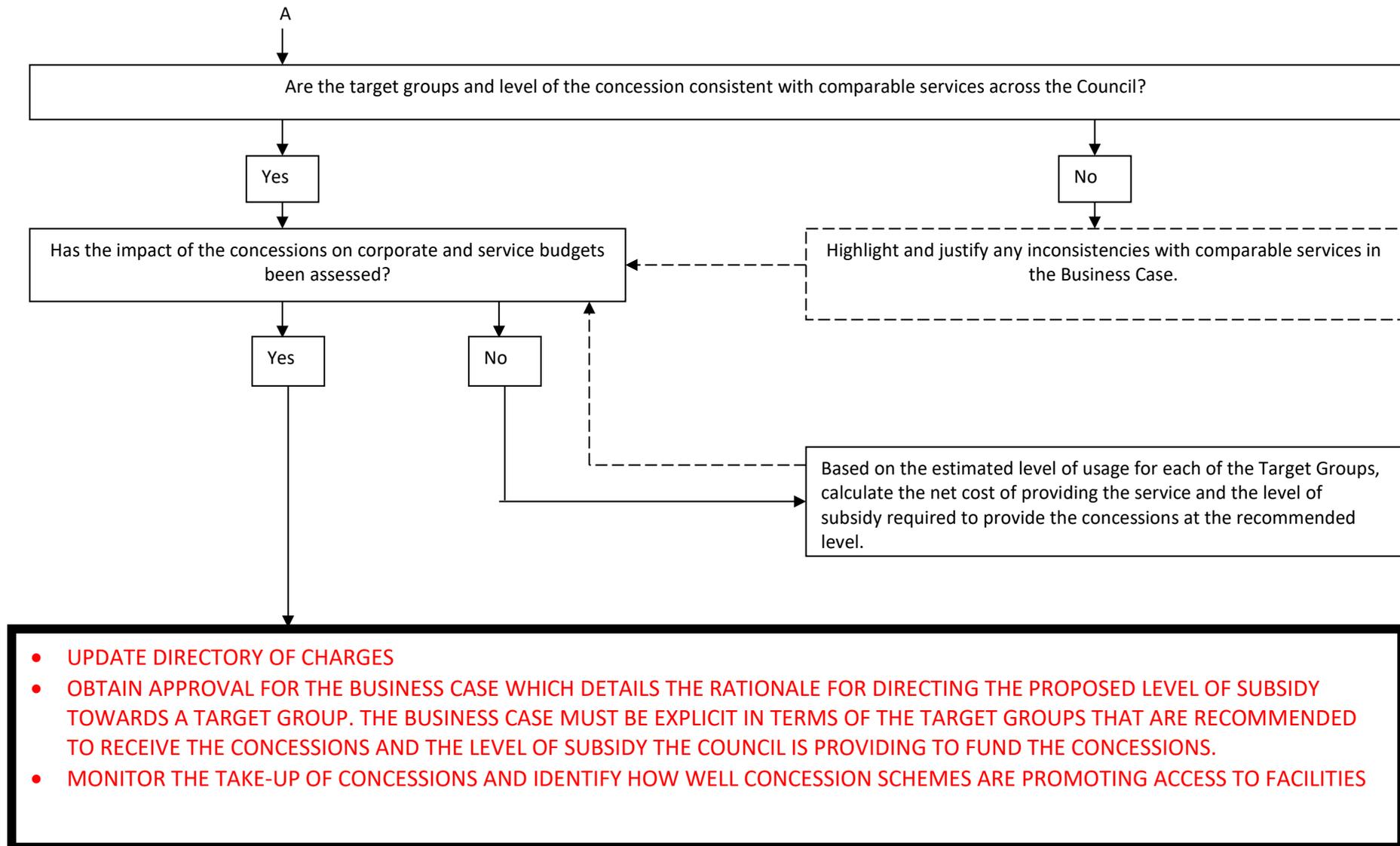
At a level deemed appropriate by the relevant service, a clear escalation process should be in place for the under or overachievement of charges.

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

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

## FEES AND CHARGES: CONCESSIONS





## Section 3 - A: People & Communities

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2021-22 to 2025-26

| Net Revised Opening Budget 2020-21<br>£000 | Policy Line  | Gross Budget 2021-22<br>£000 | Fees, Charges & Ring-fenced Grants 2021-22<br>£000 | Net Budget 2021-22<br>£000 | Net Budget 2022-23<br>£000 | Net Budget 2023-24<br>£000 | Net Budget 2024-25<br>£000 | Net Budget 2025-26<br>£000 |
|--|--|------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>Director of Adults and Safeguarding</b>           |                              |  |                            |                            |                            |                            |                            |
| -22,679                                    | Strategic Management - Adults                        | -18,924                      | -519   | -19,443                    | -19,419                    | -19,519                    | -19,521                    | -19,523                    |
| 1,997                                      | Transfers of Care                                    | 2,002                        | -1   | 2,001                      | 2,001                      | 2,001                      | 2,001                      | 2,001                      |
| 8,993                                      | Prevention & Early Intervention                      | 9,802                        | -467   | 9,335                      | 9,325                      | 9,203                      | 9,153                      | 9,153                      |
| 1,300                                      | Principal Social Worker, Practice and Safeguarding   | 1,808                        | -226   | 1,582                      | 1,462                      | 1,342                      | 1,342                      | 1,342                      |
| 1,223                                      | Autism and Adult Support                             | 1,608                        | -43  | 1,565                      | 1,841                      | 2,124                      | 2,410                      | 2,702                      |
| 150  | Carers   | 150                          | -  | 150                        | 150                        | 150                        | 150                        | 150                        |
| 802  | Finance Assessments                                  | 803                          | -  | 803                        | 803                        | 803                        | 803                        | 803                        |
|  | <i>Learning Disability Partnership</i>               |                              |  |                            |                            |                            |                            |                            |
| 5,411                                      | Head of Service                                      | 9,300                        | -146   | 9,154                      | 10,872                     | 12,114                     | 14,228                     | 16,416                     |
| 36,904                                     | LD - City, South and East Localities                 | 39,832                       | -2,226   | 37,606                     | 38,750                     | 39,814                     | 40,671                     | 41,528                     |
| 30,108                                     | LD - Hunts and Fenland Localities                    | 32,719                       | -2,072   | 30,647                     | 31,674                     | 32,629                     | 33,398                     | 34,167                     |
| 8,303                                      | LD - Young Adults Team                               | 8,660                        | -256   | 8,404                      | 8,558                      | 8,701                      | 8,816                      | 8,931                      |
| 7,137                                      | In House Provider Services                           | 7,352                        | -180   | 7,172                      | 7,172                      | 7,172                      | 7,172                      | 7,172                      |
| -20,213                                    | NHS Contribution to Pooled Budget                    | -593                         | -20,382  | -20,975                    | -24,083                    | -24,413                    | -24,813                    | -25,213                    |
|  | <i>Older People and Physical Disability Services</i> |                              |  |                            |                            |                            |                            |                            |
| 12,703                                     | Physical Disabilities                                | 16,955                       | -2,409   | 14,546                     | 15,600                     | 16,480                     | 17,416                     | 18,149                     |
| 22,726                                     | OP - City & South Locality                           | 34,625                       | -7,984   | 26,641                     | 28,678                     | 30,954                     | 33,266                     | 35,557                     |
| 9,031                                      | OP - East Cambs Locality                             | 13,761                       | -3,449   | 10,312                     | 11,270                     | 12,500                     | 13,787                     | 15,060                     |
| 10,715                                     | OP - Fenland Locality                                | 15,959                       | -3,563   | 12,396                     | 13,629                     | 15,008                     | 16,431                     | 17,839                     |
| 13,347                                     | OP - Hunts Locality                                  | 21,327                       | -5,618   | 15,709                     | 17,161                     | 18,815                     | 20,531                     | 22,230                     |
|  | <i>Mental Health</i>                                 |                              |  |                            |                            |                            |                            |                            |
| 1,863                                      | Mental Health Central                                | 1,892                        | -20  | 1,872                      | 1,872                      | 1,872                      | 1,872                      | 1,872                      |
| 5,457                                      | Adult Mental Health Localities                       | 6,406                        | -393   | 6,013                      | 6,304                      | 6,608                      | 6,881                      | 7,156                      |
| 6,219                                      | Older People Mental Health                           | 7,338                        | -967   | 6,371                      | 6,829                      | 7,294                      | 7,747                      | 8,211                      |
| <b>141,497</b>                             | <b>Subtotal Director of Adults and Safeguarding</b>  | <b>212,782</b>               | <b>-50,921</b>                                     | <b>161,861</b>             | <b>170,449</b>             | <b>181,652</b>             | <b>193,741</b>             | <b>205,703</b>             |
|  | <b>Director of Commissioning</b>                     |                              |  |                            |                            |                            |                            |                            |
| 234  | Strategic Management - Commissioning                 | 235                          | -  | 235                        | 235                        | 235                        | 235                        | 235                        |
| 1,247                                      | Access to Resource & Quality                         | 1,251                        | -  | 1,251                      | 1,251                      | 1,251                      | 1,251                      | 1,251                      |
| 300  | Local Assistance Scheme                              | 300                          | -  | 300                        | 300                        | 300                        | 300                        | 300                        |
|  | <i>Adults Commissioning</i>                          |                              |  |                            |                            |                            |                            |                            |
| 11,997                                     | Central Commissioning - Adults                       | 46,505                       | -34,150  | 12,355                     | 12,431                     | 12,501                     | 12,558                     | 12,615                     |
| 1,070                                      | Integrated Community Equipment Service               | 7,554                        | -5,536   | 2,018                      | 2,051                      | 2,485                      | 2,519                      | 2,554                      |
| 3,730                                      | Mental Health Commissioning                          | 4,099                        | -342   | 3,757                      | 3,757                      | 3,757                      | 3,757                      | 3,757                      |
|  | <i>Childrens Commissioning</i>                       |                              |  |                            |                            |                            |                            |                            |
| 21,703                                     | Children in Care Placements                          | 21,078                       | -  | 21,078                     | 21,810                     | 22,565                     | 23,343                     | 24,145                     |
| 245  | Commissioning Services                               | 245                          | -  | 245                        | 245                        | 245                        | 245                        | 245                        |
| <b>40,526</b>                              | <b>Subtotal Director of Commissioning</b>            | <b>81,267</b>                | <b>-40,028</b>                                     | <b>41,239</b>              | <b>42,080</b>              | <b>43,339</b>              | <b>44,208</b>              | <b>45,102</b>              |

## Section 3 - A: People & Communities

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2021-22 to 2025-26

| Net Revised Opening Budget 2020-21<br>£000 | Policy Line  | Gross Budget 2021-22<br>£000 | Fees, Charges & Ring-fenced Grants 2021-22<br>£000 | Net Budget 2021-22<br>£000 | Net Budget 2022-23<br>£000 | Net Budget 2023-24<br>£000 | Net Budget 2024-25<br>£000 | Net Budget 2025-26<br>£000 |
|--|--|------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>Director of Communities and Partnerships</b>          |                              |  |                            |                            |                            |                            |                            |
| 181  | Strategic Management - Communities and Partnerships      | 275                          | -296   | -21                        | 47                         | 47                         | 47                         | 47                         |
| 3,444                                      | Public Library Services                                  | 4,086                        | -587   | 3,499                      | 3,499                      | 3,549                      | 3,599                      | 3,599                      |
|  | - Cambridgeshire Skills                                  | 2,311                        | -2,311   | -                          | -                          | -                          | -                          | -                          |
| 368  | Archives   | 472                          | -103   | 369                        | 369                        | 369                        | 369                        | 369                        |
| 109  | Cultural Services  | 357                          | -247   | 110                        | 110                        | 110                        | 110                        | 110                        |
| -640                                       | Registration & Citizenship Services                      | 1,189                        | -1,823   | -634                       | -634                       | -634                       | -634                       | -634                       |
| 1,533                                      | Coroners   | 2,400                        | -831   | 1,569                      | 1,629                      | 1,693                      | 1,762                      | 1,837                      |
| 694  | Trading Standards  | 694                          | -  | 694                        | 694                        | 694                        | 694                        | 694                        |
| 845  | Domestic Abuse and Sexual Violence Service               | 1,476                        | -555   | 921                        | 847                        | 847                        | 847                        | 847                        |
| 469  | Think Communities  | 549                          | -79  | 470                        | 480                        | 480                        | 480                        | 480                        |
| 376  | Youth and Community Services                             | 1,020                        | -637   | 383                        | 383                        | 383                        | 383                        | 383                        |
| <b>7,379</b>                               | <b>Subtotal Director of Communities and Partnerships</b> | <b>14,829</b>                | <b>-7,469</b>                                      | <b>7,360</b>               | <b>7,424</b>               | <b>7,538</b>               | <b>7,657</b>               | <b>7,732</b>               |
|  | <b>Director of Children &amp; Safeguarding</b>           |                              |  |                            |                            |                            |                            |                            |
| 3,055                                      | Strategic Management - Children & Safeguarding           | 2,903                        | -72  | 2,831                      | 2,831                      | 2,831                      | 2,831                      | 2,831                      |
| 2,396                                      | Safeguarding and Quality Assurance                       | 2,516                        | -205   | 2,311                      | 2,561                      | 2,561                      | 2,561                      | 2,561                      |
| 13,353                                     | Children in Care   | 16,556                       | -3,302   | 13,254                     | 13,472                     | 13,697                     | 13,929                     | 14,169                     |
| 2,013                                      | Integrated Front Door                                    | 2,337                        | -316   | 2,021                      | 2,021                      | 2,021                      | 2,021                      | 2,021                      |
| 6,699                                      | Children's Disability Service                            | 7,380                        | -595   | 6,785                      | 6,770                      | 6,759                      | 6,852                      | 6,949                      |
| -170                                       | Children's Centres Strategy                              | -                            | -170   | -170                       | -                          | -                          | -                          | -                          |
| 61   | Support to Parents                                       | 1,144                        | -1,082   | 62                         | 62                         | 62                         | 62                         | 62                         |
| 6,106                                      | Adoption   | 6,011                        | -43  | 5,968                      | 6,263                      | 6,595                      | 6,968                      | 7,387                      |
| 2,010                                      | Legal Proceedings  | 2,050                        | -  | 2,050                      | 2,050                      | 2,050                      | 2,050                      | 2,050                      |
| 1,112                                      | Youth Offending Service                                  | 2,280                        | -1,159   | 1,121                      | 1,121                      | 1,121                      | 1,121                      | 1,121                      |
|  | <i>District Delivery Service</i>                         |                              |  |                            |                            |                            |                            |                            |
| 3,776                                      | Safeguarding Hunts and Fenland                           | 3,780                        | -  | 3,780                      | 3,780                      | 3,780                      | 3,780                      | 3,780                      |
| 2,716                                      | Safeguarding East & South Cambs and Cambridge            | 3,081                        | 1,240  | 4,321                      | 4,321                      | 4,321                      | 4,321                      | 4,321                      |
| 4,460                                      | Early Help District Delivery Service - North             | 4,516                        | -19  | 4,497                      | 4,497                      | 4,497                      | 4,497                      | 4,497                      |
| 4,679                                      | Early Help District Delivery Service - South             | 4,746                        | -36  | 4,710                      | 4,710                      | 4,710                      | 4,710                      | 4,710                      |
| <b>52,266</b>                              | <b>Subtotal Director of Children &amp; Safeguarding</b>  | <b>59,300</b>                | <b>-5,759</b>                                      | <b>53,541</b>              | <b>54,459</b>              | <b>55,005</b>              | <b>55,703</b>              | <b>56,459</b>              |
|  | <b>Director of Education</b>                             |                              |  |                            |                            |                            |                            |                            |
| 888  | Strategic Management - Education                         | 2,225                        | -1,334   | 891                        | 891                        | 891                        | 891                        | 891                        |
| 2,257                                      | Early Years Service                                      | 3,046                        | -794   | 2,252                      | 2,252                      | 2,252                      | 2,252                      | 2,252                      |
| 1,009                                      | School Improvement Service                               | 1,809                        | -803   | 1,006                      | 1,021                      | 1,021                      | 1,021                      | 1,021                      |
| 566  | Schools Partnership Service                              | 1,947                        | -1,369   | 578                        | 578                        | 578                        | 578                        | 578                        |
| -77  | Outdoor Education (includes Grafham Water)               | 1,914                        | -1,991   | -77                        | -77                        | -77                        | -77                        | -77                        |
|  | - Cambridgeshire Music                                   | 1,832                        | -1,832   | -                          | -                          | -                          | -                          | -                          |

## Section 3 - A: People & Communities

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2021-22 to 2025-26

| Net Revised Opening Budget 2020-21<br>£000 | Policy Line  | Gross Budget 2021-22<br>£000 | Fees, Charges & Ring-fenced Grants 2021-22<br>£000 | Net Budget 2021-22<br>£000 | Net Budget 2022-23<br>£000 | Net Budget 2023-24<br>£000 | Net Budget 2024-25<br>£000 | Net Budget 2025-26<br>£000 |
|--|--|------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 2,896                                      | Redundancy & Teachers Pensions<br><i>SEND Specialist Services (0 - 25 years)</i> | 3,385                        | -504   | 2,881                      | 2,881                      | 2,881                      | 2,881                      | 2,881                      |
| 11,391                                     | SEND Specialist Services   | 11,608                       | -204   | 11,404                     | 11,411                     | 11,411                     | 11,411                     | 11,411                     |
| 32,404                                     | Funding to Special Schools and Units   | 32,404                       | -  | 32,404                     | 32,404                     | 32,404                     | 32,404                     | 32,404                     |
| 25,657                                     | High Needs Top Up Funding  | 25,657                       | -  | 25,657                     | 25,657                     | 25,657                     | 25,657                     | 25,657                     |
| 11,306                                     | SEN Placements   | 12,197                       | -891   | 11,306                     | 11,306                     | 11,306                     | 11,306                     | 11,306                     |
| 4,084                                      | Out of School Tuition  | 4,084                        | -  | 4,084                      | 4,084                      | 4,084                      | 4,084                      | 4,084                      |
| 7,103                                      | Alternative Provision and Inclusion  | 7,138                        | -35  | 7,103                      | 7,103                      | 7,103                      | 7,103                      | 7,103                      |
| -12,744                                    | SEND Financing - DSG<br><i>0-19 Place Planning &amp; Organisation Service</i>    | -12,744                      | -  | -12,744                    | -12,744                    | -12,744                    | -12,744                    | -12,744                    |
| 3,267                                      | 0-19 Organisation & Planning   | 4,371                        | -1,108   | 3,263                      | 3,263                      | 3,263                      | 3,263                      | 3,263                      |
| 179  | Education Capital  | 294                          | -115   | 179                        | 179                        | 179                        | 179                        | 179                        |
| 12,014                                     | Home to School Transport - Special   | 14,980                       | -111   | 14,869                     | 16,418                     | 18,306                     | 20,416                     | 22,776                     |
| 1,785                                      | Children in Care Transport   | 1,588                        | -  | 1,588                      | 1,638                      | 1,690                      | 1,744                      | 1,798                      |
| 9,481                                      | Home to School Transport - Mainstream  | 10,705                       | -594   | 10,111                     | 10,581                     | 10,897                     | 11,090                     | 11,263                     |
| <b>113,466</b>                             | <b>Subtotal Director of Education</b>  | <b>128,440</b>               | <b>-11,685</b>                                     | <b>116,755</b>             | <b>118,846</b>             | <b>121,102</b>             | <b>123,459</b>             | <b>126,046</b>             |
|  | <b>Executive Director</b>  |                              |  |                            |                            |                            |                            |                            |
| 992  | P&C Executive Director   | 2,725                        | -331   | 2,394                      | 2,441                      | 2,691                      | 2,691                      | 2,691                      |
| 91   | Central Financing  | 91                           | -  | 91                         | 91                         | 91                         | 91                         | 91                         |
| -  | Pandemic Related Income Pressures  | -                            | 1,266  | 1,266                      | 179                        | -                          | -                          | -                          |
| <b>1,083</b>                               | <b>Subtotal Executive Director</b>   | <b>2,816</b>                 | <b>935</b>   | <b>3,751</b>               | <b>2,711</b>               | <b>2,782</b>               | <b>2,782</b>               | <b>2,782</b>               |
| -81,977                                    | DSG Adjustment   | -                            | -81,977  | -81,977                    | -81,977                    | -81,977                    | -81,977                    | -81,977                    |
|  | <b>Future Years</b>  |                              |  |                            |                            |                            |                            |                            |
| -  | - Inflation  | -                            | -  | -                          | 5,233                      | 10,642                     | 16,150                     | 21,760                     |
| -  | - Savings  | -                            | -  | -                          | -                          | -                          | -                          | -                          |
| <b>274,240</b>                             | <b>P&amp;C BUDGET TOTAL</b>  | <b>499,434</b>               | <b>-196,904</b>                                    | <b>302,530</b>             | <b>319,225</b>             | <b>340,083</b>             | <b>361,723</b>             | <b>383,607</b>             |

## Section 3 - A: People & Communities

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2021-22

| Policy Line  | Net Revised<br>Opening Budget<br>£000 | Net Inflation<br>£000 | Demography &<br>Demand<br>£000 | Pressures<br>£000 | Investments<br>£000 | Savings &<br>Income<br>Adjustments<br>£000 | Net Budget<br>£000 |
|--|---------------------------------------|-----------------------|--------------------------------|-------------------|---------------------|--|--------------------|
| <b>Director of Adults and Safeguarding</b>           |                                       |                       |                                |                   |                     |  |                    |
| Strategic Management - Adults                        | -22,679                               | 23                    | 1,532                          | 743               | 93                  | 845  | -19,443            |
| Transfers of Care                                    | 1,997                                 | 4                     | -                              | -                 | -                   | -  | 2,001              |
| Prevention & Early Intervention                      | 8,993                                 | 75                    | -                              | -                 | 417                 | -150                                       | 9,335              |
| Principal Social Worker, Practice and Safeguarding   | 1,300                                 | -3                    | -                              | 45                | 240                 | -  | 1,582              |
| Autism and Adult Support                             | 1,223                                 | 4                     | 329                            | 9                 | -                   | -  | 1,565              |
| Carers   | 150                                   | -                     | -                              | -                 | -                   | -  | 150                |
| Finance Assessments                                  | 802                                   | 1                     | -                              | -                 | -                   | -  | 803                |
| <i>Learning Disability Partnership</i>               |                                       |                       |                                |                   |                     |  |                    |
| Head of Service                                      | 5,411                                 | 9                     | 3,962                          | 22                | -                   | -250                                       | 9,154              |
| LD - City, South and East Localities                 | 36,904                                | 250                   | -                              | 452               | -                   | -  | 37,606             |
| LD - Hunts and Fenland Localities                    | 30,108                                | 154                   | -                              | 385               | -                   | -  | 30,647             |
| LD - Young Adults Team                               | 8,303                                 | 29                    | -                              | 72                | -                   | -  | 8,404              |
| In House Provider Services                           | 7,137                                 | 35                    | -                              | -                 | -                   | -  | 7,172              |
| NHS Contribution to Pooled Budget                    | -20,213                               | -94                   | -454                           | -214              | -                   | -  | -20,975            |
| <i>Older People and Physical Disability Services</i> |                                       |                       |                                |                   |                     |  |                    |
| Physical Disabilities                                | 12,703                                | 276                   | 1,441                          | 126               | -                   | -  | 14,546             |
| OP - City & South Locality                           | 22,726                                | 2,176                 | 1,406                          | 353               | 107                 | -127                                       | 26,641             |
| OP - East Cambs Locality                             | 9,031                                 | 401                   | 817                            | 185               | -                   | -122                                       | 10,312             |
| OP - Fenland Locality                                | 10,715                                | 669                   | 882                            | 215               | -                   | -85  | 12,396             |
| OP - Hunts Locality                                  | 13,347                                | 1,036                 | 1,120                          | 258               | -                   | -52  | 15,709             |
| <i>Mental Health</i>                                 |                                       |                       |                                |                   |                     |  |                    |
| Mental Health Central                                | 1,863                                 | 9                     | -                              | -                 | -                   | -  | 1,872              |
| Adult Mental Health Localities                       | 5,457                                 | 34                    | 462                            | 84                | -                   | -24  | 6,013              |
| Older People Mental Health                           | 6,219                                 | 256                   | -220                           | 116               | -                   | -  | 6,371              |
| <b>Subtotal Director of Adults and Safeguarding</b>  | <b>141,497</b>                        | <b>5,344</b>          | <b>11,277</b>                  | <b>2,851</b>      | <b>857</b>          | <b>35</b>                                  | <b>161,861</b>     |
| <b>Director of Commissioning</b>                     |                                       |                       |                                |                   |                     |  |                    |
| Strategic Management - Commissioning                 | 234                                   | 1                     | -                              | -                 | -                   | -  | 235                |
| Access to Resource & Quality                         | 1,247                                 | 4                     | -                              | -                 | -                   | -  | 1,251              |
| Local Assistance Scheme                              | 300                                   | -                     | -                              | -                 | -                   | -  | 300                |
| <i>Adults Commissioning</i>                          |                                       |                       |                                |                   |                     |  |                    |
| Central Commissioning - Adults                       | 11,997                                | 25                    | -                              | 59                | -                   | 274  | 12,355             |
| Integrated Community Equipment Service               | 1,070                                 | 16                    | 32                             | 900               | -                   | -  | 2,018              |
| Mental Health Commissioning                          | 3,730                                 | 3                     | -                              | 24                | -                   | -  | 3,757              |
| <i>Childrens Commissioning</i>                       |                                       |                       |                                |                   |                     |  |                    |
| Children in Care Placements                          | 21,703                                | 433                   | 188                            | -                 | -                   | -1,246                                     | 21,078             |
| Commissioning Services                               | 245                                   | -                     | -                              | -                 | -                   | -  | 245                |
| <b>Subtotal Director of Commissioning</b>            | <b>40,526</b>                         | <b>482</b>            | <b>220</b>                     | <b>983</b>        | <b>-</b>            | <b>-972</b>                                | <b>41,239</b>      |

## Section 3 - A: People & Communities

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2021-22

| Policy Line  | Net Revised<br>Opening Budget<br>£000 | Net Inflation<br>£000 | Demography &<br>Demand<br>£000 | Pressures<br>£000 | Investments<br>£000 | Savings &<br>Income<br>Adjustments<br>£000 | Net Budget<br>£000 |
|--|---------------------------------------|-----------------------|--------------------------------|-------------------|---------------------|--|--------------------|
| <b>Director of Communities and Partnerships</b>          |                                       |                       |                                |                   |                     |  |                    |
| Strategic Management - Communities and Partnerships      | 181                                   | -2                    | -                              | -                 | -                   | -200                                       | -21                |
| Public Library Services                                  | 3,444                                 | 6                     | -                              | 49                | -                   | -  | 3,499              |
| Cambridgeshire Skills                                    | -                                     | -                     | -                              | -                 | -                   | -  | -                  |
| Archives   | 368                                   | 1                     | -                              | -                 | -                   | -  | 369                |
| Cultural Services  | 109                                   | 1                     | -                              | -                 | -                   | -  | 110                |
| Registration & Citizenship Services                      | -640                                  | 6                     | -                              | -                 | -                   | -  | -634               |
| Coroners   | 1,533                                 | 18                    | 55                             | -37               | -                   | -  | 1,569              |
| Trading Standards  | 694                                   | -                     | -                              | -                 | -                   | -  | 694                |
| Domestic Abuse and Sexual Violence Service               | 845                                   | 2                     | 74                             | -                 | -                   | -  | 921                |
| Think Communities  | 469                                   | 1                     | -                              | -                 | -                   | -  | 470                |
| Youth and Community Services                             | 376                                   | 7                     | -                              | -                 | -                   | -  | 383                |
| <b>Subtotal Director of Communities and Partnerships</b> | <b>7,379</b>                          | <b>40</b>             | <b>129</b>                     | <b>12</b>         | <b>-</b>            | <b>-200</b>                                | <b>7,360</b>       |
| <b>Director of Children &amp; Safeguarding</b>           |                                       |                       |                                |                   |                     |  |                    |
| Strategic Management - Children & Safeguarding           | 3,055                                 | 26                    | -                              | -                 | -                   | -250                                       | 2,831              |
| Safeguarding and Quality Assurance                       | 2,396                                 | -                     | -                              | -85               | -                   | -  | 2,311              |
| Children in Care   | 13,353                                | 143                   | 58                             | -                 | -                   | -300                                       | 13,254             |
| Integrated Front Door                                    | 2,013                                 | 8                     | -                              | -                 | -                   | -  | 2,021              |
| Children's Disability Service                            | 6,699                                 | 55                    | 81                             | -                 | -                   | -50  | 6,785              |
| Children's Centres Strategy                              | -170                                  | -                     | -                              | -                 | -                   | -  | -170               |
| Support to Parents                                       | 61                                    | 1                     | -                              | -                 | -                   | -  | 62                 |
| Adoption   | 6,106                                 | 99                    | 263                            | -                 | -                   | -500                                       | 5,968              |
| Legal Proceedings  | 2,010                                 | 40                    | -                              | -                 | -                   | -  | 2,050              |
| Youth Offending Service                                  | 1,112                                 | 8                     | -                              | -                 | -                   | -  | 1,121              |
| <i>District Delivery Service</i>                         |                                       |                       |                                |                   |                     |  |                    |
| Safeguarding Hunts and Fenland                           | 3,776                                 | 4                     | -                              | -                 | -                   | -  | 3,780              |
| Safeguarding East & South Cambs and Cambridge            | 2,716                                 | 5                     | -                              | -                 | -                   | 1,600                                      | 4,321              |
| Early Help District Delivery Service - North             | 4,460                                 | 37                    | -                              | -                 | -                   | -  | 4,497              |
| Early Help District Delivery Service - South             | 4,679                                 | 31                    | -                              | -                 | -                   | -  | 4,710              |
| <b>Subtotal Director of Children &amp; Safeguarding</b>  | <b>52,266</b>                         | <b>457</b>            | <b>402</b>                     | <b>-85</b>        | <b>-</b>            | <b>500</b>                                 | <b>53,541</b>      |
| <b>Director of Education</b>                             |                                       |                       |                                |                   |                     |  |                    |
| Strategic Management - Education                         | 888                                   | 3                     | -                              | -                 | -                   | -  | 891                |
| Early Years Service                                      | 2,257                                 | -5                    | -                              | -                 | -                   | -  | 2,252              |
| School Improvement Service                               | 1,009                                 | -3                    | -                              | -                 | -                   | -  | 1,006              |
| Schools Partnership Service                              | 566                                   | 12                    | -                              | -                 | -                   | -  | 578                |
| Outdoor Education (includes Grafham Water)               | -77                                   | -                     | -                              | -                 | -                   | -  | -77                |
| Cambridgeshire Music                                     | -                                     | -                     | -                              | -                 | -                   | -  | -                  |

## Section 3 - A: People & Communities

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2021-22

| Policy Line   | Net Revised<br>Opening Budget<br>£000 | Net Inflation<br>£000 | Demography &<br>Demand<br>£000 | Pressures<br>£000 | Investments<br>£000 | Savings &<br>Income<br>Adjustments<br>£000 | Net Budget<br>£000 |
|---|---------------------------------------|-----------------------|--------------------------------|-------------------|---------------------|--|--------------------|
| Redundancy & Teachers Pensions                        | 2,896                                 | -15                   | -                              | -                 | -                   | -  | 2,881              |
| <i>SEND Specialist Services (0 - 25 years)</i>        |                                       |                       |                                |                   |                     |  |                    |
| SEND Specialist Services                              | 11,391                                | 13                    | -                              | -                 | -                   | -  | 11,404             |
| Funding to Special Schools and Units                  | 32,404                                | -                     | -                              | -                 | -                   | -  | 32,404             |
| High Needs Top Up Funding                             | 25,657                                | -                     | -                              | -                 | -                   | -  | 25,657             |
| SEN Placements  | 11,306                                | -                     | -                              | -                 | -                   | -  | 11,306             |
| Out of School Tuition                                 | 4,084                                 | -                     | -                              | -                 | -                   | -  | 4,084              |
| Alternative Provision and Inclusion                   | 7,103                                 | -                     | -                              | -                 | -                   | -  | 7,103              |
| SEND Financing - DSG                                  | -12,744                               | -                     | -                              | -                 | -                   | -  | -12,744            |
| <i>0-19 Place Planning &amp; Organisation Service</i> |                                       |                       |                                |                   |                     |  |                    |
| 0-19 Organisation & Planning                          | 3,267                                 | -4                    | -                              | -                 | -                   | -  | 3,263              |
| Education Capital                                     | 179                                   | -                     | -                              | -                 | -                   | -  | 179                |
| Home to School Transport - Special                    | 12,014                                | 406                   | 1,649                          | 800               | -                   | -  | 14,869             |
| Children in Care Transport                            | 1,785                                 | 56                    | 47                             | -                 | -                   | -300                                       | 1,588              |
| Home to School Transport - Mainstream                 | 9,481                                 | 299                   | 534                            | 200               | -                   | -403                                       | 10,111             |
| <b>Subtotal Director of Education</b>                 | <b>113,466</b>                        | <b>762</b>            | <b>2,230</b>                   | <b>1,000</b>      | <b>-</b>            | <b>-703</b>                                | <b>116,755</b>     |
| <b>Executive Director</b>                             |                                       |                       |                                |                   |                     |  |                    |
| P&C Executive Director                                | 992                                   | 2                     | -                              | 1,400             | -                   | -  | 2,394              |
| Central Financing                                     | 91                                    | -                     | -                              | -                 | -                   | -  | 91                 |
| Pandemic Related Income Pressures                     | -                                     | -                     | -                              | -                 | -                   | 1,266                                      | 1,266              |
| <b>Subtotal Executive Director</b>                    | <b>1,083</b>                          | <b>2</b>              | <b>-</b>                       | <b>1,400</b>      | <b>-</b>            | <b>1,266</b>                               | <b>3,751</b>       |
| DSG Adjustment  | -81,977                               | -                     | -                              | -                 | -                   | -  | -81,977            |
| <b>P&amp;C BUDGET TOTAL</b>                           | <b>274,240</b>                        | <b>7,087</b>          | <b>14,258</b>                  | <b>6,161</b>      | <b>857</b>          | <b>-74</b>                                 | <b>302,530</b>     |

## Section 3 - A: People and Communities

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>1</b>     | <b>OPENING GROSS EXPENDITURE</b>                                  | <b>461,304</b>  | <b>499,434</b>  | <b>517,583</b>  | <b>539,282</b>  | <b>561,426</b>  |  |
| A/R.1.001    | Permanent Virements and budget preparation adjustments            | 2,814           | -               | -               | -               | -               | Increase in expenditure budgets (compared to published 2020-25 Business Plan) as advised during the budget preparation period and permanent in-year changes made during 2020-21.   |
| A/R.1.002    | Transfer of Traded Services from C&I                              | 3,668           | -               | -               | -               | -               | - Transfer of Traded Services from C&I to P&C.   |
| A/R.1.003    | Base Adjustment - High Needs Block DSG                            | 6,128           | -               | -               | -               | -               | - Increase in High Needs Block DSG (Dedicated Schools grant) baseline managed within P&C, following increases in funding and transfers from Schools Block in 2020/21.  |
| A/R.1.004    | Transferred Function - Independent Living Fund (ILF)              | -34             | -               | -               | -               | -               | - 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, with none remaining past 2021/22.  |
| A/R.1.008    | Transferred Function - Repatriation of Financial Assessments Team | 602             | -               | -               | -               | -               | - Repatriation of Financial Assessments Team from LGSS to P&C  |
| A/R.1.009    | Transferred Function - Joint Recruitment Team                     | -290            | -               | -               | -               | -               | - Transfer of the cross-function Recruitment Team to HR within Corporate Services  |
| A/R.1.010    | Increase in expenditure funded from ringfenced grants             | -1,600          | -               | -               | -               | -               | - Increase in expenditure budgets funded from ringfenced grants (compared to published 2020-25 Business Plan) as advised during the budget preparation period and permanent in-year changes made during 2020-21.   |
| A/R.1.011    | Base adjustment - Increase in Retained Duties grant               | 546             | -               | -               | -               | -               | - Budget increase funded by increase in Retained Duties grant.   |
| <b>1.999</b> | <b>REVISED OPENING GROSS EXPENDITURE</b>                          | <b>473,138</b>  | <b>499,434</b>  | <b>517,583</b>  | <b>539,282</b>  | <b>561,426</b>  |  |
| <b>2</b>     | <b>INFLATION</b>  |                 |                 |                 |                 |                 |  |
| A/R.2.001    | Centrally funded inflation - Staff pay and employment costs       | 465             | 1,923           | 1,923           | 1,923           | 1,923           | Forecast pressure from inflation relating to pay and employment costs. 2% pay inflation has been budgeted for years 1 and 2, with 1% for years 3-5.  |
| A/R.2.002    | Centrally funded inflation - Care Providers                       | 3,375           | 787             | 2,158           | 2,223           | 2,290           | Forecast pressure from general inflation relating to care providers, particularly on residential and nursing care for older people, which has seen around 7% of inflation through 2019/20 and 2020/21. Further pressure funding is provided below to enable the cost of the rising minimum wage to be factored into rates paid to providers. This line includes a challenging trajectory to bring care home inflation back to RPI by 2024/25.  |
| A/R.2.003    | Centrally funded inflation - Children in Care placements          | 639             | 653             | 666             | 680             | 694             | Inflation is currently forecast at 1.8%.   |
| A/R.2.004    | Centrally funded inflation - Transport                            | 770             | 497             | 507             | 517             | 527             | Forecast pressure for inflation relating to transport. This is estimated at 3.2%.  |
| A/R.2.005    | Centrally funded inflation - Miscellaneous other budgets          | 1,460           | 1,449           | 653             | 669             | 687             | Forecast pressure from inflation relating to miscellaneous other budgets, on average this is calculated at 0.2% increase.  |
| A/R.2.006    | Centrally funded inflation - Recommissioning of existing blocks   | 847             | 425             | -               | -               | -               | - The Council's 360 historic block residential and nursing beds are reaching the end of the original contract period and need to be recommissioned. These beds are below the current market rate because of fixed uplifts over the contract life. While this has saved the council money, when recommissioned these beds will likely cost similar to current market rates, and so result in a pressure. If this was not done, the cost of 360 spot beds would be higher, and would be subject to greater inflationary increases each year. |
| <b>2.999</b> | <b>Subtotal Inflation</b>   | <b>7,556</b>    | <b>5,734</b>    | <b>5,907</b>    | <b>6,012</b>    | <b>6,121</b>    |  |

## Section 3 - A: People and Communities

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

| Detailed Plans | Outline Plans |
|----------------|---------------|
|----------------|---------------|

| Ref       | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|-----------|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>3</b>  | <b>DEMOGRAPHY AND DEMAND</b>  |                 |                 |                 |                 |                 |  |
| A/R.3.002 | Funding for additional Physical Disabilities demand                 | 740             | 717             | 658             | 618             | 415             | The needs of people with physical disabilities are increasing and so care packages are becoming more complex. In particular, more hours of domiciliary care are being provided per person, and there is expected to be a rise in the number of residential placements. Funding has been redirected from the Older People's demand bid to allow service users over 65 to continue being supported within the Physical Disabilities service.   |
| A/R.3.003 | Additional funding for Autism and Adult Support demand              | 303             | 264             | 269             | 274             | 280             | Additional funding to ensure we meet the rising level of needs amongst people with autism and other vulnerable people. It is expected that 33 people will enter this service in 2021/22 with 8 leaving and so, based on the anticipated average cost, we are investing an additional £195k to ensure we give them the help they need. We are also investing an additional £64k to meet the increasing complexity in the needs of the people already cared for by the service and a further £45k to employ an additional social worker to help the team manage an unprecedented increase in the number of people accessing the service. This brings the total demand funding requested to £303k for 2021/22.  |
| A/R.3.004 | Additional funding for Learning Disability Partnership (LDP) demand | 1,989           | 1,972           | 2,041           | 2,112           | 2,186           | Additional funding to ensure we meet the rising level of needs amongst people with learning disabilities - We need to invest an additional £707k in 2021/22 to provide care for a projected 51 new service users (primarily young people) who outnumber the number of people leaving services. We also need to invest £1,768k in the increasing needs of existing service users and the higher complexity we are seeing in adults over age 25. A further £83k is needed to increase the number of social workers, which has remained static for a number of years as service user numbers have increased. We're therefore allocating a total of £1,989k 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                              | 212             | 217             | 204             | 189             | 191             | 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 £212k in 2021-22 to ensure we can continue to provide the care for people who need it.  |
| A/R.3.006 | Additional funding for Older People demand                          | 5,137           | 5,526           | 6,091           | 6,105           | 5,980           | 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 and the current pattern of activity and expenditure is modelled forward to estimate the additional budget requirement for each age group and type of care. Account is then taken of increasing complexity of cases coming through the service. This work has supported the case for additional funding of £6,225k in 2021-22 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: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref       | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description   |
|-----------|---|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| A/R.3.007 | Funding for Older People Mental Health Demand                   | 305             | 313             | 328             | 341             | 352             | 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 £305k in 2021-22 to ensure we can continue to provide the care for people who need it. |
| A/R.3.008 | Home to school transport mainstream                             | 270             | 331             | 317             | 193             | 173             | Additional funding required to provide home to school transport for pupils attending mainstream schools. This additional funding is required due to the anticipated 2.8% increase in the number of pupils attending Cambridgeshire's schools in 2021-22.  |
| A/R.3.009 | Home to school transport Children in Care                       | 47              | 50              | 52              | 54              | 54              | Additional funding required to provide home to school transport for Children in Care. This additional funding is required due to an anticipated 3.1% increase in the number of school-aged Children in Care in 2021-22.   |
| A/R.3.010 | Funding for Home to School Special Transport demand             | 1,510           | 1,688           | 1,888           | 2,110           | 2,360           | 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         | 246             | 950             | 980             | 1,010           | 1,042           | Additional budget required to provide care for children who become looked after. As with many local authorities we have experienced a steady rise in the number of Children in Care in recent years, and 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 | 263             | 295             | 332             | 373             | 419             | 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.  |
| A/R.3.017 | Funding for additional demand for Community Equipment           | 32              | 33              | 34              | 34              | 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 patent 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   | 55              | 60              | 64              | 69              | 75              | Extra costs associated with an increasing population and thus a higher number of deaths.  |
| A/R.3.019 | Children with Disabilities                                      | 81              | 85              | 89              | 93              | 97              | Additional funding required for the increase in care packages provided for children and young people with disabilities under the age of 18 years.   |

## Section 3 - A: People and Communities

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description   |
|--------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| A/R.3.022    | COVID Impact - Adult Social Care Demand                             | 2,591           | -514            | -1,166          | -345            | -273            | Adult social care is expected to face additional costs from Covid-19 mainly due to increased need over 2020/21. Within working age adults with disabilities, there has been some deconditioning over the pandemic period and more breakdowns in placements resulting in increased need. In Older People's services, there is some additional cost faced by more people being in more expensive care than would otherwise have been the case; but there has been a reduction in the overall numbers of people receiving care that has offset this. In addition, it is anticipated that need increase resulting from day centre closures and the need to maintain social distancing will result in additional pressure. This day centres pressure should no longer be present from 2023/24. |
| A/R.3.023    | COVID Impact - Home to School Transport Mainstream demand           | 264             | -264            | -               | -               | -               | - It is assumed that additional costs for ensuring that no LA transport serves multiple schools will continue into summer term 2021.  |
| A/R.3.024    | COVID Impact - Home to School Transport Special demand              | 139             | -139            | -               | -               | -               | - It is assumed that some pupils at special schools will continue to travel in bubbles in the summer term of 2021.  |
| A/R.3.025    | COVID Impact - Domestic Abuse Service                               | 74              | -74             | -               | -               | -               | - It is assumed that we will see increased referrals for Domestic Abuse services in 2021-22 requiring additional staffing capacity.   |
| <b>3.999</b> | <b>Subtotal Demography and Demand</b>                               | <b>14,258</b>   | <b>11,510</b>   | <b>12,181</b>   | <b>13,230</b>   | <b>13,386</b>   |   |
| <b>4</b>     | <b>PRESSURES</b>  |                 |                 |                 |                 |                 |   |
| A/R.4.009    | Impact of National Living Wage (NLW) on Adult Social Care Contracts | 2,490           | 4,625           | 4,184           | 3,372           | 3,372           | Following announcements in November 2020, the NLW will rise 18p (2.2%) in 2021/22. This will have an impact on the cost of purchasing care from external providers, but lower than originally expected as plans had assumed a 5.6% increase. This affects around 70% of most care costs. Pressures in later years assume the minimum wage rising by an amount each year closer to 5.5%.   |
| A/R.4.012    | Sleep-ins   | 400             | -               | -               | -               | -               | - Pressure due to the need, should the resolution to an ongoing court case require, to ensure external care providers are funded sufficiently to pay care staff at least the minimum wage for working hours spent sleeping. Currently a flat, per-night rate amounting to less than the minimum wage is commonly used.  |
| A/R.4.013    | Deprivation of Liberty Safeguards                                   | 45              | -               | -               | -               | -               | - The council has seen rising costs due to the need to progress a large number of best interest assessments where people are subject to deprivation of liberty safeguards. This has resulted in an increased level of spend on independent assessors. As legislation changes over coming years, the level of resource needed will be kept under review.   |
| A/R.4.014    | Personal Protective Equipment                                       | 900             | -900            | -               | -               | -               | - Due to Covid-19, the amount of PPE being used by frontline council staff has increased considerably. These are staff working in Reablement, council-run day centres and supported living units, schools and others. The pressure is an estimate based on experience and prices in 2020/21.  |
| A/R.4.022    | Dedicated Schools Grant Contribution to Combined Budgets            | 500             | 750             | 250             | -               | -               | - 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                                 | 49              | -               | 50              | 50              | -               | - Revenue costs of providing library services to new communities.   |

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Budget Period: 2021-22 to 2025-26

|                |               |
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|----------------|---------------|

| Ref          | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| A/R.4.028    | Independent reviewing officers                     | -85             | -               | -               | -               | -               | - Reversal of temporary investment into additional Independent Review Officer (IRO) capacity.  |
| A/R.4.029    | Coroner Service                                    | -37             | -               | -               | -               | -               | - Reversal of temporarily funded posts in the Coroner Service.   |
| A/R.4.032    | Home to School Transport - Special                 | 800             | -               | -               | -               | -               | - A greater than anticipated increase in the number of pupils with Education, Health and Care Plans (EHCPs) requiring transport to school, especially in the post-19 cohort, has resulted in an ongoing pressure of £800k on the Home to School - Special budget.  |
| A/R.4.035    | Home to School Transport - Mainstream              | 200             | -               | -               | -               | -               | - Additional funding to cover inflationary market pressures in prior years.  |
| A/R.4.036    | Decapitalisation of Community Equipment            | 900             | -               | 400             | -               | -               | - Decapitalisation of Community Equipment  |
| <b>4.999</b> | <b>Subtotal Pressures</b>                          | <b>6,162</b>    | <b>4,475</b>    | <b>4,884</b>    | <b>3,422</b>    | <b>3,372</b>    |  |
| <b>5</b>     | <b>INVESTMENTS</b>                                 |                 |                 |                 |                 |                 |  |
| A/R.5.001    | Permanent Funding for Investments into Social Work | 510             | -               | -               | -               | -               | - As part of the Adults Positive Challenge Programme, a number of investments were made from the Transformation Fund to deliver an ambitious package of demand management measures. This funding in 2021/22 is to provide a permanent basis for those investments that will need to continue, particularly investment in additional staff and equipment in Technology Enabled Care, and the ongoing costs of a mobile working system for Reablement. |
| A/R.5.003    | Flexible Shared Care Resource                      | -               | 174             | -               | -               | -               | - Ending of five year investment repayment period, for previous invest to save bid to bridge the gap between fostering, community support and residential provision. Investment repaid over 5 years, at £174k pa from 17/18 to 21/22, from savings in placement costs.   |
| A/R.5.005    | Investment in additional block beds                | 107             | -               | -               | -               | -               | - Following review by Adults Committee, a large number of additional block beds are being commissioned to replace spot purchases. This investment is the small increase in cost that results as newly commissioned beds will replace older ones that had lower prices. Over the medium term, this will save the council money as price increases will be managed, reflected in saving A/R.6.185 below  |
| A/R.5.006    | Care Homes Team                                    | 240             | -120            | -120            | -               | -               | - A two year pilot starting as part of the Covid response in October 2020, using a dedicated team of social workers to provide support to care homes.  |
| A/R.5.008    | Family Group Conferencing                          | -               | 250             | -               | -               | -               | - Permanent investment in Family Group Conferencing service to replace temporary grant funding.  |
| <b>5.999</b> | <b>Subtotal Investments</b>                        | <b>857</b>      | <b>304</b>      | <b>-120</b>     | <b>-</b>        | <b>-</b>        |  |
| <b>6</b>     | <b>SAVINGS</b>                                     |                 |                 |                 |                 |                 |  |
|              | <b>Adults</b>                                      |                 |                 |                 |                 |                 |  |
| A/R.6.114    | Learning Disabilities Commissioning                | -250            | -               | -               | -               | -               | - A programme of work commenced in Learning Disability Services in 2016/17 to ensure service-users had the appropriate level of care; some additional work remains, particularly focussing on high cost placements outside of Cambridgeshire and commissioning approaches, as well as the remaining part-year impact of savings made part-way through 2020/21, though at a lower level than originally anticipated.                                  |
| A/R.6.174    | Review of Supported Housing Commissioning          | 224             | -               | -               | -               | -               | - An ambitious saving was included in the 2018-23 Business Plan linked to a review of commissioning arrangements for supported housing. In 2021/22 there remains £224k of this saving left. Due to Covid-19 and other changes in legislation, it is not possible to deliver the rest of this saving.   |

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| Ref       | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description   |
|-----------|---|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| A/R.6.176 | Adults Positive Challenge Programme                             | 1,095           | -100            | -100            | -               | -               | - Through the Adults Positive Challenge Programme, the County Council has set out to design a new service model for Adult Social Care, which will continue to improve outcomes whilst also being financially sustainable in the face of the huge pressure on the sector. This programme had a savings target of £7.6m over two years, but delivery in 2020/21 was severely impacted by Covid-19. A full review of what opportunities identified by the programme remain deliverable has taken place, with estimates suggesting part of the saving is permanently impaired. In later years, the Preparing for Adulthood workstream will continue to have an effect by reducing the level of demand on services from young people transitioning into adulthood. |
| 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             | -24             | -               | -               | -               | - A tender 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 | Review of commissioning approaches for accommodation based care | -               | -350            | -375            | -               | -               | - We are exploring alternative models of delivery for residential and nursing care provision, including a tenancy based model that should deliver savings to the council.   |
| A/R.6.181 | Review of commissioned domiciliary care                         | 300             | -               | -               | -               | -               | - A saving was identified for 2020/21 around reviewing packages of domiciliary care to ensure that they were appropriate to meet people's needs. Following the impact of the Covid-19 pandemic, this saving is no longer achievable. The pandemic has highlighted that domiciliary care needs to be commissioned in a more outcomes focussed way, which minimises the savings opportunity originally identified. A further efficiency should be achieved once outcome focussed commissioning is established.  |
| A/R.6.185 | Additional block beds - inflation saving                        | -606            | -583            | -456            | -470            | -484            | - Through commissioning additional block beds, referred to in A/R.5.005, 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.6.186 | Adult Social Care Transport                                     | -250            | -               | -               | -               | -               | - Savings can be made in transport costs through a project to review commissioning arrangements, best value, route optimisation and demand management opportunities. This may require transformation funded resource to achieve fully.  |
| A/R.6.187 | Additional vacancy factor                                       | -150            | -               | -               | -               | -               | - Whilst effort is made to ensure all critical posts are filled within People and Communities, slippage in staffing spend always occurs. For many years, a vacancy factor has existed in P&C budgets to account for this; following a review of the level of vacancy savings achieved in recent years we are able to increase that vacancy factor.  |
| A/R.6.188 | Micro-enterprises Support                                       | -30             | -133            | -               | -               | -               | - Transformation funding has been agreed for new approach to supporting the care market, focussing on using micro-enterprises to enable a more local approach to domiciliary care and personal assistants. As well as benefits to an increased local approach and competition, this work should result in a lower cost of care overall.   |

## Section 3 - A: People and Communities

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref       | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|-----------|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| A/R.6.189 | Learning Disability Partnership Pooled Budget Rebaselining        | -               | -2,574          | -               | -               | -               | - The Learning Disability Partnership is a pooled budget with the NHS covering most spend on people with learning disabilities by the NHS and Council in Cambridgeshire. 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 2021/22, 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. |
|           | <b>C&amp;YP</b>   |                 |                 |                 |                 |                 |  |
| A/R.6.210 | Unaccompanied Asylum Seeking Young People: Support Costs          | -300            | -               | -               | -               | -               | - During 2020/21, the Government increased the weekly amount it provides to local authorities to support unaccompanied asylum seeking young people. This means that the grant now covers more of the costs of meeting the accommodation and support needs of unaccompanied asylum seeking young people and care leavers. Accordingly, it is possible to make a saving in the contribution to these costs that the Council has historically made from core budgets of £300K per annum. Also the service has worked to ensure that placement costs are kept a minimum, without compromising quality, and that young people move from their 'care' placement promptly at age 18 to appropriately supported housing provision.   |
| A/R.6.211 | Adoption and Special Guardianship Order Allowances                | -500            | -               | -               | -               | -               | - A reduction in the number of children coming into care, due to implementation of the Family Safeguarding model and less active care proceedings, means that there are fewer children progressing to adoption or to permanent arrangements with relatives under Special Guardianship Orders. This in turn means that there are fewer carers who require and/or are entitled to receiving financial support in the form of adoption and Special Guardianship Order allowances.   |
| A/R.6.212 | Clinical Services; Children and young people                      | -250            | -               | -               | -               | -               | - Changes to the clinical offer will include a reduction in clinical staff input in the Family Safeguarding Service (previously social work Units) due to changes resulting from the implementation of the Family Safeguarding model, including the introduction of non-case holding Team Managers and Adult practitioners. Additional investment is to be made in developing a shared clinical service for Cambridgeshire and Peterborough for corporate parenting, however a residual saving of £250k can be released. In 2022-23 this will be re-invested in the Family Group Conferencing Service (see proposal A/R.5.008)   |
| A/R.6.255 | Children in Care - Placement composition and reduction in numbers | -246            | -               | -               | -               | -               | - Through a mixture of continued recruitment of our own foster carers (thus reducing our use of Independent Foster Agencies) and a reduction in overall numbers of children in care, overall costs of looking after children and young people can be reduced in 2021/22.   |
| A/R.6.266 | Children in Care Stretch Target - Demand Management               | -1,000          | -               | -               | -               | -               | - Please see A/R.6.255 above.  |
| A/R.6.267 | Children's Disability 0-25 Service                                | -50             | -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 £50k 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 | Transport - Children in Care                                      | -300            | -               | -               | -               | -               | - The impact of ongoing process improvements in the commissioning of transport for children in care.   |
|           | <b>C&amp;P</b>  |                 |                 |                 |                 |                 |  |
| A/R.6.269 | Communities and Partnership Review                                | -200            | -               | -               | -               | -               | - A review of services within C&P where efficiencies, or increased income, can be found.   |

## Section 3 - A: People and Communities

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

| Detailed Plans | Outline Plans |
|----------------|---------------|
|----------------|---------------|

| Ref       | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|-----------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| 6.999     | <b>Subtotal Savings</b>                                | <b>-2,537</b>   | <b>-3,874</b>   | <b>-1,153</b>   | <b>-520</b>     | <b>-484</b>     |  |
|           | <b>TOTAL GROSS EXPENDITURE</b>                         | <b>499,434</b>  | <b>517,583</b>  | <b>539,282</b>  | <b>561,426</b>  | <b>583,821</b>  |  |
| <b>7</b>  | <b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>          |                 |                 |                 |                 |                 |  |
| A/R.7.001 | Previous year's fees, charges & ring-fenced grants     | -186,208        | -196,904        | -198,358        | -199,199        | -199,703        | 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 compared to 2021-21        | -2,900          | -               | -               | -               | -               | - Adjustment for changes to income expectation from decisions made during budget preparation period and permanent changes made during 2020-21.   |
| A/R.7.003 | Fees and charges inflation                             | -469            | -501            | -498            | -504            | -511            | Increase in external charges to reflect inflation pressures on the costs of services.  |
| A/R.7.004 | Transfer of Traded Services income from C&I to P&C     | -3,740          | -               | -               | -               | -               | - Transfer of Traded Services income from C&I to P&C   |
| A/R.7.005 | Transferred Function - Joint Recruitment Team          | 78              | -               | -               | -               | -               | - Transfer of the cross-function Recruitment Team from P&C to HR within Corporate Services   |
|           | <b>Changes to fees &amp; charges</b>                   |                 |                 |                 |                 |                 |  |
| A/R.7.107 | COVID Impact - Education income                        | 107             | -107            | -               | -               | -               | - We anticipate a reduction in various traded income streams across Education in the summer term of 2021.  |
| A/R.7.108 | COVID Impact - Outdoor Centres                         | 880             | -766            | -114            | -               | -               | - A reduction of income in the summer term of 2021 is expected at the Outdoor Centres. If guidance around residential visits is updated then this position may improve.  |
| A/R.7.109 | COVID Impact - School Absence Penalty Notices          | 150             | -150            | -               | -               | -               | - We anticipate a reduced income from Absence Penalty Notices in 2021-22.  |
| A/R.7.110 | COVID Impact - Registration Service                    | 129             | -64             | -65             | -               | -               | - We anticipate a reduced number of weddings and civil partnerships in the early part of 2021-22 resulting in a corresponding reduction in income.   |
| A/R.7.111 | Client Contributions Policy Changes                    | -               | -562            | -164            | -               | -               | - 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. |
|           | <b>Changes to ring-fenced grants</b>                   |                 |                 |                 |                 |                 |  |
| 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 2022-23, due to removal of ring-fence.   |
| A/R.7.202 | Home to School Transport - grant funding               | -403            | 403             | -               | -               | -               | - An assumption that increased Home to School Transport costs relating to Covid-19 will continue to be met from DfE grant funding.   |
| A/R.7.205 | Strengthening Families Protecting Children Grant       | 1,600           | -               | -               | -               | -               | - To improve work with families and safely reduce the number of children entering care through adopting the Family Safeguarding approach   |
| A/R.7.209 | High Needs Block DSG funding                           | -6,128          | -               | -               | -               | -               | - Revised High Needs Block Dedicated schools grant (DSG) baseline, following increases in funding and transfers from Schools Block in 2020/21.   |
| 7.999     | <b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b> | <b>-196,904</b> | <b>-198,358</b> | <b>-199,199</b> | <b>-199,703</b> | <b>-200,214</b> |  |
|           | <b>TOTAL NET EXPENDITURE</b>                           | <b>302,530</b>  | <b>319,225</b>  | <b>340,083</b>  | <b>361,723</b>  | <b>383,607</b>  |  |

## Section 3 - A: People and Communities

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref                    | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description   |
|------------------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| <b>FUNDING SOURCES</b> |  |                 |                 |                 |                 |                 |   |
| <b>8</b>               | <b>FUNDING OF GROSS EXPENDITURE</b>                    |                 |                 |                 |                 |                 |   |
| A/R.8.001              | Budget Allocation                                      | -302,530        | -319,225        | -340,083        | -361,723        | -383,607        | Net spend funded from general grants, business rates and Council Tax.   |
| A/R.8.002              | Fees & Charges   | -66,915         | -69,065         | -69,906         | -70,410         | -70,921         | 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)                          | -81,977         | -81,977         | -81,977         | -81,977         | -81,977         | 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      | -16,950         | -16,950         | -16,950         | -16,950         | -16,950         | 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.8.006              | Home to School Transport - grant funding               | -403            | -               | -               | -               | -               | - An assumption that increased Home to School Transport costs relating to Covid-19 will continue to be met from DfE grant funding.  |
| 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                           | -339            | -339            | -339            | -339            | -339            | Care Act New Burdens funding.   |
| A/R.8.011              | Improved Better Care Fund                              | -14,725         | -14,725         | -14,725         | -14,725         | -14,725         | Improved Better Care Fund grant.  |
| A/R.8.012              | 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                       | -175            | -175            | -175            | -175            | -175            | 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)           | -3,400          | -3,400          | -3,400          | -3,400          | -3,400          | 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.8.401              | Public Health Funding                                  | -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. |
| <b>8.999</b>           | <b>TOTAL FUNDING OF GROSS EXPENDITURE</b>              | <b>-499,434</b> | <b>-517,583</b> | <b>-539,282</b> | <b>-561,426</b> | <b>-583,821</b> |   |

## Section 3 - A: People and Communities

### Table 4: Capital Programme

Budget Period: 2021-22 to 2030-31

| Summary of Schemes by Start Date | Total Cost<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|----------------------------------|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Ongoing                          | 35,817             | -                      | 5,097           | -6,704          | -3,352          | 4,481           | 7,838           | 28,457              |
| Committed Schemes                | 295,911            | 132,993                | 28,624          | 64,939          | 50,586          | 16,643          | 2,082           | 44                  |
| 2020-2021 Starts                 | 11,380             | 40                     | 350             | 6,600           | 4,100           | 290             | -               | -                   |
| 2021-2022 Starts                 | 110,503            | 2,010                  | 10,630          | 63,306          | 29,543          | 4,934           | 80              | -                   |
| 2022-2023 Starts                 | 16,384             | 1                      | -               | 1,385           | 11,850          | 3,015           | 133             | -                   |
| 2023-2024 Starts                 | 30,445             | 59                     | -               | 200             | 10,091          | 13,600          | 6,155           | 340                 |
| 2025-2026 Starts                 | 11,860             | -                      | -               | -               | -               | -               | 520             | 11,340              |
| 2026-2027 Starts                 | 13,300             | -                      | -               | -               | -               | -               | -               | 13,300              |
| <b>TOTAL BUDGET</b>              | <b>525,600</b>     | <b>135,103</b>         | <b>44,701</b>   | <b>129,726</b>  | <b>102,818</b>  | <b>42,963</b>   | <b>16,808</b>   | <b>53,481</b>       |

| Summary of Schemes by Category  | Total Cost<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|---------------------------------|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Basic Need - Primary            | 191,620            | 50,986                 | 12,351          | 44,926          | 52,909          | 16,250          | 898             | 13,300              |
| Basic Need - Secondary          | 236,548            | 65,996                 | 11,080          | 74,146          | 44,591          | 21,293          | 7,762           | 11,680              |
| Basic Need - Early Years        | 6,973              | 6,007                  | 665             | 301             | -               | -               | -               | -                   |
| Adaptations                     | 6,988              | 613                    | 1,475           | 4,535           | 350             | 15              | -               | -                   |
| Condition & Maintenance         | 23,500             | -                      | 3,000           | 3,250           | 3,250           | 3,250           | 3,250           | 7,500               |
| Building Schools for the Future | -                  | -                      | -               | -               | -               | -               | -               | -                   |
| Schools Managed Capital         | 7,317              | -                      | 813             | 813             | 813             | 813             | 813             | 3,252               |
| Specialist Provision            | 24,661             | 8,796                  | 2,894           | 6,400           | 6,350           | 221             | -               | -                   |
| Site Acquisition & Development  | 1,355              | -                      | 305             | 1,050           | -               | -               | -               | -                   |
| Temporary Accommodation         | 8,000              | -                      | 1,000           | 750             | 750             | 750             | 750             | 4,000               |
| Children Support Services       | 5,875              | -                      | 675             | 650             | 650             | 650             | 650             | 2,600               |
| Adult Social Care               | 54,511             | 565                    | 12,029          | 9,024           | 4,699           | 4,699           | 4,699           | 18,796              |
| Cultural & Community Services   | 6,285              | 2,140                  | 3,353           | 300             | 492             | -               | -               | -                   |
| Capital Programme Variation     | -48,033            | -                      | -4,939          | -16,419         | -12,036         | -4,978          | -2,014          | -7,647              |
| Corporate Services              | -                  | -                      | -               | -               | -               | -               | -               | -                   |
| <b>TOTAL BUDGET</b>             | <b>525,600</b>     | <b>135,103</b>         | <b>44,701</b>   | <b>129,726</b>  | <b>102,818</b>  | <b>42,963</b>   | <b>16,808</b>   | <b>53,481</b>       |

## Section 3 - A: People and Communities

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

| Ref           | Scheme                                     | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | Later Years £000 |
|---------------|--|---|-------------------------|--------------|-----------------|---------------------|--------------|--------------|--------------|--------------|--------------|------------------|
| <b>A/C.01</b> | <b>Basic Need - Primary</b>                |   |                         |              |                 |                     |              |              |              |              |              |                  |
| A/C.01.021    | North West Cambridge (NIAB site) primary   | New 2 form entry school with 52 Early Years provision:<br>£8,877k Basic Need requirement 420 places<br>£1,700k Early Years Basic Need 52 places<br>£1,200k Community facilities - Children's Centre |                         | Committed    | 11,777          | 646                 | 40           | 6,852        | 4,000        | 239          | -            | -                |
| A/C.01.029    | Confidential Scheme                        | Confidential Scheme   |                         | Committed    | 10,570          | 50                  | 200          | 3,500        | 4,500        | 2,150        | 170          | -                |
| A/C.01.034    | St Neots, Wintringham Park primary         | New 3 form entry school with 78 Early Years provision:<br>£11,517k Basic Need requirement 630 places<br>£2,665k Early Years Basic Need 78 places  |                         | Committed    | 14,182          | 13,940              | 170          | 72           | -            | -            | -            | -                |
| A/C.01.040    | Confidential Scheme                        | Confidential Scheme   |                         | Committed    | 3,350           | 6                   |              | 46           | 1,798        | 1,300        | 200          | -                |
| A/C.01.041    | Barrington Primary                         | Expansion to 1 form of entry:<br>£2,800k Basic Need requirement   |                         | Committed    | 2,800           | 2,800               |              | -            | -            | -            | -            | -                |
| A/C.01.043    | Confidential Scheme                        | Confidential Scheme   |                         | 2021-22      | 5,565           | 21                  | 650          | 3,000        | 1,800        | 94           | -            | -                |
| A/C.01.044    | Confidential Scheme                        | Confidential Scheme   |                         | 2021-22      | 10,580          | -                   | 290          | 7,400        | 2,600        | 290          | -            | -                |
| A/C.01.048    | Histon Additional Places                   | Expansion of 2 form entry primary and 2 form entry Early Years in the Histon area:<br>£15,026k Basic Need requirement 210 places<br>£2,000k Early Years Basic Need 52 places                        |                         | Committed    | 17,026          | 16,718              | 308          | -            | -            | -            | -            | -                |
| A/C.01.049    | Confidential Scheme                        | Confidential Scheme   |                         | 2023-24      | 14,315          | -                   |              | 200          | 9,500        | 4,300        | 315          | -                |
| A/C.01.052    | Confidential Scheme                        | Confidential Scheme   |                         | 2026-27      | 13,300          | -                   |              | -            | -            | -            | -            | 13,300           |
| A/C.01.056    | Confidential Scheme                        | Confidential Scheme   |                         | 2022-23      | 11,133          | -                   |              | 300          | 7,700        | 3,000        | 133          | -                |
| A/C.01.062    | Waterbeach Primary School                  | Expansion of 1 form of entry due to in-catchment development:<br>£6,611 Basic Need requirement 120 places   |                         | Committed    | 6,611           | 6,446               | 165          | -            | -            | -            | -            | -                |
| A/C.01.065    | New Road Primary                           | Expansion to 2 form of entry:<br>£6,559k Basic Need requirement   |                         | Committed    | 6,559           | 6,188               | 371          | -            | -            | -            | -            | -                |
| A/C.01.066    | Bassingbourn Primary School                | Expansion   |                         | Committed    | 2,765           | 2,698               | 67           | -            | -            | -            | -            | -                |
| A/C.01.067    | WING Development - Cambridge (new primary) | New 2 form entry school with 52 Early Years provision and community facilities:<br>£9,734k Basic Need requirement 420 places<br>£1,560k Early Years Basic Need 52 places                            |                         | Committed    | 11,294          | 817                 | 7,100        | 3,200        | 177          | -            | -            | -                |
| A/C.01.068    | St Philips Primary School                  | Expansion of 0.5 form of entry:<br>£1,627k Basic Need requirement 60 places   |                         | Committed    | 1,627           | 96                  | 890          | 600          | 41           | -            | -            | -                |

## Section 3 - A: People and Communities

Table 4: Capital Programme

Budget Period: 2021-22 to 2030-31

| Ref                                 | Scheme                                  | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000  | 2023-24 £000  | 2024-25 £000  | 2025-26 £000 | Later Years £000 |
|-------------------------------------|---|---|-------------------------|--------------|-----------------|---------------------|---------------|---------------|---------------|---------------|--------------|------------------|
| A/C.01.069                          | Confidential Scheme                     | Confidential Scheme   |                         | Committed    | 3,890           | 10                  | 100           | 150           | 2,700         | 930           | -            | -                |
| A/C.01.070                          | Confidential Scheme                     | Confidential Scheme   |                         | Committed    | 1,390           | 440                 | 950           | -             | -             | -             | -            | -                |
| A/C.01.071                          | Confidential Scheme                     | Confidential Scheme   |                         | 2020-21      | 6,380           | 20                  | 200           | 3,300         | 2,600         | 260           | -            | -                |
| A/C.01.072                          | Confidential Scheme                     | Confidential Scheme   |                         | 2021-22      | 6,595           | -                   | 230           | 3,456         | 2,643         | 266           | -            | -                |
| A/C.01.073                          | Confidential Scheme                     | Confidential Scheme   |                         | 2021-22      | 2,400           | -                   | 20            | 200           | 2,000         | 180           | -            | -                |
| A/C.01.074                          | Confidential Scheme                     | Confidential Scheme   |                         | 2020-21      | 5,000           | 20                  | 150           | 3,300         | 1,500         | 30            | -            | -                |
| A/C.01.075                          | Confidential Scheme                     | Confidential Scheme   |                         | 2021-22      | 5,160           | -                   | 20            | 200           | 3,000         | 1,890         | 50           | -                |
| A/C.01.076                          | Confidential Scheme                     | Confidential Scheme   |                         | 2021-22      | 3,850           | -                   | 50            | 350           | 2,450         | 970           | 30           | -                |
| A/C.01.077                          | Confidential Scheme                     | Confidential Scheme   |                         | 2021-22      | 11,701          | 70                  | 300           | 7,600         | 3,400         | 331           | -            | -                |
| A/C.01.078                          | Confidential Scheme                     | Confidential Scheme   |                         | 2021-22      | 1,800           | -                   | 80            | 1,200         | 500           | 20            | -            | -                |
| <b>Total - Basic Need - Primary</b> |   |   |                         |              | <b>191,620</b>  | <b>50,986</b>       | <b>12,351</b> | <b>44,926</b> | <b>52,909</b> | <b>16,250</b> | <b>898</b>   | <b>13,300</b>    |
| <b>A/C.02</b>                       | <b>Basic Need - Secondary</b>           |   |                         |              |                 |                     |               |               |               |               |              |                  |
| A/C.02.006                          | Northstowe secondary                    | New 4 form entry school (with 12 form entry core facilities) & 100 place SEN Provision:<br>£49,101k Basic Need requirement 600 places   |                         | Committed    | 49,101          | 48,153              | 500           | 448           | -             | -             | -            | -                |
| A/C.02.007                          | Confidential Scheme                     | Confidential Scheme   |                         | Committed    | 21,700          | 18                  | 300           | 1,500         | 15,000        | 4,500         | 382          | -                |
| A/C.02.009                          | Alconbury Weald secondary and Special   | New 4 form entry school (with 8 form entry core facilities):<br>£30,500k Basic Need requirement 600 places<br>£15,000k SEN 110 places   |                         | Committed    | 45,500          | 880                 | 1,400         | 22,000        | 14,000        | 6,200         | 1,020        | -                |
| A/C.02.011                          | New secondary capacity to serve Wisbech | New 4 form entry school with 8FE core and SEMH provision:<br>£26,500k Basic Need requirement 750 places<br>£12,300 SEMH Provision   |                         | 2021-22      | 38,800          | 1,083               | 1,700         | 27,500        | 7,800         | 717           | -            | -                |
| A/C.02.012                          | Cromwell Community College              | Expansion to accomodate the development of an all-through school with a 2-19 age range.<br>£9,202k Basic Need Secondary requirement 150 places<br>7 to 8 form entry £7,115k Basic Need Primary requirement 210 places |                         | Committed    | 16,317          | 15,269              | 950           | 98            | -             | -             | -            | -                |
| A/C.02.013                          | Confidential Scheme                     | Confidential Scheme   |                         | 2023-24      | 11,130          | 59                  | -             | -             | 441           | 6,500         | 3,940        | 190              |
| A/C.02.014                          | Confidential Scheme                     | Confidential Scheme   |                         | 2025-26      | 11,860          | -                   | -             | -             | -             | -             | 520          | 11,340           |
| A/C.02.015                          | Confidential Scheme                     | Confidential Scheme   |                         | 2021-22      | 8,840           | 34                  | 230           | 5,100         | 3,300         | 176           | -            | -                |
| A/C.02.016                          | Cambourne Village College Phase 3b      | New 2 form entry secondary places with new 350 place sixth form provision:<br>£28,300k Basic Need requirement 650 place   |                         | Committed    | 28,300          | 500                 | 6,000         | 17,500        | 3,900         | 400           | -            | -                |

## Section 3 - A: People and Communities

Table 4: Capital Programme

Budget Period: 2021-22 to 2030-31

| Ref  | Scheme                                      | Description  | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000  | 2023-24 £000  | 2024-25 £000  | 2025-26 £000 | Later Years £000 |
|--|---|--|-------------------------|--------------|-----------------|---------------------|---------------|---------------|---------------|---------------|--------------|------------------|
| A/C.02.017                                 | Confidential Scheme                         | Confidential Scheme  |                         | 2023-24      | 5,000           | -                   |               | -             | 150           | 2,800         | 1,900        | 150              |
| <b>Total - Basic Need - Secondary</b>      |   |  |                         |              | <b>236,548</b>  | <b>65,996</b>       | <b>11,080</b> | <b>74,146</b> | <b>44,591</b> | <b>21,293</b> | <b>7,762</b> | <b>11,680</b>    |
| <b>A/C.03</b>                              | <b>Basic Need - Early Years</b>             |  |                         |              |                 |                     |               |               |               |               |              |                  |
| 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    | 6,164           | 5,710               | 454           | -             | -             | -             | -            | -                |
| A/C.03.004                                 | Cottenham Early Years                       | Full Day Nursery Provision - Cottenham   |                         | Committed    | 809             | 297                 | 211           | 301           | -             | -             | -            | -                |
| <b>Total - Basic Need - Early Years</b>    |   |  |                         |              | <b>6,973</b>    | <b>6,007</b>        | <b>665</b>    | <b>301</b>    | -             | -             | -            | -                |
| <b>A/C.04</b>                              | <b>Adaptations</b>                          |  |                         |              |                 |                     |               |               |               |               |              |                  |
| A/C.04.007                                 | Confidential Scheme                         | Confidential Scheme  |                         | 2022-23      | 351             | 1                   |               | 35            | 300           | 15            | -            | -                |
| A/C.04.008                                 | Confidential Scheme                         | Confidential Scheme  |                         | 2021-22      | 6,000           | 600                 | 850           | 4,500         | 50            | -             | -            | -                |
| A/C.04.009                                 | Sawtry Infants Adaptations                  | Works to address long standing deficiencies and condition issues.  |                         | 2021-22      | 637             | 12                  | 625           | -             | -             | -             | -            | -                |
| <b>Total - Adaptations</b>                 |   |  |                         |              | <b>6,988</b>    | <b>613</b>          | <b>1,475</b>  | <b>4,535</b>  | <b>350</b>    | <b>15</b>     | -            | -                |
| <b>A/C.05</b>                              | <b>Condition &amp; Maintenance</b>          |  |                         |              |                 |                     |               |               |               |               |              |                  |
| 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      | 23,500          | -                   | 3,000         | 3,250         | 3,250         | 3,250         | 3,250        | 7,500            |
| <b>Total - Condition &amp; Maintenance</b> |   |  |                         |              | <b>23,500</b>   | -                   | <b>3,000</b>  | <b>3,250</b>  | <b>3,250</b>  | <b>3,250</b>  | <b>3,250</b> | <b>7,500</b>     |
| <b>A/C.07</b>                              | <b>Schools Managed Capital</b>              |  |                         |              |                 |                     |               |               |               |               |              |                  |
| 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      | 7,317           | -                   | 813           | 813           | 813           | 813           | 813          | 3,252            |
| <b>Total - Schools Managed Capital</b>     |   |  |                         |              | <b>7,317</b>    | -                   | <b>813</b>    | <b>813</b>    | <b>813</b>    | <b>813</b>    | <b>813</b>   | <b>3,252</b>     |
| <b>A/C.08</b>                              | <b>Specialist Provision</b>                 |  |                         |              |                 |                     |               |               |               |               |              |                  |
| 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           | -                   |               | 150           | 3,850         | -             | -            | -                |

## Section 3 - A: People and Communities

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

| Ref           | Scheme   | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | Later Years £000 |
|---------------|--|---|-------------------------|--------------|-----------------|---------------------|--------------|--------------|--------------|--------------|--------------|------------------|
| 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           | 1,768               | 1,200        | 100          | -            | -            | -            | -                |
| A/C.08.006    | Highfields Special School Phase 2                          | This scheme is provide essential ancillary facilities recommended for a school of this size and nature  |                         | Committed    | 6,983           | 6,789               | 194          | -            | -            | -            | -            | -                |
| A/C.08.007    | Confidential Scheme  | Confidential Scheme   |                         | Committed    | 10,310          | 239                 | 1,350        | 6,000        | 2,500        | 221          | -            | -                |
|               | <b>Total - Specialist Provision</b>                        |   |                         |              | <b>24,661</b>   | <b>8,796</b>        | <b>2,894</b> | <b>6,400</b> | <b>6,350</b> | <b>221</b>   | -            | -                |
| <b>A/C.09</b> | <b>Site Acquisition &amp; Development</b>                  |   |                         |              |                 |                     |              |              |              |              |              |                  |
| 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.09.003    | Confidential Scheme  | Confidential Scheme   |                         | 2021-22      | 155             | -                   | 155          | -            | -            | -            | -            | -                |
| A/C.09.004    | Confidential Scheme  | Confidential Scheme   |                         | 2022-23      | 900             | -                   | -            | 900          | -            | -            | -            | -                |
|               | <b>Total - Site Acquisition &amp; Development</b>          |   |                         |              | <b>1,355</b>    | -                   | <b>305</b>   | <b>1,050</b> | -            | -            | -            | -                |
| <b>A/C.10</b> | <b>Temporary Accommodation</b>                             |   |                         |              |                 |                     |              |              |              |              |              |                  |
| 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          | 4,000            |
|               | <b>Total - Temporary Accommodation</b>                     |   |                         |              | <b>8,000</b>    | -                   | <b>1,000</b> | <b>750</b>   | <b>750</b>   | <b>750</b>   | <b>750</b>   | <b>4,000</b>     |
| <b>A/C.11</b> | <b>Children Support Services</b>                           |   |                         |              |                 |                     |              |              |              |              |              |                  |
| A/C.11.001    | Children's Minor Works and Adaptions                       | Funding which enables remedial and essential work to be undertaken, maintaining the Council's in-house LAC provision.   |                         | Ongoing      | 25              | -                   | 25           | -            | -            | -            | -            | -                |
| 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      | 5,850           | -                   | 650          | 650          | 650          | 650          | 650          | 2,600            |
|               | <b>Total - Children Support Services</b>                   |   |                         |              | <b>5,875</b>    | -                   | <b>675</b>   | <b>650</b>   | <b>650</b>   | <b>650</b>   | <b>650</b>   | <b>2,600</b>     |

## Section 3 - A: People and Communities

Table 4: Capital Programme

Budget Period: 2021-22 to 2030-31

| Ref                  | Scheme   | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | Later Years £000 |
|----------------------|--|---|-------------------------|--------------|-----------------|---------------------|---------------|--------------|--------------|--------------|--------------|------------------|
| A/C.12<br>A/C.12.004 | <b>Adult Social Care</b><br>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      | 42,291          | -                   | 4,699         | 4,699        | 4,699        | 4,699        | 4,699        | 18,796           |
| 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      | 800             | -                   | 400           | 400          | -            | -            | -            | -                |
| A/C.12.006           | East Cambridgeshire Adult Service Development              | Provision of 6 units of accommodation on one site to provide a specialist Supported Living Service for adults with learning disabilities and /or autism.  |                         | Committed    | 3,000           | 375                 | 1,500         | 1,125        | -            | -            | -            | -                |
| A/C.12.007           | Care Suites : East Cambridgeshire                          | Care suite accommodation in Ely for 65 people and an additional 15 health beds  |                         | 2021-22      | 8,420           | 190                 | 5,430         | 2,800        | -            | -            | -            | -                |
|                      | <b>Total - Adult Social Care</b>                           |   |                         |              | <b>54,511</b>   | <b>565</b>          | <b>12,029</b> | <b>9,024</b> | <b>4,699</b> | <b>4,699</b> | <b>4,699</b> | <b>18,796</b>    |
| A/C.13<br>A/C.13.004 | <b>Cultural &amp; Community Services</b><br>Community Fund | A £5m fund that will help to deliver a range of community based investments that support the Council's aspiration of "Making Cambridgeshire a great place to live".   |                         | Committed    | 5,000           | 2,000               | 3,000         | -            | -            | -            | -            | -                |
| 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             | 10                  | 103           | -            | -            | -            | -            | -                |
| A/C.13.006           | Confidential Scheme  | Confidential Scheme   |                         | Committed    | 1,172           | 130                 | 250           | 300          | 492          | -            | -            | -                |
|                      | <b>Total - Cultural &amp; Community Services</b>           |   |                         |              | <b>6,285</b>    | <b>2,140</b>        | <b>3,353</b>  | <b>300</b>   | <b>492</b>   | -            | -            | -                |
| A/C.14<br>A/C.14.001 | <b>Capital Programme Variation</b><br>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      | -52,566         | -                   | -5,790        | -17,566      | -13,514      | -5,681       | -2,324       | -7,691           |

## Section 3 - A: People and Communities

Table 4: Capital Programme

Budget Period: 2021-22 to 2030-31

| Ref        | Scheme                                     | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000   | 2023-24 £000   | 2024-25 £000  | 2025-26 £000  | Later Years £000 |
|------------|--|---|-------------------------|--------------|-----------------|---------------------|---------------|----------------|----------------|---------------|---------------|------------------|
| 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    | 4,533           | -                   | 851           | 1,147          | 1,478          | 703           | 310           | 44               |
|            | <b>Total - Capital Programme Variation</b> |   |                         |              | <b>-48,033</b>  | <b>-</b>            | <b>-4,939</b> | <b>-16,419</b> | <b>-12,036</b> | <b>-4,978</b> | <b>-2,014</b> | <b>-7,647</b>    |
|            | <b>TOTAL BUDGET</b>                        |   |                         |              | <b>525,600</b>  | <b>135,103</b>      | <b>44,701</b> | <b>129,726</b> | <b>102,818</b> | <b>42,963</b> | <b>16,808</b> | <b>53,481</b>    |

| Funding                                    | Total Funding £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000   | 2023-24 £000   | 2024-25 £000  | 2025-26 £000  | Later Years £000 |
|--|--------------------|---------------------|---------------|----------------|----------------|---------------|---------------|------------------|
| <b>Government Approved Funding</b>         |                    |                     |               |                |                |               |               |                  |
| Basic Need                                 | 51,714             | 33,539              | -             | -              | 4,496          | 5,139         | 4,800         | 3,740            |
| Capital Maintenance                        | 21,959             | 346                 | 3,113         | 3,000          | 3,000          | 2,500         | 2,500         | 7,500            |
| Devolved Formula Capital                   | 7,317              | -                   | 813           | 813            | 813            | 813           | 813           | 3,252            |
| Specific Grants                            | 47,436             | 3,145               | 5,699         | 5,699          | 4,699          | 4,699         | 4,699         | 18,796           |
| <b>Total - Government Approved Funding</b> | <b>128,426</b>     | <b>37,030</b>       | <b>9,625</b>  | <b>9,512</b>   | <b>13,008</b>  | <b>13,151</b> | <b>12,812</b> | <b>33,288</b>    |
| <b>Locally Generated Funding</b>           |                    |                     |               |                |                |               |               |                  |
| Agreed Developer Contributions             | 99,928             | 10,541              | 8,753         | 29,833         | 31,358         | 13,392        | 287           | 5,764            |
| Anticipated Developer Contributions        | 65,509             | 6,691               | 7,389         | 22,218         | 17,740         | 3,822         | -             | 7,649            |
| Prudential Borrowing                       | 218,228            | 57,678              | 21,569        | 63,087         | 48,051         | 17,354        | 3,709         | 6,780            |
| Prudential Borrowing (Repayable)           | 2,118              | 12,972              | -2,635        | 3,876          | -7,339         | -4,756        | -             | -                |
| Other Contributions                        | 11,391             | 10,191              | -             | 1,200          | -              | -             | -             | -                |
| <b>Total - Locally Generated Funding</b>   | <b>397,174</b>     | <b>98,073</b>       | <b>35,076</b> | <b>120,214</b> | <b>89,810</b>  | <b>29,812</b> | <b>3,996</b>  | <b>20,193</b>    |
| <b>TOTAL FUNDING</b>                       | <b>525,600</b>     | <b>135,103</b>      | <b>44,701</b> | <b>129,726</b> | <b>102,818</b> | <b>42,963</b> | <b>16,808</b> | <b>53,481</b>    |

## Section 3 - A: People and Communities

### Table 5: Capital Programme - Funding

Budget Period: 2021-22 to 2030-31

| Summary of Schemes by Start Date | Total Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 |
|----------------------------------|-----------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|
| Ongoing                          | 35,817                | 71,221         | -24,839                    | -                       | -                           | -10,565                |
| Committed Schemes                | 295,911               | 41,453         | 110,134                    | 10,191                  | -                           | 134,133                |
| 2020-2021 Starts                 | 11,380                | 260            | 4,107                      | -                       | -                           | 7,013                  |
| 2021-2022 Starts                 | 110,503               | 3,620          | 33,216                     | 1,200                   | -                           | 72,467                 |
| 2022-2023 Starts                 | 16,384                | -              | 11,133                     | -                       | -                           | 5,251                  |
| 2023-2024 Starts                 | 30,445                | 8,322          | 14,841                     | -                       | -                           | 7,282                  |
| 2025-2026 Starts                 | 11,860                | 225            | 7,300                      | -                       | -                           | 4,335                  |
| 2026-2027 Starts                 | 13,300                | 3,325          | 9,545                      | -                       | -                           | 430                    |
| <b>TOTAL BUDGET</b>              | <b>525,600</b>        | <b>128,426</b> | <b>165,437</b>             | <b>11,391</b>           | <b>-</b>                    | <b>220,346</b>         |

| Ref           | Scheme                                     | Linked<br>Revenue<br>Proposal | Net<br>Revenue<br>Impact | Scheme<br>Start | Total<br>Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 |
|---------------|--|-------------------------------|--------------------------|-----------------|--------------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|
| <b>A/C.01</b> | <b>Basic Need - Primary</b>                |                               |                          |                 |                          |                |                            |                         |                             |                        |
| A/C.01.021    | North West Cambridge (NIAB site) primary   |                               |                          | - Committed     | 11,777                   | 90             | 7,327                      | -                       | -                           | 4,360                  |
| A/C.01.029    | Confidential Scheme                        |                               |                          | - Committed     | 10,570                   | 50             | 2,029                      | -                       | -                           | 8,491                  |
| A/C.01.034    | St Neots, Wintringham Park primary         |                               |                          | - Committed     | 14,182                   | 2,271          | 10,462                     | -                       | -                           | 1,449                  |
| A/C.01.040    | Confidential Scheme                        |                               |                          | - Committed     | 3,350                    | -              | 3,350                      | -                       | -                           | -                      |
| A/C.01.041    | Barrington Primary                         |                               |                          | - Committed     | 2,800                    | 1,580          | 419                        | -                       | -                           | 801                    |
| A/C.01.043    | Confidential Scheme                        |                               |                          | - 2021-22       | 5,565                    | 21             | 519                        | -                       | -                           | 5,025                  |
| A/C.01.044    | Confidential Scheme                        |                               |                          | - 2021-22       | 10,580                   | 1,199          | 8,801                      | -                       | -                           | 580                    |
| A/C.01.048    | Histon Additional Places                   |                               |                          | - Committed     | 17,026                   | 9,652          | -                          | -                       | -                           | 7,374                  |
| A/C.01.049    | Confidential Scheme                        |                               |                          | - 2023-24       | 14,315                   | -              | 12,714                     | -                       | -                           | 1,601                  |
| A/C.01.052    | Confidential Scheme                        |                               |                          | - 2026-27       | 13,300                   | 3,325          | 9,545                      | -                       | -                           | 430                    |
| A/C.01.056    | Confidential Scheme                        |                               |                          | - 2022-23       | 11,133                   | -              | 11,133                     | -                       | -                           | -                      |
| A/C.01.062    | Waterbeach Primary School                  |                               |                          | - Committed     | 6,611                    | 620            | 381                        | -                       | -                           | 5,610                  |
| A/C.01.065    | New Road Primary                           |                               |                          | - Committed     | 6,559                    | 606            | 2,265                      | -                       | -                           | 3,688                  |
| A/C.01.066    | Bassingbourn Primary School                |                               |                          | - Committed     | 2,765                    | 1,010          | -                          | 2                       | -                           | 1,753                  |
| A/C.01.067    | WING Development - Cambridge (new primary) |                               |                          | - Committed     | 11,294                   | -              | 8,642                      | -                       | -                           | 2,652                  |
| A/C.01.068    | St Philips Primary School                  |                               |                          | - Committed     | 1,627                    | -              | 1,620                      | -                       | -                           | 7                      |
| A/C.01.069    | Confidential Scheme                        |                               |                          | - Committed     | 3,890                    | 2,037          | 280                        | -                       | -                           | 1,573                  |
| A/C.01.070    | Confidential Scheme                        |                               |                          | - Committed     | 1,390                    | -              | -                          | -                       | -                           | 1,390                  |
| A/C.01.071    | Confidential Scheme                        |                               |                          | - 2020-21       | 6,380                    | 260            | 4,090                      | -                       | -                           | 2,030                  |
| A/C.01.072    | Confidential Scheme                        |                               |                          | - 2021-22       | 6,595                    | -              | 6,595                      | -                       | -                           | -                      |
| A/C.01.073    | Confidential Scheme                        |                               |                          | - 2021-22       | 2,400                    | -              | 427                        | -                       | -                           | 1,973                  |
| A/C.01.074    | Confidential Scheme                        |                               |                          | - 2020-21       | 5,000                    | -              | 17                         | -                       | -                           | 4,983                  |
| A/C.01.075    | Confidential Scheme                        |                               |                          | - 2021-22       | 5,160                    | -              | 1,469                      | -                       | -                           | 3,691                  |
| A/C.01.076    | Confidential Scheme                        |                               |                          | - 2021-22       | 3,850                    | -              | 1,236                      | -                       | -                           | 2,614                  |
| A/C.01.077    | Confidential Scheme                        |                               |                          | - 2021-22       | 11,701                   | -              | 11,701                     | -                       | -                           | -                      |

## Section 3 - A: People and Communities

### Table 5: Capital Programme - Funding

Budget Period: 2021-22 to 2030-31

| 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.01.078    | Confidential Scheme                         |                         |                    | - 2021-22    | 1,800              | -             | -                    | -                 | -                     | 1,800            |
|               | <b>Total - Basic Need - Primary</b>         |                         |                    | -            | <b>191,620</b>     | <b>22,721</b> | <b>105,022</b>       | <b>2</b>          | -                     | <b>63,875</b>    |
| <b>A/C.02</b> | <b>Basic Need - Secondary</b>               |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.02.006    | Northstowe secondary                        |                         |                    | - Committed  | 49,101             | 8,195         | 11,309               | 10,024            | -                     | 19,573           |
| A/C.02.007    | Confidential Scheme                         |                         |                    | - Committed  | 21,700             | -             | 19,650               | -                 | -                     | 2,050            |
| A/C.02.009    | Alconbury Weald secondary and Special       |                         |                    | - Committed  | 45,500             | 1,660         | 23,400               | -                 | -                     | 20,440           |
| A/C.02.011    | New secondary capacity to serve Wisbech     |                         |                    | - 2021-22    | 38,800             | 1,005         | 164                  | -                 | -                     | 37,631           |
| A/C.02.012    | Cromwell Community College                  |                         |                    | - Committed  | 16,317             | 8,537         | 3,325                | -                 | -                     | 4,455            |
| A/C.02.013    | Confidential Scheme                         |                         |                    | - 2023-24    | 11,130             | 8,322         | 2,127                | -                 | -                     | 681              |
| A/C.02.014    | Confidential Scheme                         |                         |                    | - 2025-26    | 11,860             | 225           | 7,300                | -                 | -                     | 4,335            |
| A/C.02.015    | Confidential Scheme                         |                         |                    | - 2021-22    | 8,840              | 1,395         | 2,304                | -                 | -                     | 5,141            |
| A/C.02.016    | Cambourne Village College Phase 3b          |                         |                    | - Committed  | 28,300             | -             | 14,810               | -                 | -                     | 13,490           |
| A/C.02.017    | Confidential Scheme                         |                         |                    | - 2023-24    | 5,000              | -             | -                    | -                 | -                     | 5,000            |
|               | <b>Total - Basic Need - Secondary</b>       |                         |                    | -            | <b>236,548</b>     | <b>29,339</b> | <b>84,389</b>        | <b>10,024</b>     | -                     | <b>112,796</b>   |
| <b>A/C.03</b> | <b>Basic Need - Early Years</b>             |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.03.003    | LA Early Years Provision                    |                         |                    | - Committed  | 6,164              | 1,600         | 56                   | 165               | -                     | 4,343            |
| A/C.03.004    | Cottenham Early Years                       |                         |                    | - Committed  | 809                | -             | 809                  | -                 | -                     | -                |
|               | <b>Total - Basic Need - Early Years</b>     |                         |                    | -            | <b>6,973</b>       | <b>1,600</b>  | <b>865</b>           | <b>165</b>        | -                     | <b>4,343</b>     |
| <b>A/C.04</b> | <b>Adaptations</b>                          |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.04.007    | Confidential Scheme                         |                         |                    | - 2022-23    | 351                | -             | -                    | -                 | -                     | 351              |
| A/C.04.008    | Confidential Scheme                         |                         |                    | - 2021-22    | 6,000              | -             | -                    | 1,200             | -                     | 4,800            |
| A/C.04.009    | Sawtry Infants Adaptations                  |                         |                    | - 2021-22    | 637                | -             | -                    | -                 | -                     | 637              |
|               | <b>Total - Adaptations</b>                  |                         |                    | -            | <b>6,988</b>       | -             | -                    | <b>1,200</b>      | -                     | <b>5,788</b>     |
| <b>A/C.05</b> | <b>Condition &amp; Maintenance</b>          |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.05.001    | School Condition, Maintenance & Suitability |                         |                    | - Ongoing    | 23,500             | 21,500        | -                    | -                 | -                     | 2,000            |
|               | <b>Total - Condition &amp; Maintenance</b>  |                         |                    | -            | <b>23,500</b>      | <b>21,500</b> | -                    | -                 | -                     | <b>2,000</b>     |
| <b>A/C.07</b> | <b>Schools Managed Capital</b>              |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.07.001    | School Devolved Formula Capital             |                         |                    | - Ongoing    | 7,317              | 7,317         | -                    | -                 | -                     | -                |
|               | <b>Total - Schools Managed Capital</b>      |                         |                    | -            | <b>7,317</b>       | <b>7,317</b>  | -                    | -                 | -                     | -                |

## Section 3 - A: People and Communities

### Table 5: Capital Programme - Funding

Budget Period: 2021-22 to 2030-31

| 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>A/C.08</b> | <b>Specialist Provision</b>                                |                         |                    |              |                    |               |                      |                   |                       |                  |
| 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              | -             | -                    | -                 | -                     | 3,068            |
| A/C.08.006    | Highfields Special School Phase 2                          |                         |                    | - Committed  | 6,983              | 1,545         | -                    | -                 | -                     | 5,438            |
| A/C.08.007    | Confidential Scheme  |                         |                    | - Committed  | 10,310             | -             | -                    | -                 | -                     | 10,310           |
|               | <b>Total - Specialist Provision</b>                        |                         |                    | -            | <b>24,661</b>      | <b>1,545</b>  | -                    | -                 | -                     | <b>23,116</b>    |
| <b>A/C.09</b> | <b>Site Acquisition &amp; Development</b>                  |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.09.001    | Site Acquisition, Development, Analysis and Investigations |                         |                    | - Ongoing    | 300                | -             | -                    | -                 | -                     | 300              |
| A/C.09.003    | Confidential Scheme  |                         |                    | - 2021-22    | 155                | -             | -                    | -                 | -                     | 155              |
| A/C.09.004    | Confidential Scheme  |                         |                    | - 2022-23    | 900                | -             | -                    | -                 | -                     | 900              |
|               | <b>Total - Site Acquisition &amp; Development</b>          |                         |                    | -            | <b>1,355</b>       | -             | -                    | -                 | -                     | <b>1,355</b>     |
| <b>A/C.10</b> | <b>Temporary Accommodation</b>                             |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.10.001    | Temporary Accommodation                                    |                         |                    | - Ongoing    | 8,000              | 113           | -                    | -                 | -                     | 7,887            |
|               | <b>Total - Temporary Accommodation</b>                     |                         |                    | -            | <b>8,000</b>       | <b>113</b>    | -                    | -                 | -                     | <b>7,887</b>     |
| <b>A/C.11</b> | <b>Children Support Services</b>                           |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.11.001    | Children's Minor Works and Adaptions                       |                         |                    | - Ongoing    | 25                 | -             | -                    | -                 | -                     | 25               |
| A/C.11.003    | P&C Buildings & Capital Team Capitalisation                |                         |                    | - Ongoing    | 5,850              | -             | -                    | -                 | -                     | 5,850            |
|               | <b>Total - Children Support Services</b>                   |                         |                    | -            | <b>5,875</b>       | -             | -                    | -                 | -                     | <b>5,875</b>     |
| <b>A/C.12</b> | <b>Adult Social Care</b>                                   |                         |                    |              |                    |               |                      |                   |                       |                  |
| A/C.12.004    | Disabled Facilities Grant                                  |                         |                    | - Ongoing    | 42,291             | 42,291        | -                    | -                 | -                     | -                |
| A/C.12.005    | Integrated Community Equipment Service                     |                         |                    | - Ongoing    | 800                | -             | -                    | -                 | -                     | 800              |
| A/C.12.006    | East Cambridgeshire Adult Service Development              |                         |                    | - Committed  | 3,000              | 2,000         | -                    | -                 | -                     | 1,000            |
| A/C.12.007    | Care Suites : East Cambridgeshire                          |                         |                    | - 2021-22    | 8,420              | -             | -                    | -                 | -                     | 8,420            |
|               | <b>Total - Adult Social Care</b>                           |                         |                    | -            | <b>54,511</b>      | <b>44,291</b> | -                    | -                 | -                     | <b>10,220</b>    |
| <b>A/C.13</b> | <b>Cultural &amp; Community Services</b>                   |                         |                    |              |                    |               |                      |                   |                       |                  |
| 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            |
|               | <b>Total - Cultural &amp; Community Services</b>           |                         |                    | -            | <b>6,285</b>       | -             | -                    | -                 | -                     | <b>6,285</b>     |

### Section 3 - A: People and Communities

**Table 5: Capital Programme - Funding**

Budget Period: 2021-22 to 2030-31

| 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>A/C.14</b> | <b>Capital Programme Variation</b>         |                         |                    |              |                    |                |                      |                   |                       |                  |
| A/C.14.001    | Variation Budget                           |                         |                    | - Ongoing    | -52,566            | -              | -24,839              | -                 | -                     | -27,727          |
| A/C.14.002    | Capitalisation of Interest Costs           |                         |                    | - Committed  | 4,533              | -              | -                    | -                 | -                     | 4,533            |
|               | <b>Total - Capital Programme Variation</b> |                         |                    | -            | <b>-48,033</b>     | -              | <b>-24,839</b>       | -                 | -                     | <b>-23,194</b>   |
|               | <b>TOTAL BUDGET</b>                        |                         |                    |              | <b>525,600</b>     | <b>128,426</b> | <b>165,437</b>       | <b>11,391</b>     | -                     | <b>220,346</b>   |

## Section 3 - B: Place & Economy

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2021-22 to 2025-26

| Net Revised Opening Budget 2020-21<br>£000 | Policy Line   | Gross Budget 2021-22<br>£000 | Fees, Charges & Ring-fenced Grants 2021-22<br>£000 | Net Budget 2021-22<br>£000 | Net Budget 2022-23<br>£000 | Net Budget 2023-24<br>£000 | Net Budget 2024-25<br>£000 | Net Budget 2025-26<br>£000 |
|--|---|------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>Executive Director</b>                             |                              |  |                            |                            |                            |                            |                            |
| 592  | P&E Executive Director                                | 1,317                        | -725   | 592                        | 592                        | 592                        | 592                        | 592                        |
| -  | - Pandemic Related Income Pressures                   | -                            | 3,113  | 3,113                      | 1,557                      | -                          | -                          | -                          |
| <b>592</b>                                 | <b>Subtotal Executive Director</b>                    | <b>1,317</b>                 | <b>2,388</b>                                       | <b>3,705</b>               | <b>2,149</b>               | <b>592</b>                 | <b>592</b>                 | <b>592</b>                 |
|  | <b>Highways</b>                                       |                              |  |                            |                            |                            |                            |                            |
| 161  | Asst Dir - Highways                                   | 161                          | -  | 161                        | 1,161                      | 2,161                      | 3,161                      | 3,161                      |
| 7,496                                      | Local Infrastructure Maintenance and Improvement      | 9,000                        | -136   | 8,864                      | 8,864                      | 8,864                      | 8,864                      | 8,864                      |
| -165                                       | Traffic Management                                    | 3,574                        | -3,801   | -227                       | -107                       | -107                       | -107                       | -107                       |
| 487  | Road Safety   | 893                          | -403   | 490                        | 494                        | 494                        | 494                        | 494                        |
| 6,358                                      | Street Lighting                                       | 10,661                       | -4,019   | 6,642                      | 6,642                      | 6,642                      | 6,642                      | 6,642                      |
| 461  | Highways Asset Management                             | 1,094                        | -635   | 459                        | 459                        | 459                        | 459                        | 459                        |
| -  | - Parking Enforcement                                 | 6,719                        | -6,719   | -                          | -                          | -                          | -                          | -                          |
| 2,664                                      | Winter Maintenance                                    | 2,744                        | -  | 2,744                      | 2,744                      | 2,744                      | 2,744                      | 2,744                      |
| 7  | Bus Operations including Park & Ride                  | 1,420                        | -1,413   | 7                          | 7                          | 7                          | 7                          | 7                          |
| <b>17,469</b>                              | <b>Subtotal Highways</b>                              | <b>36,266</b>                | <b>-17,126</b>                                     | <b>19,140</b>              | <b>20,264</b>              | <b>21,264</b>              | <b>22,264</b>              | <b>22,264</b>              |
|  | <b>Environment &amp; Commercial Services</b>          |                              |  |                            |                            |                            |                            |                            |
| 381  | County Planning, Minerals & Waste                     | 619                          | -303   | 316                        | 316                        | 316                        | 316                        | 316                        |
| 50   | Historic Environment                                  | 409                          | -361   | 48                         | 48                         | 48                         | 48                         | 48                         |
| 424  | Flood Risk Management                                 | 920                          | -508   | 412                        | 412                        | 412                        | 412                        | 412                        |
| 32   | Energy Projects Director                              | 204                          | -172   | 32                         | 32                         | 32                         | 32                         | 32                         |
| 115  | Energy Programme Manager                              | 121                          | -2   | 119                        | 390                        | 688                        | 956                        | 1,196                      |
| 35,388                                     | Waste Management                                      | 41,372                       | -4,164   | 37,208                     | 37,208                     | 37,208                     | 37,208                     | 37,208                     |
| <b>36,390</b>                              | <b>Subtotal Environment &amp; Commercial Services</b> | <b>43,645</b>                | <b>-5,510</b>                                      | <b>38,135</b>              | <b>38,406</b>              | <b>38,704</b>              | <b>38,972</b>              | <b>39,212</b>              |
|  | <b>Infrastructure &amp; Growth</b>                    |                              |  |                            |                            |                            |                            |                            |
| 163  | Asst Dir - Infrastructure & Growth                    | 163                          | -  | 163                        | -1,137                     | -1,137                     | -1,137                     | -1,137                     |
| 1,300                                      | Major Infrastructure Delivery                         | 1,453                        | -153   | 1,300                      | 1,300                      | 1,300                      | 1,300                      | 1,300                      |
| 34   | Transport Strategy and Policy                         | 20                           | -  | 20                         | 20                         | 20                         | 20                         | 20                         |
| 557  | Growth & Development                                  | 801                          | -246   | 555                        | 555                        | 555                        | 555                        | 555                        |
| -  | - Highways Development Management                     | 1,310                        | -1,310   | -                          | -                          | -                          | -                          | -                          |
| <b>2,054</b>                               | <b>Subtotal Infrastructure &amp; Growth</b>           | <b>3,747</b>                 | <b>-1,709</b>                                      | <b>2,038</b>               | <b>738</b>                 | <b>738</b>                 | <b>738</b>                 | <b>738</b>                 |

### Section 3 - B: Place & Economy

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2021-22 to 2025-26

| Net Revised<br>Opening Budget<br>2020-21<br>£000 | Policy Line                 | Gross Budget<br>2021-22<br>£000 | Fees, Charges<br>& Ring-fenced<br>Grants<br>2021-22<br>£000 | Net Budget<br>2021-22<br>£000 | Net Budget<br>2022-23<br>£000 | Net Budget<br>2023-24<br>£000 | Net Budget<br>2024-25<br>£000 | Net Budget<br>2025-26<br>£000 |
|--|-----------------------------|---------------------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | <b>Future Years</b>         |                                 |   |                               |                               |                               |                               |                               |
|  | - Inflation                 | -                               | -   | -                             | 1,982                         | 4,073                         | 6,218                         | 8,445                         |
|  | - Savings                   | -                               | -   | -                             |                               |                               |                               |                               |
| <b>56,505</b>                                    | <b>P&amp;E BUDGET TOTAL</b> | <b>84,975</b>                   | <b>-21,957</b>  | <b>63,018</b>                 | <b>63,539</b>                 | <b>65,371</b>                 | <b>68,784</b>                 | <b>71,251</b>                 |

## Section 3 - B: Place & Economy

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2021-22

| Policy Line   | Net Revised<br>Opening Budget<br>£000 | Net Inflation<br>£000 | Demography &<br>Demand<br>£000 | Pressures<br>£000 | Investments<br>£000 | Savings &<br>Income<br>Adjustments<br>£000 | Net Budget<br>£000 |
|---|---------------------------------------|-----------------------|--------------------------------|-------------------|---------------------|--|--------------------|
| <b>Executive Director</b>                             |                                       |                       |                                |                   |                     |  |                    |
| P&E Executive Director                                | 592                                   | -                     | -                              | -                 | -                   | -  | 592                |
| Pandemic Related Income Pressures                     | -                                     | -                     | -                              | -                 | -                   | 3,113                                      | 3,113              |
| <b>Subtotal Executive Director</b>                    | <b>592</b>                            | <b>-</b>              | <b>-</b>                       | <b>-</b>          | <b>-</b>            | <b>3,113</b>                               | <b>3,705</b>       |
| <b>Highways</b>                                       |                                       |                       |                                |                   |                     |  |                    |
| Asst Dir - Highways                                   | 161                                   | -                     | -                              | -                 | -                   | -  | 161                |
| Local Infrastructure Maintenance and Improvement      | 7,496                                 | 368                   | -                              | -                 | 1,000               | -  | 8,864              |
| Traffic Management                                    | -165                                  | -58                   | -                              | -                 | -                   | -4   | -227               |
| Road Safety   | 487                                   | 3                     | -                              | -                 | -                   | -  | 490                |
| Street Lighting                                       | 6,358                                 | 282                   | -                              | -                 | -                   | 2  | 6,642              |
| Highways Asset Management                             | 461                                   | -2                    | -                              | -                 | -                   | -  | 459                |
| Parking Enforcement                                   | -                                     | -                     | -                              | -                 | -                   | -  | -                  |
| Winter Maintenance                                    | 2,664                                 | 93                    | -                              | -                 | 4                   | -17  | 2,744              |
| Bus Operations including Park & Ride                  | 7                                     | -                     | -                              | -                 | -                   | -  | 7                  |
| <b>Subtotal Highways</b>                              | <b>17,469</b>                         | <b>686</b>            | <b>-</b>                       | <b>-</b>          | <b>1,004</b>        | <b>-19</b>                                 | <b>19,140</b>      |
| <b>Environment &amp; Commercial Services</b>          |                                       |                       |                                |                   |                     |  |                    |
| County Planning, Minerals & Waste                     | 381                                   | -11                   | -                              | -54               | -                   | -  | 316                |
| Historic Environment                                  | 50                                    | -2                    | -                              | -                 | -                   | -  | 48                 |
| Flood Risk Management                                 | 424                                   | -13                   | -                              | -                 | -                   | -  | 412                |
| Energy Projects Director                              | 32                                    | -                     | -                              | -                 | -                   | -  | 32                 |
| Energy Programme Manager                              | 115                                   | 1                     | -                              | -                 | -                   | -  | 119                |
| Waste Management                                      | 35,388                                | 1,040                 | 780                            | -                 | -                   | -  | 37,208             |
| <b>Subtotal Environment &amp; Commercial Services</b> | <b>36,390</b>                         | <b>1,015</b>          | <b>780</b>                     | <b>-54</b>        | <b>-</b>            | <b>-</b>                                   | <b>38,135</b>      |
| <b>Infrastructure &amp; Growth</b>                    |                                       |                       |                                |                   |                     |  |                    |
| Asst Dir - Infrastructure & Growth                    | 163                                   | -                     | -                              | -                 | -                   | -  | 163                |
| Major Infrastructure Delivery                         | 1,300                                 | -                     | -                              | -                 | -                   | -  | 1,300              |
| Transport Strategy and Policy                         | 34                                    | -14                   | -                              | -                 | -                   | -  | 20                 |
| Growth & Development                                  | 557                                   | -2                    | -                              | -                 | -                   | -  | 555                |
| Highways Development Management                       | -                                     | -                     | -                              | -                 | -                   | -  | -                  |
| <b>Subtotal Infrastructure &amp; Growth</b>           | <b>2,054</b>                          | <b>-16</b>            | <b>-</b>                       | <b>-</b>          | <b>-</b>            | <b>-</b>                                   | <b>2,038</b>       |
| <b>P&amp;E BUDGET TOTAL</b>                           | <b>56,505</b>                         | <b>1,685</b>          | <b>780</b>                     | <b>-54</b>        | <b>1,004</b>        | <b>3,094</b>                               | <b>63,018</b>      |

## Section 3 - B: Place and Economy

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>1</b>     | <b>OPENING GROSS EXPENDITURE</b>                                 | <b>90,241</b>   | <b>84,975</b>   | <b>87,060</b>   | <b>90,578</b>   | <b>94,124</b>   |  |
| B/R.1.001    | Base adjustments   | -8,837          | -               | -               | -               | -               | Adjustment for permanent changes to base budget from decisions made in 2020-21. This also includes an adjustment for the Combined Authority levy for which Services will transfer to the Combined Authority in 2021-22.  |
| <b>1.999</b> | <b>REVISED OPENING GROSS EXPENDITURE</b>                         | <b>81,404</b>   | <b>84,975</b>   | <b>87,060</b>   | <b>90,578</b>   | <b>94,124</b>   |  |
| <b>2</b>     | <b>INFLATION</b>   |                 |                 |                 |                 |                 |  |
| B/R.2.001    | Inflation  | 1,860           | 2,110           | 2,220           | 2,278           | 2,364           | Some County Council services have higher rates of inflation than the national level. For example, this is due to factors such as increasing oil costs that feed through into services like road repairs. This overall figure comes from an assessment of likely inflation in all P&E services.                                     |
| <b>2.999</b> | <b>Subtotal Inflation</b>  | <b>1,860</b>    | <b>2,110</b>    | <b>2,220</b>    | <b>2,278</b>    | <b>2,364</b>    |  |
| <b>3</b>     | <b>DEMOGRAPHY AND DEMAND</b>                                     |                 |                 |                 |                 |                 |  |
| B/R.3.007    | Waste Disposal   | 142             | 271             | 298             | 268             | 240             | Extra cost of landfilling additional waste produced by an increasing population.   |
| B/R.3.008    | COVID impact - Waste Disposal demand                             | 638             | -               | -               | -               | -               | A mixture of pressures due to COVID. These include restricted use of Household Waste recycling centres, recycling levels higher than normal, a loss of trade waste income and possible shutdown of the Waste MBT plant due to COVID.   |
| <b>3.999</b> | <b>Subtotal Demography and Demand</b>                            | <b>780</b>      | <b>271</b>      | <b>298</b>      | <b>268</b>      | <b>240</b>      |  |
| <b>4</b>     | <b>PRESSURES</b>   |                 |                 |                 |                 |                 |  |
| B/R.4.009    | Cambridgeshire and Peterborough Minerals and Waste Local Plan    | -54             | -               | -               | -               | -               | - This is the removal of the short-term investment made in previous years. Work was undertaken on a new Minerals and Waste Plan with Peterborough City Council.  |
| B/R.4.013    | Guided Busway Defects  | -               | -1,300          | -               | -               | -               | - This is the removal of the short-term investment made in previous years. 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>4.999</b> | <b>Subtotal Pressures</b>  | <b>-54</b>      | <b>-1,300</b>   | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |
| <b>5</b>     | <b>INVESTMENTS</b>   |                 |                 |                 |                 |                 |  |
| B/R.5.102    | Investment in enhanced regional forecasting for gritting domains | 4               | -               | -               | -               | -               | - Investment to increase the number of forecasting domains for winter gritting. Linked to saving B/R.6.201.  |
| B/R.5.104    | Investment in Highways Services                                  | 1,000           | 1,000           | 1,000           | 1,000           | -               | - Investment in Highways Services to increase funding for proactive treatment and maintenance of roads, bridges and footpaths.   |
| <b>5.999</b> | <b>Subtotal Investments</b>                                      | <b>1,004</b>    | <b>1,000</b>    | <b>1,000</b>    | <b>1,000</b>    | <b>-</b>        |  |

## Section 3 - B: Place and Economy

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>6</b>     | <b>SAVINGS<br/>H&amp;T</b>                             |                 |                 |                 |                 |                 |  |
| B/R.6.201    | Review winter operations                               | -17             | -               | -               | -               | -               | - Review winter operations – increase number of weather domains from 3 to 5  |
| B/R.6.202    | Removal of old VAS signs                               | -4              | -               | -               | -               | -               | - Removal of old VAS signs   |
| B/R.6.214    | Street Lighting - contract synergies                   | 2               | 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>6.999</b> | <b>Subtotal Savings</b>                                | <b>-19</b>      | <b>4</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |
|              | <b>TOTAL GROSS EXPENDITURE</b>                         | <b>84,975</b>   | <b>87,060</b>   | <b>90,578</b>   | <b>94,124</b>   | <b>96,728</b>   |  |
| <b>7</b>     | <b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>          |                 |                 |                 |                 |                 |  |
| B/R.7.001    | Previous year's fees, charges & ring-fenced grants     | -24,096         | -21,957         | -23,521         | -25,207         | -25,340         | 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                             | -175            | -128            | -129            | -133            | -137            | Additional income for increases to fees and charges in line with inflation.  |
| B/R.7.006    | Changes to fees, charges & ring-fenced grants          | -799            | -               | -               | -               | -               | - Adjustment for changes to fees, charges & ring-fenced grants reflecting decisions made in 2020-21.   |
|              | <b>Changes to fees &amp; charges</b>                   |                 |                 |                 |                 |                 |  |
| B/R.7.121    | COVID Impact - Park & Ride                             | 300             | -150            | -150            | -               | -               | - Government Covid grant to bus service operators ends and only a small recovery in Park & Ride contractual income and other ad hoc income.  |
| B/R.7.122    | COVID Impact - Guided Busway                           | 400             | -200            | -200            | -               | -               | - Government Covid grant to bus service operators ends and reduction in services.  |
| B/R.7.123    | COVID Impact - Traffic Management                      | 603             | -301            | -302            | -               | -               | - Expected reduction in traffic management service income including streetworks permits, licences and policy regulation fees.  |
| B/R.7.124    | COVID Impact - Parking                                 | 1,000           | -500            | -500            | -               | -               | - Demand for on street parking expected to be less than previous years. Also less income from Parking enforcement.   |
| B/R.7.125    | COVID Impact - Bus Lane Enforcement                    | 500             | -250            | -250            | -               | -               | - Bus lane enforcement income projected to only recover to 75% of previous levels.   |
| B/R.7.126    | COVID Impact - Other                                   | 310             | -155            | -155            | -               | -               | - Expected reduction in income including planning fees, planning monitoring income, search fees and income for historic environment services.  |
|              | <b>Changes to ring-fenced grants</b>                   |                 |                 |                 |                 |                 |  |
| 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.                             |
| <b>7.999</b> | <b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b> | <b>-21,957</b>  | <b>-23,521</b>  | <b>-25,207</b>  | <b>-25,340</b>  | <b>-25,477</b>  |  |
|              | <b>TOTAL NET EXPENDITURE</b>                           | <b>63,018</b>   | <b>63,539</b>   | <b>65,371</b>   | <b>68,784</b>   | <b>71,251</b>   |  |

## Section 3 - B: Place and Economy

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref                    | Title                                     | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description   |
|------------------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| <b>FUNDING SOURCES</b> |   |                 |                 |                 |                 |                 |   |
| <b>8</b>               | <b>FUNDING OF GROSS EXPENDITURE</b>       |                 |                 |                 |                 |                 |   |
| B/R.8.001              | Budget Allocation                         | -63,018         | -63,539         | -65,371         | -68,784         | -71,251         | Net spend funded from general grants, business rates and Council Tax.   |
| B/R.8.002              | Public Health Grant                       | -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                            | -15,069         | -16,753         | -18,439         | -18,572         | -18,709         | 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  |
| <b>8.999</b>           | <b>TOTAL FUNDING OF GROSS EXPENDITURE</b> | <b>-84,975</b>  | <b>-87,060</b>  | <b>-90,578</b>  | <b>-94,124</b>  | <b>-96,728</b>  |   |

## Section 3 - B: Place and Economy

### Table 4: Capital Programme

Budget Period: 2021-22 to 2030-31

| Summary of Schemes by Start Date | Total Cost<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|----------------------------------|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Ongoing                          | 137,740            | 75,977                 | 10,424          | 12,589          | 14,180          | 14,185          | 14,185          | -3,800              |
| Committed Schemes                | 271,491            | 219,710                | 21,721          | 8,050           | 1,010           | 1,000           | 1,000           | 19,000              |
| 2019-2020 Starts                 | 11,200             | 4,644                  | 5,434           | 1,122           | -               | -               | -               | -                   |
| 2020-2021 Starts                 | 2,080              | 388                    | 1,692           | -               | -               | -               | -               | -                   |
| 2021-2022 Starts                 | 1,830              | -                      | 1,830           | -               | -               | -               | -               | -                   |
| <b>TOTAL BUDGET</b>              | <b>424,341</b>     | <b>300,719</b>         | <b>41,101</b>   | <b>21,761</b>   | <b>15,190</b>   | <b>15,185</b>   | <b>15,185</b>   | <b>15,200</b>       |

| Ref           | Scheme                                 | Description  | Linked Revenue Proposal | Scheme Start | Total Cost<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|---------------|--|--|-------------------------|--------------|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| <b>B/C.01</b> | <b>Integrated Transport</b>            |  |                         |              |                    |                        |                 |                 |                 |                 |                 |                     |
| 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      | 1,000              | -                      | 200             | 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      | 4,410              | -                      | 882             | 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      | 2,970              | -                      | 594             | 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      | 6,572              | -                      | 1,188           | 1,346           | 1,346           | 1,346           | 1,346           | -                   |
| B/C.1.020     | Bar Hill to Northstowe cycle route     | Bar Hill to Longstanton  |                         | 2020-21      | 930                | 170                    | 760             | -               | -               | -               | -               | -                   |
| B/C.1.021     | Girton to Oakington Cycle Route        | Girton to Oakington Cycle Route  |                         | 2020-21      | 1,000              | 200                    | 800             | -               | -               | -               | -               | -                   |
| B/C.1.022     | Busway to Science Park cycle route     | Busway to Science Park cycle route   |                         | 2020-21      | 150                | 18                     | 132             | -               | -               | -               | -               | -                   |
| B/C.1.023     | Boxworth to A14 Cycle Route            | Boxworth to A14 Cycle Route  |                         | 2021-22      | 550                | -                      | 550             | -               | -               | -               | -               | -                   |
| B/C.1.024     | Dry Drayton to NMU link cycle route    | Dry Drayton to NMU link cycle route  |                         | 2019-20      | 300                | 28                     | 272             | -               | -               | -               | -               | -                   |
| B/C.1.025     | Hardwick path widening                 | Hardwick Path widening   |                         | 2019-20      | 400                | 115                    | 285             | -               | -               | -               | -               | -                   |
| B/C.1.026     | Hilton to Fenstanton Cycle Route       | Hilton to Fenstanton Cycle Route   |                         | 2021-22      | 500                | -                      | 500             | -               | -               | -               | -               | -                   |
| B/C.1.027     | Buckden to Hinchingsbrooke cycle route | Buckden to Hinchingsbrooke cycle route funded by Highways England  |                         | 2021-22      | 780                | -                      | 780             | -               | -               | -               | -               | -                   |



## Section 3 - B: Place and Economy

Table 4: Capital Programme

Budget Period: 2021-22 to 2030-31

| Ref                 | Scheme   | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | Later Years £000 |
|---------------------|--|---|-------------------------|--------------|-----------------|---------------------|---------------|--------------|--------------|--------------|--------------|------------------|
| B/C.03<br>B/C.3.001 | <b>Highways</b><br>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          | 75,977              | 2,723         | -            | -            | -            | -            | -                |
|                     | <b>Total - Highways</b>  |   |                         |              | <b>78,700</b>   | <b>75,977</b>       | <b>2,723</b>  | -            | -            | -            | -            | -                |
| B/C.04<br>B/C.4.001 | <b>Infrastructure &amp; Growth</b><br>Ely Bypass                                 | The project has now been completed and the brand-new bypass opened to traffic on 31 October 2018.   |                         | Committed    | 49,006          | 48,975              | 18            | 3            | 10           | -            | -            | -                |
| B/C.4.006           | Guided Busway  | Guided Busway construction contract retention payments.   |                         | Committed    | 149,791         | 145,612             | 4,179         | -            | -            | -            | -            | -                |
| B/C.4.021           | Abbey - Chesterton Bridge  | The Chisolm Trail cycle route scheme is being delivered as part of the City Deal Programme and will link together three centres of employment in the city along a North / South axis, including Addenbrooke's hospital, the CB1 Area and the Science Park. The Abbey - Chesterton Bridge scheme is one element of the trail that is not included within the City Deal scheme. |                         | Committed    | 6,890           | 4,827               | 2,063         | -            | -            | -            | -            | -                |
| B/C.4.023           | Confidential Scheme  | Confidential Scheme   |                         | Committed    | 33,500          | 18,895              | 10,900        | 3,705        | -            | -            | -            | -                |
| B/C.4.025           | Wisbech Town Centre Access Study   | Wisbech Town Centre Access Study - fully funded by CPCA   |                         | 2019-20      | 10,500          | 4,501               | 4,877         | 1,122        | -            | -            | -            | -                |
|                     | <b>Total - Infrastructure &amp; Growth</b>                                       |   |                         |              | <b>249,687</b>  | <b>222,810</b>      | <b>22,037</b> | <b>4,830</b> | <b>10</b>    | -            | -            | -                |
| B/C.05<br>B/C.5.012 | <b>Environment &amp; Commercial Services</b><br>Confidential Scheme              | Confidential Scheme   |                         | Committed    | 6,634           | 201                 | 3,188         | 3,245        | -            | -            | -            | -                |
|                     | <b>Total - Environment &amp; Commercial Services</b>                             |   |                         |              | <b>6,634</b>    | <b>201</b>          | <b>3,188</b>  | <b>3,245</b> | -            | -            | -            | -                |

## Section 3 - B: Place and Economy

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

| Ref       | Scheme                                     | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000  | 2023-24 £000  | 2024-25 £000  | 2025-26 £000  | Later Years £000 |
|-----------|--|---|-------------------------|--------------|-----------------|---------------------|---------------|---------------|---------------|---------------|---------------|------------------|
| B/C.07    | <b>Capital Programme Variation</b>         |   |                         |              |                 |                     |               |               |               |               |               |                  |
| 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      | -30,707         | -                   | -10,122       | -5,392        | -3,801        | -3,796        | -3,796        | -3,800           |
| 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    | 470             | -                   | 373           | 97            | -             | -             | -             | -                |
|           | <b>Total - Capital Programme Variation</b> |   |                         |              | <b>-30,237</b>  | <b>-</b>            | <b>-9,749</b> | <b>-5,295</b> | <b>-3,801</b> | <b>-3,796</b> | <b>-3,796</b> | <b>-3,800</b>    |
|           | <b>TOTAL BUDGET</b>                        |   |                         |              | <b>424,341</b>  | <b>300,719</b>      | <b>41,101</b> | <b>21,761</b> | <b>15,190</b> | <b>15,185</b> | <b>15,185</b> | <b>15,200</b>    |

| Funding                                    | Total Funding £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000  | 2023-24 £000  | 2024-25 £000  | 2025-26 £000  | Later Years £000 |
|--|--------------------|---------------------|---------------|---------------|---------------|---------------|---------------|------------------|
| <b>Government Approved Funding</b>         |                    |                     |               |               |               |               |               |                  |
| Department for Transport Specific Grants   | 173,217            | 101,558             | 16,537        | 16,972        | 13,980        | 13,985        | 13,985        | -3,800           |
|  | 40,500             | 34,501              | 4,877         | 1,122         | -             | -             | -             | -                |
| <b>Total - Government Approved Funding</b> | <b>213,717</b>     | <b>136,059</b>      | <b>21,414</b> | <b>18,094</b> | <b>13,980</b> | <b>13,985</b> | <b>13,985</b> | <b>-3,800</b>    |
| <b>Locally Generated Funding</b>           |                    |                     |               |               |               |               |               |                  |
| Agreed Developer Contributions             | 19,886             | 16,537              | 3,349         | -             | -             | -             | -             | -                |
| Anticipated Developer Contributions        | 15,238             | 969                 | 3,772         | 787           | 1,010         | 1,000         | 1,000         | 6,700            |
| Prudential Borrowing                       | 139,720            | 119,647             | 4,823         | 2,950         | -             | -             | -             | 12,300           |
| Other Contributions                        | 35,780             | 27,507              | 7,743         | -70           | 200           | 200           | 200           | -                |
| <b>Total - Locally Generated Funding</b>   | <b>210,624</b>     | <b>164,660</b>      | <b>19,687</b> | <b>3,667</b>  | <b>1,210</b>  | <b>1,200</b>  | <b>1,200</b>  | <b>19,000</b>    |
| <b>TOTAL FUNDING</b>                       | <b>424,341</b>     | <b>300,719</b>      | <b>41,101</b> | <b>21,761</b> | <b>15,190</b> | <b>15,185</b> | <b>15,185</b> | <b>15,200</b>    |

## Section 3 - B: Place and Economy

### Table 5: Capital Programme - Funding

Budget Period: 2021-22 to 2030-31

| Summary of Schemes by Start Date |  |  |  |  |  | Total Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 |
|----------------------------------|--|--|--|--|--|-----------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|
| Ongoing                          |  |  |  |  |  | 137,740               | 76,159         | -1,532                     | -2,914                  | -                           | 66,027                 |
| Committed Schemes                |  |  |  |  |  | 271,491               | 126,483        | 35,126                     | 36,314                  | -                           | 73,568                 |
| 2019-2020 Starts                 |  |  |  |  |  | 11,200                | 11,075         | -                          | 125                     | -                           | -                      |
| 2020-2021 Starts                 |  |  |  |  |  | 2,080                 | -              | 1,530                      | 550                     | -                           | -                      |
| 2021-2022 Starts                 |  |  |  |  |  | 1,830                 | -              | -                          | 1,705                   | -                           | 125                    |
| <b>TOTAL BUDGET</b>              |  |  |  |  |  | <b>424,341</b>        | <b>213,717</b> | <b>35,124</b>              | <b>35,780</b>           | <b>-</b>                    | <b>139,720</b>         |

| Ref           | Scheme  | Linked<br>Revenue<br>Proposal | Net<br>Revenue<br>Impact | Scheme<br>Start | Total<br>Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 |
|---------------|---|-------------------------------|--------------------------|-----------------|--------------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|
| <b>B/C.01</b> | <b>Integrated Transport</b>                                       |                               |                          |                 |                          |                |                            |                         |                             |                        |
| B/C.1.002     | Air Quality Monitoring  |                               |                          | - Ongoing       | 115                      | 115            | -                          | -                       | -                           | -                      |
| B/C.1.009     | Major Scheme Development & Delivery                               |                               |                          | - Ongoing       | 1,000                    | 1,000          | -                          | -                       | -                           | -                      |
| B/C.1.011     | Local Infrastructure improvements                                 |                               |                          | - Ongoing       | 4,410                    | 3,410          | -                          | 1,000                   | -                           | -                      |
| B/C.1.012     | Safety Schemes  |                               |                          | - Ongoing       | 2,970                    | 2,970          | -                          | -                       | -                           | -                      |
| B/C.1.015     | Strategy and Scheme Development work                              |                               |                          | - Ongoing       | 1,725                    | 1,725          | -                          | -                       | -                           | -                      |
| B/C.1.019     | Delivering the Transport Strategy Aims                            |                               |                          | - Ongoing       | 6,572                    | 6,572          | -                          | -                       | -                           | -                      |
| B/C.1.020     | Bar Hill to Northstowe cycle route                                |                               |                          | - 2020-21       | 930                      | -              | 930                        | -                       | -                           | -                      |
| B/C.1.021     | Girton to Oakington Cycle Route                                   |                               |                          | - 2020-21       | 1,000                    | -              | 450                        | 550                     | -                           | -                      |
| B/C.1.022     | Busway to Science Park cycle route                                |                               |                          | - 2020-21       | 150                      | -              | 150                        | -                       | -                           | -                      |
| B/C.1.023     | Boxworth to A14 Cycle Route                                       |                               |                          | - 2021-22       | 550                      | -              | -                          | 550                     | -                           | -                      |
| B/C.1.024     | Dry Drayton to NMU link cycle route                               |                               |                          | - 2019-20       | 300                      | 175            | -                          | 125                     | -                           | -                      |
| B/C.1.025     | Hardwick path widening  |                               |                          | - 2019-20       | 400                      | 400            | -                          | -                       | -                           | -                      |
| B/C.1.026     | Hilton to Fenstanton Cycle Route                                  |                               |                          | - 2021-22       | 500                      | -              | -                          | 500                     | -                           | -                      |
| B/C.1.027     | Buckden to Hinchingsbrooke cycle route                            |                               |                          | - 2021-22       | 780                      | -              | -                          | 655                     | -                           | 125                    |
| B/C.1.050     | A14   |                               |                          | - Committed     | 25,200                   | -              | -                          | 200                     | -                           | 25,000                 |
|               | <b>Total - Integrated Transport</b>                               |                               |                          |                 | <b>46,602</b>            | <b>16,367</b>  | <b>1,530</b>               | <b>3,580</b>            | <b>-</b>                    | <b>25,125</b>          |
| <b>B/C.02</b> | <b>Operating the Network</b>                                      |                               |                          |                 |                          |                |                            |                         |                             |                        |
| B/C.2.001     | Carriageway & Footway Maintenance including Cycle Paths           |                               |                          | - Ongoing       | 53,360                   | 53,360         | -                          | -                       | -                           | -                      |
| B/C.2.002     | Rights of Way   |                               |                          | - Ongoing       | 700                      | 700            | -                          | -                       | -                           | -                      |
| B/C.2.004     | Bridge strengthening  |                               |                          | - Ongoing       | 12,820                   | 12,820         | -                          | -                       | -                           | -                      |
| B/C.2.005     | Traffic Signal Replacement  |                               |                          | - Ongoing       | 4,250                    | 4,250          | -                          | -                       | -                           | -                      |
| B/C.2.006     | Smarter Travel Management - Integrated Highways Management Centre |                               |                          | - Ongoing       | 1,000                    | 1,000          | -                          | -                       | -                           | -                      |
| B/C.2.007     | Smarter Travel Management - Real Time Bus Information             |                               |                          | - Ongoing       | 825                      | 825            | -                          | -                       | -                           | -                      |
|               | <b>Total - Operating the Network</b>                              |                               |                          |                 | <b>72,955</b>            | <b>72,955</b>  | <b>-</b>                   | <b>-</b>                | <b>-</b>                    | <b>-</b>               |

## Section 3 - B: Place and Economy

### Table 5: Capital Programme - Funding

Budget Period: 2021-22 to 2030-31

| 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>B/C.03</b> | <b>Highways</b>   |                         |                    |              |                    |                |                      |                   |                       |                  |
| B/C.3.001     | Highways Maintenance (carriageways only from 2015/16 onwards) |                         |                    | - Ongoing    | 78,700             | 4,932          | -                    | -                 | -                     | 73,768           |
|               | <b>Total - Highways</b>                                       |                         |                    | -            | <b>78,700</b>      | <b>4,932</b>   | -                    | -                 | -                     | <b>73,768</b>    |
| <b>B/C.04</b> | <b>Infrastructure &amp; Growth</b>                            |                         |                    |              |                    |                |                      |                   |                       |                  |
| B/C.4.001     | Ely Bypass  |                         |                    | - Committed  | 49,006             | 22,000         | 1,000                | 5,944             | -                     | 20,062           |
| B/C.4.006     | Guided Busway   |                         |                    | - Committed  | 149,791            | 94,667         | 29,488               | 9,282             | -                     | 16,354           |
| B/C.4.021     | Abbey - Chesterton Bridge                                     |                         |                    | - Committed  | 6,890              | 1,816          | 4,088                | 986               | -                     | -                |
| B/C.4.023     | Confidential Scheme   |                         |                    | - Committed  | 33,500             | 8,000          | -                    | 19,902            | -                     | 5,598            |
| B/C.4.025     | Wisbech Town Centre Access Study                              |                         |                    | - 2019-20    | 10,500             | 10,500         | -                    | -                 | -                     | -                |
|               | <b>Total - Infrastructure &amp; Growth</b>                    |                         |                    | -            | <b>249,687</b>     | <b>136,983</b> | <b>34,576</b>        | <b>36,114</b>     | -                     | <b>42,014</b>    |
| <b>B/C.05</b> | <b>Environment &amp; Commercial Services</b>                  |                         |                    |              |                    |                |                      |                   |                       |                  |
| B/C.5.012     | Confidential Scheme   |                         |                    | - Committed  | 6,634              | -              | 550                  | -                 | -                     | 6,084            |
|               | <b>Total - Environment &amp; Commercial Services</b>          |                         |                    | -            | <b>6,634</b>       | -              | <b>550</b>           | -                 | -                     | <b>6,084</b>     |
| <b>B/C.07</b> | <b>Capital Programme Variation</b>                            |                         |                    |              |                    |                |                      |                   |                       |                  |
| B/C.7.001     | Variation Budget  |                         |                    | - Ongoing    | -30,707            | -17,520        | -1,532               | -3,914            | -                     | -7,741           |
| B/C.7.002     | Capitalisation of Interest Costs                              |                         |                    | - Committed  | 470                | -              | -                    | -                 | -                     | 470              |
|               | <b>Total - Capital Programme Variation</b>                    |                         |                    | -            | <b>-30,237</b>     | <b>-17,520</b> | <b>-1,532</b>        | <b>-3,914</b>     | -                     | <b>-7,271</b>    |
|               | <b>TOTAL BUDGET</b>   |                         |                    |              | <b>424,341</b>     | <b>213,717</b> | <b>35,124</b>        | <b>35,780</b>     | -                     | <b>139,720</b>   |

## Section 3 - C: Corporate and Managed Services

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2021-22 to 2025-26

| Net Revised Opening Budget 2020-21<br>£000 | Policy Line  | Gross Budget 2021-22<br>£000 | Fees, Charges & Ring-fenced Grants 2021-22<br>£000 | Net Budget 2021-22<br>£000 | Net Budget 2022-23<br>£000 | Net Budget 2023-24<br>£000 | Net Budget 2024-25<br>£000 | Net Budget 2025-26<br>£000 |
|--|--|------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>Customer &amp; Digital Services</b>                 |                              |  |                            |                            |                            |                            |                            |
| 540  | Director, Corporate and Customer Services              | 893                          | -360   | 533                        | 612                        | 612                        | 612                        | 612                        |
| 129  | Chief Executive  | 133                          | -3   | 130                        | 130                        | 130                        | 130                        | 130                        |
| 743  | Communication and Information                          | 762                          | -22  | 740                        | 740                        | 740                        | 740                        | 740                        |
| 2,013                                      | Customer Services                                      | 2,193                        | -253   | 1,940                      | 1,940                      | 1,940                      | 1,940                      | 1,940                      |
| 2,298                                      | IT & Digital Service                                   | 2,485                        | -61  | 2,424                      | 2,424                      | 2,424                      | 2,424                      | 2,424                      |
| 6,727                                      | IT Managed   | 7,917                        | -391   | 7,526                      | 7,148                      | 7,148                      | 7,148                      | 7,148                      |
| 165  | Elections  | 170                          | -  | 170                        | 170                        | 170                        | 170                        | 170                        |
| 846  | Redundancy, Pensions & Injury                          | 1,019                        | -173   | 846                        | 846                        | 846                        | 846                        | 846                        |
| 1,761                                      | Human Resources  | 1,857                        | -97  | 1,760                      | 1,760                      | 1,760                      | 1,760                      | 1,760                      |
| 143  | Health, Safety & Wellbeing                             | 202                          | -61  | 141                        | 141                        | 141                        | 141                        | 141                        |
| 1,937                                      | Learning & Development                                 | 2,299                        | -364   | 1,935                      | 1,935                      | 1,935                      | 1,935                      | 1,935                      |
| <b>17,302</b>                              | <b>Subtotal Customer &amp; Digital Services</b>        | <b>19,930</b>                | <b>-1,785</b>                                      | <b>18,145</b>              | <b>17,846</b>              | <b>17,846</b>              | <b>17,846</b>              | <b>17,846</b>              |
|  | <b>Business Improvement &amp; Development</b>          |                              |  |                            |                            |                            |                            |                            |
| 664  | Transformation Team                                    | 692                          | -76  | 616                        | 2,298                      | 2,298                      | 2,298                      | 2,298                      |
| 863  | Business Intelligence                                  | 1,195                        | -337   | 858                        | 880                        | 880                        | 880                        | 880                        |
| <b>1,527</b>                               | <b>Subtotal Business Improvement &amp; Development</b> | <b>1,887</b>                 | <b>-413</b>  | <b>1,474</b>               | <b>3,178</b>               | <b>3,178</b>               | <b>3,178</b>               | <b>3,178</b>               |
|  | <b>Resources Directorate</b>                           |                              |  |                            |                            |                            |                            |                            |
| 338  | Resources Directorate                                  | 426                          | -87  | 339                        | 339                        | 339                        | 339                        | 339                        |
| 1,840                                      | Professional Finance                                   | 2,196                        | -353   | 1,843                      | 1,843                      | 1,843                      | 1,843                      | 1,843                      |
| 466  | Procurement  | 722                          | -102   | 620                        | 620                        | 620                        | 620                        | 620                        |
| 868  | Finance Operations                                     | 949                          | -77  | 872                        | 872                        | 872                        | 872                        | 872                        |
| 75   | External Audit   | 75                           | -  | 75                         | 75                         | 75                         | 75                         | 75                         |
| 2,207                                      | Insurance  | 2,276                        | -  | 2,276                      | 2,276                      | 2,276                      | 2,276                      | 2,276                      |
| <b>5,794</b>                               | <b>Subtotal Resources Directorate</b>                  | <b>6,644</b>                 | <b>-619</b>  | <b>6,025</b>               | <b>6,025</b>               | <b>6,025</b>               | <b>6,025</b>               | <b>6,025</b>               |
|  | <b>Legal &amp; Governance</b>                          |                              |  |                            |                            |                            |                            |                            |
| 103  | Legal & Governance Services                            | 103                          | -  | 103                        | 103                        | 103                        | 103                        | 103                        |
| 552  | Information Management                                 | 687                          | -5   | 682                        | 682                        | 682                        | 682                        | 682                        |
| 330  | Democratic & Member Services                           | 425                          | -98  | 327                        | 327                        | 327                        | 327                        | 327                        |
| 1,054                                      | Members' Allowances                                    | 1,054                        | -  | 1,054                      | 1,054                      | 1,054                      | 1,054                      | 1,054                      |
| <b>2,039</b>                               | <b>Subtotal Legal &amp; Governance</b>                 | <b>2,269</b>                 | <b>-103</b>  | <b>2,166</b>               | <b>2,166</b>               | <b>2,166</b>               | <b>2,166</b>               | <b>2,166</b>               |

## Section 3 - C: Corporate and Managed Services

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2021-22 to 2025-26

| Net Revised<br>Opening Budget<br>2020-21<br>£000 | Policy Line                                   | Gross Budget<br>2021-22<br>£000 | Fees, Charges<br>& Ring-fenced<br>Grants<br>2021-22<br>£000 | Net Budget<br>2021-22<br>£000 | Net Budget<br>2022-23<br>£000 | Net Budget<br>2023-24<br>£000 | Net Budget<br>2024-25<br>£000 | Net Budget<br>2025-26<br>£000 |
|--|---|---------------------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | <b>Corporate &amp; Miscellaneous</b>          |                                 |   |                               |                               |                               |                               |                               |
| 2,169  | Central Services and Organisation-Wide Risks  | 3,255                           | -   | 3,255                         | 3,133                         | 3,133                         | 3,133                         | 3,133                         |
| -  | - Pandemic risks provision                    | 1,800                           | -   | 1,800                         | 600                           | -                             | -                             | -                             |
| -279   | PCC Shared Services                           | -279                            | -   | -279                          | -279                          | -279                          | -279                          | -279                          |
| 110  | Subscriptions                                 | 110                             | -   | 110                           | 110                           | 110                           | 110                           | 110                           |
| 48   | Authority-wide Miscellaneous                  | 167                             | -119  | 48                            | 148                           | 148                           | 148                           | 148                           |
| -  | - Corporate Redundancies                      | -                               | -   | -                             | 300                           | 300                           | 300                           | 300                           |
| 5,194  | Transformation Fund                           | 1,429                           | -   | 1,429                         | 1,118                         | 92                            | -                             | -                             |
| -  | - Connecting Cambridgeshire                   | 658                             | -658  | -                             | -                             | -                             | -                             | -                             |
| 2,600  | Investment in Social Care Capacity            | 1,300                           | -   | 1,300                         | -                             | -                             | -                             | -                             |
| <b>9,842</b>                                     | <b>Subtotal Corporate &amp; Miscellaneous</b> | <b>8,440</b>                    | <b>-777</b>   | <b>7,663</b>                  | <b>5,130</b>                  | <b>3,504</b>                  | <b>3,412</b>                  | <b>3,412</b>                  |
|  | <b>Greater Cambridge Partnership</b>          |                                 |   |                               |                               |                               |                               |                               |
| 649  | City Deal with Greater Cambridge Partnership  | 2,354                           | -2,354  | -                             | -                             | -                             | -                             | -                             |
| <b>649</b>                                       | <b>Subtotal Greater Cambridge Partnership</b> | <b>2,354</b>                    | <b>-2,354</b>   | <b>-</b>                      | <b>-</b>                      | <b>-</b>                      | <b>-</b>                      | <b>-</b>                      |
| <b>-9,612</b>                                    | <b>UNIDENTIFIED SAVINGS TO BALANCE BUDGET</b> | <b>-9,612</b>                   | <b>-</b>  | <b>-9,612</b>                 | <b>-27,249</b>                | <b>-40,133</b>                | <b>-53,771</b>                | <b>-64,382</b>                |
|  | <b>Future Years</b>                           |                                 |   |                               |                               |                               |                               |                               |
| -  | - Inflation                                   | -                               | -   | -                             | 405                           | 812                           | 1,218                         | 1,622                         |
| -  | - Council Tax: Counter Fraud & Compliance     | -                               | -   | -                             | -650                          | -650                          | -650                          | -650                          |
| <b>27,540</b>                                    | <b>CS BUDGET TOTAL</b>                        | <b>31,912</b>                   | <b>-6,052</b>   | <b>25,860</b>                 | <b>6,850</b>                  | <b>-7,253</b>                 | <b>-20,577</b>                | <b>-30,784</b>                |

## Section 3 - C: Corporate and Managed Services

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2021-22

| Policy Line  | Net Revised<br>Opening Budget<br>£000 | Net Inflation<br>£000 | Demography &<br>Demand<br>£000 | Pressures<br>£000 | Investments<br>£000 | Savings &<br>Income<br>Adjustments<br>£000 | Net Budget<br>£000 |
|--|---------------------------------------|-----------------------|--------------------------------|-------------------|---------------------|--|--------------------|
| <b>Customer &amp; Digital Services</b>                 |                                       |                       |                                |                   |                     |  |                    |
| Director, Corporate and Customer Services              | 540                                   | -7                    | -                              | -                 | -                   | -  | 533                |
| Chief Executive  | 129                                   | 1                     | -                              | -                 | -                   | -  | 130                |
| Communication and Information                          | 743                                   | -3                    | -                              | -                 | -                   | -  | 740                |
| Customer Services                                      | 2,013                                 | 12                    | -                              | -                 | -                   | -85  | 1,940              |
| IT & Digital Service                                   | 2,298                                 | -4                    | -                              | -                 | 130                 | -  | 2,424              |
| IT Managed   | 6,727                                 | 17                    | -                              | 782               | -                   | -  | 7,526              |
| Elections  | 165                                   | 5                     | -                              | -                 | -                   | -  | 170                |
| Redundancy, Pensions & Injury                          | 846                                   | -                     | -                              | -                 | -                   | -  | 846                |
| Human Resources  | 1,761                                 | -1                    | -                              | -                 | -                   | -  | 1,760              |
| Health, Safety & Wellbeing                             | 143                                   | -2                    | -                              | -                 | -                   | -  | 141                |
| Learning & Development                                 | 1,937                                 | -2                    | -                              | -                 | -                   | -  | 1,935              |
| <b>Subtotal Customer &amp; Digital Services</b>        | <b>17,302</b>                         | <b>16</b>             | <b>-</b>                       | <b>782</b>        | <b>130</b>          | <b>-85</b>                                 | <b>18,145</b>      |
| <b>Business Improvement &amp; Development</b>          |                                       |                       |                                |                   |                     |  |                    |
| Transformation Team                                    | 664                                   | -48                   | -                              | -                 | -                   | -  | 616                |
| Business Intelligence                                  | 863                                   | -5                    | -                              | -                 | -                   | -  | 858                |
| <b>Subtotal Business Improvement &amp; Development</b> | <b>1,527</b>                          | <b>-53</b>            | <b>-</b>                       | <b>-</b>          | <b>-</b>            | <b>-</b>                                   | <b>1,474</b>       |
| <b>Resources Directorate</b>                           |                                       |                       |                                |                   |                     |  |                    |
| Resources Directorate                                  | 338                                   | 1                     | -                              | -                 | -                   | -  | 339                |
| Professional Finance                                   | 1,840                                 | 3                     | -                              | -                 | -                   | -  | 1,843              |
| Procurement  | 466                                   | -                     | -                              | 154               | -                   | -  | 620                |
| Finance Operations                                     | 868                                   | 4                     | -                              | -                 | -                   | -  | 872                |
| External Audit   | 75                                    | -                     | -                              | -                 | -                   | -  | 75                 |
| Insurance  | 2,207                                 | 69                    | -                              | -                 | -                   | -  | 2,276              |
| <b>Subtotal Resources Directorate</b>                  | <b>5,794</b>                          | <b>77</b>             | <b>-</b>                       | <b>154</b>        | <b>-</b>            | <b>-</b>                                   | <b>6,025</b>       |
| <b>Legal &amp; Governance</b>                          |                                       |                       |                                |                   |                     |  |                    |
| Legal & Governance Services                            | 103                                   | -                     | -                              | -                 | -                   | -  | 103                |
| Information Management                                 | 552                                   | 3                     | -                              | 127               | -                   | -  | 682                |
| Democratic & Member Services                           | 330                                   | -3                    | -                              | -                 | -                   | -  | 327                |
| Members' Allowances                                    | 1,054                                 | -                     | -                              | -                 | -                   | -  | 1,054              |
| <b>Subtotal Legal &amp; Governance</b>                 | <b>2,039</b>                          | <b>-</b>              | <b>-</b>                       | <b>127</b>        | <b>-</b>            | <b>-</b>                                   | <b>2,166</b>       |

### Section 3 - C: Corporate and Managed Services

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2021-22

| Policy Line                                   | Net Revised<br>Opening Budget<br>£000 | Net Inflation<br>£000 | Demography &<br>Demand<br>£000 | Pressures<br>£000 | Investments<br>£000 | Savings &<br>Income<br>Adjustments<br>£000 | Net Budget<br>£000 |
|---|---------------------------------------|-----------------------|--------------------------------|-------------------|---------------------|--|--------------------|
| <b>Corporate &amp; Miscellaneous</b>          |                                       |                       |                                |                   |                     |  |                    |
| Central Services and Organisation-Wide Risks  | 2,169                                 | -424                  |                                | 2,074             | -                   | -564                                       | 3,255              |
| Pandemic risks provision                      | -                                     | -                     | -                              | 1,800             | -                   | -  | 1,800              |
| PCC Shared Services                           | -279                                  | -                     | -                              | -                 | -                   | -  | -279               |
| Subscriptions                                 | 110                                   | -                     | -                              | -                 | -                   | -  | 110                |
| Authority-wide Miscellaneous                  | 48                                    | -                     | -                              | -                 | -                   | -  | 48                 |
| Corporate Redundancies                        | -                                     | -                     | -                              | -                 | -                   | -  | -                  |
| Transformation Fund                           | 5,194                                 | -                     | -                              | -                 | -3,765              | -  | 1,429              |
| Connecting Cambridgeshire                     | -                                     | -                     | -                              | -                 | -                   | -  | -                  |
| Investment in Social Care Capacity            | 2,600                                 | -                     | -                              | -                 | -1,300              | -  | 1,300              |
| <b>Subtotal Corporate &amp; Miscellaneous</b> | <b>9,842</b>                          | <b>-424</b>           | <b>-</b>                       | <b>3,874</b>      | <b>-5,065</b>       | <b>-564</b>                                | <b>7,663</b>       |
| <b>Greater Cambridge Partnership</b>          |                                       |                       |                                |                   |                     |  |                    |
| City Deal with Greater Cambridge Partnership  | 649                                   | -                     | -                              | -                 | -649                | -  | -                  |
| <b>Subtotal Greater Cambridge Partnership</b> | <b>649</b>                            | <b>-</b>              | <b>-</b>                       | <b>-</b>          | <b>-649</b>         | <b>-</b>                                   | <b>-</b>           |
| <b>UNIDENTIFIED SAVINGS TO BALANCE BUDGET</b> | <b>-9,612</b>                         | <b>-</b>              | <b>-</b>                       | <b>-</b>          | <b>-</b>            | <b>-</b>                                   | <b>-9,612</b>      |
| <b>CS BUDGET TOTAL</b>                        | <b>27,540</b>                         | <b>-384</b>           | <b>-</b>                       | <b>4,937</b>      | <b>-5,584</b>       | <b>-649</b>                                | <b>25,860</b>      |

## Section 3 - C: Corporate and Managed Services

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>1</b>     | <b>OPENING GROSS EXPENDITURE</b>                     | <b>33,338</b>   | <b>31,912</b>   | <b>13,395</b>   | <b>-664</b>     | <b>-13,943</b>  |  |
| C/R.1.001    | Base Adjustments                                     | -9              | -               | -               | -               | -               | - Adjustment for permanent changes to base budget from decisions made in 2020-21.  |
| C/R.1.003    | Social Worker Recruitment & Retention                | 290             | -               | -               | -               | -               | - Transferred Function - Social Worker Recruitment & Retention   |
| C/R.1.005    | Transfer of Function - Repatriation of LGSS Services | 9,045           | -               | -               | -               | -               | - Repatriation of services from LGSS including: Human Resources, Health, Safety & Wellbeing, Learning & Development, Finance Operations, Procurement and IT & Digital Services.  |
| C/R.1.007    | Base funding for the Transformation Team             | 500             | 1,682           | -               | -               | -               | - Funding for the Transformation Team  |
| C/R.1.008    | Base funding for redundancy costs                    | -               | 300             | -               | -               | -               | - Base funding for redundancy costs relating to savings  |
| <b>1.999</b> | <b>REVISED OPENING GROSS EXPENDITURE</b>             | <b>43,164</b>   | <b>33,894</b>   | <b>13,395</b>   | <b>-664</b>     | <b>-13,943</b>  |  |
| <b>2</b>     | <b>INFLATION</b>                                     |                 |                 |                 |                 |                 |  |
| C/R.2.001    | Inflation  | 80              | 449             | 451             | 451             | 451             | Some services have higher rates of inflation than the national level. For example, this is due to factors such as increasing running costs of Council properties. This overall figure comes from an assessment of likely inflation in all Corporate services. Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures. |
| C/R.2.002    | Provision for administrative staff pay award         | -424            | -               | -               | -               | -               | - A budget provision for the administrative staff pay award was held centrally in 2020-21 as a one-off measure due to uncertainty around the national pay settlement at the point at which the budget was set. Inflationary increases have instead been provided for within individual service budgets in 2021-22 and reflect the national settlement awarded in 2020-21.  |
| <b>2.999</b> | <b>Subtotal Inflation</b>                            | <b>-344</b>     | <b>449</b>      | <b>451</b>      | <b>451</b>      | <b>451</b>      |  |
| <b>3</b>     | <b>DEMOGRAPHY AND DEMAND</b>                         |                 |                 |                 |                 |                 |  |
| <b>3.999</b> | <b>Subtotal Demography and Demand</b>                | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |
| <b>4</b>     | <b>PRESSURES</b>                                     |                 |                 |                 |                 |                 |  |
| C/R.4.001    | Repatriation of LGSS services                        | 374             | -500            | -               | -               | -               | - Cost of services for which responsibility is to move out of LGSS and into Corporate Services.  |
| C/R.4.018    | IT - Continued Remote Working                        | 378             | -378            | -               | -               | -               | - With the move to the majority of staff working remotely in response to the Covid Pandemic, we have seen a 200% increase in the use of data and a 300% increase in the use of Voice. If a higher level of remote working continues into next year the cost will remain high.  |
| C/R.4.019    | IT - New Connections                                 | 102             | -               | -               | -               | -               | - When the Mobile Contract was originally let in May 2015, CCC had 3,459. In the paper presented to GPC it was agreed that new connections would require funding to be agreed through Business Planning. Currently CCC has 11,583, having added 1,500 connections since March 20. There has never been additional funding provided since the contract was let.   |
| C/R.4.021    | IT - Microsoft Enterprise Agreement                  | 302             | -               | -               | -               | -               | - Cambridgeshire County Council uses Microsoft software extensively across all Directorates and their services. The Council is licensed to do so under the terms of its Microsoft Enterprise Agreement, which was renewed in September. The cost of the new contract has increased and exceeds the budget.   |
| C/R.4.022    | Information Management                               | 127             | -               | -               | -               | -               | - Increase in permanent staffing is required to meet our obligations and maintain compliance.  |

## Section 3 - C: Corporate and Managed Services

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

| Detailed Plans | Outline Plans |
|----------------|---------------|
|----------------|---------------|

| Ref          | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description   |
|--------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| C/R.4.023    | Procurement   | 154             | -               | -               | -               | -               | - Additional resource is required to ensure the service has the capacity to deliver the transaction and compliance function required of a procurement function. The capacity to improve and optimise the systems currently in place to allow for more informed strategic decision making during the transition period. A reduction in income is expected due to the demands on the service.   |
| C/R.4.024    | Staff pay restraint in Local Government                                   | 1,700           | -               | -               | -               | -               | - Reduction in Council wide provision for staff pay inflation following the announcement of a public sector pay freeze for 2021-22.   |
| C/R.4.025    | Pandemic risks provision  | 1,800           | -1,200          | -600            | -               | -               | - Pandemic risks provision  |
| <b>4.999</b> | <b>Subtotal Pressures</b>   | <b>4,937</b>    | <b>-2,078</b>   | <b>-600</b>     | <b>-</b>        | <b>-</b>        |   |
| <b>5</b>     | <b>INVESTMENTS</b>  |                 |                 |                 |                 |                 |   |
| C/R.5.002    | Demand risk in social care  | -1,300          | -1,300          | -               | -               | -               | - Demand is expected to increase for both adult and children's social care services over the medium term. There are some ambitious plans to mitigate this through the Adults Positive Challenge Programme and the Children in Care strategy, but there remains a risk that this does not work quickly enough. This line provides some further short-term mitigation should that be the case, to be offset as the demand management work delivers over a longer time period. |
| C/R.5.003    | IT - TotalMobile  | 130             | -               | -               | -               | -               | - As part of the Adults Positive Challenge Programme, a number of investments were made from the Transformation Fund to deliver an ambitious package of demand management measures. This funding in 2021/22 is to provide a permanent basis for those investments that will need to continue, particularly investment in technology and the cost of a mobile working system for reablement.   |
| C/R.5.108    | Financing the Energy Investment Unit                                      | -               | -224            | -               | -               | -               | - A Transformation Fund investment to support the development of strategic energy policy, market shaping approaches and a growing portfolio of sustainable energy projects, helping the Council to deliver its target of net zero carbon emissions for Cambridgeshire by 2050.  |
| C/R.5.109    | Financing the Commercial Team   | -257            | -               | -               | -               | -               | - A Transformation Fund investment in establishing a Commercial Team to provide additional capacity and expertise to deliver the 2019 - 2021 Commercial Strategy.   |
| C/R.5.110    | Home to Schools and Adults Social Care Transport                          | -58             | -71             | -               | -               | -               | - A Transformation Fund investment in specialist capacity to support a review of transport policy, processes and procedures across services and to develop and embed an Independent Travel Training Programme.  |
| C/R.5.111    | Learning Disability Partnership Pooled Budget Review                      | -300            | -               | -               | -               | -               | - Dedicated capacity to review the level of health needs of people within the Learning Disability Partnership.  |
| C/R.5.112    | Developing a joint approach for preventing and addressing adolescent risk | -28             | -               | -               | -               | -               | - Developing a joint approach for preventing and addressing adolescent risk through a unique and innovative model that supports our most vulnerable children and young people with the intention of dramatically improving their life chances.  |
| C/R.5.113    | Demand Management in Special Educational Needs and Disability (SEND)      | -80             | -               | -               | -               | -               | - An investment to fund specialist capacity within the SEND service to explore different ways of working in order to manage demand for specialist services.   |
| C/R.5.114    | Increase in Financial Assessment Team capacity                            | -89             | -64             | -               | -               | -               | - Increase in Financial Assessment Team capacity to enable delivery of revised contributions policy approved by Adults Committee in January 2020  |
| C/R.5.115    | Think Communities - Creating a Unified Approach                           | 658             | 370             | -1,028          | -               | -               | - Investment in our approach to Think Communities, sustaining the infrastructure that has been developed during the pandemic, subject to consideration by the September GPC.  |

## Section 3 - C: Corporate and Managed Services

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| C/R.5.116    | Cambridgeshire Lifeline Project   | 31              | -31             | -               | -               | -               | - A Transformation Fund investment to support the business case for the Cambridgeshire Technology Enabled Care Service to become a Lifeline Provider   |
| C/R.5.117    | Micro-Enterprise Development Pilot  | 60              | -60             | -               | -               | -               | - A project to enable the Council to test and evaluate the impact of developing the micro-enterprise care market in Cambridgeshire.  |
| C/R.5.119    | Development of an Asset-Based Area Approach to Commissioning and Delivery | 88              | 2               | 2               | -92             | -               | - 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              | -70             | -               | -               | -               | - A Transformation Fund investment to enable Adult Social Care Transport saving A/R.6.186.   |
| C/R.5.121    | LGA Behavioural Insights Programme 2021-22                                | 20              | -20             | -               | -               | -               | - Development of behavioural insights-based interventions to reduce and prevent incidents of hate crime.   |
| C/R.5.901    | Reversal of 18-19 Transformation Fund Investments                         | -142            | -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.                |
| C/R.5.902    | Removal of 19-20 Transformation Fund Investments                          | -3,738          | -               | -               | -               | -               | - Transformation funded projects are provided with investments for 1-3 years in order to deliver ongoing savings. This is the reversal of the investment for schemes funded in 2019-20. It is anticipated that further transformation funds will come through for funding in 2020-21.                |
| C/R.5.953    | Greater Cambridge Partnership's Revenue Costs                             | -649            | -               | -               | -               | -               | - The Council's contribution to the Greater Cambridge Partnership's revenue costs funded by the growth in New Homes Bonus, revised following a reduction in the number of payment years.   |
| <b>5.999</b> | <b>Subtotal Investments</b>   | <b>-5,584</b>   | <b>-1,611</b>   | <b>-1,026</b>   | <b>-92</b>      | <b>-</b>        |  |
| <b>6</b>     | <b>SAVINGS<br/>GPC</b>  |                 |                 |                 |                 |                 |  |
| C/R.6.104    | Reduction in staff mileage  | -564            | 378             | -               | -               | -               | - A reduction in staff travel is expected to continue.   |
| C/R.6.105    | Customer Services   | -85             | -               | -               | -               | -               | - Customer Services have scrutinised their budget, and trends over recent years, and have determined a reduction of £85k is achievable from their base revenue. This is the equivalent to 3 full-time Customer Service Advisors. This reduction will be delivered by removing vacant posts.          |
| <b>6.999</b> | <b>Subtotal Savings</b>   | <b>-649</b>     | <b>378</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |
|              | <b>UNIDENTIFIED SAVINGS TO BALANCE BUDGET</b>                             | <b>-9,612</b>   | <b>-17,637</b>  | <b>-12,884</b>  | <b>-13,638</b>  | <b>-10,611</b>  |  |
|              | <b>TOTAL GROSS EXPENDITURE</b>  | <b>31,912</b>   | <b>13,395</b>   | <b>-664</b>     | <b>-13,943</b>  | <b>-24,103</b>  |  |
| <b>7</b>     | <b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>                             |                 |                 |                 |                 |                 |  |
| C/R.7.001    | Previous year's fees, charges & ring-fenced grants                        | -3,898          | -6,052          | -6,545          | -6,589          | -6,634          | 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 years                           | -884            | -               | -               | -               | -               | - Changes to Fees and Charges from previous years  |
| C/R.7.003    | Fees and charges inflation  | -40             | -44             | -44             | -45             | -47             | Uplift in external charges to reflect inflation pressures on the costs of services.  |
| C/R.7.004    | Social Worker Recruitment & Retention                                     | -78             | -               | -               | -               | -               | - Transferred Function - Social Worker Recruitment & Retention   |

## Section 3 - C: Corporate and Managed Services

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| C/R.7.006    | Transfer of Function - Repatriation of LGSS Services   | -1,152          | -               | -               | -               | -               | Repatriation of services from LGSS including: Human Resources, Health, Safety & Wellbeing, Learning & Development, Finance Operations, Procurement and IT & Digital Services.  |
|              | <b>Changes to fees &amp; charges</b>                   |                 |                 |                 |                 |                 |  |
| C/R.7.101    | Council Tax: Counter Fraud & Compliance                | -               | -650            | -               | -               | -               | We will seek to work with Cambridgeshire District Councils to develop a joint action plan to increase the Council tax collected in Cambridgeshire. We will invest in more effective identification of fraudulent or incorrectly claimed Council tax discounts and in compliance activity to ensure residents are paying the correct levels of Council tax. We will establish a gain sharing mechanism to ensure that extra income generated as a result of the scheme is shared fairly between District Councils and the County Council. |
|              | <b>Changes to ring-fenced grants</b>                   |                 |                 |                 |                 |                 |  |
| C/R.7.201    | Change in Public Health Grant                          | -               | 201             | -               | -               | -               | Change in ring-fenced Public Health grant to reflect expected treatment as a corporate grant from  |
| <b>7.999</b> | <b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b> | <b>-6,052</b>   | <b>-6,545</b>   | <b>-6,589</b>   | <b>-6,634</b>   | <b>-6,681</b>   |  |
|              |  |                 |                 |                 |                 |                 |  |
|              | <b>TOTAL NET EXPENDITURE</b>                           | <b>25,860</b>   | <b>6,850</b>    | <b>-7,253</b>   | <b>-20,577</b>  | <b>-30,784</b>  |  |

| FUNDING SOURCES |   |                |                |            |               |               |   |
|-----------------|---|----------------|----------------|------------|---------------|---------------|---|
| <b>8</b>        | <b>FUNDING OF GROSS EXPENDITURE</b>       |                |                |            |               |               |   |
| C/R.8.001       | Budget Allocation                         | -25,860        | -6,850         | 7,253      | 20,577        | 30,784        | Net spend funded from general grants, business rates and Council Tax.   |
| C/R.8.002       | Public Health Grant                       | -201           | -              | -          | -             | -             | Funding transferred to Service areas where the management of Public Health functions will be undertaken by other County Council officers, rather than directly by the Public Health Team. |
| C/R.8.003       | Fees & Charges                            | -5,851         | -6,545         | -6,589     | -6,634        | -6,681        | Fees and charges for the provision of services.   |
| <b>8.999</b>    | <b>TOTAL FUNDING OF GROSS EXPENDITURE</b> | <b>-31,912</b> | <b>-13,395</b> | <b>664</b> | <b>13,943</b> | <b>24,103</b> |   |

## Section 3 - C: Corporate and Managed Services

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

| Summary of Schemes by Start Date |  |  |  |  |  | Total Cost<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|----------------------------------|--|--|--|--|--|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Ongoing                          |  |  |  |  |  | 8,971              | 11,751                 | -2,527          | -227            | -26             | -               | -               | -                   |
| Committed Schemes                |  |  |  |  |  | 47,692             | 31,826                 | 15,561          | 173             | 132             | -               | -               | -                   |
| 2019-2020 Starts                 |  |  |  |  |  | 8,667              | 3,673                  | 3,994           | 1,000           | -               | -               | -               | -                   |
| <b>TOTAL BUDGET</b>              |  |  |  |  |  | <b>65,330</b>      | <b>47,250</b>          | <b>17,028</b>   | <b>946</b>      | <b>106</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>            |

| Ref           | Scheme  | Description   | Linked Revenue Proposal | Scheme Start | Total Cost<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|---------------|---|---|-------------------------|--------------|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| <b>C/C.01</b> | <b>Corporate Services</b>                                     |   |                         |              |                    |                        |                 |                 |                 |                 |                 |                     |
| C/C.1.001     | Essential CCC Business Systems Upgrade                        | Upgrades and replacements to key business systems that are at the end of life.  |                         | Committed    | 750                | 600                    | 150             | -               | -               | -               | -               | -                   |
| C/C.1.006     | Confidential Scheme   | Confidential Scheme   |                         | 2019-20      | 5,408              | 2,968                  | 2,440           | -               | -               | -               | -               | -                   |
| 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  |                         | 2019-20      | 3,259              | 705                    | 1,554           | 1,000           | -               | -               | -               | -                   |
| C/C.2.010     | 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                | 273                    | 135             | 134             | 132             | -               | -               | -                   |
| C/C.6.001     | Investment in Connecting Cambridgeshire                       | Connecting Cambridgeshire is working to ensure businesses, residents and public services can make the most of opportunities offered by a fast-changing digital world. Led by the Council, this ambitious partnership programme is improving Cambridgeshire's broadband, mobile and Wi-Fi coverage, whilst supporting online skills, business growth and technological innovation to meet future digital challenges. |                         | Committed    | 24,337             | 24,337                 | -               | -               | -               | -               | -               | -                   |
| C/C.6.001.1   | Investment in Connecting Cambridgeshire - Fixed Connectivity  | This is part of the main Connecting Cambridgeshire scheme   |                         | Committed    | 16,145             | 4,026                  | 12,119          | -               | -               | -               | -               | -                   |
| C/C.6.001.2   | Investment in Connecting Cambridgeshire - Mobile Connectivity | This is part of the main Connecting Cambridgeshire scheme   |                         | Committed    | 225                | 25                     | 200             | -               | -               | -               | -               | -                   |
| C/C.6.001.3   | Investment in Connecting Cambridgeshire - Public Access WiFi  | This is part of the main Connecting Cambridgeshire scheme   |                         | Committed    | 605                | 605                    | -               | -               | -               | -               | -               | -                   |

## Section 3 - C: Corporate and Managed Services

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

| Ref  | Scheme   | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | Later Years £000 |
|--|--|---|-------------------------|--------------|-----------------|---------------------|---------------|--------------|--------------|--------------|--------------|------------------|
| C/C.6.001.4                                | Investment in Connecting Cambridgeshire - Smart Work Streams | This is part of the main Connecting Cambridgeshire scheme   |                         | Committed    | 1,613           | 1,038               | 575           | -            | -            | -            | -            | -                |
| C/C.6.001.5                                | Investment in Connecting Cambridgeshire - Programme Delivery | These are the overall staff costs to deliver all elements of the Connecting Cambridgeshire programme  |                         | Committed    | 2,965           | 922                 | 2,043         | -            | -            | -            | -            | -                |
| <b>Total - Corporate Services</b>          |  |   |                         |              | <b>55,981</b>   | <b>35,499</b>       | <b>19,216</b> | <b>1,134</b> | <b>132</b>   | -            | -            | -                |
| <b>C/C.03</b>                              | <b>Transformation</b>  |   |                         |              |                 |                     |               |              |              |              |              |                  |
| C/C.3.001                                  | Capitalisation of Transformation Team                        | Funding the Transformation team from capital instead of revenue, by using the flexibility of capital receipts direction.  |                         | Ongoing      | 8,382           | 6,700               | 1,682         | -            | -            | -            | -            | -                |
| C/C.3.002                                  | Capitalisation of Redundancies                               | Funding the cost of redundancies from capital instead of revenue, using the flexibility of capital receipts direction.  |                         | Ongoing      | 5,351           | 5,051               | 300           | -            | -            | -            | -            | -                |
| <b>Total - Transformation</b>              |  |   |                         |              | <b>13,733</b>   | <b>11,751</b>       | <b>1,982</b>  | -            | -            | -            | -            | -                |
| <b>C/C.10</b>                              | <b>Capital Programme Variation</b>                           |   |                         |              |                 |                     |               |              |              |              |              |                  |
| C/C.10.001                                 | 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      | -4,762          | -                   | -4,509        | -227         | -26          | -            | -            | -                |
| C/C.10.002                                 | 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    | 378             | -                   | 339           | 39           | -            | -            | -            | -                |
| <b>Total - Capital Programme Variation</b> |  |   |                         |              | <b>-4,384</b>   | -                   | <b>-4,170</b> | <b>-188</b>  | <b>-26</b>   | -            | -            | -                |
| <b>TOTAL BUDGET</b>                        |  |   |                         |              | <b>65,330</b>   | <b>47,250</b>       | <b>17,028</b> | <b>946</b>   | <b>106</b>   | -            | -            | -                |

### Section 3 - C: Corporate and Managed Services

**Table 4: Capital Programme**  
**Budget Period: 2021-22 to 2030-31**

| Funding                                    | Total Funding<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|--|-----------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| <b>Government Approved Funding</b>         |                       |                        |                 |                 |                 |                 |                 |                     |
| Specific Grants                            | 19,448                | 12,644                 | 6,804           | -               | -               | -               | -               | -                   |
| <b>Total - Government Approved Funding</b> | <b>19,448</b>         | <b>12,644</b>          | <b>6,804</b>    | -               | -               | -               | -               | -                   |
| <b>Locally Generated Funding</b>           |                       |                        |                 |                 |                 |                 |                 |                     |
| Prudential Borrowing                       | 18,569                | 13,934                 | 3,583           | 946             | 106             | -               | -               | -                   |
| Ring-Fenced Capital Receipts               | 13,102                | 11,751                 | 1,351           | -               | -               | -               | -               | -                   |
| Other Contributions                        | 14,211                | 8,921                  | 5,290           | -               | -               | -               | -               | -                   |
| <b>Total - Locally Generated Funding</b>   | <b>45,882</b>         | <b>34,606</b>          | <b>10,224</b>   | <b>946</b>      | <b>106</b>      | -               | -               | -                   |
| <b>TOTAL FUNDING</b>                       | <b>65,330</b>         | <b>47,250</b>          | <b>17,028</b>   | <b>946</b>      | <b>106</b>      | -               | -               | -                   |

## Section 3 - C: Corporate and Managed Services

### Table 5: Capital Programme - Funding

Budget Period: 2021-22 to 2030-31

| Summary of Schemes by Start Date | Total Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 |
|----------------------------------|-----------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|
| Ongoing                          | 8,971                 | -90            | -                          | -1,353                  | 13,102                      | -2,688                 |
| Committed Schemes                | 47,692                | 19,538         | -                          | 15,564                  | -                           | 12,590                 |
| 2019-2020 Starts                 | 8,667                 | -              | -                          | -                       | -                           | 8,667                  |
| <b>TOTAL BUDGET</b>              | <b>65,330</b>         | <b>19,448</b>  | <b>-</b>                   | <b>14,211</b>           | <b>13,102</b>               | <b>18,569</b>          |

| Ref           | Scheme  | Linked<br>Revenue<br>Proposal | Net<br>Revenue<br>Impact | Scheme<br>Start | Total<br>Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 |
|---------------|---|-------------------------------|--------------------------|-----------------|--------------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|
| <b>C/C.01</b> | <b>Corporate Services</b>                                     |                               |                          |                 |                          |                |                            |                         |                             |                        |
| C/C.1.001     | Essential CCC Business Systems Upgrade                        |                               |                          | - Committed     | 750                      | -              | -                          | -                       | -                           | 750                    |
| C/C.1.006     | Confidential Scheme   |                               |                          | - 2019-20       | 5,408                    | -              | -                          | -                       | -                           | 5,408                  |
| C/C.1.007     | IT Strategy   |                               |                          | - 2019-20       | 3,259                    | -              | -                          | -                       | -                           | 3,259                  |
| C/C.2.010     | IT Infrastructure Refresh                                     |                               |                          | - Committed     | 674                      | -              | -                          | -                       | -                           | 674                    |
| C/C.6.001     | Investment in Connecting Cambridgeshire                       |                               |                          | - Committed     | 24,337                   | 8,750          | -                          | 6,499                   | -                           | 9,088                  |
| C/C.6.001.1   | Investment in Connecting Cambridgeshire - Fixed Connectivity  |                               |                          | - Committed     | 16,145                   | 8,345          | -                          | 6,700                   | -                           | 1,100                  |
| C/C.6.001.2   | Investment in Connecting Cambridgeshire - Mobile Connectivity |                               |                          | - Committed     | 225                      | 225            | -                          | -                       | -                           | -                      |
| C/C.6.001.3   | Investment in Connecting Cambridgeshire - Public Access WiFi  |                               |                          | - Committed     | 605                      | 605            | -                          | -                       | -                           | -                      |
| C/C.6.001.4   | Investment in Connecting Cambridgeshire - Smart Work Streams  |                               |                          | - Committed     | 1,613                    | 1,613          | -                          | -                       | -                           | -                      |
| C/C.6.001.5   | Investment in Connecting Cambridgeshire - Programme Delivery  |                               |                          | - Committed     | 2,965                    | -              | -                          | 2,365                   | -                           | 600                    |
|               | <b>Total - Corporate Services</b>                             |                               |                          | -               | <b>55,981</b>            | <b>19,538</b>  | <b>-</b>                   | <b>15,564</b>           | <b>-</b>                    | <b>20,879</b>          |
| <b>C/C.03</b> | <b>Transformation</b>   |                               |                          |                 |                          |                |                            |                         |                             |                        |
| C/C.3.001     | Capitalisation of Transformation Team                         |                               |                          | - Ongoing       | 8,382                    | -              | -                          | -                       | 8,382                       | -                      |
| C/C.3.002     | Capitalisation of Redundancies                                |                               |                          | - Ongoing       | 5,351                    | -              | -                          | -                       | 5,351                       | -                      |
|               | <b>Total - Transformation</b>                                 |                               |                          | -               | <b>13,733</b>            | <b>-</b>       | <b>-</b>                   | <b>-</b>                | <b>13,733</b>               | <b>-</b>               |
| <b>C/C.10</b> | <b>Capital Programme Variation</b>                            |                               |                          |                 |                          |                |                            |                         |                             |                        |
| C/C.10.001    | Variation Budget  |                               |                          | - Ongoing       | -4,762                   | -90            | -                          | -1,353                  | -631                        | -2,688                 |
| C/C.10.002    | Capitalisation of Interest Costs                              |                               |                          | - Committed     | 378                      | -              | -                          | -                       | -                           | 378                    |
|               | <b>Total - Capital Programme Variation</b>                    |                               |                          | -               | <b>-4,384</b>            | <b>-90</b>     | <b>-</b>                   | <b>-1,353</b>           | <b>-631</b>                 | <b>-2,310</b>          |
|               | <b>TOTAL BUDGET</b>   |                               |                          |                 | <b>65,330</b>            | <b>19,448</b>  | <b>-</b>                   | <b>14,211</b>           | <b>13,102</b>               | <b>18,569</b>          |

## Section 3 - C: Corporate and Managed Services

**Table 6: Revenue - Financing Debt Charges Overview**

Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title                                    | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>1</b>     | <b>OPENING GROSS EXPENDITURE</b>         | <b>29,570</b>   | <b>32,649</b>   | <b>38,083</b>   | <b>41,509</b>   | <b>42,648</b>   |  |
| G/R.1.001    | Base Adjustments                         | 862             | -               | -               | -               | -               | Adjustment for permanent changes to base budget from decisions made in 2020-21.  |
| <b>1.999</b> | <b>REVISED OPENING GROSS EXPENDITURE</b> | <b>30,432</b>   | <b>32,649</b>   | <b>38,083</b>   | <b>41,509</b>   | <b>42,648</b>   |  |
| <b>2</b>     | <b>INFLATION</b>                         |                 |                 |                 |                 |                 |  |
| <b>2.999</b> | <b>Subtotal Inflation</b>                | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |
| <b>3</b>     | <b>DEMOGRAPHY AND DEMAND</b>             |                 |                 |                 |                 |                 |  |
| <b>3.999</b> | <b>Subtotal Demography and Demand</b>    | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |
| <b>4</b>     | <b>PRESSURES</b>                         |                 |                 |                 |                 |                 |  |
| <b>4.999</b> | <b>Subtotal Pressures</b>                | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |
| <b>5</b>     | <b>INVESTMENTS</b>                       |                 |                 |                 |                 |                 |  |
| G/R.5.001    | Revenue impact of Capital decisions      | 2,402           | 3,546           | 3,155           | 3,072           | 1,212           | Change in borrowing costs as a result of changes to levels of prudential borrowing in the capital programme.   |
| <b>5.999</b> | <b>Subtotal Investments</b>              | <b>2,402</b>    | <b>3,546</b>    | <b>3,155</b>    | <b>3,072</b>    | <b>1,212</b>    |  |
| <b>6</b>     | <b>SAVINGS</b>                           |                 |                 |                 |                 |                 |  |
| G/R.6.003    | <b>GPC</b><br>MRP: Accountable Body      | -436            | 1,217           | 540             | -2,857          | 1,143           | 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 |
| G/R.6.004    | Capitalisation of interest on borrowing  | 251             | 671             | -269            | 924             | 568             | 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.   |
| <b>6.999</b> | <b>Subtotal Savings</b>                  | <b>-185</b>     | <b>1,888</b>    | <b>271</b>      | <b>-1,933</b>   | <b>1,711</b>    |  |
|              | <b>TOTAL GROSS EXPENDITURE</b>           | <b>32,649</b>   | <b>38,083</b>   | <b>41,509</b>   | <b>42,648</b>   | <b>45,571</b>   |  |

## Section 3 - C: Corporate and Managed Services

**Table 6: Revenue - Financing Debt Charges Overview**

Budget Period: 2021-22 to 2025-26

|                   |               |
|-------------------|---------------|
| Detailed<br>Plans | Outline Plans |
|-------------------|---------------|

| Ref          | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>7</b>     | <b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>                                |                 |                 |                 |                 |                 |  |
| G/R.7.001    | Previous year's fees & charges   | -               | -862            | -862            | -862            | -862            | 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 | -862            | -               | -               | -               | -               | Expected interest receivable on cash deposits held in money market funds and call accounts |
| <b>7.999</b> | <b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b>                       | <b>-862</b>     | <b>-862</b>     | <b>-862</b>     | <b>-862</b>     | <b>-862</b>     |  |
|              | <b>TOTAL NET EXPENDITURE</b>   | <b>31,787</b>   | <b>37,221</b>   | <b>40,647</b>   | <b>41,786</b>   | <b>44,709</b>   |  |

| FUNDING SOURCES |   |                |                |                |                |                |   |
|-----------------|---|----------------|----------------|----------------|----------------|----------------|---|
| <b>8</b>        | <b>FUNDING OF GROSS EXPENDITURE</b>       |                |                |                |                |                |   |
| G/R.8.101       | Budget Allocation                         | -31,787        | -37,221        | -40,647        | -41,786        | -44,709        | Net spend funded from general grants, business rates and Council Tax. |
| G/R.8.102       | Fees and Charges                          | -862           | -862           | -862           | -862           | -862           | Fees and charges for the provision of services.                       |
| <b>8.999</b>    | <b>TOTAL FUNDING OF GROSS EXPENDITURE</b> | <b>-32,649</b> | <b>-38,083</b> | <b>-41,509</b> | <b>-42,648</b> | <b>-45,571</b> |   |

## Section 3 - E: Public Health

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2021-22 to 2025-26

| Net Revised Opening Budget 2020-21<br>£000 | Policy Line  | Gross Budget 2021-22<br>£000 | Fees, Charges & Ring-fenced Grants 2021-22<br>£000 | Net Budget 2021-22<br>£000 | Net Budget 2022-23<br>£000 | Net Budget 2023-24<br>£000 | Net Budget 2024-25<br>£000 | Net Budget 2025-26<br>£000 |
|--|--|------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>Children Health</b>   |                              |  |                            |                            |                            |                            |                            |
| 6,929                                      | Children 0-5 PH Programme  | 9,995                        | -3,066   | 6,929                      | 6,929                      | 6,929                      | 6,929                      | 6,929                      |
| 1,627                                      | Children 5-19 PH Programme - Non Prescribed                        | 1,627                        | -  | 1,627                      | 1,627                      | 1,627                      | 1,627                      | 1,627                      |
| 271  | Children Mental Health   | 341                          | -  | 341                        | 341                        | 341                        | 341                        | 341                        |
| <b>8,827</b>                               | <b>Subtotal Children Health</b>                                    | <b>11,963</b>                | <b>-3,066</b>                                      | <b>8,897</b>               | <b>8,897</b>               | <b>8,897</b>               | <b>8,897</b>               | <b>8,897</b>               |
|  | <b>Drugs &amp; Alcohol</b>   |                              |  |                            |                            |                            |                            |                            |
| 5,355                                      | Drug & Alcohol Misuse  | 5,579                        | -287   | 5,292                      | 5,292                      | 5,292                      | 5,292                      | 5,292                      |
| <b>5,355</b>                               | <b>Subtotal Drugs &amp; Alcohol</b>                                | <b>5,579</b>                 | <b>-287</b>  | <b>5,292</b>               | <b>5,292</b>               | <b>5,292</b>               | <b>5,292</b>               | <b>5,292</b>               |
|  | <b>Sexual Health &amp; Contraception</b>                           |                              |  |                            |                            |                            |                            |                            |
| 3,818                                      | SH STI testing & treatment - Prescribed                            | 3,818                        | -  | 3,818                      | 3,818                      | 3,818                      | 3,818                      | 3,818                      |
| 1,096                                      | SH Contraception - Prescribed                                      | 1,096                        | -  | 1,096                      | 1,096                      | 1,096                      | 1,096                      | 1,096                      |
| 146  | SH Services Advice Prevention/Promotion - Non-Prescribed           | 146                          | -  | 146                        | 146                        | 146                        | 146                        | 146                        |
| <b>5,060</b>                               | <b>Subtotal Sexual Health &amp; Contraception</b>                  | <b>5,060</b>                 | <b>-</b>   | <b>5,060</b>               | <b>5,060</b>               | <b>5,060</b>               | <b>5,060</b>               | <b>5,060</b>               |
|  | <b>Behaviour Change / Preventing Long Term Conditions</b>          |                              |  |                            |                            |                            |                            |                            |
| 2,032                                      | Integrated Lifestyle Services                                      | 1,978                        | 54   | 2,032                      | 2,032                      | 2,032                      | 2,032                      | 2,032                      |
| 397  | Other Health Improvement   | 605                          | -178   | 427                        | 427                        | 427                        | 427                        | 427                        |
| 683  | Smoking Cessation GP & Pharmacy                                    | 683                          | -  | 683                        | 683                        | 683                        | 683                        | 683                        |
| 625  | NHS Health Checks Programme - Prescribed                           | 625                          | -  | 625                        | 625                        | 625                        | 625                        | 625                        |
| <b>3,737</b>                               | <b>Subtotal Behaviour Change / Preventing Long Term Conditions</b> | <b>3,891</b>                 | <b>-124</b>  | <b>3,767</b>               | <b>3,767</b>               | <b>3,767</b>               | <b>3,767</b>               | <b>3,767</b>               |
|  | <b>Falls Prevention</b>  |                              |  |                            |                            |                            |                            |                            |
| 82   | Falls Prevention   | 82                           | -  | 82                         | 82                         | 82                         | 82                         | 82                         |
| <b>82</b>                                  | <b>Subtotal Falls Prevention</b>                                   | <b>82</b>                    | <b>-</b>   | <b>82</b>                  | <b>82</b>                  | <b>82</b>                  | <b>82</b>                  | <b>82</b>                  |
|  | <b>General Prevention Activities</b>                               |                              |  |                            |                            |                            |                            |                            |
| 13   | General Prevention, Traveller Health                               | 13                           | -  | 13                         | 13                         | 13                         | 13                         | 13                         |
| <b>13</b>                                  | <b>Subtotal General Prevention Activities</b>                      | <b>13</b>                    | <b>-</b>   | <b>13</b>                  | <b>13</b>                  | <b>13</b>                  | <b>13</b>                  | <b>13</b>                  |
|  | <b>Adult Mental Health &amp; Community Safety</b>                  |                              |  |                            |                            |                            |                            |                            |
| 256  | Adult Mental Health & Community Safety                             | 256                          | -  | 256                        | 256                        | 256                        | 256                        | 256                        |
| <b>256</b>                                 | <b>Subtotal Adult Mental Health &amp; Community Safety</b>         | <b>256</b>                   | <b>-</b>   | <b>256</b>                 | <b>256</b>                 | <b>256</b>                 | <b>256</b>                 | <b>256</b>                 |

### Section 3 - E: Public Health

**Table 1: Revenue - Summary of Net Budget by Operational Division**

Budget Period: 2021-22 to 2025-26

| Net Revised<br>Opening Budget<br>2020-21<br>£000 | Policy Line                               | Gross Budget<br>2021-22<br>£000 | Fees, Charges<br>& Ring-fenced<br>Grants<br>2021-22<br>£000 | Net Budget<br>2021-22<br>£000 | Net Budget<br>2022-23<br>£000 | Net Budget<br>2023-24<br>£000 | Net Budget<br>2024-25<br>£000 | Net Budget<br>2025-26<br>£000 |
|--|---|---------------------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 1,731  | <b>Public Health Directorate</b>          | 2,241                           | -205  | 2,036                         | 2,036                         | 2,036                         | 2,036                         | 2,036                         |
| 425  | Public Health - Admin & Salaries          | 1,011                           |   | 1,011                         | 1,011                         | 1,011                         | 1,011                         | 1,011                         |
|  | Public Health Strategic Management        |                                 |   |                               |                               |                               |                               |                               |
| <b>2,156</b>                                     | <b>Subtotal Public Health Directorate</b> | <b>3,252</b>                    | <b>-205</b>   | <b>3,047</b>                  | <b>3,047</b>                  | <b>3,047</b>                  | <b>3,047</b>                  | <b>3,047</b>                  |
| -25,485  | Public Health Ring-fenced Grant           | -                               | -26,414   | -26,414                       | -                             | -                             | -                             | -                             |
|  | <b>Future Years</b>                       |                                 |   |                               |                               |                               |                               |                               |
|  | - Inflation                               | -                               | -   | -                             | 34                            | 69                            | 103                           | 137                           |
|  | - Savings                                 | -                               | -   | -                             |                               |                               |                               |                               |
| <b>-</b>   | <b>PUBLIC HEALTH TOTAL</b>                | <b>30,095</b>                   | <b>-30,095</b>  | <b>-</b>                      | <b>26,448</b>                 | <b>26,483</b>                 | <b>26,517</b>                 | <b>26,551</b>                 |



## Section 3 - E: Public Health

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2021-22

| Policy Line                               | Net Revised<br>Opening Budget<br>£000 | Net Inflation<br>£000 | Demography &<br>Demand<br>£000 | Pressures<br>£000 | Investments<br>£000 | Savings &<br>Income<br>Adjustments<br>£000 | Net Budget<br>£000 |
|---|---------------------------------------|-----------------------|--------------------------------|-------------------|---------------------|--|--------------------|
| <b>Public Health Directorate</b>          |                                       |                       |                                |                   |                     |  |                    |
| Public Health - Admin & Salaries          | 1,731                                 | 6                     | -                              | -                 | 300                 | -  | 2,037              |
| Public Health Strategic Management        | 425                                   | -                     | -                              |                   | 569                 | 16   | 1,010              |
| <b>Subtotal Public Health Directorate</b> | <b>2,156</b>                          | <b>6</b>              | <b>-</b>                       | <b>-</b>          | <b>869</b>          | <b>16</b>                                  | <b>3,047</b>       |
| Public Health Ring-fenced Grant           | -25,486                               |                       |                                |                   |                     | -928                                       | -26,414            |
| <b>PUBLIC HEALTH TOTAL</b>                | <b>-</b>                              | <b>6</b>              | <b>-</b>                       | <b>-</b>          | <b>969</b>          | <b>-975</b>                                | <b>-</b>           |

## Section 3 - E: Public Health

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title                                      | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description   |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| <b>1</b>     | <b>OPENING GROSS EXPENDITURE</b>           | <b>25,666</b>   | <b>30,095</b>   | <b>30,138</b>   | <b>30,180</b>   | <b>30,222</b>   |   |
| E/R.1.002    | Changes to opening budgets made in 2020/21 | 2,941           | -               | -               | -               | -               | - This line reflects permanent virements made in 2020/21. This is mostly around accounting for the joint Children's Health contract with Peterborough City Council, the income for which is shown in section 7.   |
| E/R.1.003    | New Public Health burdens in 2020/21       | 612             | -               | -               | -               | -               | - Part of the increase in the Public Health Grant in 2020/21 has been committed to fund a number of new burdens around pay increases in NHS providers.  |
| <b>1.999</b> | <b>REVISED OPENING GROSS EXPENDITURE</b>   | <b>29,219</b>   | <b>30,095</b>   | <b>30,138</b>   | <b>30,180</b>   | <b>30,222</b>   |   |
| <b>2</b>     | <b>INFLATION</b>                           |                 |                 |                 |                 |                 |   |
| E/R.2.001    | Inflation                                  | 11              | 43              | 42              | 42              | 42              | Forecast pressure from inflation in the Public Health Directorate, excluding inflation on any costs linked to the standard rate of inflation where the inflation rate is assumed to be 0%. Inflation appears low due to the majority of public health spend being committed to external contracts. Providers are expected to meet inflationary and demographic pressures within the agreed contract envelope. |
| <b>2.999</b> | <b>Subtotal Inflation</b>                  | <b>11</b>       | <b>43</b>       | <b>42</b>       | <b>42</b>       | <b>42</b>       |   |
| <b>3</b>     | <b>DEMOGRAPHY AND DEMAND</b>               |                 |                 |                 |                 |                 |   |
| <b>3.999</b> | <b>Subtotal Demography and Demand</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |   |
| <b>4</b>     | <b>PRESSURES</b>                           |                 |                 |                 |                 |                 |   |
| <b>4.999</b> | <b>Subtotal Pressures</b>                  | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |   |
| <b>5</b>     | <b>INVESTMENTS</b>                         |                 |                 |                 |                 |                 |   |
| E/R.5.001    | Healthy Weight Strategy                    | 400             | -               | -               | -               | -               | - Estimated investment required for implementation of healthy weight strategy   |
| E/R.5.002    | Public Health Staffing                     | 300             | -               | -               | -               | -               | - During the response to Covid a number of additional posts have been created, or existing posts expanded, funded through reserves or grants. It would be beneficial to have this additional capacity on a permanent basis.   |
| E/R.5.004    | Child and Adolescent Mental Health         | 70              | -               | -               | -               | -               | - A targetted investment to bolster CAMH provision  |
| E/R.5.005    | Healthy Fenland                            | 30              | -               | -               | -               | -               | - A further investment into Healthy Fenland provision   |
| E/R.5.006    | Public Health provider sustainability      | 128             | -               | -               | -               | -               | - This is an estimated provision for some targeted uplifts to contracts where it is demonstrated that it would be beneficial for sustainability of delivery.  |
| <b>5.999</b> | <b>Subtotal Investments</b>                | <b>928</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |   |

## Section 3 - E: Public Health

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

| Detailed Plans | Outline Plans |
|----------------|---------------|
|----------------|---------------|

| Ref                                  | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description   |
|--------------------------------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| <b>6</b>                             | <b>SAVINGS<br/>Health</b>   |                 |                 |                 |                 |                 |   |
| E/R.6.033                            | Drug & Alcohol service - funding reduction built in to new service contract | -63             | -               | -               | -               | -               | - This saving has been built into the contract for Adult Drug and Alcohol Treatment Services which was awarded to Change Grow Live (CGL) and implemented in October 2018. The savings are being achieved through a new service model with strengthened recovery services using cost effective peer support models to avoid readmission, different staffing models, and a mobile outreach service. |
| <b>6.999</b>                         | <b>Subtotal Savings</b>   | <b>-63</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |   |
| <b>TOTAL GROSS EXPENDITURE</b>       |   | <b>30,095</b>   | <b>30,138</b>   | <b>30,180</b>   | <b>30,222</b>   | <b>30,264</b>   |   |
| <b>7</b>                             | <b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>                               |                 |                 |                 |                 |                 |   |
| E/R.7.001                            | Previous year's fees, charges, other income & ring-fenced grants            | -25,666         | -30,095         | -3,690          | -3,697          | -3,705          | Fees and charges expected to be received for services provided and Public Health ring-fenced grant from Government.   |
| E/R.7.002                            | Changes to income budgets made in 2020/21                                   | -2,884          | -               | -               | -               | -               | - Along with E/R.1.002 above, this line reflects changes made to income budgets in 2020/21, mainly to reflect new shared contracts with Peterborough City Council where CCC is the lead commissioner  |
| E/R.7.003                            | Fees, Charges and Other Income Inflation                                    | -5              | -9              | -7              | -8              | -8              | -8 Inflation on external income.  |
| <b>Changes to fees &amp; charges</b> |   |                 |                 |                 |                 |                 |   |
| E/R.7.200                            | Previous year's Public Health Grant increase                                | -1,540          | -               | -               | -               | -               | - Due to late announcement of the Public Health Grant uplift, the 2020-25 business plan did not include a budget adjustment for it. This line corrects the starting point for 2021/22.  |
| E/R.7.201                            | Change in Public Health Grant   | -               | 26,414          | -               | -               | -               | - It is assumed that the Public Health Grant will remain at its 2020/21 level, and that the ring-fence will be removed in 2022/23.  |
| <b>7.999</b>                         | <b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b>                      | <b>-30,095</b>  | <b>-3,690</b>   | <b>-3,697</b>   | <b>-3,705</b>   | <b>-3,713</b>   |   |
| <b>TOTAL NET EXPENDITURE</b>         |   | <b>-</b>        | <b>26,448</b>   | <b>26,483</b>   | <b>26,517</b>   | <b>26,551</b>   |   |

| FUNDING SOURCES |   |                |                |                |                |                |  |
|-----------------|---|----------------|----------------|----------------|----------------|----------------|--|
| <b>8</b>        | <b>FUNDING OF GROSS EXPENDITURE</b>       |                |                |                |                |                |  |
| E/R.8.001       | Budget Allocation                         | -              | -26,448        | -26,483        | -26,517        | -26,551        | Net spend funded from general grants, business rates and Council Tax.  |
| E/R.8.101       | Public Health Grant                       | -26,414        | -              | -              | -              | -              | - Direct expenditure funded from Public Health grant. As the ring-fence is assumed to be removed in 2022/23, the grant will be treated corporately and replaced with budget allocation for Public Health services. |
| E/R.8.102       | Fees, Charges and Other Income            | -3,681         | -3,690         | -3,697         | -3,705         | -3,713         | Income generation (various sources).   |
| <b>8.999</b>    | <b>TOTAL FUNDING OF GROSS EXPENDITURE</b> | <b>-30,095</b> | <b>-30,138</b> | <b>-30,180</b> | <b>-30,222</b> | <b>-30,264</b> |  |

## Section 3 - F: Commercial & Investments

Table 1: Revenue - Summary of Net Budget by Operational Division

Budget Period: 2021-22 to 2025-26

| Net Revised Opening Budget 2020-21<br>£000 | Policy Line                               | Gross Budget 2021-22<br>£000 | Fees, Charges & Ring-fenced Grants 2021-22<br>£000 | Net Budget 2021-22<br>£000 | Net Budget 2022-23<br>£000 | Net Budget 2023-24<br>£000 | Net Budget 2024-25<br>£000 | Net Budget 2025-26<br>£000 |
|--|---|------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>Commercial Activity</b>                |                              |  |                            |                            |                            |                            |                            |
| -3,665                                     | Property Investments                      | 3,826                        | -7,917   | -4,091                     | -4,282                     | -4,486                     | -4,682                     | -4,972                     |
| -456                                       | Shareholder Company Dividends             | -                            | -456   | -456                       | -456                       | -552                       | -552                       | -552                       |
| -5,796                                     | Housing Investment (This Land Company)    | 2,117                        | -8,180   | -6,063                     | -6,063                     | -6,063                     | -6,063                     | -6,063                     |
| -249                                       | Contract Efficiencies                     | -                            | -  | -                          | -249                       | -249                       | -249                       | -249                       |
| 58   | Commercial                                | 258                          | -201   | 57                         | -443                       | -1,193                     | -1,943                     | -1,943                     |
| -1,560                                     | Collective Investment Funds               | -                            | -2,318   | -2,318                     | -2,318                     | -2,318                     | -2,318                     | -2,318                     |
| -265                                       | Renewable Energy Investments              | 812                          | -1,094   | -282                       | 77                         | -381                       | -829                       | -968                       |
| -  | Pandemic Related Income Pressures         | -                            | 1,624  | 1,624                      | 1,916                      | 957                        | 789                        | 795                        |
| <b>-11,933</b>                             | <b>Subtotal Commercial Activity</b>       | <b>7,013</b>                 | <b>-18,542</b>                                     | <b>-11,529</b>             | <b>-11,818</b>             | <b>-14,285</b>             | <b>-15,847</b>             | <b>-16,270</b>             |
|  | <b>Property Services</b>                  |                              |  |                            |                            |                            |                            |                            |
| 5,835                                      | Facilities Management                     | 7,344                        | -2,088   | 5,256                      | 5,356                      | 5,356                      | 5,356                      | 5,356                      |
| 787  | Property Services                         | 788                          | -  | 788                        | 788                        | 788                        | 788                        | 788                        |
| 206  | Property Compliance                       | 282                          | -77  | 205                        | 205                        | 205                        | 205                        | 205                        |
| <b>6,828</b>                               | <b>Subtotal Property Services</b>         | <b>8,414</b>                 | <b>-2,165</b>                                      | <b>6,249</b>               | <b>6,349</b>               | <b>6,349</b>               | <b>6,349</b>               | <b>6,349</b>               |
|  | <b>Strategic Assets</b>                   |                              |  |                            |                            |                            |                            |                            |
| -4,211                                     | County Farms                              | 749                          | -5,240   | -4,491                     | -4,666                     | -4,666                     | -4,666                     | -4,666                     |
| 702  | Strategic Assets                          | 703                          | -  | 703                        | 703                        | 703                        | 703                        | 703                        |
| <b>-3,509</b>                              | <b>Subtotal Strategic Assets</b>          | <b>1,452</b>                 | <b>-5,240</b>                                      | <b>-3,788</b>              | <b>-3,963</b>              | <b>-3,963</b>              | <b>-3,963</b>              | <b>-3,963</b>              |
|  | <b>Traded Services</b>                    |                              |  |                            |                            |                            |                            |                            |
| -  | Traded Services - Central                 | -                            | -  | -                          | -                          | -                          | -                          | -                          |
| -200                                       | ICT Service (Education)                   | 1,949                        | -2,149   | -200                       | -200                       | -200                       | -200                       | -200                       |
| -71  | Professional Development Centres          | -50                          | -21  | -71                        | -71                        | -71                        | -71                        | -71                        |
| <b>-271</b>                                | <b>Subtotal Traded Services</b>           | <b>1,899</b>                 | <b>-2,170</b>                                      | <b>-271</b>                | <b>-271</b>                | <b>-271</b>                | <b>-271</b>                | <b>-271</b>                |
|  | <b>Future Years</b>                       |                              |  |                            |                            |                            |                            |                            |
| -  | Inflation                                 | -                            | -  | -                          | 147                        | 298                        | 473                        | 679                        |
| -  | Savings                                   | -                            | -  | -                          | -                          | -                          | -                          | -                          |
| <b>-8,885</b>                              | <b>COMMERCIAL &amp; INVESTMENTS TOTAL</b> | <b>18,778</b>                | <b>-28,117</b>                                     | <b>-9,339</b>              | <b>-9,556</b>              | <b>-11,872</b>             | <b>-13,259</b>             | <b>-13,476</b>             |

## Section 3 - F: Commercial & Investments

**Table 2: Revenue - Net Budget Changes by Operational Division**

Budget Period: 2021-22

| Policy Line                               | Net Revised<br>Opening Budget<br>£000 | Net Inflation<br>£000 | Demography &<br>Demand<br>£000 | Pressures<br>£000 | Investments<br>£000 | Savings &<br>Income<br>Adjustments<br>£000 | Net Budget<br>£000 |
|---|---------------------------------------|-----------------------|--------------------------------|-------------------|---------------------|--|--------------------|
| <b>Commercial Activity</b>                |                                       |                       |                                |                   |                     |  |                    |
| Property Investments                      | -3,665                                | -                     | -                              | -                 | -260                | -166                                       | -4,091             |
| Shareholder Company Dividends             | -456                                  | -                     | -                              | -                 | -                   | -  | -456               |
| Housing Investment (This Land Company)    | -5,796                                | -                     | -                              | -                 | -79                 | -188                                       | -6,063             |
| Contract Efficiencies                     | -249                                  | -                     | -                              | -                 | -                   | 249  | -                  |
| Commercial                                | 58                                    | -1                    | -                              | -                 | -                   | -  | 57                 |
| Collective Investment Funds               | -1,560                                | -                     | -                              | -                 | -                   | -758                                       | -2,318             |
| Renewable Energy Investments              | -265                                  | -                     | -                              | 5                 | -9                  | -13  | -282               |
| Pandemic Related Income Pressures         | -                                     | -                     | -                              | -                 | -                   | 1,624                                      | 1,624              |
| <b>Subtotal Commercial Activity</b>       | <b>-11,933</b>                        | <b>-1</b>             | <b>-</b>                       | <b>5</b>          | <b>-348</b>         | <b>748</b>                                 | <b>-11,529</b>     |
| <b>Property Services</b>                  |                                       |                       |                                |                   |                     |  |                    |
| Facilities Management                     | 5,835                                 | 173                   | -                              | -75               | -                   | -677                                       | 5,256              |
| Property Services                         | 787                                   | 1                     | -                              | -                 | -                   | -  | 788                |
| Property Compliance                       | 206                                   | -1                    | -                              | -                 | -                   | -  | 205                |
| <b>Subtotal Property Services</b>         | <b>6,828</b>                          | <b>173</b>            | <b>-</b>                       | <b>-75</b>        | <b>-</b>            | <b>-677</b>                                | <b>6,249</b>       |
| <b>Strategic Assets</b>                   |                                       |                       |                                |                   |                     |  |                    |
| County Farms                              | -4,211                                | 7                     | -                              | 3                 | -                   | -290                                       | -4,491             |
| Strategic Assets                          | 702                                   | 1                     | -                              | -                 | -                   | -  | 703                |
| <b>Subtotal Strategic Assets</b>          | <b>-3,509</b>                         | <b>8</b>              | <b>-</b>                       | <b>3</b>          | <b>-</b>            | <b>-290</b>                                | <b>-3,788</b>      |
| <b>Traded Services</b>                    |                                       |                       |                                |                   |                     |  |                    |
| Traded Services - Central                 | -                                     | -                     | -                              | -                 | -                   | -  | -                  |
| ICT Service (Education)                   | -200                                  | -                     | -                              | -                 | -                   | -  | -200               |
| Professional Development Centres          | -71                                   | -                     | -                              | -                 | -                   | -  | -71                |
| <b>Subtotal Traded Services</b>           | <b>-271</b>                           | <b>-</b>              | <b>-</b>                       | <b>-</b>          | <b>-</b>            | <b>-</b>                                   | <b>-271</b>        |
| <b>COMMERCIAL &amp; INVESTMENTS TOTAL</b> | <b>-8,885</b>                         | <b>180</b>            | <b>-</b>                       | <b>-67</b>        | <b>-348</b>         | <b>-219</b>                                | <b>-9,339</b>      |

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>1</b>     | <b>OPENING GROSS EXPENDITURE</b>                  | <b>22,678</b>   | <b>18,778</b>   | <b>22,118</b>   | <b>22,582</b>   | <b>22,443</b>   |  |
| F/R.1.001    | Base adjustment reserves                          | 288             | -               | -               | -               | -               | - Budget pre adjustments and PVs   |
| F/R.1.002    | Budget Prep Adjustments - Traded Services         | -3,668          | -               | -               | -               | -               | - Traded Services transferred to P&C   |
| F/R.1.003    | Commercial Team                                   | 258             | -               | -               | -               | -               | - Establishment of a dedicated commercial resource to deliver the Council's Commercial Strategy; the Commercial Team will be base funded from 2021-22.   |
| <b>1.999</b> | <b>REVISED OPENING GROSS EXPENDITURE</b>          | <b>19,556</b>   | <b>18,778</b>   | <b>22,118</b>   | <b>22,582</b>   | <b>22,443</b>   |  |
| <b>2</b>     | <b>INFLATION</b>                                  |                 |                 |                 |                 |                 |  |
| F/R.2.001    | Inflation   | 191             | 163             | 166             | 190             | 222             | Forecast pressure from inflation, based on detailed analysis incorporating national economic forecasts, specific contract inflation and other forecast inflationary pressures.   |
| <b>2.999</b> | <b>Subtotal Inflation</b>                         | <b>191</b>      | <b>163</b>      | <b>166</b>      | <b>190</b>      | <b>222</b>      |  |
| <b>3</b>     | <b>DEMOGRAPHY AND DEMAND</b>                      |                 |                 |                 |                 |                 |  |
| <b>3.999</b> | <b>Subtotal Demography and Demand</b>             | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |
| <b>4</b>     | <b>PRESSURES</b>                                  |                 |                 |                 |                 |                 |  |
| F/R.4.001    | East Barnwell Community Centre                    | -               | 100             | -               | -               | -               | - Operating costs for the proposed new community centre in East Barnwell, Cambridge.   |
| F/R.4.007    | LGSS Law dividend expectation                     | -               | -               | -96             | -               | -               | - 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, however this line reflects that a dividend is unlikely to be payable from the company before 2024. The primary financial purpose of the company is to provide cost effective services, which is achieved through fees, rather than the delivery of dividend. |
| F/R.4.008    | Spokes buildings operating costs                  | 115             | -               | -               | -               | -               | - The acquisition, development and change of use of spokes buildings will lead to an increase in the operating costs of those buildings. This will be offset by the savings from the Cambs 2020 programme in 2021-22. (Bernard Sunley & Eastfield House)   |
| F/R.4.010    | St Ives Smart Energy Grid - operating costs       | -               | 39              | 1               | 1               | 1               | 1 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.  |
| F/R.4.011    | Babraham Smart Energy Grid - operating costs      | -               | -               | 45              | 2               | 3               | 3 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.   |
| F/R.4.012    | Trumpington Smart Energy Grid - operating costs   | -               | -               | 63              | 2               | -               | - The Council is building a Smart Energy Grid at the Trumpington Park & Ride site, capital project reference F/C.2.120. These are the expected operating costs.  |
| F/R.4.013    | Stanground Closed Landfill Site - operating costs | -               | 120             | 3               | 3               | 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.  |
| F/R.4.015    | North Angle Solar Farm, Soham - operating costs   | -               | 499             | 14              | 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 operating costs.  |
| F/R.4.017    | Babbage House dilapidation costs                  | -190            | -               | -               | -               | -               | - One-off repair and reinstatement costs associated with restoring Babbage House to its original pre-let state following the end of the Council's tenancy.   |

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| F/R.4.018    | County Farms                                     | 3               | -               | -               | -               | -               | - Increase in maintenance costs for the county farms estate.   |
| F/R.4.903    | Renewable Energy - Soham                         | 5               | 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.  |
| <b>4.999</b> | <b>Subtotal Pressures</b>                        | <b>-67</b>      | <b>798</b>      | <b>36</b>       | <b>29</b>       | <b>22</b>       |  |
| <b>5</b>     | <b>INVESTMENTS</b>                               |                 |                 |                 |                 |                 |  |
| F/R.5.001    | Invest to Save Housing Schemes - Interest Costs  | -79             | -               | -               | -               | -               | - Revenue costs associated with the development of the Cambridge Housing and Investment Company in order to generate long-term income streams.   |
| F/R.5.002    | St Ives Smart Energy Grid - Interest Costs       | -               | 143             | -44             | -1              | -1              | -1 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.  |
| F/R.5.003    | Babraham Smart Energy Grid - Interest Costs      | -               | -               | 515             | -173            | -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.   |
| F/R.5.004    | Trumpington Smart Energy Grid - Interest Costs   | -               | -               | 495             | -118            | -4              | -4 The Council is building a Smart Energy Grid at the Trumpington & Ride site, capital project reference F/C.2.120. These are the expected borrowing costs associated with the scheme to be repaid using income from the sale of energy.   |
| F/R.5.005    | Stanground Closed Landfill Site - Interest Costs | -               | 589             | -141            | -5              | -5              | -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. |
| F/R.5.007    | North Angle Solar Farm, Soham - Interest Costs   | -               | 1,941           | -519            | -16             | -16             | -16 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.  |
| F/R.5.008    | Renewable Energy Soham - Interest Costs          | -9              | -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.   |
| F/R.5.009    | Commercial Investments - Interest Costs          | -260            | -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.   |
| <b>5.999</b> | <b>Subtotal Investments</b>                      | <b>-348</b>     | <b>2,628</b>    | <b>262</b>      | <b>-358</b>     | <b>-30</b>      |  |
| <b>6</b>     | <b>SAVINGS</b>                                   |                 |                 |                 |                 |                 |  |
|              | <b>C&amp;I</b>                                   |                 |                 |                 |                 |                 |  |
| F/R.6.003    | Babbage House closure                            | -198            | -               | -               | -               | -               | - The lease on Babbage House is due to end in 2020-21, and will not be renewed.  |
| F/R.6.109    | Cambs 2020 Operational Savings                   | -605            | -               | -               | -               | -               | - Savings to the running costs of corporate buildings as a result of the Cambs 2020 programme.   |
| F/R.6.111    | Contract Savings                                 | 249             | -249            | -               | -               | -               | - The ability to renegotiate or procure to achieve contractual savings is likely to remain compromised in 2021.  |
| <b>6.999</b> | <b>Subtotal Savings</b>                          | <b>-554</b>     | <b>-249</b>     | <b>-</b>        | <b>-</b>        | <b>-</b>        |  |

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

| Detailed Plans | Outline Plans |
|----------------|---------------|
|----------------|---------------|

| Ref                            | Title   | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------------------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>TOTAL GROSS EXPENDITURE</b> |   | <b>18,778</b>   | <b>22,118</b>   | <b>22,582</b>   | <b>22,443</b>   | <b>22,657</b>   |  |
| <b>7</b>                       | <b>FEES, CHARGES &amp; RING-FENCED GRANTS</b>       |                 |                 |                 |                 |                 |  |
| F/R.7.001                      | Previous year's fees, charges & ring-fenced grants  | -31,955         | -28,117         | -31,674         | -34,454         | -35,702         | Previous year's fees and charges for the provision of services and ring-fenced grant funded rolled forward.  |
| F/R.7.002                      | Changes to fees and charges                         | -226            | -               | -               | -               | -               | - Previous years, from PV and budget prep  |
| F/R.7.003                      | Fees and charges inflation                          | -11             | -16             | -15             | -15             | -16             | Uplift in external charges to reflect inflation pressures on the cost of services.   |
|                                | <b>Changes to fees &amp; charges</b>                |                 |                 |                 |                 |                 |  |
| F/R.7.1004                     | Transfer of Traded Services to P&C                  | 3,740           | -               | -               | -               | -               | - Transfer of Traded Services to P&C   |
| F/R.7.105                      | Renewable Energy Soham - Income Generation          | -13             | -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.   |
| F/R.7.113                      | Invest to Save Housing Schemes - Income Generation  | -188            | -               | -               | -               | -               | - The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities. |
| F/R.7.114                      | St Ives Smart Energy Grid - Income Generation       | -               | -117            | -5              | -6              | -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.  |
| F/R.7.116                      | Babraham Smart Energy Grid - Income Generation      | -               | -               | -304            | -16             | -18             | -18 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.  |
| F/R.7.118                      | Trumpington Smart Energy Grid - Income Generation   | -               | -               | -463            | -15             | -               | - The Council is building a Smart Energy Grid at the Trumpington Park & Ride site, capital project reference F/C.2.120. This is the expected income to be generated from the sale of energy.   |
| F/R.7.120                      | Stanground Closed Landfill Site - Income Generation | -               | -510            | -23             | -24             | -25             | -25 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.  |
| F/R.7.125                      | North Angle Solar Farm, Soham - Income Generation   | -               | -2,362          | -78             | -80             | -82             | -82 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.  |
| F/R.7.127                      | County Farms - Commercial uses                      | -250            | -175            | -               | -               | -               | - Conversion of barns on the County Farms Estate for non-agricultural commercial uses, including storage and distribution.   |
| F/R.7.131                      | Commercial Income                                   | -758            | -500            | -750            | -750            | -               | - Commercial return from the Council's Commercial Strategy, to be generated by the newly developed Commercial Team.  |
| F/R.7.132                      | Shire Hall Car Park Income                          | 126             | -               | -               | -               | -               | - Loss of income due to the closure of the Shire Hall site car park.   |
| F/R.7.133                      | COVID Impact - Cromwell Leisure                     | 124             | -124            | -               | -               | -               | - Cromwell Leisure consists of a cinema and three restaurant units. We anticipate that in the current climate, two of the restaurant units will remain empty during the first half of 2021-22. However, this impact does take into account the CVA now in place for one of the units, providing guaranteed rent until 2023-24.   |
| F/R.7.134                      | COVID Impact - County Farms                         | 205             | 87              | -117            | -175            | -               | - An additional income from the County Farms Estate was included in the 2020-21 Business Plan, £250k - 2021-22 and £175k - 2022-23. Specifically this was to identify buildings for development which could be let at a higher value. This scenario forecasts a reduction in income from new investments & a small decline on existing income due to COVID.  |

## Section 3 - F: Commercial and Investments

**Table 3: Revenue - Overview**  
Budget Period: 2021-22 to 2025-26

|                |               |
|----------------|---------------|
| Detailed Plans | Outline Plans |
|----------------|---------------|

| Ref          | Title  | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Description  |
|--------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| F/R.7.135    | COVID Impact - Pooled Property Fund Investment         | 21              | -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.   |
| F/R.7.136    | COVID Impact - Multi-Class-Credit                      | 560             | -               | -               | -               | -               | - The impact of COVID on fund assets and the Council's requirements for a high level of Environment, Social and Governance (ESG) criteria have resulted in updated forecasts for this asset with an overall reduction in the value of the returns from 5.7% to 2.9%. |
| F/R.7.137    | COVID Impact - Brunswick House                         | 423             | -208            | 7               | 7               | 6               | Brunswick House (BH) has 251 direct let student beds. This scenario is forecasting a 10% reduction in the occupancy levels due to the fact that some students will stay at home and opt for online learning and a drop in international student numbers is expected. |
| F/R.7.139    | COVID Impact - Commercial Income                       | 291             | 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.  |
| F/R.7.140    | Tesco - Income Generation                              | -77             | -81             | -84             | -88             | -92             | Estimated annual rent increase.  |
| F/R.7.141    | Evolution Business Park - Income Generation            | -12             | -8              | -15             | -11             | -38             | Estimated annual rent increase.  |
| F/R.7.142    | Kingsbridge - Income Generation                        | -11             | -               | -               | -               | -95             | Estimated annual rent increase.  |
| F/R.7.143    | Brunswick House - Income Generation                    | -66             | -67             | -70             | -62             | -65             | Estimated annual rent increase.  |
| F/R.7.144    | County Farms   | -40             | -               | -               | -               | -20             | Increase in rental income for the county farms estate.   |
| <b>7.999</b> | <b>Subtotal Fees, Charges &amp; Ring-fenced Grants</b> | <b>-28,117</b>  | <b>-31,674</b>  | <b>-34,454</b>  | <b>-35,702</b>  | <b>-36,153</b>  |  |
|              | <b>TOTAL NET EXPENDITURE</b>                           | <b>-9,339</b>   | <b>-9,556</b>   | <b>-11,872</b>  | <b>-13,259</b>  | <b>-13,496</b>  |  |

| FUNDING SOURCES |   |                |                |                |                |                |  |
|-----------------|---|----------------|----------------|----------------|----------------|----------------|--|
| <b>8</b>        | <b>FUNDING OF GROSS EXPENDITURE</b>       |                |                |                |                |                |  |
| F/R.8.001       | Budget Surplus                            | 9,339          | 9,556          | 11,872         | 13,259         | 13,476         | Net surplus from Commercial and Investment activities contributed to funding other Services. |
| F/R.8.003       | Fees & Charges                            | -27,335        | -30,892        | -33,672        | -34,920        | -35,351        | Fees and charges for the provision of services.  |
| F/R.8.004       | Arts Council Funding                      | -782           | -782           | -782           | -782           | -782           | Ring-fenced grant from the Arts Council to part-fund Cambridgeshire Music                    |
| <b>8.999</b>    | <b>TOTAL FUNDING OF GROSS EXPENDITURE</b> | <b>-18,778</b> | <b>-22,118</b> | <b>-22,582</b> | <b>-22,443</b> | <b>-22,657</b> |  |

## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

| Summary of Schemes by Start Date |  |  |  |  | Total Cost<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|----------------------------------|--|--|--|--|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Ongoing                          |  |  |  |  | -7,564             | -                      | -7,617          | -328            | -1,210          | -480            | 760             | 1,311               |
| Committed Schemes                |  |  |  |  | 178,175            | 154,125                | 13,275          | 250             | 324             | 3,175           | -               | 7,026               |
| 2018-2019 Starts                 |  |  |  |  | 50,326             | 6,647                  | 32,612          | 8,621           | -               | -               | -               | 2,446               |
| 2019-2020 Starts                 |  |  |  |  | 6,387              | 4,724                  | 1,663           | -               | -               | -               | -               | -                   |
| 2020-2021 Starts                 |  |  |  |  | 19,200             | 6,950                  | 2,425           | 3,200           | 3,200           | 3,200           | 225             | -                   |
| 2021-2022 Starts                 |  |  |  |  | 2,400              | -                      | 1,000           | 350             | 350             | 350             | 350             | -                   |
| <b>TOTAL BUDGET</b>              |  |  |  |  | <b>248,924</b>     | <b>172,446</b>         | <b>43,358</b>   | <b>12,093</b>   | <b>2,664</b>    | <b>6,245</b>    | <b>1,335</b>    | <b>10,783</b>       |

| Ref           | Scheme   | Description  | Linked Revenue Proposal | Scheme Start | Total Cost<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|---------------|--|--|-------------------------|--------------|--------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| <b>F/C.01</b> | <b>Commercial Activity</b>   |  |                         |              |                    |                        |                 |                 |                 |                 |                 |                     |
| F/C.1.118     | 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  | F/R.7.114, F/R.7.115    | Committed    | 3,645              | 511                    | 3,134           | -               | -               | -               | -               | -                   |
| F/C.1.119     | 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.       | F/R.7.116, F/R.7.117    | 2018-19      | 6,306              | 338                    | 3,999           | 1,969           | -               | -               | -               | -                   |
| F/C.1.120     | 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. | F/R.7.118, F/R.7.119    | 2018-19      | 6,969              | 48                     | 269             | 6,652           | -               | -               | -               | -                   |
| F/C.1.121     | 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 2.25MWp Solar PV ground mounted array on the site together with a 10MW 2C battery storage system for demand side response.  | F/R.7.120, F/R.7.121    | 2018-19      | 8,267              | 479                    | 7,788           | -               | -               | -               | -               | -                   |



## Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**

Budget Period: 2021-22 to 2030-31

| Ref                              | Scheme                              | Description  | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | Later Years £000 |
|----------------------------------|-------------------------------------|--|-------------------------|--------------|-----------------|---------------------|--------------|--------------|--------------|--------------|--------------|------------------|
| F/C.2.113                        | 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. |                         | 2020-21      | 15,000          | 3,000               | 2,400        | 3,200        | 3,200        | 3,200        | -            | -                |
| F/C.2.114                        | Electric Vehicle chargers           | An investment in Electric Vehicle (EV) charging infrastructure for main offices to host Cambridgeshire County Council electric pool cars/vans and staff vehicles.  |                         | 2020-21      | 200             | 200                 | -            | -            | -            | -            | -            | -                |
| F/C.2.115                        | 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.   |                         | 2021-22      | 500             | -                   | 500          | -            | -            | -            | -            | -                |
| F/C.2.116                        | 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.  |                         | 2021-22      | 300             | -                   | 300          | -            | -            | -            | -            | -                |
| <b>Total - Property Services</b> |                                     |  |                         |              | <b>21,400</b>   | <b>3,200</b>        | <b>3,800</b> | <b>3,800</b> | <b>3,800</b> | <b>3,800</b> | <b>600</b>   | <b>2,400</b>     |
| <b>F/C.03</b>                    | <b>Strategic Assets</b>             |  |                         |              |                 |                     |              |              |              |              |              |                  |
| F/C.3.101                        | 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.  | F/R.7.103               | Ongoing      | 2,700           | -                   | 300          | 300          | 300          | 300          | 300          | 1,200            |
| F/C.3.103                        | 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              |
| F/C.3.109                        | Confidential Scheme                 | Confidential Scheme  |                         | Committed    | 1,981           | 497                 | 1,484        | -            | -            | -            | -            | -                |
| F/C.3.116                        | 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          | 12,458              | 6,279        | -            | -            | -            | -            | -                |

## Section 3 - F: Commercial and Investments

Table 4: Capital Programme

Budget Period: 2021-22 to 2030-31

| Ref           | Scheme                                     | Description   | Linked Revenue Proposal | Scheme Start | Total Cost £000 | Previous Years £000 | 2021-22 £000  | 2022-23 £000  | 2023-24 £000  | 2024-25 £000  | 2025-26 £000 | Later Years £000 |
|---------------|--|---|-------------------------|--------------|-----------------|---------------------|---------------|---------------|---------------|---------------|--------------|------------------|
| F/C.3.119     | Cambs 2020 Spokes Asset Review             | The Cambs 2020 Programme will see the current Shire Hall site will be disposed, moving to a 'Hub and Spokes' model with a central purpose built Hub in Alconbury Weald and Spokes sites across the County. This was an opportunity to review our asset portfolio based on organisational needs. This project includes:<br>- acquisition of a new freehold asset<br>- disposal of properties surplus to requirements<br>- major refurbishment works<br>- minor refurbishment works<br>- move related costs (i.e. staff relocation allowance) |                         | 2019-20      | 6,387           | 4,724               | 1,663         | -             | -             | -             | -            | -                |
|               | <b>Total - Strategic Assets</b>            |   |                         |              | <b>30,705</b>   | <b>17,679</b>       | <b>9,826</b>  | <b>400</b>    | <b>400</b>    | <b>400</b>    | <b>400</b>   | <b>1,600</b>     |
| <b>F/C.04</b> | <b>Capital Programme Variation</b>         |   |                         |              |                 |                     |               |               |               |               |              |                  |
| F/C.4.001     | 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      | -16,564         | -                   | -8,617        | -1,328        | -2,210        | -1,480        | -240         | -2,689           |
| F/C.4.002     | 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    | 1,417           | -                   | 642           | 250           | 324           | 175           | -            | 26               |
|               | <b>Total - Capital Programme Variation</b> |   |                         |              | <b>-15,147</b>  | <b>-</b>            | <b>-7,975</b> | <b>-1,078</b> | <b>-1,886</b> | <b>-1,305</b> | <b>-240</b>  | <b>-2,663</b>    |
|               | <b>TOTAL BUDGET</b>                        |   |                         |              | <b>248,924</b>  | <b>172,446</b>      | <b>43,358</b> | <b>12,093</b> | <b>2,664</b>  | <b>6,245</b>  | <b>1,335</b> | <b>10,783</b>    |

### Section 3 - F: Commercial and Investments

**Table 4: Capital Programme**  
Budget Period: 2021-22 to 2030-31

| Funding                                    | Total Funding<br>£000 | Previous Years<br>£000 | 2021-22<br>£000 | 2022-23<br>£000 | 2023-24<br>£000 | 2024-25<br>£000 | 2025-26<br>£000 | Later Years<br>£000 |
|--|-----------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| <b>Government Approved Funding</b>         |                       |                        |                 |                 |                 |                 |                 |                     |
| Specific Grants                            | 4,017                 | 1,500                  | 2,517           | -               | -               | -               | -               | -                   |
| <b>Total - Government Approved Funding</b> | <b>4,017</b>          | <b>1,500</b>           | <b>2,517</b>    | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>            |
| <b>Locally Generated Funding</b>           |                       |                        |                 |                 |                 |                 |                 |                     |
| Agreed Developer Contributions             | 260                   | -                      | 260             | -               | -               | -               | -               | -                   |
| Capital Receipts                           | 21,913                | 5,913                  | -               | -               | 2,000           | 2,000           | 2,000           | 10,000              |
| Prudential Borrowing                       | 78,849                | 32,884                 | 38,845          | 12,093          | 664             | 1,245           | -665            | -6,217              |
| Prudential Borrowing (Repayable)           | 373                   | 120,849                | -304            | -               | -               | 3,000           | -               | -123,172            |
| Other Contributions                        | 143,512               | 11,300                 | 2,040           | -               | -               | -               | -               | 130,172             |
| <b>Total - Locally Generated Funding</b>   | <b>244,907</b>        | <b>170,946</b>         | <b>40,841</b>   | <b>12,093</b>   | <b>2,664</b>    | <b>6,245</b>    | <b>1,335</b>    | <b>10,783</b>       |
| <b>TOTAL FUNDING</b>                       | <b>248,924</b>        | <b>172,446</b>         | <b>43,358</b>   | <b>12,093</b>   | <b>2,664</b>    | <b>6,245</b>    | <b>1,335</b>    | <b>10,783</b>       |

## Section 3 - F: Commercial and Investments

### Table 5: Capital Programme - Funding

Budget Period: 2021-22 to 2030-31

| Summary of Schemes by Start Date | Total Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 |
|----------------------------------|-----------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|
| Ongoing                          | -7,564                | -325           | -                          | -                       | 16,000                      | -23,239                |
| Committed Schemes                | 178,175               | 1,822          | 260                        | 143,512                 | 5,913                       | 26,668                 |
| 2018-2019 Starts                 | 50,326                | -              | -                          | -                       | -                           | 50,326                 |
| 2019-2020 Starts                 | 6,387                 | -              | -                          | -                       | -                           | 6,387                  |
| 2020-2021 Starts                 | 19,200                | 2,520          | -                          | -                       | -                           | 16,680                 |
| 2021-2022 Starts                 | 2,400                 | -              | -                          | -                       | -                           | 2,400                  |
| <b>TOTAL BUDGET</b>              | <b>248,924</b>        | <b>4,017</b>   | <b>260</b>                 | <b>143,512</b>          | <b>21,913</b>               | <b>79,222</b>          |

| Ref           | Scheme   | Linked Revenue<br>Proposal | Net Revenue<br>Impact | Scheme<br>Start | Total Funding<br>£000 | Grants<br>£000 | Develop.<br>Contr.<br>£000 | Other<br>Contr.<br>£000 | Capital<br>Receipts<br>£000 | Prud.<br>Borr.<br>£000 |
|---------------|--|----------------------------|-----------------------|-----------------|-----------------------|----------------|----------------------------|-------------------------|-----------------------------|------------------------|
| <b>F/C.01</b> | <b>Commercial Activity</b>   |                            |                       |                 |                       |                |                            |                         |                             |                        |
| F/C.1.118     | Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride | F/R.7.114,<br>F/R.7.115    | -2,022                | Committed       | 3,645                 | 1,822          | -                          | -                       | -                           | 1,823                  |
| F/C.1.119     | Babraham Smart Energy Grid   | F/R.7.116,<br>F/R.7.117    | -10,571               | 2018-19         | 6,306                 | -              | -                          | -                       | -                           | 6,306                  |
| F/C.1.120     | Trumpington Smart Energy Grid                                      | F/R.7.118,<br>F/R.7.119    | -7,001                | 2018-19         | 6,969                 | -              | -                          | -                       | -                           | 6,969                  |
| F/C.1.121     | Stanground Closed Landfill Energy Project                          | F/R.7.120,<br>F/R.7.121    | -8,898                | 2018-19         | 8,267                 | -              | -                          | -                       | -                           | 8,267                  |
| F/C.1.122     | Woodston Closed Landfill Energy Project                            | F/R.7.122,<br>F/R.7.123    | -8,816                | 2018-19         | 2,526                 | -              | -                          | -                       | -                           | 2,526                  |
| F/C.1.123     | North Angle Solar Farm, Soham                                      | F/R.7.125,<br>F/R.7.126    | -40,112               | 2018-19         | 26,258                | -              | -                          | -                       | -                           | 26,258                 |
| F/C.1.240     | Housing schemes  | F/R.7.113                  | -57,793               | Committed       | 152,395               | -              | -                          | 143,512                 | 5,851                       | 3,032                  |
| F/C.1.243     | Development Funding  |                            | -                     | 2021-22         | 1,600                 | -              | -                          | -                       | -                           | 1,600                  |
| F/C.1.244     | Lower Portland Farm  |                            | -15,134               | 2020-21         | 4,000                 | -              | -                          | -                       | -                           | 4,000                  |
|               | <b>Total - Commercial Activity</b>                                 |                            | <b>-150,347</b>       |                 | <b>211,966</b>        | <b>1,822</b>   | <b>-</b>                   | <b>143,512</b>          | <b>5,851</b>                | <b>60,781</b>          |
| <b>F/C.02</b> | <b>Property Services</b>   |                            |                       |                 |                       |                |                            |                         |                             |                        |
| F/C.2.112     | Building Maintenance   |                            | -                     | Ongoing         | 5,400                 | -              | -                          | -                       | -                           | 5,400                  |
| F/C.2.113     | Decarbonisation Fund   |                            | -                     | 2020-21         | 15,000                | 2,520          | -                          | -                       | -                           | 12,480                 |
| F/C.2.114     | Electric Vehicle chargers  |                            | -                     | 2020-21         | 200                   | -              | -                          | -                       | -                           | 200                    |
| F/C.2.115     | Oil Dependency Fund  |                            | -                     | 2021-22         | 500                   | -              | -                          | -                       | -                           | 500                    |
| F/C.2.116     | Climate Action Fund  |                            | -                     | 2021-22         | 300                   | -              | -                          | -                       | -                           | 300                    |
|               | <b>Total - Property Services</b>                                   |                            | <b>-</b>              |                 | <b>21,400</b>         | <b>2,520</b>   | <b>-</b>                   | <b>-</b>                | <b>-</b>                    | <b>18,880</b>          |

## Section 3 - F: Commercial and Investments

Table 5: Capital Programme - Funding

Budget Period: 2021-22 to 2030-31

| 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>F/C.03</b> | <b>Strategic Assets</b>  |                         |                    |              |                    |              |                      |                   |                       |                  |
| F/C.3.101     | County Farms investment (Viability)  | F/R.7.103               | -7,400             | Ongoing      | 2,700              | -            | -                    | -                 | -                     | 2,700            |
| F/C.3.103     | Local Plans - representations  |                         |                    | - Ongoing    | 900                | -            | -                    | -                 | -                     | 900              |
| F/C.3.109     | Confidential Scheme  |                         |                    | - Committed  | 1,981              | -            | 260                  | -                 | 62                    | 1,659            |
| F/C.3.116     | Shire Hall Relocation  | TBC                     | -45,200            | Committed    | 18,737             | -            | -                    | -                 | -                     | 18,737           |
| F/C.3.119     | Cambs 2020 Spokes Asset Review   |                         |                    | - 2019-20    | 6,387              | -            | -                    | -                 | -                     | 6,387            |
|               | <b>Total - Strategic Assets</b>  |                         | <b>-52,600</b>     |              | <b>30,705</b>      | <b>-</b>     | <b>260</b>           | <b>-</b>          | <b>62</b>             | <b>30,383</b>    |
| <b>F/C.04</b> | <b>Capital Programme Variation</b>   |                         |                    |              |                    |              |                      |                   |                       |                  |
| F/C.4.001     | Variation Budget   |                         |                    | - Ongoing    | -16,564            | -325         | -                    | -                 | -                     | -16,239          |
| F/C.4.002     | Capitalisation of Interest Costs   |                         |                    | - Committed  | 1,417              | -            | -                    | -                 | -                     | 1,417            |
|               | <b>Total - Capital Programme Variation</b>   |                         | <b>-</b>           |              | <b>-15,147</b>     | <b>-325</b>  | <b>-</b>             | <b>-</b>          | <b>-</b>              | <b>-14,822</b>   |
| F/C.9.001     | Excess Corporate Services capital receipts used to reduce total prudential borrowing |                         |                    | Ongoing      | -                  | -            | -                    | -                 | 16,000                | -16,000          |
|               | <b>TOTAL BUDGET</b>  |                         |                    |              | <b>248,924</b>     | <b>4,017</b> | <b>260</b>           | <b>143,512</b>    | <b>21,913</b>         | <b>79,222</b>    |

## Business Planning: Business Case proposal

Project Title: Additional Block Bed Tender

Committee: Adults Committee

2021-22 Saving: -£682,000

Brief Description of proposal: This proposal outlines savings associated with the purchase of an increased number of block beds. By tendering for block contracts, CCC is able to control the level of inflation, limiting the rise in care costs over a period of time. The savings are, in effect, avoided inflation costs and are forecast to be greater over a longer period of time.

The policy was approved by Adults Committee in June 2020 so this proposal is to formally recognise the associated saving in the business plan.

Date of version: 19 November 2020 BP Reference: A/R.6.185

Business Leads / Sponsors: Jo Melvin, Senior Commissioner /  
Will Patten, Service Director,  
Commissioning

### 1. Please describe what the proposed outcomes are:

The Older People's Accommodation approach was approved by Adults Committee in January 2020. The overarching aim of the approach is to obtain sufficient, affordable and high quality residential and nursing care to meet the needs of the local community.

A key factor in achieving sustainable local authority provision is reducing reliance on spot purchased care home provision through an increase in block contracted provision. This approach will be more cost effective in Cambridgeshire in the long term. A commitment to offer longer term contracts for a larger volume of block beds will also support the care home market in managing the ongoing financial pressures of the pandemic.

The proposal outlining the tender of 810 block beds and 12 planned respite beds for older people and people with a physical disability in Cambridgeshire was approved

at Adults Committee in June 2020<sup>1</sup>. The tender process is currently underway with contracts due to be awarded at the end of January 2021. Due to commercial sensitivity concerning the ongoing block bed tender the full details of this proposal will remain undisclosed in this outline of savings.

The block bed tender aims to:

- increase the number of quality residential and nursing care beds on a block contract basis, at an affordable rate and focused on localities and care types with most demand
- mitigate long term costs pressures associated with the rising cost of spot placements
- support the financial stability of local care homes and minimise the risk of provider failure, particularly pertinent now that pressure on the care sector has been exacerbated by COVID-19
- maintain an effective, sustainable local market which continues to offer choice and competition to all requiring long term care
- enable people and their families to access quality, planned respite care in their local area whilst delivering better value for money for the council
- reduce spend on spot purchased respite placements
- signal a longer-term move away from traditional residential care home models to more creative and cost effective delivery options such as care suites. This will be informed by the outcome of the pilot in Huntingdonshire

In addition to the above outcomes, the tender aligns with Cambridgeshire County Council's corporate priorities in the following ways:

- A good quality of life for everyone
  - Re-commissioning existing care home provision will enable the Council to provide individuals with more choice and control over arrangements to meet their long term ongoing needs within high quality settings.
- Thriving places for people to live
  - Ensuring block contract capacity in the care home market will secure employment for local care workers and the ongoing financial sustainability of these organisations.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The block bed tender is a key action within the Older People's Accommodation Strategy, approved by Adults Committee in January 2020.

The evidence base for the block bed tender was approved by Adults committee in June 2020 as part of the governance process.

1

[https://cambridgeshire.cmis.uk.com/ccc\\_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1440/Committee/3/Default.aspx](https://cambridgeshire.cmis.uk.com/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1440/Committee/3/Default.aspx).

In preparing the tender approach, commissioners undertook a full review of the Council's current bed supply and future requirements, determining the number of beds sought within each district and reflecting differences in supply and demand across the county and the ratio of block to spot beds in each district.

Finance colleagues developed inflation forecast models and commissioners applied these to the Council's future bed requirements, concluding block contracting with specific inflation terms would result in cost avoidance compared to ongoing spot purchasing. Detailed evidence of this was provided in the Adults Committee report which, due to commercial sensitivity, was not made public.

Given the comparatively low level of block provision in East Cambridgeshire, a higher percentage than other districts has been sought. Fenland is geographically vast, and beds will therefore be sought across a number of homes to ensure adequate spread. A reduced number of block beds is also recommended within Huntingdonshire to account for the success of previous tenders and the fact a care suite is being developed here. Intensive communication with the market will be undertaken to encourage all local providers to bid and secure a distribution of block bed provision that maximises choice and support to the market.

Whilst a variety of beds is required to ensure, wherever possible, people have a home for life as their needs increase, emphasis has been placed on increasing nursing and nursing dementia provision as demand for these services is rising. The proportion of residential beds sought is deliberately lower as we forecast increasing trends towards domiciliary care and away from residential care, particularly in light of COVID-19 pandemic.

### 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

Alternative options considered when developing the commissioning strategy included:

- **Take no action** – this was discounted due to the impact of increasing care costs upon the Council's budget and the significant increase in older people requiring care forecasted in the next five to 15 years. Steps to establish a sustainable and affordable supply of care home beds is essential to the Council
- **Deliver/Make** – this was discounted as the Council does not operate any care home provision. The costs of doing so are likely to be higher than market prices. Even if considered, this option could not deliver the required beds within the timescales needed
- **Spot purchase all beds** – this was discounted as the Council's financial modelling suggested this option would be more costly and leave the Council exposed to market inflation.

#### 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

An overview of the key milestones of the procurement are summarised below. To mitigate the risk of small providers being unable to engage within this process and therefore missing an opportunity to ensure increased financial sustainability, it is proposed the tender remains open for slightly longer than usual. This will give commissioners the time to work with providers to ensure they are in a position to submit a good quality response.

#### High Level Timetable

| <b>Task</b>                                     | <b>Start Date</b> | <b>End Date</b>  | <b>Overall Responsibility</b>                 |
|---|-------------------|------------------|---|
| Tender Clarification, Evaluation and Moderation | 24 September 2020 | 6 November 2020  | Shauna Torrance, Head of Adults Commissioning |
| Stage 2: Final Submission                       | 23 November 2020  | 27 November 2020 | Shauna Torrance, Head of Adults Commissioning |
| Final Submission Date                           | 23 November 2020  | 27 November 2020 | Shauna Torrance, Head of Adults Commissioning |
| Contract Start Date                             | N/A               | 18 January 2021  | Shauna Torrance, Head of Adults Commissioning |
| Final cost avoidance figures confirmed          | N/A               | March 2021       | Shauna Torrance, Head of Adults 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.

There are no significant Equality and Diversity implications associated with this proposal.

The proposal will ensure the Council is able to source high quality residential care from across the market at an affordable price and ultimately ensure people continue to access affordable, quality, choice-based care.

By procuring an increased number of block beds the Council is also supporting the sustainability of the local care home market which has been adversely affected by COVID-19. This will help to protect existing care home residents who have been disproportionately affected by COVID-19 and protect jobs within the local care workforce in a time of economic recession.

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 block contracting beds the Council can control the level of inflation, limiting the rise in care costs over a period of time. New block beds will have maximum of 3% annual uplift; whereas spot rates in the market have risen by an average of 10% per annum since 2016, reducing to 7% in 2020/1 and forecast to reduce to 6.7% in 2021/22.

Increasing block contract arrangements with providers will mitigate against the financial risk associated with rising spot prices and will help to meet pre-existing budget commitment. The risk of inflation flattening after 2025/25 is mitigated through the use of a break clause at year 5.

Savings for future years have been estimated and approved at Adults Committee, though these will need refining each year. The saving proposed for 2021/22 has been calculated at £682,000. This is an estimation as the true figure cannot be calculated until the tender award is completed and all beds activated.

The estimate is based upon realistic 'good scenario' assumptions about the tender outcome. However, the tender may deliver a lower level of savings due to several variable factors such as:

- Higher than forecasted void levels arising from temporary care home closures due to COVID-19 cases or a general reduction in people seeking residential care due to anxieties about contracting COVID-19
- Higher than forecast numbers of spot placements which convert to a block contract as part of the tender, adding potential cost initially
- Fewer than forecast bed numbers activated during the financial year

Accordingly, a 'dampener' has been applied to the estimated savings figure to mitigate the above variables.

| <b>Saving Estimation</b>                                | <b>£000</b> |
|---|-------------|
| Original saving (as stated in the June 2020)            | -412        |
| Correction of original saving from further calculations | 230         |
| Additional saving around spot -> block effect           | -818        |
| Dampening   | 318         |
| <b>New revised saving for 2021/22</b>                   | <b>-682</b> |

## Non-Financial Benefit

All non-financial benefits are offered in section 1 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?

The risks below have already been signed off at Committee in June 2020 and will continue to be monitored via the implementation work.

| Risk   | Mitigation   | RAG (should the risk occur) | Overall Responsibility                        |
|--|--|-----------------------------|---|
| <p>Small providers are unsuccessful/do not bid due to COVID-19 pressures and therefore do not benefit from increased financial security. Block beds are awarded to larger providers and several small providers exit the market as a result, reducing competition and driving up prices.</p> | <p>Ensure tender is accessible to all providers:</p> <ul style="list-style-type: none"> <li>• Intensive market engagement to find out what and how we can support them</li> <li>• Light touch procurement to minimise work involved for providers.</li> <li>• Ensure distribution of block beds across all providers the market</li> <li>• Set limits on max beds per setting</li> </ul> | Amber                       | Shauna Torrance, Head of Adults Commissioning |
| <p>Risks arising from mass blocking:</p> <p>a. Risk of monopoly and associated increases in price and risk to the Council in the event of provider failure</p>   | <p>Limit number of beds each provider can bid for.</p> <p>Effective void management:</p> <ul style="list-style-type: none"> <li>• Flexible use terms to use voids for short term emergency</li> </ul>  | Amber                       | Shauna Torrance, Head of Adults Commissioning |

|   |  |              |  |
|---|--|--------------|--|
| <p>b. Reduction of choice / continued spot purchasing<br/>Increased voids.</p>  | <p>placements or unplanned respite</p> <ul style="list-style-type: none"> <li>• Strict processes to utilise block provision flexibly and avoid spot purchasing.</li> </ul>   |              |  |
| <p>Risk of over-commissioning / fall in demand</p>  | <p>Minimal notice period of c.6 months to allow decommissioning or rapid shift to care suite model if opportunities become available</p> <p>Quarterly review of block utilisation</p> <p>Requirement to convert to care suite model where feasible (whole homes/wings only).</p> | <p>Green</p> | <p>Shauna Torrance, Head of Adults Commissioning /<br/>Leesa Murray, Head of Brokerage</p> |
| <p>Ceiling rates are affordable to the LA but unattractive to the market resulting in fewer bids and beds</p>               | <p>Set annual uplift calculation so the market are aware of longer term income and can plan against the risk of increased costs associated with inflation and the national living wage.</p>  | <p>Green</p> | <p>Shauna Torrance, Head of Adults Commissioning</p>                                       |
| <p>Annual uplift linked to National Living Wage and CPI (but capped at 3%) is not sufficient to meet inflationary costs</p> | <p>View as sharing inflation risk with providers, requiring efficiencies from them too. Potential to vary contractual uplift to give a higher amount is possible.</p>  | <p>Green</p> | <p>Shauna Torrance, Head of Adults Commissioning</p>                                       |
| <p>Cost of 28 day minimum Health Protection Agency closures following COVID-19 outbreak in mass blocked setting</p>         | <p>Ensure distribution of block beds across all providers in the market - set limits on max beds per setting. Maintain robust Contract &amp; Quality support to Care Homes to prevent</p>  | <p>Amber</p> | <p>Shauna Torrance, Head of Adults Commissioning /<br/>Leesa Murray, Head of Brokerage</p> |

|  |   |       |   |
|--|---|-------|---|
|  | outbreaks in subsequent waves   |       |   |
| This will not address immediate sustainability issues beyond the 10% resilience payment already committed. Feedback suggests this a particular pressure within homes with low spot placement fees where self-funder placements have reduced. | Consideration is being given to extending the current resilience fund beyond June 2020. | Green | Shauna Torrance, Head of Adults Commissioning |

## 8. Scope - What is within scope? What is outside of scope?

The accommodation approach also aims to investigate and test the benefits of developing new delivery models for care home provision, and care suites is a key example of this. Care suites is a tenancy based model which gives individuals a home for life whilst also having the potential to significantly reduce the cost of care for the Council. This saving proposal does not include other areas of the Accommodation Strategy such as care suites and is solely stated from the savings to the block bed purchase inflation savings. Other aspects of the strategy and their associated benefits will be documented separately.

## Business Planning: Business Case proposal

Project Title: Adults Social Care Transport Services

Committee: Adults Committee

2021-22 Savings: - £250,000

Brief Description of proposal: On review and thorough analysis of the council's Adults Transport Services, including contracts, expenditure and payments, it was identified that there is a need for a refreshed Transport Policy with the purpose to provide a fairer and consistent approach to the provision of transport that fits with CCC's strategic aims and desired outcomes for Adult Social Care. When implemented, a number of key financial benefits and efficiencies can be achieved which are outlined in this proposal.

Date of version: 12 Jan 2021

BP Reference: A/R.6.186

Business Leads / Sponsors:

Tracy Gurney, Head of Learning Disability Partnership  
Gurdev Singh, Head of Commercial Commissioning for People and Communities.

### 1. Please describe what the proposed outcomes are:

A transport transformation project group has been established in order to analyse the council's Adults Transport Services, including contracts, expenditure, payments, current routes, the rationalisation of these and potential future demand. It was identified through this group that there is a need for a refresh of the Adults Transport Policy to reflect strengths based practice and to give more clarity by updating the language in the policy and therefore making it easier for practitioners to implement in a fair and consistent way and that continues to fit with Cambridgeshire County Council's (CCC) strategic aims, the Care Act and desired outcomes for Adult Social Care. In particular, the Transport Policy aims to ensure "a good quality of life for everyone", and help work towards "zero carbon emissions for Cambridgeshire by 2050".

A comprehensive policy is necessary to provide the following key objectives:

1. Make clear that the council should only provide transport where no alternative solution is practical. This includes using family and friend networks and public transport;
2. Specify how and when charges will be levied for services provided to those who are assessed to contribute to their cost, as well as people who are funding their own day opportunities arrangements;
3. Where an alternative solution is not available the policy sets out clear criteria, which staff responsible for support planning will use to determine any transport assistance from the Council.

It is important to remember that promoting well-being and meeting needs is not always about direct service provision. In many cases maintaining an individual's independence is more conducive to their wellbeing and other means of support may be more appropriate to meet an individual's needs. Such other means of support could include information and advice, universal services, preventative interventions, community resources, carers and direct payments. Risk is managed at the assessment stage. It considers the possibilities of harm and countermeasures to mitigate the harm. The resulting care plan would document the appropriate support needs. Intervention is as minimal as necessary to maintain independence.

The refreshed policy will drive initial improvements, but as noted there is an ongoing Transformation project that will analyse further data and provide further recommendations for improvements that will also include savings. This will include looking at the self-funder cohort, but at present the information is not known, and therefore we suggest the policy is reviewed again once the transformation work is complete to ensure it address the correct needs. This may include future developments such as encouraging people where possible to meet their transport needs independently through means such as walking, mobilising with the use of aids (either independently or with support), using their own vehicle, utilising transport assistance monies (e.g. PIP) or taking advantage of concessionary rates on public transport, using a strengths-based approach. This will be assessed once the current situation is identified.

CCC provides transport using a range of methods including its own fleet of (leased) minibuses, contracts with external providers and (for urgent/exceptional circumstances only) taxis. Drivers and passenger assistants can be part of CCC's permanent establishment, external contractors or volunteers. These transport services help people to access things including but not limited to day opportunities and respite care where alternatives are not available.

The overall objective of the policy is to ensure identified assessed need for transport is provided safely and efficiently whilst offering value for money and limiting the impact on the environment.

This proposal outlines the savings that have been calculated via the expenditure analysis. Where a charge is levied for council services the refreshed policy will

ensure that the most competitive procurement and commercial decisions are made to ensure best value (as per objective 2 and 3 above). The refreshed policy will be presented to Adults Committee in January 2021, with full timescales detailed later in this report.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Commissioning and Finance teams conducted detailed research of published Adults Transport policies amongst local authorities. As a result the development of CCC's policy document has benchmarked the work from Hereford Council, Warwickshire County Council, Worcestershire County Council, and Milton Keynes Council.

The expenditure review, carried out by Finance and Transport teams, analysed transport payments and categorised them by where the activity took place and what the money was used for.

The analysis of 2019/20 data showed £2,850k of expenditure was made to external providers where:

- 56% of the expenditure is under central transport management control; and
- 44% of expenditure was incurred at district level through a combination of central and local contracts.

When analysing further the research found the following discrepancies:

- some transport payments incurred supporting self-funders who lived in the same residential care homes as CCC service users;
- some direct payments being made where the market could not provide capacity leading to higher costs;
- some service users being supported to travel to a day service which was further afield from a suitable alternative; and
- 97% of the expenditure was not linked to service users in Mosaic (CCC's Adult Case Management system) but instead it was linked to travel routes. This means there could be occasions when changes to service user packages did not result in corresponding changes to transport contracts.

The discrepancies are a result of the nature of the expenditure management and will be addressed in a refreshed transport policy. Anecdotally the centrally managed contracts enjoyed stronger relationships with commissioners which in turn resulted in business developments, for example exploring the use of more efficient vehicles. Consequently there is a case to centralise more expenditure as this would accelerate help towards CCC's goal to achieve "zero carbon emissions for Cambridgeshire by 2050".

Reviewing this feasibility work alongside benchmarking the expenditure profile is part of this business case.

The primary users of the Adults Transport Policy are the service users attending day services. There is an active project to review day services and so this business case would run alongside that work with a shared governance arrangement that is advantageous to provide consistency and transparency.

### 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

A feasibility study was conducted by staff to identify the potential opportunities for improvement. This formed the basis of the business case justification. The options analysis considered how we take this study into detailed design and implementation.

A hybrid approach is recommended from the three options considered:

1. An in-house approach;
2. A bought-in approach; and
3. A hybrid approach.

The advantage of the in-house approach is cost is already budgeted and consequently the funding required is available to implement the project. The in-house approach would require staff to be available throughout the duration of the project without the risk of work being re-prioritised as a result of emergencies such as COVID-19 response or other projects. Furthermore it is acknowledged that we do not have all the expertise available on site across all the disciplines required. The disadvantage of this approach is that CCC misses the opportunity to learn from best practice achieved elsewhere.

The advantage of the bought-in approach is that subject matter experts bring in best practice achieved elsewhere which can be readily available and after a scoping phase, can work at pace thereby maximising the benefits. The approach would require some access to in-house staff, but limit the impact of staff unavailability throughout the implementation. The disadvantage is the cost required and that the knowledge transfer and learning from consultants to staff is not always realised.

The advantage of the hybrid-in approach is that it will limit the expenditure and focus the expertise on gaps in CCC's project. Consequently we anticipate there is a requirement to benchmark the findings to date, assist with detail design, identify further benefits and optionally facilitate implementation. This reduces the effort required to transfer learning from consultants to staff.

In order to successfully implement the policy and to provide longer-term outcomes outlined there will be a requirement for Transformation Fund investment of £90k. It should be caveated that it is the detailed design work that requires the biggest support and is the highest risk to full delivery, due to limited capacity of staff. It is suggested this will help buy in specialist support to ensure that the design work is robust, sustainable and offers significant consultation with service-users who will be affected.

| Scope and tasks   | In-House Lead               | Amount |
|---|-----------------------------|--------|
| Detailed design work <ul style="list-style-type: none"> <li>• Verify savings opportunities by benchmarking with other LA's</li> <li>• Detailed design building on CCC's feasibility work</li> <li>• Identify new benefits</li> <li>• Consultation with service-users</li> </ul>   | Gurdev Singh / Tracy Gurney | £40k   |
| Implementation support <ul style="list-style-type: none"> <li>• Advice and guidance on new standard operating procedures</li> <li>• Advice and guidance on transport route optimisation</li> <li>• Advice and guidance on Mosaic changes/use</li> <li>• Advice and guidance on vehicle selection and financing</li> <li>• Updating care plans to incorporate transport details</li> </ul> | Martin Kemp / Tracy Gurney  | £50k   |

The Transformation Fund bid will be presented to Adults Committee alongside the refreshed policy in January 2021, and then to General Purposes Committee for a formal decision, also in January 2021, as per council governance.

#### 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The policy is being finalised with a formal decision on this to follow, as per the summary below:

##### High Level Timetable

| Task  | Start Date     | End Date      | Lead Officer                   |
|---|----------------|---------------|--------------------------------|
| Finalise Transport Policy document                      | September 2020 | December 2020 | Tracy Gurney                   |
| Complete expenditure analysis including market analysis | November 2020  | December 2020 | Gurdev Singh                   |
| Align work plans with Day Services project              | November 2020  | February 2021 | Shauna Torrance / Tracy Gurney |
| Quick wins (a) unused transport                         | December 2020  | February 2021 | Tracy Gurney                   |

|   |               |               |                                |
|---|---------------|---------------|--------------------------------|
| (from service user changes)                             |               |               |                                |
| Quick wins (b) optimise routes (from transport changes) | December 2020 | February 2021 | Martin Kemp                    |
| Transport Policy document at Adults Committee           | January 2021  | January 2021  | Tracy Gurney                   |
| Transformation Fund Bid at Adults and GPC Committee     | January 2021  | January 2021  | Tracy Gurney                   |
| Benchmark with Home to Schools Transport                | February 2021 | March 2021    | Martin Kemp                    |
| Review centralising budgets                             | March 2021    | April 2021    | Tracy Gurney / Shauna Torrance |
| Implementation details for 2021/22 activities           | March 2021    | March 2021    | Gurdev Singh                   |

## 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 policy applies to any of the following Adult Service areas, all of which cover people with protected characteristics:

- Older People's Services
- Physical Disability and Sensory Services
- Mental Health Services
- Learning Disability Services.

The refreshed policy is therefore being developed in line with current legal and equalities frameworks and policies to ensure it is fair and proportionate. A full Equalities Impact Assessment is ongoing to support the transformation project to outline any implications that may impact citizens if any subsequent changes are made.

This cohort has been significantly affected by COVID-19 as national lockdowns and social distancing rules have led to disruptions in regular activities such as attending day services. In turn this has meant fewer people using transport.

Transport assistance is not automatically provided by the Council as part of other service provisions. Transport assistance is a separate consideration and will only be provided when the assessor determines such provision is necessary as the adult could not otherwise be reasonably expected to safely access facilities or services in the local community.

There is no single definition of what is reasonable distance, time or expense to expect someone to cover in travelling to access services or activities that meet social care needs. An assessor should be able, having information about an individual's abilities and the transport options available, to define 'reasonable' for that individual (co-producing that decision where possible).

The full policy will outline CCC's understanding on reasonableness that will enable assessors to accurately and confidently use their professional judgement to apply the policy to improve outcomes for the individual. It is noted that all assisted transport provided, or arranged by CCC, is potentially subject to a charge in line with our charging policy. It is a key objective of this review of Transport Services to ensure that this charge is in line with other areas and provides best value for money.

## Legal Framework

The Care Act 2014 and associated regulatory and statutory guidance provide the legal framework for the assessment of social care and support needs and for determining eligibility for Adult Social Care support from local authorities nationwide (with effect from 1st April 2015).

The Chronically Sick and Disabled Persons Act (Section 2) together require local authorities to arrange various welfare services, including providing or assisting with facilities to travel, where they are satisfied it is necessary to do so to meet the needs of disabled people. This means transport for Adult Social Care service users will typically be considered as part of a broader assessment of needs, based on the national eligibility criteria for adults and carers, and on the duty to meet needs through a care and support plan.

## Equality

In making this policy, due regard has also been given to the Equality Act 2010, and in particular the local authority's public sector duties under this act.

Precisely, whether an individual receives a service directly from the Council or makes alternative travel arrangements for themselves, they have rights not to be discriminated against as a service user under The Equality Act 2010. Furthermore, service providers have obligations to make reasonable adjustments to ensure their provision is accessible.

The aim of the policy is to ensure a fair, consistent and transparent approach is taken to identifying and meeting the transport needs of service users where these have been clearly identified in the Care and Support Plan, and all other suitable alternatives to meet their needs have been explored and exhausted.

During Social Care and Support Planning, all relevant transport options will be considered and Assisted Transport will be offered as a last resort, where it is appropriate to needs and circumstances. Full details will be outlined in the final policy.

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 and Non-Financial Benefits

By applying a set of commercial levers, the opportunities identified are expected to deliver benefits ranging from £180k to £315k. Delivery of these benefits require key enablers to be in place, including:

1. Centralising contract (and potentially budget) management;
2. Adopting Mosaic as the primary repository for information; and
3. Developing even stronger provider relationships.

The summary table below details the areas of which are determined by the analysis to offer savings, as well as income and cost avoidance. The proposal estimates that in total there will be a saving of £250,000 to go into the Council's business plan.

| <b>Adult Social Care Transport Services benefits area</b> |   |   |   |
|---|---|---|---|
| <b>Key Benefit</b>  | <b>Approach</b>   | <b>Issues</b>   | <b>Evaluation and saving</b>  |
| Right number of providers from volume concentration       | <ul style="list-style-type: none"> <li>▪ Supplier fragmentation currently high particularly in localities. Over 80 providers delivering c£500k of transport per annum</li> <li>▪ Explore moving higher volume local providers into the central transport management framework to obtain better rates</li> <li>▪ Consolidating spend by increasing use of framework contracts can be expected to deliver savings.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Increased volumes cannot be guaranteed to providers in future but could be encouraged and accrue naturally and through placement review</li> </ul> | <p>Further analysis required to assess levels of likely savings, given increased freedom of service users to select care through personalisation agenda.</p> <p>Estimated saving: £50,000 to £100,000</p> |
| Right price per mile from Best Price benchmarking         | <ul style="list-style-type: none"> <li>▪ Consider if a mileage rate payment is more cost effective than a transport fee focusing on Direct Payment service users</li> <li>▪ Analyse if top 20% of providers by expenditure offer preferential rates</li> </ul>  | <ul style="list-style-type: none"> <li>▪ May be attractive in present economic environment</li> <li>▪ COVID-19 may mean family transport method increases in preferences</li> </ul>         | <p>Over £300k in Direct Payments.</p> <p>Estimated saving: £30,000 to £60,000</p>   |

|  |   |   |  |
|--|---|---|--|
|  | <ul style="list-style-type: none"> <li>▪ Explore “Uber” approach to travel time/rate efficiency</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Will require policy change</li> </ul>  |  |
| Reduce pressure from effective demand management | <ul style="list-style-type: none"> <li>▪ Ensure Transport policy levers of mobility vehicles are applied before awarding transport packages</li> <li>▪ Code all service user records into localities e.g. re-label Young Adult Team service users</li> <li>▪ Review demand to check if self funders are being supported</li> </ul>  | <ul style="list-style-type: none"> <li>▪ The work may be resource intensive resulting in protracted negotiations with service users families/ advocates</li> <li>▪ May require policy change</li> </ul>   | <p>Based on 3-4% reduction in spend =</p> <p>Estimated saving: £70,000 to £100,000</p>   |
| Greater efficiency from process optimisation     | <ul style="list-style-type: none"> <li>▪ Analyse locality expenditure to determine if more centrally managed routes can be developed.to substitute multiple taxi routes</li> <li>▪ Establish a central contracts register. Upload all providers into Mosaic. All transport request form should feedback into care and support plans. Implement an efficiency measure with key providers</li> <li>▪ Independent Travel Training 2 year pilot project. We are at the stage of evaluating the tender submissions</li> <li>▪ Joint Dynamic Purchasing System for Education and Social Care Transport to be operational from Spring 2021, subject to approval from the Children &amp; Young People’s Committee and Peterborough’s Cabinet</li> </ul> | <ul style="list-style-type: none"> <li>▪ Difficult to assess size of opportunity as over 90% of service users are not linked to a provider and route</li> <li>▪ This work is resource intensive and may affect establishment staffing levels. There is no measurement of maximum, planned and actual route utilisation</li> </ul> | <p>Based on 1-2% reduction in spend =</p> <p>Estimated saving: £25,000 to £50,000</p> <p>Few financial benefits, but will help CCC to improve service performance and develop provider relationships</p> <p>Cost avoidance</p> |
| Innovation from relationship restructuring       | <ul style="list-style-type: none"> <li>▪ Review key contracts to ensure active users are billed for and that every invoice contains service user details; all invoices</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Likely to be well received given current economic climate</li> </ul>   | <p>Further analysis required to assess levels of likely savings</p>  |

|              |   |  |  |
|--------------|---|--|--|
|              | (which include service user details) should be routed to Adults Finance Team<br><br>▪ Negotiate with Age UK for larger grant contribution |  | Estimated income: £5,000                 |
| <b>Total</b> |   |  | <b>Range between £180,000 - £315,000</b> |

## Non-Financial Benefits

Full non-financial benefits associated with the policy will be presented with the full policy to committee in January 2021, but some initial benefits are highlighted below:

| Key Benefit   | Measure  | Baseline                 | Target & Timescale          |
|---|--|--------------------------|-----------------------------|
| Improved process compliance leading to fewer care discrepancies   | Value of transport activity tracked using service user care and support plans reportable by Social Workers | 3% as at Oct 2020        | 80% in 2 years              |
| Increased levels of planned expenditure leading to a fewer year-end financial audit queries   | Value of transport expenditure reportable through BI Inform by Finance team                                | £1,800,000 pa in 2019/20 | £2,600,000 within 18 months |
| Increased numbers of providers with details in Mosaic (in system contracts register) leading to fewer manual payments and easier communications | Number of providers with expenditure reported in full through BI Inform by Transport team                  | c50%                     | c90% within 18 months       |

## 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 accessible transport market is very limited at the present time, particularly in the large 16 seater vehicles sector and has caused inflation in costs. That said, the savings have been calculated below the upper limit of the estimated range to allow for this. Consequently the opportunities identified help to

offset the pressures brought about from COVID-19 related transport covid-secure measures and demand changes.

It is also caveated that as per section 3 above, that in order to successfully implement the policy and to provide longer-term outcomes outlined there will be a requirement for Transformation Fund investment of £90k. It should be caveated that is the detailed design work that requires the biggest support and is the highest risk to full delivery, due to limited capacity of staff. It is suggested this will help buy in specialist support to ensure that the design work is robust, sustainable and offers significant consultation with service-users who will be affected.

| Risk   | Mitigation   | RAG (should the risk occur) | Overall Responsibility |
|--|--|-----------------------------|------------------------|
| <p>Personalisation may make provider consolidation and leverage challenging</p> <ul style="list-style-type: none"> <li>▪ Ensure service user choice and control is maintained in routes</li> <li>▪ Prioritise route utilisation risk by ease of change.</li> </ul>                             | <ul style="list-style-type: none"> <li>▪ Switch / renegotiate / build relationships with key providers.</li> <li>▪ Need to ensure CCC has a robust contracts database with easy access to rates and terms.</li> </ul>        | Amber                       | Martin Kemp            |
| <p>Volume driven contracts may prove less effective in the future.</p> <ul style="list-style-type: none"> <li>▪ Linked to both the personalisation agenda coupled with large provider base in all localities. Contracts committing to volume blocks may prove resource inefficient.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Explore the scope for more agile and flexible contracts.</li> <li>▪ Harmonise spend across like for like services and consider awarding work based on service provision.</li> </ul> | Amber                       | Martin Kemp            |
| <p>May be difficult to renegotiate terms with key providers because of our dependency upon them.</p> <ul style="list-style-type: none"> <li>▪ Establish which localities have least</li> </ul>   | <ul style="list-style-type: none"> <li>▪ This needs to be driven by transport management within CCC.</li> <li>▪ The changing climate to personalisation</li> </ul>   | Red                         | Martin Kemp            |

|  |  |       |              |
|--|--|-------|--------------|
| <p>competition and determine if centrally managed providers can offer alternative solution to drive down rates while maintaining quality and safety of service Prioritise in Hunts.</p>  | <p>must provide negotiation levers and an improvement incentive for the Providers.</p>   |       |              |
| <p>Locality care managers do not have commercial and analysis skills.</p> <ul style="list-style-type: none"> <li>▪ Care Managers need to have access to Brokerage Team who are trained in negotiation tools and techniques to enable a successful implementation.</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Care Managers to receive appropriate signposting. Brokerage team to agree to manage transport negotiations.</li> </ul>  | Amber | Tracy Gurney |
| <p>Lack of business intelligence (BI) awareness and internal league tables of top performing partners.</p> <ul style="list-style-type: none"> <li>▪ BI is not currently available in a format to support local contracting decisions in relation to provider performance/rates.</li> <li>▪ Providers may be being awarded work without consideration to all commercial factors.</li> </ul> | <ul style="list-style-type: none"> <li>▪ BI should be collected to build a picture of provider performance to support the awarding of future contracts and in sign-posting future care.</li> <li>▪ Transport discussions should be delegated to Brokerage team.</li> </ul> | Green | Martin Kemp  |

## 8. Scope - What is within scope? What is outside of scope?

This policy applies to all adults aged 18 years and above who have an assessed eligible need for support and require transport to access their service and where there are no other alternatives available.

The policy applies to any of the following Adult Service areas:

- Older People's Services
- Physical Disability and Sensory Services
- Mental Health Services

- Learning Disability Services.

This policy does not cover travel assistance for service users under the age of 18 who need assistance to travel to and from education establishments, for which more details can be found in the Home to School Transport Policy.

## Business Planning: Business Case proposal

Project Title: Additional Vacancy Factor

|                               |   |
|-------------------------------|---|
| Committee:                    | Adults  |
| 2021-22 Savings:              | -£150,000   |
| Brief Description of proposal | For many years, a vacancy factor has existed in P&C budgets to account for this; following a review of the level of vacancy savings achieved in recent years we are able to increase that vacancy factor. |
| Date of version: 6 Nov 2020   | BP Reference: A/R.6.187   |
| Business Leads / Sponsors:    | Debbie McQuade, Assistant Director Adult Social Care Operations   |

### 1. Please describe what the proposed outcomes are:

Whilst every effort is made to ensure critical posts are filled across the Council, some element of slippage in staffing spend always occurs. This results in underspends against staffing budgets, and is caused generally by things such as:

- Staff reducing hours, or leaving pension schemes
- Staff turnover, which often results in a period of days or weeks between previous and new members of staff
- New members of staff being paid on lower pay scales than more experienced staff who have left.

For over a decade, People and Communities has budgeted for a vacancy factor to capture this effect (termed 'vacancy savings'). Following a review of achievement of that budget factor over recent and current years, particularly across Adults Services, it is clear that the factor can be slightly increased as it has generally been over-achieved.

This does not result in fewer posts in the establishment, and doesn't impose any requirement on managers to delay recruitment. It therefore does not have an impact on the delivery of services.

### 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

The achievement of the vacancy factor in budgets is monitored regularly. The factor was substantially over-achieved for a number of years; the recruitment drive in Reablement and in social work teams has reduced this over-achievement but it is still clear that the factor can be increased.

**3. Has an options and feasibility study been undertaken?  
Please explain what options have been considered.**

This reflects in the budget an inherent level of underspend that usually becomes apparent in-year.

**4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.**

This will be kept under-review, and if recruitment and retention increases it may risk achievement of this saving. If any issues are projected, this will be reported in-year and if necessary corrected in future business planning.

**High Level Timetable**

| <b>Task</b>                                       | <b>Start Date</b> | <b>End Date</b> | <b>Overall Responsibility</b>       |
|---|-------------------|-----------------|-------------------------------------|
| Quarterly review of the vacancy factor in 2021/22 | 1/4/20            | 31/3/21         | Budget managers and finance support |
|   |                   |                 |                                     |

**5. Could this have any effects on people with Protected Characteristics?**

No. This vacancy saving does not result in fewer posts in the establishment, and doesn't impose any requirement on managers to delay recruitment, thereby affecting no potential candidates (either with or without protected characteristics). As a consequence of this, it does not have an impact on the delivery of services either, which in turn means no impact on citizens 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?**

**Financial Benefits**

- Reflects in the budget a level of underspend (£150,000) that usually appears in-year.

7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| <b>Risk</b>   | <b>Mitigation</b>  | <b>RAG</b> (should the risk occur) | <b>Overall Responsibility</b>                   |
|---|--|------------------------------------|---|
| Future recruitment and retention levels improve, resulting in vacancy factor not being achieved | Quarterly review of achievement of the factor is normal; if it looks likely to under-achieve it will be reported | Green                              | Service Directors and Strategic Finance Manager |

8. Scope- What is within scope? What is outside of scope?

This is focussed in Adults Services, but the vacancy factor across all of People and Communities is usually reviewed at the same time.

# Business Planning Business Case Proposal

## Project Title: Micro-Enterprises Support

|                                |  |
|--------------------------------|--|
| Committee:                     | Adults Committee and General Purposes Committee  |
| 2021-22 Savings                | -£30,000   |
| Brief description of Proposal: | Delivery of two-year roll-out to increase the home care micro-enterprise market in Cambridgeshire. |
| Date of version: 11 Nov 2020   | BP ref: A/R.6.188  |
| Business Leads / Sponsors:     | Will Patten and Caroline Townsend  |

### 1. Please describe what the proposed outcomes are:

This Business Case Proposal outlines a request for transformation funding to deliver a two-year project to develop the care micro-enterprise market in Cambridgeshire.

It is anticipated that this project will result in cost avoidance, whilst also releasing capacity in the homecare market and increasing the pool of Personal Assistants (PA's) within Cambridgeshire (see section 7).

Traditionally mainstream providers deliver a solution based on their capabilities in line with LA commissioning specifications and are incentivised to charge for work carried out on an hourly basis. This does not necessarily build on the inherent assets of the service users and does not lend itself to working flexibly.

There are a range of challenges within the current market:

- Sustainability for providers and cost of care to the local authority
- High numbers of people waiting for mainstream care who are in 'pending arrangements' such as:
  - Bridging in reablement
  - Utilising block car time for longer than six weeks
  - Using interim or residential beds due to lack of availability of mainstream care in the community.

People tell us this shortfall in flexibility and responsiveness means they do not have as much choice and control as they would need to remain independent and well at home, and thus prevent or reduce their need for longer term care. This means we need to change the nature and type of some provisions available to people.

Commissioners can fill the gap in the market by:

1. Changing the specifications and payment incentives
2. Finding and commissioning different and specialist providers such as micro-enterprises, to meet the specific needs
3. Adopting a Community Catalysts model to demonstrate different ways of working while supporting the development of a market which provides early intervention and prevention options from the local micro-enterprise, voluntary and community sector (see Section 3)
4. Ensuring the specifications and contract arrangements allow for a more flexible, holistic approach which blends statutory and non-statutory solutions.

Research undertaken by the University of Birmingham\* found that micro-enterprise provision within care and support offers a more personalised approach than larger providers which stems from three main aspects:

- autonomy of frontline staff (often the sole worker) to vary the service being offered.
- greater continuity of frontline staff compared to larger providers.
- high level of accessibility of staff member to people using the service.

Micro-enterprises are a small but growing sector of the care market. In Somerset where micro-enterprises have been promoted by the local authority, they have risen in numbers from around 50 to more than 450 over five years.

\*(Source: Community Micro-enterprise: As a driver of local economic development in social care, NEF, 2020 <https://neweconomics.org/2020/05/community-micro-enterprise>).

Research and evidence from partnerships with Community Catalysts in other local authorities, such as Hertfordshire and Central Bedfordshire, indicates that micro-enterprises can add choice and diversity to the care and support market whilst also increasing employment opportunities for people in our local communities. This is further supported by the recent publication of the LGA “Adults Social Care: Seven Principles for Reform”\*\* which highlights the need for traditional services (such as residential care, domiciliary care and day centres) to be part of a “much broader local offer including smaller, more bespoke providers, micro-enterprises and wider community assets. These help bolster community resilience and their potential to help secure a more preventative approach to wellbeing that supports people to live safely and well at home must be harnessed”.

\*\* (Source: <https://www.local.gov.uk/adult-social-care-seven-principles-reform#:~:text=%20Adult%20social%20care%3A%20seven%20principles%20for%20reform,should%20be%20a%20far%20more%20prominent...%20More%20>)

Anecdotal evidence has found that such micro-enterprises:

1. Deliver £1.30 benefits for every £1 invested (which improves on mainstream providers). This is based on comparing the current domiciliary care rates paid to mainstream providers with the typical direct payment rates made to PA's and micro-enterprises.
2. Suffer from many barriers to entry into mainstream markets i.e.
  - Do not have experience of delivering similar LA contracts
  - Do not have the knowledge or experience to undertake a LA bid process

- Do not have all required policies and procedures to meet LA expectations
  - May not have the financial records to meet due diligence.
3. Do not have the experience of entering into LA contracts as they are predominantly care/health professionals with less experience or expertise in business skills.

We therefore have an unmet need and a potential solution which we cannot connect because of market barriers and wish to undertake the project, supported by Community Catalysts who are the only expert organisation specialising in this area with evidenced results, to test and prove the concept can work in Cambridgeshire.

Regarding the unique expertise of Community Catalysts to deliver the roll-out of care micro-enterprises, the following statement confirms the findings of ASC Commissioners at CCC who undertook extensive desktop research to determine if other potential partners exist in the UK:

*'I can confirm categorically that the micro enterprise development model is associated with Community Catalysts and was designed by them. To the best of my knowledge there is no other organisation who can provide a comparable service.'*

Les Billingham (Interim Director Adult Social Care & Community Development - Adults, Housing and Health, **Thurrock Council**; lbillingham@thurrock.gov.uk)

The outcome of a recent review and development of the *Vision for Homecare in the Future* has identified that the stimulation of a buoyant micro-enterprise market could support the homecare market, particularly in some of the identified hard-to-reach localities.

This, in turn, will enable the Council to meet the corporate objectives of a good quality of life for everyone, thriving places for people to live and the best start for Cambridgeshire's children (since many of those requiring Home Care are young people). By supporting these objectives, the care micro-enterprise project outlined in this business case will support the Council in attaining its vision to make Cambridgeshire a great place to call home.

Learning from our Neighbourhood Cares pilot and the Innovate & Cultivate funded Connected Communities project suggests that building reliable and sustainable social enterprises within the care market is a specialist skill. Knowledge of the care sector, alongside understanding of business and CQC regulations (especially in regards to regulated activity) is paramount.

We know that acting as a sole trader in a one-to-one working relationship does not require people to be CQC registered. However, the Community Catalysts model works within the regulations whilst providing support and ensuring that quality provision is in place through their own systems of checks and balances as well as ensuring that policies and processes are compliant with other legislation such as the Care Act (2014) and the Equality Act (2010). Support is also given in forming collaborative networks of micro-enterprises, who work together to provide cover for holiday, sickness, maternity and other planned and unplanned absences.

Working with Community Catalysts will allow us to access specialist support, giving the programme a high chance of success. Developing a healthy micro-enterprise

market may also make the option of a direct payment more attractive as there would be an increase in the availability of local services.

The project is seeking to fund a roll-out that will enable the council to demonstrate the positive impact of implementing the proven Community Catalysts model to develop the micro-enterprise market in a specified area of Cambridgeshire, whilst acquiring the necessary expertise within Commissioning for the process to be replicated without recourse to external parties in future. The aims of the project will be to increase the range and supply of micro-enterprises, which in turn will deliver the following outcomes:

- Delaying and reducing the need for regulated care, which could therefore release capacity in the mainstream homecare market
- Increase the choice, diversity and options available to people who need care and support, or who have been identified as on the fringes of meeting assessed need criteria and would benefit from low levels of support to retain their independence; reducing or delaying their need for long term regulated care, whilst those with more complex needs and requiring long-term personal care, can also be catered for by self-employed care workers or MEs.
- Person-centred, co-produced, place-based care and support plans/options for people (blended statutory and non-statutory solutions)
- Develop the personal assistant market and supply (by focusing on recruitment of new Personal Assistants rather than “poaching” staff from established care providers)
- Providing further choice for people who access a personal budget via direct payments, but who prefer not to directly employ a PA due to concern over the responsibilities and processes associated with calculating holiday entitlement, payroll, insurance, time sheets etc.
- Target an area where gaps in the regulated care and support market have been identified, such as East Cambridgeshire, although final location will only be confirmed following diagnostics phase of implementation.
- Develop the in-house skills and knowledge (in Commissioning) required to support and grow the micro-enterprise market to enable scale up.
- Support a place-based ethos (Area-Based Approach), developing the assets within a local community to remain sustainable in the longer term, whilst reducing carbon footprint due to excessive car travel from further afield. The project will also generate much-needed employment opportunities at a community level.

Taking the outcomes identified into account, the brief to Community Catalysts will be to achieve the following deliverables; based on the outcomes achieved in Somerset:

By the end of year 1:

- Survey the current micro-enterprise market in Cambridgeshire and provide a “state of health report” which identifies barriers to success, levels of micro-enterprise already in the market and which gaps in the care and support market have been identified. Once we understand the base-line levels the following targets will be finalised and agreed:
- Record 200+ enquires from local people expressing interest in running micro-enterprises

- Add 50+ new community micro-enterprises delivering 250 help and care hours to people at home (per week)
- Produce an interim lessons learnt report for Commissioners to help shape the micro-enterprise market for year 2. This will include recommendations about the skills and knowledge required by commissioners to support and grow the micro-enterprise market to enable scale up.

By the end of year 2 (tbc after analysis of performance at end year 1):

- Record 400+ enquires from local people expressing interest in running micro-enterprises
- Add 125+ new community micro-enterprises delivering 750 help and care hours a week to people at home
- Put in place a sustainable approach to continue to grow and develop the micro-enterprise market place including peer-to-peer network meetings. It is anticipated that this will form part of the infrastructure of Library Services linking with the Think Communities team
- Produce a lessons learnt report for Commissioners to help shape the micro-enterprise market of the future.

The effect of the intervention to the micro-enterprise market will in turn deliver the following outcomes:

- At least 50% of people who receive care and support in the project area:
  - agree they now have increased choice available to them;
  - agree they have more person-centred, co-produced, place-based care and support options;
  - agree they better understand and have considered access to a personal budget via direct payments for services such as PA's.
- At least 67% of the new micro-enterprises:
  - agree the facilitation from Community Catalysts has positively helped their business.
- Develop the personal assistant market and supply. This will be measured against a base line to show the numerical increase in PAs and will be accompanied by feedback from regulated providers with regard to recruitment.
- Support a place-based ethos, developing the assets within a local community.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

During late 2019 and early 2020 a review was undertaken of the homecare contract and provision across Cambridgeshire and Peterborough from which a range of key themes were identified. Those themes included market capacity gaps in rural locations and around Cambridge City, recruitment in the care and PA market and low engagement from providers in certain locations. Previous research undertaken when developing the Market Position Statement also identified the potential positive impact

that supporting and increasing the diversity of provider types in the market could have in our communities.

People who use homecare services tell us the current range of providers do not always adequately meet their needs, particularly in terms of flexibility or where support required is outside of, or in addition to, assessed care and support needs, including the Access to Work scheme (<https://www.gov.uk/access-to-work>).

Traditionally mainstream providers deliver a solution based on their capabilities in line with LA commissioning specifications and are incentivised to charge for work carried out on an hourly basis. This does not necessarily build on the inherent abilities and capacity of the service users and does not lend itself to working flexibly.

Research undertaken by the University of Birmingham\* found that micro-enterprise provision within care and support offers a more personalised approach than larger providers which stems from four main aspects:

- autonomy of frontline staff (often the sole worker) to vary the service being offered, showing greater flexibility in availability/time slots.
- greater continuity of frontline staff compared to larger providers since self-employed workers come from the local community and are generally able to earn more than in large providers that pay only the National Minimum Wage.
- high level of accessibility to service provider decision-makers by people using the service.
- Formation of local informal partnerships between self-employed care workers, enabling mutual cover for holidays, sickness, maternity and other absences.

\*(Source: Community Micro-enterprise: As a driver of local economic development in social care, NEF, 2020 <https://neweconomics.org/2020/05/community-micro-enterprise>).

This project will incorporate the learning from the Neighbourhood Cares and Connected Communities pilots with the Think Communities aims and outcomes from the work already completed and work still being undertaken in our community hubs whilst dealing with the Coronavirus pandemic.

## Commissioning Intentions

The project will link with the vision and strategy for direct payments and homecare (homecare vision and actions are also included in the recovery and resilience strategy) and supports the ongoing market shaping and actions identified in the Market Position Statement.

## Think Communities

The proposal is aligned with the Think Communities programme, which puts our citizens at the heart of collective decision-making, with a greater emphasis on 'place-based' delivery to ensure there is a deep understanding of local needs, challenges, assets and opportunities.

## Changing the Conversation

The current proposal sits comfortably within this approach (devised by Partners4Change), the aim of which is to remove the traditional ‘assessment for services’ model and create a new culture where practice is based on three conversations:

### **Conversation 1**

How can I connect you to things that will help you get on with your life – based on your assets and strengths, and those of your family and neighbourhood?

What do you want to do? What can I connect you to?

### **Conversation 2**

Applicable to people who are at risk.

What needs to change to make you safe? How do I help to make that happen?

What offers do I have at my disposal – including small amounts of money and my knowledge of the community – to support you? How can I pull them together in an ‘emergency plan’ and stay with you to make sure it works?

### **Conversation 3**

What is a fair personal budget and where do the sources of funding come from?

What does a good life look like? How can I help you use your resources to support your chosen life? Who do you want to be involved in good support planning?

## Adults Positive Challenge

The project will support Cambridgeshire County Council’s stated priority outcome of “A good quality of life for everyone” and the Peterborough City Council vision of improving quality of life for all its people. The Adults Positive Challenge Programme supports better outcomes for individuals, carers and communities, whilst managing demand and this proposal clearly fosters these outcomes.

## Net zero carbon emissions for Cambridgeshire by 2050

Enabling people to work as self-employed care workers or in a micro-enterprise, however small, means less traffic on the road and subsequent reduction in carbon emissions as people are able to walk or cycle to work in their own community.

## Community Catalysts Model

Community Catalysts are a social enterprise who specialise in micro-enterprise development and community led support within the health and social care market. They have developed successful programmes previously, for example in Somerset (<https://www.communitycatalysts.co.uk/wp-content/uploads/2019/09/Somerset-Year-3-report-final-public.pdf>). In partnership with the LA, they can ensure our best practices and policies in Equality & Diversity, Safeguarding and Health & Safety are all replicated in the micro-enterprises they are supporting. The roll-out will conclude with an independent evaluation to ensure that we have an evidence base which will support the council to use the learning to scale up.

To date, Community Catalysts have worked in 49 areas, supporting the development of more than 1,800 community enterprises. Community Catalysts use a proven model which scales through a single coordinator or catalyst supporting up to 200 small, self-organising enterprises.

Independent evaluation of the Community Catalysts approach suggests that their method works across any demography, is replicable and delivers good outcomes. Evidence also suggests that this approach creates local choice and will typically, over two years, help nearly 125 would-be entrepreneurs and see nearly 60 community enterprises successfully established.

These successful community enterprises will support on average over 700 older or disabled people. Alongside this the Community Catalysts model can create over 100 jobs and 70 volunteering opportunities. Working alongside Community Catalysts mitigates the risk of failure which was experienced through the Connected Communities pilot and turn around the failure rate for micro-enterprise - over 2 years fewer than 4% compared with an average failure rate for micro-business of 90%. This is due to the specialist support, skills and knowledge that the Community Catalysts model brings in supporting enterprises in the health and social care marketplace.

Somerset County Council challenged Community Catalysts to support home-care start-ups in the most rural parts of the county. They had already made substantial investment in community infrastructure and that, together with courageous leadership and a decision to provide everyone who needed homecare with a direct payment and full information about what was available (and an extremely talented catalyst/coordinator) led to rapid growth in the numbers of community enterprises. Over the 4 years Community Catalysts were there, their employee supported 362 'start-up' enterprises. The enterprises in Somerset supported 1500 people and created 372 local jobs. Collectively they provided 12000 hours of care or support a week.

The model below illustrates the role of the community catalyst employee and the skills and knowledge they need to have:

## Role of our local community catalyst



### 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The following options were considered and discarded:

- Do nothing: This option has been discounted as a review of the market has identified the immediate need to address shortfalls and supply issues in the mainstream homecare market and this action is included in the homecare vision and recovery and resilience strategy.
- Cambridgeshire County Council carries out the market facilitation work: This option has been discounted because of a lack of capacity and expertise for the requirements of this project in the existing LA workforce.
- Tendering for the market facilitation work: This option has been discounted as Community Catalysts are the only provider operating in this specific segment of care micro-enterprise development nationally. For this reason, it is proposed that a direct award is viable.
- Delay the start of the activities: This option has been discounted as there is an immediate need to address the supply issues in the Home Care market. However, if the project is implemented immediately, we will be able to transfer skills to Cambridgeshire County Council Commissioning and Libraries to enable a more sustainable approach to be taken in the future.
- Use Transformation Funding to work with Community Catalysts to develop care micro-enterprises in a 2-year roll-out: This is the preferred option and reason for the current bid.

#### 4. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

The business case has been developed working with the Transformation Team, Commissioning, Strategic Development, Think Communities, Finance, Commercial and Contracts; this group will also form the Project Board who will oversee the development and progress of the roll-out.

It is anticipated that ongoing resource/support from the Transformation Team will be required to work with the project group to implement, engage with stakeholders, deliver and monitor the project; this would in the region of 2/3 days a month, in addition to the commissioning team resource that will be made available.

There will also be a service user and provider group set up to ensure that we continue to shape the delivery and outcomes of the project and identify any impact on groups with protected characteristics. This feedback will then be reviewed regularly within the project board and with Community Catalysts; also feeding into the transformation bid/review process.

There will be regular communication with Healthwatch to ensure that feedback can also be facilitated from the community via their regular countywide forums and partnership boards.

| <b>Task</b>  | <b>Start Date</b>                     | <b>End Date</b> | <b>Lead Responsibility</b>   |
|--|---------------------------------------|-----------------|--|
| Set up Project Board                                     | Aug 2020                              | Dec 2020        | Karen Chambers   |
| Advice and guidance from transformation team             | Sep 2020                              | Nov 2020        | Transformation Team  |
| Develop business case and financial information for JCB. | Aug 2020<br>Submitted to JCB 19th Aug | Aug 2020        | Project Group:<br>Graeme Hodgson, Ekta Patel, Sundeep Singh, Louise Tranham, Gurdev Singh. |
| Business case to Adults Committee                        | 22 Sept 2020                          | End Sep 2020    | Karen Chambers   |
| Business case to General Purposes Committee              | 20 Oct 2020                           | Oct 2020        | Graeme Hodgson   |
| Develop detailed specification/outcomes                  | 26 Aug 2020                           | Nov 2020        | Project Group  |
| Procure/award  | Nov 2020                              | Dec 2020        | Graeme Hodgson   |
| Implementation plan                                      | Dec 2021                              | Jan 2021        | Project Group  |
| Commence project   | Jan 2021                              | Jan 2023        | Community Catalysts  |
| Quarterly progress reviews                               | Apr 2021                              | Jan 2023        | Transformation Team<br>Project Team  |
| Evaluation   | Feb 2022                              | Feb 2023        | Internal resource in partnership with Healthwatch  |

5. Could this have any effects on people with Protected Characteristics or the other two groups protected by the Council of poverty and rural isolation? If so please provide as much detail as possible.

The risks should be potential risks in accordance with the Full Equality Impact Assessment completed and submitted with this Business Case.

We are mindful of the emerging data and evidence of the disproportionate adverse effects of COVID-19 on people with protected characteristics specifically Gender, Pregnancy and Maternity, Black, Asian, and Minority Ethnic (BAME) people, LGBTQ+ people, Disabled People and Older People. These impacts must be born in mind when making decisions about business planning and recovery.

This proposal seeks to develop a network of micro-enterprises (exact location to be confirmed during the diagnostics phase of implementation). This will develop a more diverse care and support market which in turn will create more choice and enable control over how an individual's care needs are met. The table below outlines the impact this project will have on the following groups:

| Category                       | Positive | Negative | Neutral impact |
|--------------------------------|----------|----------|----------------|
| Age                            | X        |          |                |
| Disability                     | X        |          |                |
| Gender reassignment            |          |          | X              |
| Marriage and civil partnership |          |          | X              |
| Pregnancy and maternity        |          |          | X              |
| Race                           |          |          | X              |
| Religion or belief             |          |          | X              |
| Sex                            |          |          | X              |
| Sexual orientation             |          |          | X              |
| Poverty                        | X        |          | X              |
| Rural isolation                | X        |          |                |

To ensure that the project has considered what the needs of people who access services with protected characteristics will need/want, the project team will engage with relevant groups/advocates during implementation and throughout the life of the project by working closely with Healthwatch and by holding feedback sessions and focus groups with service users.

POSITIVE IMPACT to key groups/ localities of protected characteristics and those adversely affected by COVID-19:

1. Older people and those with physical disabilities and care support needs living at home in roll-out areas – increase and diversification of care supply in market, increased choice and flexibility.
2. Project area communities – stimulation of economic activity and new job opportunities for minimum wage sector which is likely to be hardest hit by forecasted COVID-related recession and redundancy/unemployment; particularly applicable in rural communities.

NO NEGATIVE IMPACT to those with protected characteristics as provision will be open to all and will seek to ensure community catalysts are inclusive and fully representative of the communities they serve.

Mitigating actions: N/A

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

### Levers to deliver cost avoidances

There are a number of ways that the proposed Community Catalysts approach could achieve cost avoidances:

1. Delay/Diverting ASC demand for long term care
2. Channel shifting some home care work from DPS to micro-enterprise (lower overheads)
3. Reduced travel cost of carers in rural areas where project is supporting MEs.
4. Reduction in high-cost Direct Payments to entice providers to pick up packages in these areas
5. Reduced of block cars/interim beds/respice beds with early intervention/ support options available within their local community. Ensuring the people can access low level support at an earlier stage to maintain their independence for longer and delay their need for long term care.

We would expect that by investing in the Community Catalysts approach we would be better able to support older and vulnerable people to maintain independence as long as possible, thus diverting some people away from needing long term social care intervention.

There may well be increased options for social inclusion/befriending/work experience/ volunteering and Community Catalysts can support the development of

enterprises to meet the needs of people with mental health needs and learning disabilities in the home or community. They are also moving into the disabled children space and their initial diagnostic analysis would help identify the real areas of need.

To support the case for investing in this model the project will demonstrate how the service has helped manage demand for long-term statutory social care services.

### Cost avoidance breakeven point

The cost of the service over two years is expected to be £160,000 which will be funded by the Transformation Fund. This amount is broken down as follows:

|  | 1 <sup>st</sup> Year | 2 <sup>nd</sup> Year |
|--|----------------------|----------------------|
| <b>Set-up costs<br/>(recruitment, induction,<br/>training, equipment e.g.<br/>laptop, phone etc)</b> | £40,000              |                      |
| <b>Staff costs</b>   | £60,000              | £60,000              |
| <b>TOTAL</b>   | £100,000             | £60,000              |

The following section establishes a financial breakeven point considering only the channel shifting method of cost avoidance. As other methods may bring forward the breakeven date there is a margin of safety built in.

It is assumed with the facilitation work of Community Catalysts the traditional hour of support would be replaced with that from a micro-enterprise. The difference in hourly rates is estimated to be nominally £4.50ph (this is based on the current difference between the CCC framework hourly rates and Direct Payment rates for Personal Assistants). Given a steady rise to 750 hours per week of delivery from micro-enterprises over the two years we would expect the project to break-even in Q4 Y2 (as per the cash flow table below).

| Element                       | Frequency         | Q1       | Q2       | Q3       | Q4       | Q1       | Q2       | Q3       | Q4         |
|-------------------------------|-------------------|----------|----------|----------|----------|----------|----------|----------|------------|
| Work delivered by enterprises | Hours per week    | 0        | 100      | 175      | 250      | 375      | 500      | 650      | 750        |
| Work delivered by enterprises | Hours per quarter | 0        | 1300     | 2275     | 3250     | 4875     | 6500     | 8450     | 9750       |
| Cost avoidance using £4.50ph  | £ per quarter     | £0       | £5,850   | £10,238  | £14,625  | £21,938  | £29,250  | £38,025  | £43,875    |
| Expenditure from C/Catalysts  | £ per quarter     | £25,000  | £25,000  | £25,000  | £25,000  | £15,000  | £15,000  | £15,000  | £15,000    |
| Net cash flow                 | £ per quarter     | -£25,000 | -£19,150 | -£14,763 | -£10,375 | £6,938   | £14,250  | £23,025  | £28,875    |
| Cum cash flow                 | £ per quarter     | -£25,000 | -£44,150 | -£58,913 | -£69,288 | -£62,350 | -£48,100 | -£25,075 | £3,800     |
|                               |                   |          |          |          |          |          |          |          | Break Even |

This suggests the project would generate cost avoidance savings of £30,713 in 2021/22 and £133,088 in 2022/23. Further investment may be required to sustain this approach beyond the two year roll-out and this will be identified in year one and built into future development plans.

## Non-Financial Benefits

The primary non-financial benefit is to grow the micro-enterprise market to deliver 750 hours a week of support by the end of the second year. This will prove the validity and necessity of this market sector.

| Key Benefit   | Measure                                     | Baseline  | Target & Timescale   |
|---|---|---|--|
| Development of new and established micro-enterprises  | Micro-enterprise numbers (existing and new) | To be established during month 1 of the project | 125 more in delivering 750 hours of support per week at the end of the second year |
| Local employment opportunities for people to become self-employed   | Number of new micro-enterprises             | First 3 months to identify baseline             | 20 WTE by the end of Year 2  |
| Satisfaction rates for people who use the provision.<br><br>Include a questionnaire for people who use current services | Independent survey                          | NIL<br><br>To be established                    | Greater than 50% when asked at the end of the first year and the second year       |
| Satisfaction rates for people who are supported by Community Catalysts  | Independent survey                          | NIL   | Greater than 67% at the end of the first year and the second year                  |
| Reduction in the number of people on the pending list for care  | Current information                         | To be established and target for impact agreed  | Estimated to reduce pending list by 25% (to be confirmed)                          |

## 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<br>(should the risk occur) | Overall<br>Responsibility |
|---|---|--------------------------------|---------------------------|
| We know that acting as a sole trader in a one-to-one working relationship does not require people to be CQC registered however there is a risk that people in this situation can go unchecked and quality of service can be poor. | The Community Catalyst model works within the regulations but also ensures that quality provision is in place, compliant with CCC safeguarding, health & safety and equality & diversity policies through their own systems of checks and balances. | GREEN                          | CC                        |
| Governance process related to exemptions completed as appropriate   | See below   | GREEN                          | LGSS/KC                   |
| Risk of challenge from other providers due to a direct award of contract.   | Committee Approval<br>Issue a VEAT notice   | AMBER                          | LGSS/KC                   |
| Recruitment risk in mainstream care market from increasing number of Personal Assistants recruited  | Community Catalysts will work pro-actively with the market to manage this risk  | AMBER                          | CC                        |
| Drop-out risk / financial risk if further COVID waves (i.e. cost of PPE etc.)   | Community Catalysts specification will include working with micro-enterprise/sole traders to support development of   | AMBER                          | CC/ LA                    |

|   |   |              |  |
|---|---|--------------|--|
|   | policies/procedures/business continuity plans etc.<br><br>LA to provide relevant support. |              |  |
| <i>Quality and contract management of Community Catalysts and ME's etc.</i> | <i>This will be incorporated in the specification and subject to relevant monitoring.</i> | <i>GREEN</i> |  |
| <i>Failure to meet agreed targets</i>                                       | <i>Quarterly performance review meeting</i>   | <i>GREEN</i> | <i>Project Group and Transformation Team</i> |

## 8. Scope: What is within scope? What is outside of scope?

The location of the project will be identified based on current intelligence relating to market capacity gaps and input from Community Catalysts based on prior experiences.

The people who will benefit from the roll-out will be across the whole child and adult population of the identified location and who would receive homecare through the current contractual arrangements of the Dynamic Purchasing System in CCC, where an early intervention has been identified through the appropriate channels, or where they are in receipt of a personal budget via direct payments, this will also include people who self-fund.

Early conversations indicate that the preferred location may be in East Cambridgeshire (tbc following diagnostics phase of implementation), also linking with the Think Communities programme.

## Equality Impact Assessment For employees and/or communities

*This EqIA form will assist you to ensure we meet our duties under the Equality Act 2010 to take account of the needs and impacts of the proposal or function in relation to people with protected characteristics. Please note, this is an ongoing duty. This means you must keep this EqIA under review and update it as necessary to ensure its continued effectiveness.*

### Section 1: Proposal details

|  |  |   |  |
|--|--|---|--|
| <b>Directorate / Service Area:</b>   |  | <b>Person undertaking the assessment:</b> |  |
| People & Communities / Adult Social Care Commissioning   |  | <b>Name:</b>                              | Graeme Hodgson   |
| <b>Proposal being assessed:</b>  |  | <b>Job Title:</b>                         | Commissioner, ASC  |
| Community Catalysts Care Micro-Enterprise Development Project  |  | <b>Contact details:</b>                   | <a href="mailto:graeme.hodgson@cambridgeshire.gov.uk">graeme.hodgson@cambridgeshire.gov.uk</a><br>07448 379944 |
| <b>Business Plan Proposal Number:</b><br>(if relevant)   |  | <b>Date commenced:</b>                    | 10/11/2020   |
|  |  | <b>Date completed:</b>                    | 12/11/2020   |
| <b>Key service delivery objectives:</b>  |  |   |  |
| <p>There are a range of challenges within the current Home Care market:</p> <ul style="list-style-type: none"> <li>• Sustainability for providers and cost of care to the local authority</li> <li>• High numbers of people waiting for mainstream care who are in 'pending arrangements' such as:             <ul style="list-style-type: none"> <li>○ Bridging in reablement</li> <li>○ Utilising block car time for longer than six weeks</li> <li>○ Using interim or residential beds due to lack of availability of mainstream care in the community.</li> </ul> </li> </ul>  |  |   |  |
| <b>Key service outcomes:</b>   |  |   |  |
| <p>Commissioners can fill the gap in the Home Care market by:</p> <ol style="list-style-type: none"> <li>a) Changing the specifications and payment incentives.</li> <li>b) Finding and commissioning different and specialist providers such as micro-enterprises, to meet the specific needs.</li> <li>c) Rolling-out a Community Catalysts model to test and evaluate different ways of working while supporting the development of a market which provides early intervention and prevention options from the local micro-enterprise, voluntary and community sector.</li> <li>d) Ensuring the specifications and contract arrangements allow for a more flexible, holistic approach which blends statutory and non-statutory solutions.</li> </ol> <p>Furthermore, the flexible and holistic approach of community catalysts allows for a more person-centred approach. This would have a positive impact on protected groups including older people, disabled people, young people, Black and minority</p> |  |   |  |

## Equality Impact Assessment For employees and/or communities

ethnic (BAME) people and LGBTQ+ people. Some BAME, disabled, older and LGBTQ people report barriers to accessing services tailored to their individual needs. Community catalysts provides the opportunity to increase representation from people with protected characteristics in the workforce, offering inclusive services while working with voluntary sector partners to meet the diverse needs of people with protected characteristics.

### What is the proposal?

The proposal is to commission Community Catalysts to roll-out a Care Micro-Enterprise Development project in East Cambs. The funds are for the employment of a full time community catalyst to provide support to micro-entrepreneurs and self-employed care workers in complying with the legislation and establishing successful micro-enterprises to increase the offer of competitively-priced care services and develop the market.

The business case has been developed working with the Transformation Team, Commissioning, Strategic Development, Finance, Operations Commercial and Contracts; this group will also form the Project Board who will oversee the development and progress of the pilot.

It is anticipated that ongoing resource/support from the Transformation Team will be required to work with the project group to implement, engage with stakeholders, deliver and monitor the roll-out; this would be in the region of 2/3 days a month.

There will also be a service user and provider group set up to ensure that we continue to shape the delivery and outcomes of the project; this feedback will then be reviewed regularly within the project board and with Community Catalysts; also feeding into the transformation bid/review process.

There will be regular communication with Healthwatch to ensure that feedback can also be facilitated from the community via their regular countywide forums and partnership boards.

The service-user group will be inclusive and representative of people with protected characteristics.

### What information did you use to assess who would be affected by this proposal?

The proposal was based on learning from the Neighbourhood Cares pilot and informed by the findings of the comprehensive Home Care Review, concluded in early 2020. It was also presented to service users through several Partnership Boards run by Healthwatch in Cambridgeshire and Peterborough.

Extensive information was also made available on the success of the collaboration between Community Catalysts and Somerset County Council, including information on service user groups affected by the implementation of the same project there.

## Equality Impact Assessment For employees and/or communities

### Are there any gaps in the information you used to assess who would be affected by this proposal?

No gaps were found in the information used but to avoid undue bias from Somerset, other Local Authorities in the East of England who have worked with Community Catalysts were also contacted and the references provided for Community Catalysts were outstanding. Notably, from Central Bedfordshire, who kindly provided the specifications used to ensure Community Catalysts were aligned with Council Safeguarding and Equality & Diversity priorities.

### Who will be affected by this proposal?

The proposal will be rolled-out initially in an area yet to be defined during the diagnostics phase of implementation, with subsequent expansion to wider geographical area.

The specific service user groups who will benefit are those in receipt of commissioned home care services. There will also be a positive impact on care workers seeking to establish a micro-enterprise or work as a self-employed care worker in a network of peers who can provide cover for one another in the event of sickness, holiday, maternity leave etc.

There is not expected to be any over-representation of people with protected characteristics amongst the affected groups. Furthermore, those with disabilities – who may depend on care packages currently provided by large providers with higher hourly rates and who charge for travel from the larger urban centres - will be positively impacted by the greater choice and supply of services on offer locally after roll-out of the micro-enterprise development project.

This proposal relates to services that have been identified as being important to people with particular protected characteristics such as older people and those with physical and learning disabilities as well as those who are rurally isolated and experiencing poverty.

The proposal relates to the equality objectives set by the Council's Single Equality Strategy as indicated below:

- Developing the local economy for the benefit of all;
  - Providing expert support and guidance on how to set up a Micro-Enterprise in the care sector will develop the local economy and benefit not only the service user, who will have more choice and potentially lower-cost services due to the lower overheads and infrastructure of a micro-enterprise compared to a large national provider. It will also benefit local care workers who can increase their earnings by becoming self-employed as well as attaining a more positive work-life balance by negotiating the hours they visit clients and working in partnership with a local network of similar MEs who

## Equality Impact Assessment For employees and/or communities

can provide cover during holidays, sickness and other periods of absence.

- Helping people to live independent and healthy lives;
  - The service users who are currently reliant on limited supply/variety of providers of Home Care frequently complain about delayed care visits (e.g. due to traffic from far afield) and the amount of turnover and “new faces” of those delivering care. A preference has frequently been expressed in Service-User Partnership Boards (run on behalf of the County by Healthwatch) for more choice and control. This proposal to develop care micro-enterprises in rural areas will support the objective of helping people to live happy, healthy and independent lives at home.
- Supporting and protecting vulnerable people;
  - By definition, the provision of Home Care services is geared towards vulnerable people who can be broadly categorized into the following service user groups: Mental Health Service, Physical Support, Sensory Support, Memory and Cognition and Learning Disability Support. By increasing the supply/offer of providers of Home Care to users of these services, we are positively impacting those with the associated protected characteristics under the Equality Act (2010).

### Workforce:

[BAME workers](#) and [young workers](#) are more likely to be affected by precarious employment and experience poverty. These challenges have been further exacerbated by Covid-19. Community Catalysts provides an opportunity for sustainable employment that would positively affect these groups by making the labour market more inclusive, allowing people to work locally, reducing costs incurred from transport and improve access to training etc. This could have similar positive impacts for excluded groups where flexible working is crucial including disabled people and people with caring responsibilities (most often women).

## Equality Impact Assessment For employees and/or communities

### Section 2: Scope of Equality Impact Assessment

| Scope of Equality Impact Assessment   |  |                                     |              |                                |                                     |
|---|--|-------------------------------------|--------------|--------------------------------|-------------------------------------|
| <i>Check the boxes to show which group(s) is/are considered in this assessment.<br/>Note: * = protected characteristic under the Equality Act 2010.</i> |  |                                     |              |                                |                                     |
| *   | Age                                      | <input checked="" type="checkbox"/> | *            | Disability                     | <input checked="" type="checkbox"/> |
| *   | Gender reassignment                      | <input type="checkbox"/>            | *            | Marriage and civil partnership | <input type="checkbox"/>            |
| *   | Pregnancy and maternity                  | <input type="checkbox"/>            | *            | Race                           | <input type="checkbox"/>            |
| *   | Religion or belief (including no belief) | <input type="checkbox"/>            | *            | Sex                            | <input type="checkbox"/>            |
| *   | Sexual orientation                       | <input type="checkbox"/>            | <del> </del> |                                |                                     |
|   | Rural isolation                          | <input checked="" type="checkbox"/> |              | Deprivation                    | <input checked="" type="checkbox"/> |

### Section 3: Equality Impact Assessment

#### ***The Equality Act requires us to meet the following duties:***

##### *Duty of all employers and service providers:*

- *Not to directly discriminate and/or indirectly discriminate against people with protected characteristics.*
- *Not to carry out / allow other specified kinds of discrimination against these groups, including discrimination by association and failing to make reasonable adjustments for disabled people.*
- *Not to allow/support the harassment and/or victimization of people with protected characteristics.*

##### *Duty of public sector organisations:*

- *To advance equality of opportunity and foster good relations between people with protected characteristics and others.*
- *To eliminate discrimination*

*For full details see the [Equality Act 2010](#).*

*We will also work to reduce social deprivation via procurement choices.*

| Research, data and/or statistical evidence   |
|--|
| <i>List evidence sources, research, statistics etc., used. State when this was gathered / dates from. State which potentially affected groups were considered. Append data, evidence or equivalent.</i>  |
| During late 2019 and early 2020 a review was undertaken of the homecare contract and provision across Cambridgeshire and Peterborough from which a range of key themes were identified. Those themes included market capacity gaps in rural locations and around Cambridge City, recruitment in the care and PA market and low engagement from providers in certain locations. Previous research undertaken when developing the Market Position Statement also identified the potential positive impact that |

## Equality Impact Assessment For employees and/or communities

supporting and increasing the diversity of provider types in the market could have in our communities.

People who use homecare services tell us the current range of providers do not always adequately meet their needs, particularly in terms of flexibility or where support required is outside of, or in addition to, assessed care and support needs.

Research and evidence from pilots in other local authorities indicates that micro-enterprises can add choice and diversity to the care and support market whilst also increasing employment opportunities for people in our local communities. This is further supported by the recent publication of the LGA *Adults Social Care: Seven Principles for Reform* which highlights the need for traditional services (such as residential care, domiciliary care and day centres) to be part of a “much broader local offer including smaller, more bespoke providers, micro-enterprises and wider community assets. These help bolster community resilience and their potential to help secure a more preventative approach to wellbeing that supports people to live safely and well at home must be harnessed”.

### Consultation evidence

*State who was consulted and when (e.g. internal/external people and whether they included members of the affected groups). State which potentially affected groups were considered. Append consultation questions and responses or equivalent.*

The Community Catalysts Care Micro-Enterprise proposal was presented to several Healthwatch Partnership Boards including Carers' PB, Physical Disability PB, Health and Social Care PB and Sensory Impairment PB. Participants, who represent service users in their communities, were supportive of the proposal to develop the care market, especially in rural areas, offering greater choice and potentially lower costs to self-funders.

### Based on consultation evidence or similar, what positive impacts are anticipated from this proposal?

*This includes impacts retained from any previous arrangements. Use the evidence you described above to support your answer.*

To date, Community Catalysts have worked in 49 areas, supporting the development of more than 1,800 community enterprises. Community Catalysts use a proven model which scales through a single coordinator or catalyst supporting up to 200 small, self-organising enterprises.

Independent evaluation of the Community Catalysts approach suggests that their method works across any demography, is replicable and delivers good outcomes. Evidence also suggests that this approach creates local choice and will typically,

## Equality Impact Assessment For employees and/or communities

over two years, help nearly 125 would-be entrepreneurs and see nearly 60 community enterprises successfully established.

These successful community enterprises will support on average over 700 older or disabled people. Alongside this the Community Catalysts model can create over 100 jobs and 70 volunteering opportunities. Working alongside Community Catalysts mitigates the risk of failure which was experienced through the Connected Communities pilot and turn around the failure rate for micro-enterprise - over 2 years fewer than 4% compared with an average failure rate for micro-business of 90%. This is due to the specialist support, skills and knowledge that the Community Catalysts model brings in supporting enterprises in the health and social care marketplace.

### **Based on consultation evidence or similar, what negative impacts are anticipated from this proposal?**

*This includes impacts retained from any previous arrangements. Use the evidence you described above to support your answer.*

No negative impacts are anticipated as mitigation will be in place to avoid any potential negative impact on recruitment and retention of care workers already working in the area for established providers.

This mitigation will be in the form of supporting those individuals who are already working autonomously to succeed in becoming compliant with all legislation and Council processes and requirements, including EDI and H&S.

Furthermore, steps will be taken to recruit school-leavers and those returning to work after a long period of unpaid caring or unemployment so as not to undermine the existing supply of labour in the local care market.

### **How will the process of change be managed?**

We intend to form a Project Board, inclusive of all those with protected characteristics who wish to join. This will comprise not only commissioners and partners, as well as representatives from the Transformation Team, Operations Contracts and Think Communities but also a representative of the Home Care Service Users group. Ideally, this will be on a rotating basis so as many different SUs as possible have the opportunity to contribute their thoughts and lived experience to the process of change management to be undertaken. Furthermore, the community catalyst recruited to deliver the roll-out will also meet with service users in the specific communities to be included in the scope of the project where micro-enterprises are being developed and established.

People with protected characteristics will be invited to participate in events and meetings, including those representing community groups and faith groups. This is to ensure services are co-produced in an inclusive way to meet the diverse needs of our communities.

## Equality Impact Assessment For employees and/or communities

**How will the impacts during the change process be monitored and improvements made (where required)?**

*How will you confirm that the process of change is not leading to excessive stress/distress to people with protected characteristics / at risk of isolation/deprivation, compared to other people impacted by the change? What will you do if it is discovered such groups are being less well supported than others?*

During implementation of the project, there will be events open to the local community to raise awareness of the objectives, expected outcomes and impact on the local population. These are expected to take place in accessible hubs such as libraries and community centres. At these meetings it will be possible for any resident or representative of groups with protected characteristics to contribute and provide feedback, including suggestions on how the project can better cater for their concerns, if necessary.

## Equality Impact Assessment For employees and/or communities

### Section 4: Equality Impact Assessment - Action plan

See notes at the end of this form for advice on completing this table.

| Details of disproportionate negative impact<br>(e.g. worse treatment / outcomes) | Group(s) affected | Severity of impact<br>(L/M/H) | Action to mitigate impact with reasons / evidence to support this or Justification for retaining negative impact | Who by | When by | Date completed |
|--|-------------------|-------------------------------|--|--------|---------|----------------|
| N/A  |                   |                               |  |        |         |                |
|  |                   |                               |  |        |         |                |
|  |                   |                               |  |        |         |                |
|  |                   |                               |  |        |         |                |
|  |                   |                               |  |        |         |                |
|  |                   |                               |  |        |         |                |

## Equality Impact Assessment For employees and/or communities

### Section 5: Approval

|   |   |   |   |
|---|---|---|---|
| <b>Name of person who completed this EIA:</b> | Graeme Hodgson  | <b>Name of person who approves this EIA:</b>  | Will Patten   |
| <b>Signature:</b>                             |  | <b>Signature:</b>   |  |
| <b>Job title:</b>                             | Adult Social Care Commissioner  | <b>Job title:</b><br><i>Must be Head of Service (or equivalent) or higher, and at least one level higher than officer completing EIA.</i> | Service Director:<br>Commissioning  |
| <b>Date:</b>                                  | 12/11/2020  | <b>Date:</b>  | 13/11/2020  |

### **Guidance on completing the Action Plan**

*If our EIA shows that people with protected characteristics and/or those at risk of isolation/deprivation will be negatively affected more than other people by this proposal, complete this action plan to identify what we will do to prevent/mitigate this.*

### **Severity of impact**

*To rate severity of impact, follow the column from the top and row from the side and the impact level is where they meet.*

|  |                         | Severity of impact |          |          |          | Priority and response based on impact rating   |   |  |
|--|-------------------------|--------------------|----------|----------|----------|--|---|--|
|  |                         | Minor              | Moderate | Serious  | Major    | High   | Medium  | Low  |
|  | <b>Inevitable</b>       | <b>M</b>           | <b>H</b> | <b>H</b> | <b>H</b> | <i>Amend design, methodology etc. and do not start or continue work until relevant</i> | <i>Introduce measures to control/reduce impact. Ensure control measures</i> | <i>Impact may be acceptable without changes or lower priority action required.</i> |
|  | <b>More than likely</b> | <b>M</b>           | <b>M</b> | <b>H</b> | <b>H</b> |  |   |  |

## Equality Impact Assessment For employees and/or communities

|                             |                         |          |          |          |          |  |   |  |
|-----------------------------|-------------------------|----------|----------|----------|----------|--|---|--|
| <b>Likelihood of impact</b> | <b>Less than likely</b> | <b>L</b> | <b>M</b> | <b>M</b> | <b>H</b> | <i>control measures are in place.<br/>Or justify retaining high impact</i> | <i>are in use and working.<br/>Or justify retaining medium impact</i> | <i>Or justify retaining low impact</i> |
|                             | <b>Unlikely</b>         | <b>L</b> | <b>L</b> | <b>M</b> | <b>M</b> |  |   |  |

**Actions to mitigate impact will meet the following standards:**

- *Where the Equality Act applies: achieve legal compliance or better, unless justifiable.*
- *Where the Equality Act does not apply: remove / reduce impact to an acceptably low level.*

**Justification of retaining negative impact to groups with protected characteristics:**

*There will be some situations where it is justifiable to treat protected groups less favourably. Where retaining a negative impact to a protected group is justifiable, give details of the justification for this. For example, if employees have to be clean shaven to safely use safety face masks, this will have a negative impact on people who have a beard for religious reason e.g. Sikhism. The impact is justifiable because a beard makes the mask less effective, impacting the person’s safety. You should still reduce impact from a higher to a lower level if possible, e.g. allocating work tasks to avoid Sikhs doing tasks requiring face masks if this is possible instead of not employing Sikhs.*

## Business Planning: Business Case proposal

Project Title: Unaccompanied Asylum Seeking Young People: Support Costs

Committee: Children and Young People

2021/22 Savings: -£300,000

Brief Description of proposal: A grant now covers more of the costs of meeting the accommodation and support needs of unaccompanied asylum seeking young people and care leavers. Therefore, it is possible to make a saving in the contribution to these costs that the Council has historically made from core budgets of £300,000 per annum without negatively affecting the level of support we currently provide.

Date of version: 23 Nov 2020

BP Reference: A/R.6.210

Business Leads / Sponsors:

Lou Williams, Service Director Children's and Safeguarding

### 1. Please describe what the proposed outcomes are

During 2020/21, the Government increased the weekly amount it provides to local authorities to support unaccompanied asylum seeking young people and, importantly, the costs of supporting young people after they have left care. These changes are summarised below:

The Under 18 Grant was originally a tiered allowance based on arrival in UK and age:

- Before 1st July 2016 - Under 16 = £95 per day, 16-17 = £71 per day
- After 1st July 2016 - Under 16 = £114 per day, 16-17 = £91 per day

This has now been consolidated and the rate for all young people under 18 as of the 1 April 2019 is £114 per day.

The Over 18 Grant was also a tiered allowance and there was previously no allowance payable for the first 25 young adults for which a claim was being made:

- Before 1st July 2016 - Over 18 (25+) = £150 per week (£21.37 per day)
- After 1st July 2016 - Over 18 = £200 per week (£28.49 per day)

This has now been consolidated and the new rate for all young people from 1 April 2020 is £34.29 per day.

Importantly, this allowance is paid to all eligible young adults for which a claim is made.

Also during the 2019/20 and 2020/21 financial years, the service has worked closely with colleagues in Commissioning to ensure that placement costs are kept at a minimum, without compromising quality, and that young people move from their 'care' placement promptly at the age of 18 to appropriately supported housing provision.

This means that the Grant now covers more of the costs of meeting the accommodation and support needs of unaccompanied asylum seeking young people and care leavers. Therefore, it is possible to make a saving in the contribution to these costs that the Council has historically made from core budgets of £300,000 per annum whilst still providing the same level of support we currently provide.

There is no change in the outcomes for this group of young people. The savings are possible without adverse effect because the level of government funding has increased and now meets a higher proportion of costs.

## 2. What are the next steps/ actions the Council should take to pursue it? Please include timescales.

As there are no changes to service delivery, no other actions are required.

## 3. Could this have any effects on people with Protected Characteristics?

No negative impacts have been identified - there is no change to the level of service being provided.

In general, nationally we are aware of the multiple forms of discrimination and disadvantage faced by unaccompanied minors and people with No Recourse to Public Funds (NRPF). The challenges faced by people with NRPF status exacerbated by COVID-19 have led to much lobbying of central government. There has been data shared about the destitution and poverty experienced by people with NRPF status. Therefore, we cannot assume that to continue to fund services in the same way will produce positive outcomes and would recommend that a policy review could be completed in the future to ensure that the council's policies affecting this cohort are improved where possible.

There was a notion passed at Full council in October 2020<sup>1</sup> that states: “As part of this work, asylum seekers who face persecution, torture, murder or female mutilation should be helped to find a place of safety in this county.” This business case has been highlighted to the NRPF working group.

4. 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

- Immediate saving of £300,000 per annum from 2021/22.

#### Non-Financial Benefits

- Service delivery will remain the same.

5. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

No risks identified – the Government funding has already been agreed.

6. Scope - What is within scope? What is outside of scope?

The Over 18 and Under 18 Grants from Government are within scope.

1

[https://cambridgeshire.cmis.uk.com/CCC\\_live/Document.ashx?czJKcaeAi5tUFL1DT\\_L2UE4zNRBcoShgo=BcESNa8SKu11eaH%2b1koPzxkAA80lo8TiSr3cRo5pGYuZMJG1QJyNCA%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNIh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlg%3d%3d=hFfIUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFfIUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&d9Qjji0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d](https://cambridgeshire.cmis.uk.com/CCC_live/Document.ashx?czJKcaeAi5tUFL1DT_L2UE4zNRBcoShgo=BcESNa8SKu11eaH%2b1koPzxkAA80lo8TiSr3cRo5pGYuZMJG1QJyNCA%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNIh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlg%3d%3d=hFfIUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFfIUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&d9Qjji0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d)

## Business Planning: Business Case proposal

Project Title: Special Guardianship Order and Adoption Allowances

Committee: Children and Young People

2021/22 Savings: -£500,000

Brief Description of proposal: The continuing implementation of Family Safeguarding in the Children's and Safeguarding service means that we expect to see a further small reduction in the number of care proceedings and overall number of children in care over the next financial year. This reduction in the number of children coming into care means that there are fewer children progressing to adoption or to permanent arrangements with relatives under Special Guardianship Orders, and in turn means fewer carers who require and/or are entitled to receiving financial support allowances.

Date of version: 23 Nov 2020

BP Reference: A/R.6.211

Business Leads / Sponsors:

Lou Williams, Service Director Children's and Safeguarding

### 1. Please describe what the proposed outcomes are

Children do best when enabled to remain safely with their families. Supporting more parents to make the changes they need to make in order to enable them to provide good, caring and stable homes for their children is therefore in the best long term interests of those children.

For children who need to come into care, we will continue to seek permanent family arrangements wherever possible, including through adoptive and special guardianship orders, and continue to provide the appropriate level of financial support to those arrangements. This forms part of Cambridgeshire's organisational objective to prioritise the "best start for Cambridgeshire's children".

As Members will be aware, numbers of children in care have been reducing since the summer of 2019.

This has been accompanied by a reduction in the number of children involved in active care proceedings, with fewer than half the number of care proceedings taking place now as compared to the peak in activity.

This decline in proceedings brings the authority much more closely in line with the average of our statistical neighbours, when measured by the rate of care applications per 10,000. In 2017 and 2018, there were 12 care applications per 10,000 population of children and young people. This has reduced to 8 per 10,000, very much in line with the statistical neighbour average of 8.5 per 10,000 in the year ending March 2020.

The continuing implementation of Family Safeguarding in the Children and Safeguarding service means that we expect to see a further small reduction in the number of care proceedings and overall number of children in care over the next financial year. This is because the model is associated with enabling more families to address the issues that they are facing on a sustainable basis, reducing the numbers of children who need to come into care as a consequence. As shown, we have seen a significant reduction in care proceedings and expect this to continue as a result of this continued investment earlier on in the system into Family Safeguarding; the risk is managed in a preventative way. COVID-19 is less likely to impact on this area.

This reduction in the number of children coming into care means that there are fewer children progressing to adoption or to permanent arrangements with relatives under Special Guardianship Orders. This in turn means that there are fewer carers who require and/or are entitled to receiving financial support in the form of adoption and Special Guardianship Order allowances.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

Demand modelling of likely numbers of allowances required in the 2021/22 financial year and beyond.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

This is a direct saving from a statutory function within the Council and will not require further feasibility work.

## 4. What are the next steps / actions the Council should take to pursue it?

This is a saving from modelled reductions and associated improvements with the Family Safeguarding model that has already been implemented. Continuation of this model will deliver the savings.

## 5. Could this have any effects on people with Protected Characteristics?

No - this saving is from a reduction in those eligible for allowances but as a result of numbers of children in care reducing, not because eligibility criteria has changed. The service do record demographic data for all children and families and ensure that we understand or investigate areas of over and under-representation.

Less children in care usually means families are getting their needs met, preventing the need of more costly interventions further upstream. This will positively impact those with and without 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

- Immediate saving of £500,000 per annum from 2021/22.

### Non-Financial Benefits

- Enabling more children to remain safely with their families is associated with better long term outcomes.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| <b>Risk</b>   | <b>Mitigation</b>  | <b>RAG (should the risk occur)</b> | <b>Overall Responsibility</b> |
|---|--|------------------------------------|-------------------------------|
| Changes in court behaviour in relation to Special Guardianship Orders | Continued advocacy for the child and liaison with the courts | Amber                              | Lou Williams                  |

## 8. Scope - What is within scope? What is outside of scope?

These are savings associated with allowances for Special Guardianship Orders and Adoption allowances only.

## Business Planning: Business Case proposal

Project Title: Clinical Services; Children and Young People

Committee: Children and Young People

2021/22 Savings: -£250,000

Brief Description of proposal: A new shared service will launch in the early part of 2021, and will consist of an increased offer to children in care and foster carers, compared with that which was provided by the previously commissioned service.

This increased investment notwithstanding, it is also possible to deliver a saving of £250,000 against the previous level of expenditure in this area.

Date of version: 23 Nov 2020

BP Reference: A/R.6.212

Business Leads / Sponsors:

Lou Williams, Service Director Children's and Safeguarding

### 1. Please describe what the proposed outcomes are

Children in care do best when they experience consistent relationships with the key people in their lives – including their carers and their social workers – and most will thrive as a result of that consistent support.

Most children in care achieve the best outcomes when they are able to live in stable, loving families. Foster carers therefore play a vital role in supporting children and young people as they cope not only with the usual challenges of growing up, but with the additional challenges resulting from being in care and from their childhood experiences before they came into the care system. It is essential that foster carers have access to training and consultation from suitably qualified clinicians in order to provide them with the tools and strategies to help guide the children and young people for whom they are providing care.

Many children and young people in care have suffered adverse childhood experiences alongside having to manage the impact for them of not being able to live within their birth families. This means that many will require additional specialist support at times during their lives. Sometimes, this will be best provided through

Child and Adolescent Mental Health and similar services. There will also be occasions when it will be important for children and young people, as well as those who care for them, to have direct access to specialist clinical support, as provided by our clinical specialist staff.

Cambridgeshire has historically invested a considerable amount of funding into the clinician service as part of their organisational objective to prioritise the “best start for Cambridgeshire's children”. Prior to the implementation of the Family Safeguarding model, clinical staff were attached to each of the 32 social work units.

Family Safeguarding operates very differently, with adult facing practitioners seconded to the smaller number of social work teams which replaced the former units. These practitioners support adults to address issues such as mental ill health, substance and alcohol misuse and domestic abuse. Social work teams now also have dedicated non-case-holding team managers.

Adult practitioners support change among parents; team managers now provide case and group supervision in the teams. Taking these issues together means that there is no longer a role for clinical staff in the Family Safeguarding service.

Many local authorities do not have a dedicated clinical service for children and young people in care. Instead, reliance is placed on use of dedicated mental health services including tier 3 Child and Adolescent Mental Health Services, provided by local health services.

The decision has been taken within Cambridgeshire to continue to provide additional and dedicated support for children and young people in care and foster carers.

Accordingly we have developed proposals for a shared clinical service that will provide support to foster carers and individual children and young people in care across both Cambridgeshire and Peterborough. This service will be provided in-house, replacing the former position when each council commissioned some of these services from the Cambridgeshire and Peterborough Foundation Trust, while delivering other aspects of the service.

This new shared service is currently being consulted on and will launch in the early part of 2021. It will consist of an increased offer to children in care and foster carers, compared with that which was provided by the previously commissioned service. This is because we have been able to invest some of the resource that would previously have provided clinical support to the social work units into support for children in care.

This increased investment notwithstanding, it is also possible to deliver a saving of £250,000 against the previous level of expenditure in this area.

Briefly, key areas of priority activities proposed for the new clinical service in Corporate Parenting will include providing:

- A joint service that works with children and young people in care, foster carers and children and young people on the edge of care in both Cambridgeshire and Peterborough authorities;

- A model of practice where clinicians work within an integrative clinical model, where systemic practice is a part, rather than the predominant element of the work;
- A service that works with all children and young people in care, regardless of the stage of their care experience;
- A service that continues to work closely with foster carers, providing training and support, including providing direct advice and support to our foster carers in developing strategies that enable children in their care to settle, reducing the risk of placement breakdown.

The development of Family Safeguarding provides a really exciting and positive opportunity to provide a much more resilient service to support good outcomes for children in care and in respect to placement stability in particular.

We have increased capacity compared with that which was previously available to support the clinical needs of children in care. We are also seeing a continuing reduction in numbers of children in care, meaning that we are confident that the service will be able to meet demand and provide a responsive service.

There are no health and safety concerns associated with this initiative. Providing a bespoke mental and emotional health service to young people in care will have a positive impact for those young people, some of whom will have protected characteristics.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

We are developing the existing service, building on its strengths, while increasing capacity and growing provision so that it includes a broader range of clinical specialisms, able to meet a broader range of needs among our children and young people in care.

The approach supports our strategy to ensure that as many of our children and young people in care are living with local foster families as possible. Reducing the number of placement moves enables children and young people in care to achieve the best outcomes, as they experience the least disruption. The Council also benefits financially because local, in-house foster placements are a lower cost compared to other placements for children in care.

Our foster carers are clear that they would want to see an improved training and support offer; these clinical staff will deliver both individual support to carers as well as specialist training on areas such as meeting the needs of children who have disorganised attachment styles.

Our social work staff are also clear that being able to access this specialist support at the right time is essential in preventing unplanned placement endings.

### 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

There has been a great deal of careful thought and consideration given to operating this service.

One key area for consideration was the question of whether to continue to commission part of the service, or whether we should deliver the service wholly in-house.

While commissioning the service has some benefits, these were outweighed by the benefits of providing the service directly.

The principle benefits of direct provision included the flexibility this provides us in the management of the service; making changes to the approach to the work in response to need can be managed without needing to consider whether there is an impact on the service specification or contract, for example. Directly providing the service also means that there is a saving on employment costs, since there is no management fee to pay.

The new service is beginning from a position where we will need to recruit a number of practitioners. While this will affect capacity initially, it does provide the opportunity to recruit a service with a wide ranging skills mix. This is in the long term best interests of our children and young people in care.

### 4. What are the next steps/ actions the Council should take to pursue it?

The 0.3 FTE member of staff eligible to transfer to the local authority and wishing to remain in service under TUPE has now transferred.

Consultation with the staff is being undertaken; with a response due on 14<sup>th</sup> January 2021.

#### High Level Timetable

| <b>Task</b>   | <b>Start Date</b> | <b>End Date</b> | <b>Overall Responsibility</b> |
|---------------|-------------------|-----------------|-------------------------------|
| TUPE transfer | September 2020    | November 2020   | Lou Williams                  |
| Consultation  | November 2020     | December 2020   | Lou Williams                  |
| Recruitment   | January 2021      | March 2021      | Lou Williams                  |

## 5. Could this have any effects on people with Protected Characteristics?

Providing a bespoke mental and emotional health service to young people in care will have a positive impact for those young people, some of whom will have protected characteristics.

CCC HR policies and procedures have been followed for this TUPE process and an Equalities Impact Assessment is being completed as part of the consultation response. This will be communicated to staff first and then will be published to committee thereafter. Any recommendations will be discussed with HR for ongoing review to ensure CCC adhere to best practice standards.

## 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

- Immediate saving of £250,000 per annum from 2021/22
- Reductions in unplanned placement moves will reduce placement costs
- Enhanced use of in-house fostering will reduce spend on Independent Fostering Agency placements.

### Non-Financial Benefits

- Children who remain in the same fostering household throughout their care journey tend to achieve the best outcomes.
- Where placement changes are required, clinical input into the matching process makes it more likely that the new placement is one that is able to provide the stability that all children need.

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| <b>Risk</b>            | <b>Mitigation</b>            | <b>RAG (should the risk occur)</b> | <b>Overall Responsibility</b> |
|------------------------|------------------------------|------------------------------------|-------------------------------|
| Recruitment Challenges | Focused recruitment campaign | Amber                              | Lou Williams                  |

## 8. Scope - What is within scope? What is outside of scope?

This is a very tightly defined project concerned with the development of clinical services for children in care only.

Provision will, however, be required to fund the family Group Conferencing Service from 2022/23. This is because family group conferencing can be funded through the grant from the Department for Education to deliver Family Safeguarding but this funding will be exhausted by that date.

## Business Planning Business Case proposal

Project Title: Transport Savings – Children in Care

|                                |  |
|--------------------------------|--|
| Committee:                     | Children and Young People  |
| 2021-22 Savings:               | -£300,000  |
| Brief Description of proposal: | This proposal is a recognition of savings already achieved through the improvement of processes around the procurement of Home to School Transport for Children in Care. |
| Date of version: 23 Nov 2020   | BP Reference: A/R.6.268  |
| Business Leads / Sponsors:     | Hazel Belchamber, Head of Service 0-19 Place Planning and Organisation   |

### 1. Please describe what the proposed outcomes are

Work has been undertaken to review and improve the processes around the procurement and route planning of transport for Children in Care. This has yielded savings in the current year which will continue into 2021/22 and this Business Planning proposal is a recognition of this fact.

This work has been formed by the review and modelling of existing reduction in spend.

Our priority outcomes include providing stable placements for children in care and ensuring their needs are met. This proposal supports this outcome whilst achieving best value for money.

The review has already been completed and the improved processes implemented. This business case is to record the financial benefits that will be achieved through sustaining these improvements into 2021/22.

### 2. Could this have any effects on people with Protected Characteristics?

The improvements have been made to the procurement process rather than the service delivery. Service users will continue to receive the same level of service.

Children in Care disproportionately live in poverty. Reducing carbon emissions will contribute to improved health and greener communities for children with and without protected characteristics.

It is recommended that any future re-routing is monitored and considered with this cohort in mind to ensure that any disproportionate negative changes are mitigated. There is a wider piece of work on Transport policy and any changes to policy will include a full Equality Impact Assessment.

**3. 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

- Immediate saving of £300,000 per annum from 2021/22

#### Non-Financial Benefits

- Improved route planning will reduce the number of vehicles on the road (without hindering service delivery), resulting in reduced carbon emissions which supports our corporate priority of achieving net zero carbon emissions by 2050 and reducing our carbon footprint.

**4. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?**

No risks have been identified in relation to delivery.

**5. Scope: What is within scope? What is outside of scope?**

Included in the scope was improvement of processes around the procurement of Home to School Transport for Children in Care.

## Business Planning: Business Case proposal

Project Title: Communities and Partnership Review

Committee: Communities and Partnership Committee

2021-22 Savings: -£200k

Brief Description of proposal: Various areas across the directorate have been identified where efficiencies, resulting in small savings, could be achieved. These areas will be reviewed in more detail in order to realise up to £200k savings in 2021/22.

Date of version: 4 November 2020 BP Reference: A/R.6.269

Business Leads / Sponsors: Adrian Chapman, Service Director

### 1. Please describe what the proposed outcomes are:

Realisation of up to £200k savings across the directorate through identification of efficiencies and process improvement. These areas include:

- Review of all budget lines to identify areas of historical underspend
- Review of vacancy savings target recognising increased directorate size in recent years
- Review of support functions across the directorate
- Maximising income in the Registration Service
- Cost reduction and income generation in the library service

### 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

A detailed review has already begun and identified areas where these efficiencies can be found.

### 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

These will be undertaken, as required, as the review progresses.

#### 4. What are the next steps/ actions the Council should take to pursue it?

Continuation of ongoing review work, with a view to have up to £200k identified by February 2021.

#### 5. Could this have any effects on people with Protected Characteristics including poverty and rural isolation?

Anything that will result in a reduced level of service delivery is out of scope and this will ensure there are no negative effects on people with Protected Characteristics as a result of 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:

- Saving of up to £200K per annum from 2021/22

##### Other Benefits:

- Review of the support functions may create more efficient ways of working
- Maximising income in the Registration service will potentially be achieved through increasing the services currently offered thereby providing customers with more choice.

#### 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 due to pandemic response | The majority of this work can be undertaken by support functions | Amber                       | AC                     |

## 8. Scope: What is within scope? What is outside of scope?

Anything that will result in a reduced level of service delivery is out of scope. This review focusses solely on areas where efficiencies and process improvements can be made.

*This EqIA form will assist you to ensure we meet our duties under the Equality Act 2010 to take account of the needs and impacts of the proposal or function in relation to people with protected characteristics. Please note, this is an ongoing duty. This means you must keep this EqIA under review and update it as necessary to ensure its continued effectiveness.*

## Section 1: Proposal details

| Directorate / Service Area:   |  | Person undertaking the assessment: |                                   |
|---|--|------------------------------------|-----------------------------------|
| Communities and Partnership   |  | <b>Name:</b>                       | Josie Stone                       |
| <b>Proposal being assessed:</b>   |  | <b>Job Title:</b>                  | Senior Transformation Advisor     |
| Communities and Partnership Review Business Case  |  | <b>Contact details:</b>            | Josie.stone@cambridgeshire.gov.uk |
| <b>Business Plan Proposal Number:</b><br>(if relevant)  |  | <b>Date commenced:</b>             | 07 Dec 2020                       |
|   |  | <b>Date completed:</b>             | 18 Dec 2020                       |
| Key service delivery objectives:  |  |                                    |                                   |
| <p>The Communities and Partnership Directorate includes the following service areas:</p> <p><b>Adult Learning and Skills:</b> To plan and deliver a programme of adult learning across Cambridgeshire and ensure it meets the standards set by Ofsted.</p> <p><b>Cambridgeshire Local/ Think Communities:</b> To build and sustain community resilience and to reduce and manage demand for more costly and / or complex interventions across the public sector.</p> <p><b>Libraries:</b> To provide a comprehensive and efficient library service for all persons in Cambridgeshire.</p> <p><b>Archives:</b> To provide the community free access to original historical records and resources.</p> <p><b>Partnerships and Projects:</b> To enable cultural engagement and education through projects across museums, arts and libraries.</p> <p><b>Registration:</b> To provide a comprehensive and efficient registration service.</p> <p><b>Coroners:</b> To undertake investigations and inquests.</p> |  |                                    |                                   |

|  |
|--|
| <p><b>Key service outcomes:</b></p>  |
| <p><b>Adult Learning and Skills:</b> Skills development drives economic and social sustainability</p> <p><b>Cambridgeshire Local/ Think Communities:</b> Communities are resilient and there is reduced demand for local authority services</p> <p><b>Libraries:</b> Communities are able to access books, IT and community space for leisure and education purposes.</p> <p><b>Archives:</b> Communities are able to access archival material and learn more about local history.</p> <p><b>Partnerships and Projects:</b> Greater community engagement in arts and culture contributing to improved well being and benefiting the local creative economy.</p> <p><b>Registration:</b> Statutory requirements relating to Registrations are met. Residents are able to meet legal requirements for registrations.</p> <p><b>Coroners:</b> Statutory requirements relating to Coroners Services are met. Cases are managed efficiently reducing distress for those effected.</p> |
| <p><b>What is the proposal?</b></p>  |
| <p>Realisation of up to £200k savings across the directorate through identification of efficiencies and process improvement. These areas include:</p> <ul style="list-style-type: none"> <li>• Review of all budget lines to identify areas of historical underspend</li> <li>• Review of vacancy savings target recognising increased directorate size in recent years</li> <li>• Review of support functions across the directorate</li> <li>• Maximising income in the Registration Service</li> <li>• Cost reduction and income generation in the library service</li> </ul> <p>Anything that will result in a reduced level of service delivery is out of scope. This review focusses solely on areas where efficiencies and process improvements can be made.</p>  |
| <p><b>What information did you use to assess who would be affected by this proposal?</b></p>   |
| <p>The review began as a financial exercise and the initial focus has been on identifying areas of historic underspend which enable us to reduce budget lines without any impact on service delivery. This part of the proposal has no effect on people with protected characteristics.</p> <p>Benchmarking data was consulted, as part of the annual business planning process, which identified Archives and Libraries as areas where we had higher than average spend. In both of these areas, the benchmarking indicates that some authorities are achieving equivalent outcomes with a lower spend. In the next</p>   |

stage of the review we will seek to understand how that is being achieved and whether it is realistic for us to reduce our budget without reducing out

**Are there any gaps in the information you used to assess who would be affected by this proposal?**

The review is an ongoing process and for each stage we will compile the relevant information before developing a final proposal. As part of this process we will undertake an EqIA Screening Form at each stage and update the EqIA when required.

**Who will be affected by this proposal?**

The Community and Partnership Directorate delivers many services that are accessed by people with protected characteristics. Any proposals that may result in a reduced service delivery will not be implemented and our service users will not be adversely affected by any of the changes.

This business case will consider the vacancy savings targets and directorate support functions. This process will not result in any redundancies, restructuring or reduction in staff hours. The focus will be on processes and identifying efficiency savings from improved ways of working. This may require staff to adapt to the changes but support and training will be provided where needed. As part of this process we will ensure the training is inclusive of staff with protected characteristics. This will be achieved by agreeing training plans with HR and the EDI team.

The business case will consider how to maximise income in the Registration Service. This service has been adversely impacted by COVID-19 and the focus will be on lining up income budget with income received. There will be a separate Registration Services Review, at a later date when the service has stabilized, which will look in more detail at opportunities for additional income generation. This will generate a separate Business Case and Equality Impact Assessment.

The area of the business case exploring cost reduction and income generation in the library service will progress as part of the Future Libraries Initiative. This initiative is focused on improving library provision by positioning libraries as community hubs that provide access to a variety of services and enabling communities to be actively involved in commissioning services for their locality. Any cost reductions will likely be realized as part of efficiency savings and income generation will be through the introduction of new services and opportunities. This project is still in the development stages, with progress having been delayed by COVID-19. This equality impact assessment will be updated as it progresses, particularly in relation to any community consultation that takes place.

## Section 2: Scope of Equality Impact Assessment

| Scope of Equality Impact Assessment   |  |                                     |              |                                |                                     |
|---|--|-------------------------------------|--------------|--------------------------------|-------------------------------------|
| <i>Check the boxes to show which group(s) is/are considered in this assessment.<br/>Note: * = protected characteristic under the Equality Act 2010.</i> |  |                                     |              |                                |                                     |
| *   | Age                                      | <input checked="" type="checkbox"/> | *            | Disability                     | <input checked="" type="checkbox"/> |
| *   | Gender reassignment                      | <input checked="" type="checkbox"/> | *            | Marriage and civil partnership | <input checked="" type="checkbox"/> |
| *   | Pregnancy and maternity                  | <input checked="" type="checkbox"/> | *            | Race                           | <input checked="" type="checkbox"/> |
| *   | Religion or belief (including no belief) | <input checked="" type="checkbox"/> | *            | Sex                            | <input checked="" type="checkbox"/> |
| *   | Sexual orientation                       | <input checked="" type="checkbox"/> | <del> </del> |                                |                                     |
|   | Rural isolation                          | <input checked="" type="checkbox"/> |              | Deprivation                    | <input checked="" type="checkbox"/> |

## Section 3: Equality Impact Assessment

***The Equality Act requires us to meet the following duties:***

*Duty of all employers and service providers:*

- *Not to directly discriminate and/or indirectly discriminate against people with protected characteristics.*
- *Not to carry out / allow other specified kinds of discrimination against these groups, including discrimination by association and failing to make reasonable adjustments for disabled people.*
- *Not to allow/support the harassment and/or victimization of people with protected characteristics.*

*Duty of public sector organisations:*

- *To advance equality of opportunity and foster good relations between people with protected characteristics and others.*
- *To eliminate discrimination*

For full details see the [Equality Act 2010](#).

We will also work to reduce social deprivation via procurement choices.

| Research, data and/or statistical evidence  |
|---|
| <p><i>List evidence sources, research, statistics etc., used. State when this was gathered / dates from. State which potentially affected groups were considered. Append data, evidence or equivalent.</i></p> <ul style="list-style-type: none"> <li>• Revenue Accounts- 2020-21</li> <li>• LG Inform- 2018-19 data</li> <li>• iMPOWER Index Tool- August 2020</li> <li>• Central Services Benchmarking Survey 2019</li> </ul> |

|  |
|--|
| <b>Consultation evidence</b>   |
| <i>State who was consulted and when (e.g. internal/external people and whether they included members of the affected groups). State which potentially affected groups were considered. Append consultation questions and responses or equivalent.</i>  |
| We haven't yet identified any areas where consultation with staff and/or communities and service users may be required. If this need arises we will ensure that all consultation is inclusive of people with protected characteristics. This will be achieved by working with BI and the EDI teams to ensure that best practice is met in the consultation process.  |
| <b>Based on consultation evidence or similar, what positive impacts are anticipated from this proposal?</b>  |
| <i>This includes impacts retained from any previous arrangements. Use the evidence you described above to support your answer.</i>   |
| <ul style="list-style-type: none"> <li>• Review of the support functions may create more efficient ways of working which are beneficial to employees and service users.</li> <li>• Maximising income in the Registration and Library service will potentially be achieved through increasing the services currently offered thereby providing customers with more choice.</li> </ul>   |
| <b>Based on consultation evidence or similar, what negative impacts are anticipated from this proposal?</b>  |
| <i>This includes impacts retained from any previous arrangements. Use the evidence you described above to support your answer.</i>   |
| We do not expect any negative impacts from this proposal. This equality impact assessment will be regularly reviewed and updated if required.  |
| <b>How will the process of change be managed?</b>  |
| <p>The review will be led by the Service Director. Transformation support will be available to ensure capacity in managing any change processes.</p> <p>As the directorate responsible for community development, staff are highly skilled in consulting and engaging with communities and the voluntary sector. The Cambridgeshire Local programme provides a county wide infrastructure for consultation and information. However, the service review is primarily focussed on process and systems and is unlikely to generate any actions that will require this level of intervention.</p> |

**How will the impacts during the change process be monitored and improvements made (where required)?**

*How will you confirm that the process of change is not leading to excessive stress/distress to people with protected characteristics / at risk of isolation/deprivation, compared to other people impacted by the change? What will you do if it is discovered such groups are being less well supported than others?*

Any proposals that result in reduced service delivery will be rejected.

Any impacts on staff will only relate to changes in ways of working; there will be no financial impact on staff. We will create opportunities for staff to co-design any new ways of working to ensure that these changes do not have a negative impact.

This equality impact assessment is a working document and will be regularly updated as the review progresses.

## Section 4: Equality Impact Assessment - Action plan

See notes at the end of this form for advice on completing this table.

| Details of disproportionate negative impact<br>(e.g. worse treatment / outcomes) | Group(s) affected | Severity of impact<br>(L/M/H) | Action to mitigate impact with reasons / evidence to support this or Justification for retaining negative impact | Who by | When by | Date completed |
|--|-------------------|-------------------------------|--|--------|---------|----------------|
| Service staff struggle to adapt to new processes                                 | Staff             | Low                           | Staff co-designing changes. Training and support provided.   | AC     | TBC     | 18/12/20       |
|  |                   |                               |  |        |         |                |
|  |                   |                               |  |        |         |                |

## Section 5: Approval

|   |                               |   |                  |
|---|-------------------------------|---|------------------|
| <b>Name of person who completed this EIA:</b> | Josie Stone                   | <b>Name of person who approves this EIA:</b>  | Adrian Chapman   |
| <b>Signature:</b>                             | Josie Stone                   | <b>Signature:</b>   | Adrian Chapman   |
| <b>Job title:</b>                             | Senior Transformation Advisor | <b>Job title:</b><br><i>Must be Head of Service (or equivalent) or higher, and at least one level higher than officer completing EIA.</i> | Service Director |
| <b>Date:</b>                                  | 18/12/20                      | <b>Date:</b>  | 18/12/20         |

## Guidance on completing the Action Plan

If our EIA shows that people with protected characteristics and/or those at risk of isolation/deprivation will be negatively affected more than other people by this proposal, complete this action plan to identify what we will do to prevent/mitigate this.

### Severity of impact

To rate severity of impact, follow the column from the top and row from the side and the impact level is where they meet.

|                      |                  | Severity of impact |          |         |       | Priority and response based on impact rating  |   |   |
|----------------------|------------------|--------------------|----------|---------|-------|---|---|---|
|                      |                  | Minor              | Moderate | Serious | Major | High  | Medium  | Low   |
| Likelihood of impact | Inevitable       | M                  | H        | H       | H     | Amend design, methodology etc. and do not start or continue work until relevant control measures are in place. Or justify retaining high impact | Introduce measures to control/reduce impact. Ensure control measures are in use and working. Or justify retaining medium impact | Impact may be acceptable without changes or lower priority action required. Or justify retaining low impact |
|                      | More than likely | M                  | M        | H       | H     |   |   |   |
|                      | Less than likely | L                  | M        | M       | H     |   |   |   |
|                      | Unlikely         | L                  | L        | M       | M     |   |   |   |

### Actions to mitigate impact will meet the following standards:

- Where the Equality Act applies: achieve legal compliance or better, unless justifiable.
- Where the Equality Act does not apply: remove / reduce impact to an acceptably low level.

### Justification of retaining negative impact to groups with protected characteristics:

There will be some situations where it is justifiable to treat protected groups less favourably. Where retaining a negative impact to a protected group is justifiable, give details of the justification for this. For example, if employees have to be clean shaven to safely use safety face masks, this will have a negative impact on people who have a beard for religious reason e.g. Sikhism. The impact is justifiable because a beard makes the mask less effective, impacting the person's safety. You should still reduce impact from a higher to a lower level if possible, e.g. allocating work tasks to avoid Sikhs doing tasks requiring face masks if this is possible instead of not employing Sikhs.

## Business Planning: Business Case proposal

Project Title: Removal of obsolete Vehicle Activated Signs (VAS)

Committee: Highways and Transport

2021-22 savings: -£4,660 (per year)

Brief Description of proposal: This proposal is requesting Transformation Funding to remove any obsolete electronic signs and associated power supplies from the Public Highway to reduce future liabilities. Investment in this project will lead to future savings from reduced revenue costs as well as reducing health & safety risks and improving the environment due to reduced street clutter.

Date of version: 6 Nov 2020

BP Reference: B/R.6.202

Business Leads / Sponsors:

Richard Ling, Team Leader,  
Signals and Systems

### 1. Please describe what the proposed outcomes are:

Cambridgeshire County Council manages and maintains the local Public Highway, including the numerous road signs. Over the past 25 years a large number of electrically powered signs have been installed on the highway, the majority of these being to flash up a red/white speed limit roundel sign to approaching drivers, these are known as Vehicle Activated Signs (VAS). There are currently around 300 of these units remaining on our roads in various states of repair. As time has gone on this asset has increasingly been failing as the ageing technology fails and repair is no longer possible due to obsolescence of components. This project aims to remove this now obsolete asset from the highway, unlocking a number of financial and non-financial benefits.

The County Council's Highway Operational Standards (HOS) document does not support the direct replacement of the permanent VAS on our network. Replacement is required following either the failure of the unit or due to vehicle damage. Instead the authority promotes the replacement of the asset with either a temporary Moveable Vehicle Activated Sign (MVAS) or a Speed Indicator Device (SID) unit. These new units are sponsored, moved and maintained by the communities in which they are installed. Temporarily located MVAS are shown to provide a larger

reduction in speed than the traditional fixed VAS installations. Giving the community the potential to have a MVAS in their area may reduce the need for other more expensive and intrusive highway features in the future.

The issue of obsolete non-working VAS started around 15 years ago and has been increasing year on year as more of the increasingly ageing asset fails. Currently we have around 16 signs requiring removal from the highway, with another 20 awaiting to be confirmed, and a further 13 sites still working but unable to be repaired. The County's Traffic Signals Team have identified that a separately funded project is required to in part resolve this issue, with the current limited maintenance funding not able to meet the requirements.

Removal of the obsolete asset will reduce future revenue maintenance costs, improve health & safety and improve the general environment. Having a non-working asset on the highway still requires annual site visits by the maintenance contractor, leading to increases in CO2 emissions from the required travel. Removing the asset will in turn reduce CO2 emissions.

In addition to our own internal demand for this proposal, some communities have asked for the non-working VAS to be removed in order to reduce street clutter in their parishes. Removing the power supply also allows communities the possibility to install their own MVAS under the Local Highway Improvement Scheme.

The proposal also links to the following Cambridgeshire County Council outcomes:

- Reducing street clutter improves the environment and improves road safety helping to provide 'A good quality of life for everyone'.
- Giving the parish the opportunity to run their own MVAS project helps community engagement, supporting 'Thriving places for people to live in'
- In removing the obsolete VAS the need to travel in maintaining them is eliminated. This contributes towards 'Net zero carbon emissions for Cambridgeshire by 2050'.

In addition to a revenue cost saving over the future there are a number of safety and environmental outcomes - more details follow below. Removing the assets in a controlled manner will remove the future need to remove the asset at short notice due to an emergency need, undoubtedly this would cost more than within a planned programme.

The proposal provides a collective improvement to all using the Public Highway. There would be a marginal benefit to those with sight and mobility related disabilities, in that the footway would be clearer if any sign posts were removed.

## Health and Safety

Keeping a mains supply in the bottom of the sign poles retains the risk of electrical shock to the public. Although the site is inspected annually to control this risk the best way to control it is to eliminate it completely by removing the electricity supply.

As the signs continue to age there is a risk of the signposts rusting through which could leave them unstable. At this point, they would need to be removed at short

notice to prevent the sign falling, potentially onto a member of the public or from causing electric shock from any subsequently exposed equipment. Removing the signs early on would eliminate this risk as well as reducing the need for emergency action of removal at short notice.

To continue to inspect the signs will retain the current level of risk associated with both driving and inspection. Removing the signs will eliminate those risks for this particular inspection task that would no longer be required.

Keeping a non-working speed sign on the highway could lead to an increase in general speed due to the issue of it never flashing to those who are speeding.

Reducing street clutter improves the environment and allows drivers to be less distracted. Where the signposts are also removed, footways will be clearer and grass verges easier to maintain. (As is standard, any damage or holes left in the ground from removing the signs and poles would be corrected).

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

National guidance from the Department for Transport (DfT) directs us to reduce sign clutter if possible (Traffic Advisory Leaflet 01/13, Reducing Sign Clutter).

The County Council's Highway Operational Standards (HOS) document directs us not to replace the obsolete asset, but rather to promote its replacement with a community sponsored moveable MVAS sign.

The proposal moves forward to support a sustainable public highway, removing assets no longer providing a benefit, eliminating the pressure on resources to support them.

It also matches a number of the Corporate Strategy themes. These include the removal of the signs being requested by the community and improving the environment through CO2 reduction.

The CCC team have already removed some equipment within the highway, this has reduced revenue costs in a limited way.

Communities and local members are asking us to remove broken signs in their areas as they no longer provide any useful purpose. Removing equipment would allow them to re-use the pole, if still stable, to locate their own community based MVAS or SID speed sign on. They then take on responsibility of maintaining the pole along with their MVAS or SID.

Where signs have been removed, communities have already then installed their own MVAS or SID projects under the Local Highway Improvement Scheme. This project will continue this work with the required resources.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

The County's Traffic Signals Team manage the existing asset and have technical knowledge on the systems. We have great experience of working with electrical systems on the public highway, with a supply chain already in place.

The focus of the proposal is to deliver a project to physically remove the obsolete equipment from the public highway, removing all future risks and with the option of allowing the sign pole to be used by the community.

The alternative option would be to do nothing and continue to manage and maintain the obsolete equipment with the associated risks and costs.

Advantages and disadvantages of each option:

- Remain as we are / do nothing - If we do nothing the current backlog of non-working signs will remain on the network, requiring revenue funding each year to maintain them, with no path to ever finish this cycle. The signals team will continue to use staff resources to field enquiries about the problem, reducing the resource to spend on more worthwhile tasks. There will be a continual risk of the sign posts rusting through and requiring emergency funding to remove them together with the mains voltage power supplies at very short notice, this funding is not annually budgeted for. In this situation the sign would be at risk of falling onto a member of the public or electric shock from any exposed live equipment. There is no benefit in leaving the obsolete equipment on the highway. Having a non-working speed activated sign on site may in some part encourage higher speeds as the sign is not currently triggering for speeding vehicles, providing negative feedback.
- Removing the obsolete signs – this takes away the need to maintain the installation in the future. The electrical risk would no longer exist and the street scene environment would improve from the reduction of street clutter. Sign removal would also improve our reputation of properly maintaining the highway. If the sign post is assessed to be sound then this would be offered to the Parish council to mount a self-funded battery powered speed warning sign onto, with the potential to reduce speed and improve safety. Where sign posts are removed, footways will be clearer and grass verges easier to maintain.

A project to remove the obsolete signs and power supplies is preferred, managed by the Traffic Signals team and delivered through the existing supply chain in place.

### Project delivery and capacity

The project would be relatively small with the asset having little connection to other services. The team has already been working with our delivery partner to look at how the project would be delivered. There have been discussions with Parish councils about removing signs in their area, this has generally been accepted well.

The Traffic Signals team already have experience in this work. Some of the required work has already been costed. The team have put a system in place to manage the asset, knowing at this time which of the current 300 signs require removal and those at risk. The existing Traffic Signal Team Maintenance contractor is contracted to

carry out this work, and power supplies can be removed by the local power company, UKPN, or our street lighting contractor.

## Transformation Funding

This proposal would require upfront funding in order to go ahead and so we are in the process of submitting a bid to GPC to request that Transformation Funds be considered for this project. Transformation investment would provide the financial resources to allow a positive outcome to the current problem as well as savings over the longer term. It would enable us to reduce future revenue costs, eliminate health & safety risks and allow future community based projects.

### 4. What are the next steps/ actions the Council should take to pursue it?

- Agree internally the current outstanding list of obsolete equipment.
- Confirm the resources provided to the project, checking that they match the requirements.
- Programme the removal of individual sites.
- Inform stakeholders on programme, assisting Projects team on future community sign projects.
- Order mains power removals with power company (UKPN).
- Apply for required permits with County's Street works team.
- Order removal of remaining sign faces.
- Remove power supplies to make the site electrical safe.
- Remove existing sign faces and rusted poles, using any spare parts to maintain remaining asset.
- Inform stakeholders that work is complete and any community projects can proceed.
- Review project.

Additionally, regular feedback would be provided throughout to the Transformation team as agreed and required.

There has been discussion with the Traffic Signals team maintenance contractor about the issues and how best to efficiently deal with the situation. The energy supply company has been contacted to receive some estimated costs to provide disconnections.

There are already term maintenance contracts in place so no commercial /procurement contract work is needed. We will ensure the Highway Projects team, local members and parish councils are aware of the individual site projects. We will let communities know about the possibility of them changing the site to use their own funded MVAS or SIDs.

The current traffic signal contract operates between five local authorities, passing on general collective savings. Although some of the project would be procured through this contract the work is relatively small and doesn't link with that in other areas.

Regular email and/or phone updates will be provided by the Signals Team to local members and Parish councils. This will include letting them know why and when the removal will take place. We will work with our colleagues to let them know when the locations are safe as described above in the outline plan.

### High Level Timetable

| Task  | Start Date  | End Date    | Overall Responsibility |
|---|-------------|-------------|------------------------|
| Following possible Full Council approval in Feb '21, prepare project team for start in April 2021. Finalise proposed site scope list, inform stakeholders.                                | March 2021  | March 2021  | CCC Signals Team       |
| Request quotations from UKPN for electrical disconnections, order other disconnections from CCC Street lighting. Request estimates from Traffic Signal contractor for sign/post removals. | April 2021  | April 2021  | CCC Signals Team       |
| Review received costs, adjusting programme to suit budget. Order works with suppliers, book road space permits. Inform stakeholders.  | May 2021    | May 2021    | CCC Signals Team       |
| Carry out required site work, keeping Stakeholders informed.  | Summer 2021 | Autumn 2021 | CCC Signals Team       |
| Project debrief.  | Winter 2021 | Winter 2021 | CCC Signals Team       |

### 5. Could this have any effects on people with protected characteristics?

The proposal provides a collective improvement to all using the Public Highway. There would be a marginal benefit to those with sight and mobility related disabilities, as well as those using a wheelchair or with a pram / pushchair, in that the footway would be clearer if any sign posts were removed.

### Mitigating actions:

No negative effects have been identified following the removal of the signs.

During any removal works, the usual mitigations around access (such as temporary paths) would be put in place.

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

Each year every sign needs an engineer visit to carry out a safety inspection and other maintenance tasks. The cost increases each year however the 2020/21 cost was £76. The number of faulty signs increase monthly but we would estimate there are currently around 35 requiring removal. Until they are removed the authority will pay each year **£2,660** (35 x £76) to maintain this obsolete asset. This is a relatively small amount but will be payable each and every year (in increasing amounts) until the asset is removed, so doing this now would be an investment to reduce future revenue costs.

In addition to the contractor costs the current situation needs to be managed by a member of the County's Traffic Signals Team. Additional time is needed to monitor and discuss the condition of the asset with the contractor together with communicating with local members and the community. An estimate of time taken each year would be around 50 hours per year, costing **£2000** per year (50hrs x £40). Although the cost is not directly recoverable, as the resource is a full time employee, this resource would then have time to support more worthwhile functions.

In summary if all signs are removed the County would benefit by £4,660 per year, or **£93,200** over 20 years. However, realistically the saving would be significantly higher than this as the figure does not allow for inflation of inspection costs each year, or the costs of needing to remove signs at short notice due to safety.

To gain the above benefit requires a capital investment to remove the obsolete assets. The cost will change depending on if the power supply is simply connected into an existing highway street light or if the supply is connected directly onto the UKPN main. In addition, there can be expensive traffic management costs to install temporary traffic lights to allow the work to be completed safely. The traffic signal company will need to remove the sign from the pole and dig out the pole itself if not safe to leave for use by the community.

The figures below list the estimated individual costs based on previous similar schemes.

Remove power connection from UKPN main, £1,200-£2,500, depending on traffic management.

Remove power connection from CCC streetlight, £200-£500, depending on traffic management.

Remove sign and dig out sign posts (2 sites per day), £900.

Remove sign only, leaving posts in situ, (2 sites per day) £400.

The blend of site situations is not fully clear but an estimate for each site would be £2,200. Over the estimated 35 sites to remove, the required funding would be **£77,000**.

The proposal estimate is an investment of £77,000 to recover £93,200 over 20 years. With these figures the financial case for the change runs over an extended period, much longer than would normally be the case. This situation is slightly different however in that at some time in the next 20 years the authority would need to remove the asset anyway due to the post rusting through and becoming too dangerous to allow to remain on the highway. At this time the cost of removal would be much more than above due to it being completed under emergency conditions. It would also be a higher risk approach with potential risk of accidents.

A further financial benefit, although hard to determine, is the possibility of future insurance claims from the public. As a highway authority we have a duty of care to maintain the highway. There is a possibility, if only small, of claims due to collision with this ageing asset or electrocution with the supply. An insurance company may see the unused and obsolete asset as an obstruction of the highway. The claim may not necessarily be payable but we would still have costs in dealing with any claim.

### Non-Financial Benefits

| Key Benefit  | Measure  | Baseline  | Target & Timescale   |
|--|--|---|--|
| Reduction in number of obsolete signs on highway   | Number of obsolete pieces of equipment on the Public Highway | 35, increasing as more equipment becomes faulty | No obsolete equipment by the end of March 2022   |
| Reduction in number of complaints and general enquiries from the community about street clutter from non-working equipment | Number of previous communications                            |   | No complaints generated from sites removed at end of project   |
| Parish council able to use site for community scheme   | Number of sites re-used                                      | 0   | 5 sites identified to develop community MVAS scheme, in next round of Local Highway Improvement scheme |

## 7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| <b>Risk</b>  | <b>Mitigation</b>  | <b>RAG (should the risk occur)</b> | <b>Overall Responsibility</b> |
|--|--|------------------------------------|-------------------------------|
| Costs for removal are higher than estimated                      | Send out quotation enquires to contractors early in programme. Reduce number of sites to suit resources if required, requiring additional revenue in future years to maintain remaining assets | AMBER                              | Traffic Signals Team          |
| Electricity company (UKPN) do not remove connection to programme | Keep in regular contact to manage the disconnections jointly   | RED                                | Traffic Signals Team          |
| Traffic signal company do not remove signs to programme          | Keep in regular contact with local depot to manage the programme   | AMBER                              | Traffic Signals Team          |

## 8. Scope: What is within scope? What is outside of scope?

In scope is the existing obsolete electronic signs on the public highway.

Those on private land or managed by third parties under license are out of scope for the project. All other electrical items on the highway including street lights and traffic signals systems fall out of project scope, being maintained from other resources.

## Business Planning: Business Case proposal

Project Title: Review winter operations

|                                |   |
|--------------------------------|---|
| Committee:                     | Highways and Transport  |
| 2021-22 Savings:               | -£13,500 (per year)   |
| Brief Description of proposal: | The proposal is to increase the winter gritting domains from three domains to five domains. |
| Date of version: 23 Nov 2020   | BP Reference: B/R.6.201   |
| Business Leads / Sponsors:     | Jonathan Clarke, Richard Lumley   |

### 1. Please describe what the proposed outcomes are:

Cambridgeshire County Council manages and maintains the local Public Highway and an essential part of this management is the winter service. The County Council receives a daily winter weather forecast from the 1 November to the 14 April and makes a decision whether to grit the network based on this forecast. The forecast is split into three current areas known as domains. These are North and East, South and West and Cambridge City. This project aims to increase the number of domains to five thereby unlocking a number of financial and non-financial benefits.

The County Council currently has a good spread of weather forecast stations across the county. Each of the proposed new domains has at least one. This enables the forecast to be accurate and any differences in forecast between domains can then trigger different gritting actions or no action. It is not anticipated that we require any further forecast stations.

By gritting only domains that require gritting gives an immediate financial benefit as well as saving resources such as fuel and salt. The latter having an environmental benefit with the reduction of fuel usage leading to a reduction in CO2 emissions.

There is an internal demand for this initiative in order to maintain the level of service and also to improve the efficiency of resources to do so.

The proposal also links to the following Cambridgeshire County Council priorities:

- Only deploying gritting vehicles in domains when the forecast of the domain dictates will contribute towards 'Net zero carbon emissions for Cambridgeshire by 2050'.
- Keeping the highway network open during the winter period helps provide 'A good quality of life for everyone'.
- Enabling businesses to operate during the winter period on a safe highway network helps ensure 'Thriving places for people to live in'.

In addition to a revenue cost saving over the future, there are a number of improved environmental outcomes - more details follow below.

The proposal provides no change to people with protected characteristics.

The proposal provides no change to Health and Safety.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

National guidance from the Institute of Highway Engineers and NRSWG Promotes only carrying out winter gritting when necessary.

The proposal moves forward to support a sustainable public highway reducing the pressure on resources required to support it.

The proposal matches a number of the Corporate Strategy themes such as improving the environment through CO2 reduction.

Cambridgeshire County Council is part of the Eastern Region Winter Maintenance Consortium. This enables us to share in best practice and learn from our neighbouring authorities. Some of these authorities have already increased their weather domains. The authority also increased its own domains from one to three and has been able to identify savings by gritting only the domains that require treatment.

## 3. Has an options and feasibility study been undertaken?

**Please explain what options have been considered.**

The County's Highway Maintenance Team manage the existing winter service. The team has many years of experience of delivering winter service with a supply chain already in place.

The focus of this proposal is to purchase forecasts based on five weather domains. We have looked at the advantages and disadvantages of continuing with three or increasing to five. If we do nothing and continue with just three then we are wasting resources by gritting parts of the highway network when it is not required and the risk of ice is not there. Increasing the domains has the potential to maintain the service as required in the domains needed and save revenue.

The team has already been working with our delivery partner to look at how the project would be delivered. The project could be managed by the Highway Maintenance team as they already have experience in this work and then delivered through the existing supply chain in place. Some of the required work has already been costed. The supply chain is aware of the project proposals and has confirmed that they are able to deliver.

#### 4. What are the next steps/ actions the Council should take to pursue it?

- Agree the geographical boundary of the domains.
- Confirm the resources provided to the project, checking that they match the requirements.
- Programme the start of forecasts for the five domains. Inform Highway Service provider regarding increase of domains.
- Training on decision making upon receiving forecasts for five domains. Inform stakeholders on programme, assisting Projects team on future community sign projects.

There has been discussion within the Highway Maintenance Team, and with the current forecast provider around the co-design of this project.

There are already winter forecast contracts in place with the Eastern Region Winter Maintenance Consortium through ESPO so no commercial/procurement contract work is needed.

Engagement would be with the communications team and regular updates as the project progresses. It would be adopted into the Winter Service Plan - this is presented every year to the Highway Committee for approval.

#### High Level Timetable

| <b>Task</b>  | <b>Start Date</b> | <b>End Date</b> | <b>Overall Responsibility</b> |
|--|-------------------|-----------------|-------------------------------|
| Agree domains and receive test forecasts form provider.    | Jan 2021          | April 2021      | CCC Highway Maintenance Team  |
| Evaluate action taken between current and proposed domains | Jan 2021          | April 2021      | CCC Highway Maintenance Team  |
| Project communications to stakeholders                     | April 2021        | October 2021    | CCC Highway Maintenance Team  |

#### 5. Could this have any effects on people with protected characteristics?

The proposal provides no changes to the service that we provide, although there could be a minor potential impact on staff (including any staff with protected characteristics) if less journeys are completed.

Gritting is carried out by a mixture of Skanska and CCC (Cambridgeshire County Council) staff. Staff get paid a winter allowance on top of their normal salary and the

number of journeys varies annually due to weather conditions. By having more targeted gritting means we do not lose staff unnecessarily from their day jobs and the new system will not affect their base salary.

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 of the two new forecast domains: £4,000 pa.

Anticipated financial savings through reduction in gritting runs - We have good coverage of weather stations across the county. These are used by the forecaster to drive the forecasts for the domain. We know that there are variances of weather over the current domains and therefore by making them smaller we will only be treating the areas that require it. The number of times that this may happen over the year will depend on the forecasts, there is not a large variance across the domains but a small one on marginal nights. There is an economic saving. For example, to treat north and east week day is approx. £3000 payable to the Highway service provider. Splitting this into two domains will half the cost if we only send out the North domain. On top of this, of course, are the costs of salt and fuel.

Savings across the season are difficult to quantify because we are dealing with the varying weather during the winter season. However, if we can base predicted savings on an average of the previous five years of weather then in a typical season there may be five opportunities to send out some but not all domains This could give savings of up to £17,500 (less the £4,000 costs would be £13,500 per year).

### Economic, commercial and financial case for doing this:

The proposal estimate is an investment of £4,000 with the opportunity to save up to, but not guaranteed, (due to the variance of the weather as stated before) £17,500 per year.

A further financial benefit, although yet to determine, is fuel and salt cost saving.

### Non-Financial Benefits

| Key Benefit   | Measure                                  | Baseline | Target & Timescale                        |
|---|--|----------|---|
| Reduction in number of unnecessary gritting runs in | Number of gritting runs against forecast |          | Introduction of new domains November 2021 |

|   |   |  |   |
|---|---|--|---|
| domains where it is not required                          |   |  |   |
| Reduction in CO2 emissions through less vehicle movements | Calculation of CO2 emission per vehicle per run saved |  | Introduction of new domains November 2021 |

7. Are there any identified risks which may impact on the potential delivery of this? What is the risk if we do not act?

| <b>Risk</b>  | <b>Mitigation</b>   | <b>RAG (should the risk occur)</b> | <b>Overall Responsibility</b> |
|--|---|------------------------------------|-------------------------------|
| Costs for forecast domains are higher than estimated                                   | Conform geographic location of domains and ensure weather forecast stations coverage is adequate early in programme | AMBER                              | CCC Highway Maintenance Team  |
| Forecast provider does not establish the new domains in time for start date of project | Keep in regular contact with supply chain to manage the project   | RED                                | CCC Highway Maintenance Team  |

8. Scope- What is within scope? What is outside of scope?

In scope is increasing the existing three winter forecast domains, North and East, South and West and Cambridge City to five new domains North, East, South, West and Cambridge City.

## Business Planning: Business Case proposal

### Project Title: Reduction in Staff Mileage

Committee: General Purposes Committee

2021-22 Savings: -£564,000

Brief Description of proposal: We have seen a significant reduction in staff car mileage since the start of the 2020/2021 financial year, predominately due to Council staff having to work from home because of the Coronavirus pandemic. This has resulted in a cultural shift for the organisation towards travelling less and enabling successful remote working with our colleagues while still serving the needs of our residents. This is an opportunity to reduce staff mileage budgets longer term across all Council service areas for 2021/2022.

Date of version: 4 Nov 2020

BP Reference: C/R.6.104

Business Leads / Sponsors:

Jonathan Trayer and Richard Kean,  
Finance Business Partners, Corporate  
Finance

### 1. Please describe what the proposed outcomes are:

This is an opportunity to reduce staff mileage budgets on a permanent basis which will enable a saving of £564,000 to be realised for the 2021/22 financial year and £186,000 thereafter to support the budget deficit.

The current pandemic has accelerated a cultural and behavioural shift for the organisation towards working remotely and travelling less, while still being able to successfully serve the needs of our residents. Working remotely has reduced the commuting time for staff.

A reduction in staff travel will also help the Council to deliver its pledge of net zero carbon emissions by 2050. Low carbon transport is one of the priority areas in the Council's Climate Change and Environment Strategy, which has a specific action to "Encourage staff to use public transport or cycle where possible to minimise other business travel carbon emissions". Data from the mileage and expenses claims system shows that staff travelled over 5 million miles in 2019-20, which accounted for 1,803 tonnes CO<sub>2</sub>e greenhouse gas emissions. This is already a sizeable

reduction from the previous year (6.3m miles, 2,292 tonnes CO<sub>2</sub>e in 2018-19). There is a Council target to reduce our indirect (scope 3) emissions by 50% by 2030 and so future work in this area will look at Sustainable Travel for Work more strategically. This could mean increasing the Council's use of pool or hire cars (which could be electric). Other Councils have already begun trials on these kinds of ideas.

## 2. What evidence has been used to support this work, how does this link to any existing strategies/policies?

This business case proposal is based on the evidence gathered by Finance for quarter one and quarter two of the 2020/21 financial year. The quarter one mileage saving in the People and Communities directorate alone was £300,000.

The 2021-22 savings target of £564,000 has been calculated on the assumption that the combined savings for quarters one and two will be similar to a single quarter of the current year (2020-21) and will fall to 10% of the current level in quarters three and four, remaining at this level thereafter.

These assumptions take into account that there is likely to be a significant increase in travel post-COVID given that many of the Council's services work effectively face-to-face and our operating model is centered on being close to our Communities. However, it is recognised that the pandemic has also rapidly increased usage of digital meeting and video conferencing tools. As such we do not expect that staff mileage will ever return to previously seen levels because of these technological advances.

The Council is investing in Information Technology, digital tools and techniques and our data capabilities to enable improvements to remote working. These investments are set out in the finance tables (section 3) of our Business Plan.

## 3. Has an options and feasibility study been undertaken? Please explain what options have been considered.

An options and feasibility study is not necessary for this business case proposal as it based on the assumption that current working practices will continue where practical post-COVID. Business Partners in Finance will work with Budget Managers to review staff mileage budgets and recoup the savings.

## 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                     |
|--|---------------|------------|--|
| Drafting and issuing of messages to staff encouraging continued remote working where practical and promoting use of fleet vehicles and green methods of travel such as cycling (which can be claimed at 20p a mile – a lower rate than car); utilise Camweb and Friday Focus | February 2021 | March 2021 | Communications Team                        |
| Review mileage budgets for services and incorporate savings  | March 2021    | April 2021 | Finance Business Partners, Budget Managers |

### 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 are no disproportionate effects on those with protected characteristics. It is recognised that staff are located across the County and beyond, but staff mileage budgets are not being permanently removed, just reduced. Staff are already encouraged to think of alternative modes of transport and these messages can be incorporated into the communication about reduction of staff mileage budgets. This forms part of the wider strategy on How we Work and will continue to be developed as new ways of working emerge.

### 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.

| Key Benefit                                       | Measure   | Baseline                                 | Target & Timescale   |
|---|---|--|--|
| Reduction in spending on staff mileage allowances | Monthly monitoring and reporting of financial position against budgeted spend | 2019-20 mileage spend (£3.49m)           | £564k saving in 2021-22, £186k ongoing saving from 2022-23 |
| Reduction of our carbon footprint                 | Greenhouse gases from employee  | 2,292 tonnes CO <sub>2</sub> e (2018-19) | Reduce by 50% by 2030                                      |

|  |   |   |                               |
|--|---|---|-------------------------------|
|  | mileage (excludes commuting, mileage from pool cars or other council vehicles)                              |   |                               |
| <b>Key Benefit</b>   | <b>Measure</b>  | <b>Baseline</b>   | <b>Target &amp; Timescale</b> |
| Increased staff uptake of green travel alternatives such as public transport and cycling         | Staff travel survey   | Pre-COVID-19 proportion of staff using private cars (baseline figures to be calculated) | See above                     |
| Increase in flexible working opportunities and emphasis on alternative meeting options for staff | Staff travel survey and increase in staff satisfaction measureable via the pulse monthly engagement surveys | Pre-COVID-19 staff working patterns   | See 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?

The extensive and abrupt shift in working practices as a result of the pandemic provides a key opportunity to accelerate the cultural shift towards remote working. It is unlikely that such an opportunity will be presented in the future given there will be a gradual return to office based working (albeit likely to be lower than pre-COVID-19 times), and so it is an appropriate time to act and ensure we are encouraging more sustainable ways of working.

However, we need to ensure that the advantages of reducing travel are balanced with the need to work closely with our communities; the financial target for this saving has therefore been set at a conservative level to take full account of this requirement.

## 8. Scope - What is within scope? What is outside of scope?

Staff car mileage budgets across all service areas are within scope, as are the budgets for cycling and motorbike allowances at 20p and 24p per mile respectively. Changes to the per mile allowances are not within scope.



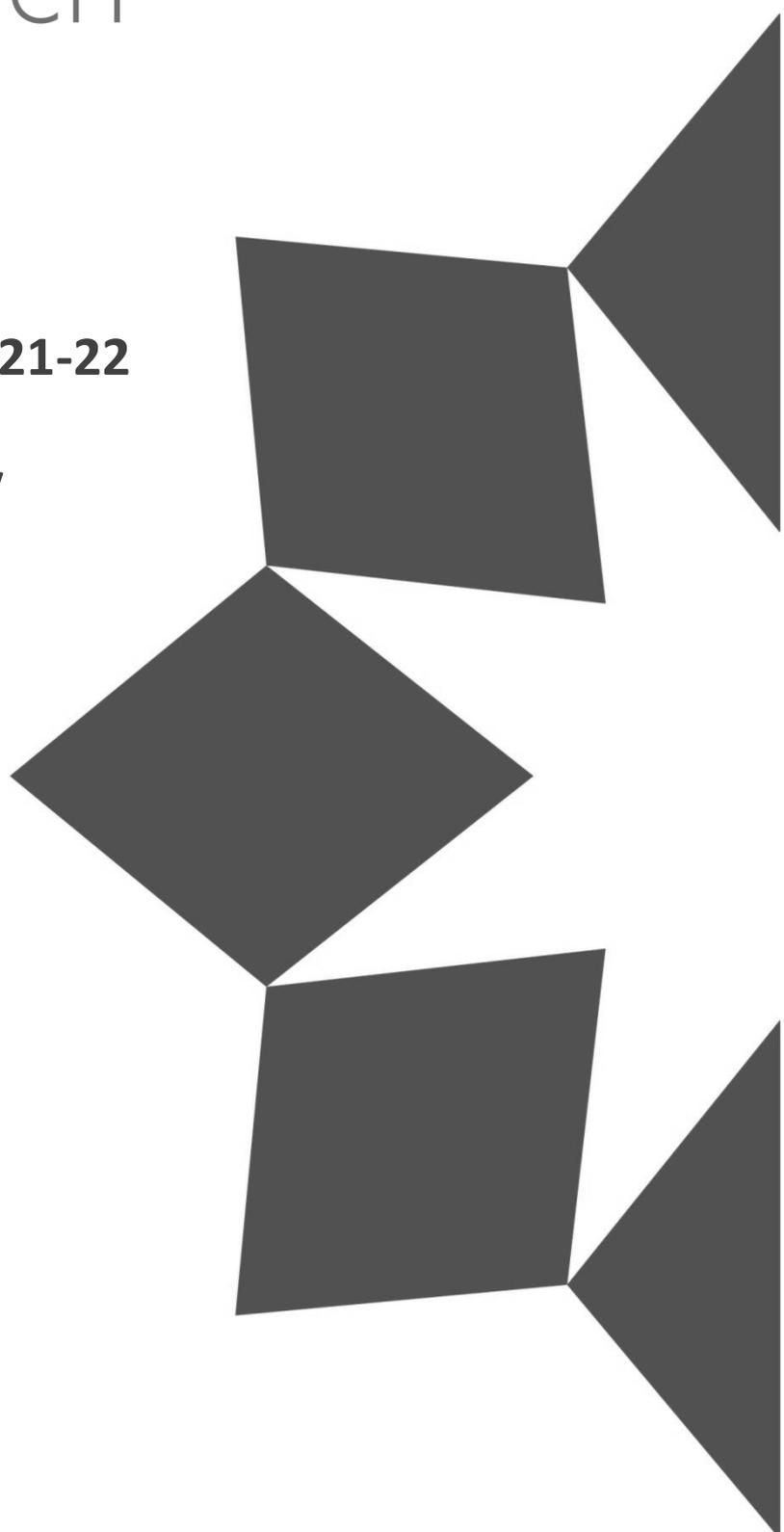
**Budget consultation 2021-22**

**Cambridgeshire County**

**Council**

**Draft Report V3**

**January 2020**





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## Project details and acknowledgements

|                         |                               |
|-------------------------|-------------------------------|
| <b>Title</b>            | Budget consultation 2021-22   |
| <b>Client</b>           | Cambridgeshire County Council |
| <b>Project number</b>   | 20152                         |
| <b>Author</b>           | Sophi Ducie                   |
| <b>Research Manager</b> | Sophi Ducie                   |
| <b>Reviewed by</b>      | Jenny Chen and Sam Jones      |

M·E·L Research would like to thank the County Council's communications team in helping to promote the survey during these challenging times as well as all the residents who provided feedback.

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# BUDGET CONSULTATION 2021-22

2020



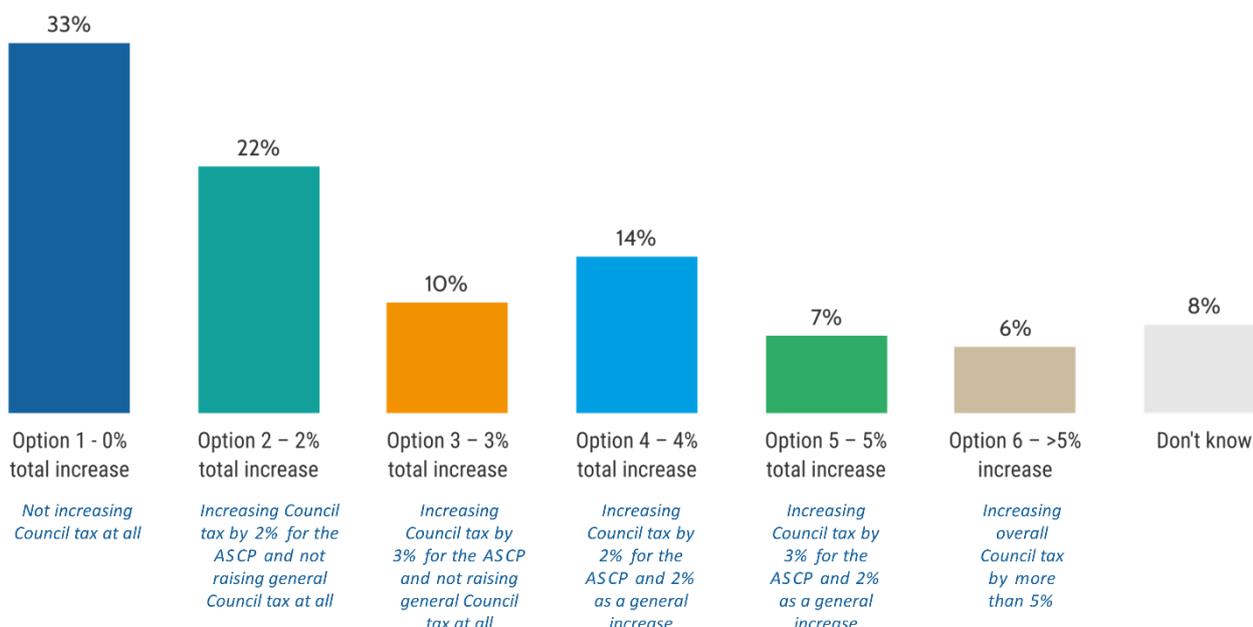
When Members approved this year’s budget in February 2020 the council only needed to find savings of £4m to balance next year’s budget. The COVID-19 pandemic has changed the situation.

In preparing the budget for 2021-22, the council have estimated the likely impact that the virus will have on planned savings, on their income and the need to support people whose challenges have increased. They now expect to need to find savings in the region of £30m to balance next year’s budget.

The council commissioned M.E.L Research to carryout a consultation to explore residents’ perceptions of living in Cambridgeshire and to gain feedback on how best to address the financial pressures in 2021-22.

The consultation ran for a period of three weeks from 27th November to 20th December 2020. Overall 1,308 residents took part in the consultation via an online (n=1,179) or booster telephone (n=129) survey.

## SUPPORT FOR OPTIONS n=1,308



## TOP 3 REASONS WHY RESIDENTS CHOSE THEIR PREFERRED OPTION

**Option 1**

- Pay enough as it is / already for the services we get
- It's already too expensive
- Can't afford to pay anymore

**Option 2**

- Fair increase / best option for me personally
- Take into account the people have lost their jobs/pay freezes/cuts/low incomes
- Can't afford to pay anymore

**Option 3**

- Fair increase / best option for me personally
- Can't afford to pay anymore
- Services need the funding to cope / protect services
- Take into account the people have lost their jobs/pay freezes/cuts/low incomes

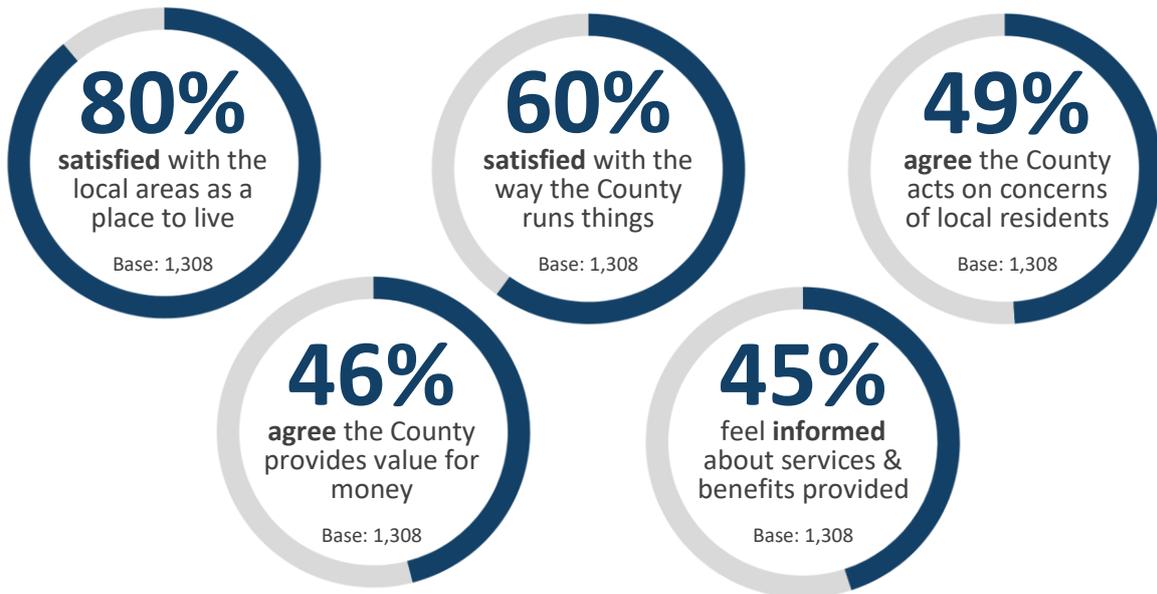
**Option 4**

- Fair increase / best option for me personally
- Services need the funding to cope / protect services
- General acceptance that Council tax needs to increase

**Option's 5&6**

- Services need the funding to cope / protect services
- General acceptance that Council tax needs to increase
- Fair increase / best option for me personally

## OVERALL ATTITUDES TOWARDS THE LOCAL AREA



Results are based on a representative sample (by age group, gender and District area) of Cambridgeshire residents (n=1,308), returning a confidence interval of  $\pm 2.7\%$  at the 95% confidence level. Produced by M·E·L Research, independent research consultants on behalf of Cambridgeshire County Council.

# Introduction

## Research context

Over the last five years Cambridgeshire County Council have been implementing a range of measures to help mitigate the financial pressures. When Council members approved this year's budget in February 2020 the council only needed to find savings of £4m to balance next year's budget. The COVID-19 pandemic has changed the situation.

Since March 2020, the council has needed to put in place additional support for local communities and has taken steps to maintain critical front line services and support essential suppliers. In preparing the budget for 2021-22, the council have estimated the likely impact that the virus will have on planned savings, on their income and the need to support people whose challenges have increased. They now expect to need to find savings in the region of £30m to balance next year's budget.

The council are grateful for financial support provided by the Government so far, but it is not enough long term. They are working with MPs to make their case to request for more funding to cover the cost of the crisis. If the Government does not fully fund the council's additional costs, and if the council cannot raise additional incomes, they will have to look into measures such as reducing the current levels of service, increasing Council tax, etc.

The council commissioned M·E·L Research to carry out a consultation to explore residents' perceptions of living in Cambridgeshire and to gain feedback on how best to address the financial pressures in 2021-22.

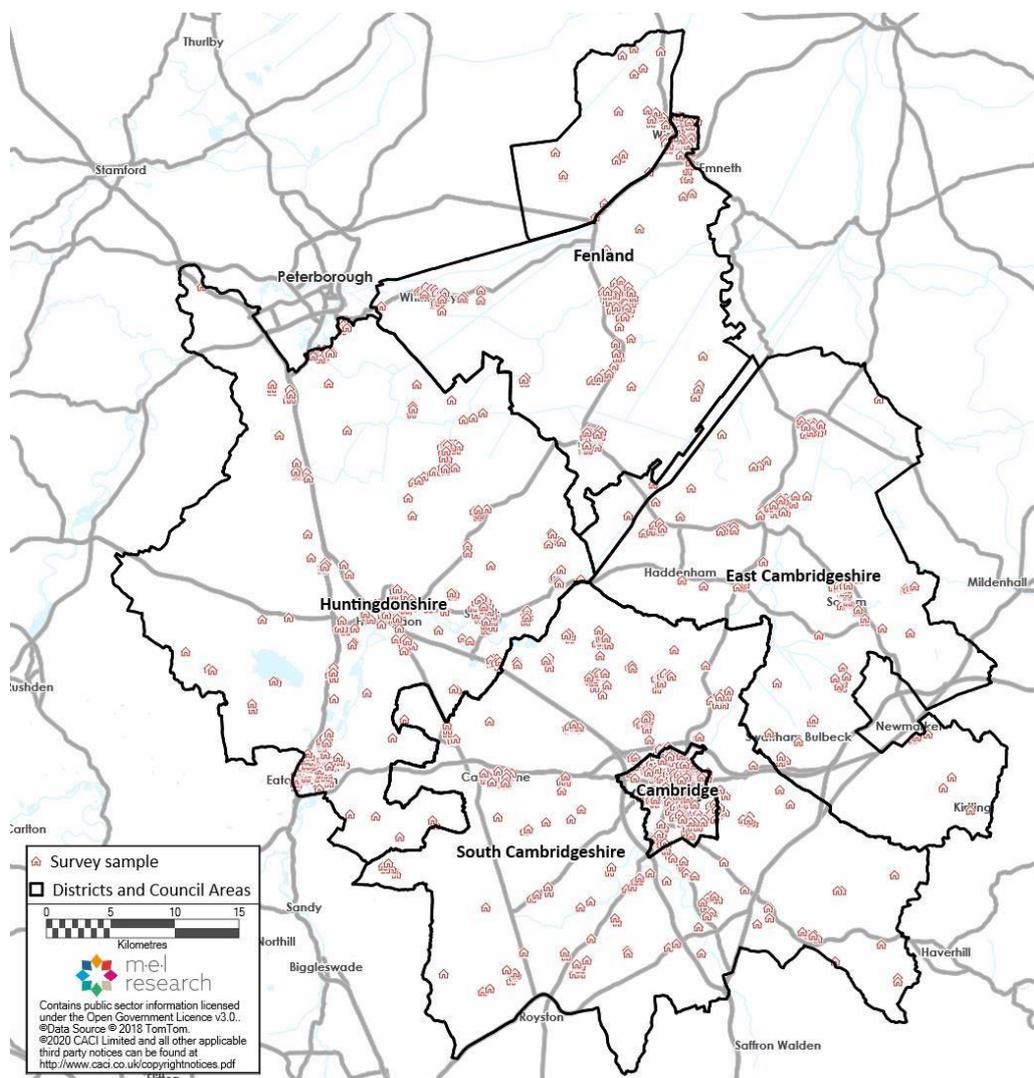
## Methodology

The consultation ran for a period of three weeks from 27<sup>th</sup> November to 20<sup>th</sup> December 2020. Overall, 1,308 residents took part in the consultation. Below presents a summary of the approaches taken:

|                          | Online survey   | Booster telephone survey                           |
|--------------------------|---|--|
| <b>Target population</b> | Cambridgeshire residents aged 18 or older   |  |
| <b>Interview length</b>  | Average of 12 minutes   |  |
| <b>Survey period</b>     | 27 <sup>th</sup> November to 20 <sup>th</sup> December 2020   | 10 <sup>th</sup> to 20 <sup>th</sup> December 2020 |
| <b>Sampling method</b>   | <ul style="list-style-type: none"> <li>✓ Online survey sent to a representative sample of residents via email</li> <li>✓ Open link circulated via social media</li> </ul> | Targeted interviews with underrepresented groups   |

|                               |                 |                          |
|-------------------------------|-----------------|--------------------------|
| <b>Data collection method</b> | Self-completion | Interviewer administered |
| <b>Total sample returned</b>  | 1,179           | 129                      |

**Map 1: Plotted postcodes of survey sample**



## Statistical reliability

The survey findings are based on feedback from a sample of Cambridgeshire residents and results are therefore subject to sampling tolerances. Best practice is to gain a sample with a confidence interval of  $\pm 3.0\%$  (based on a 95% confidence level using a 50% statistic), which is approximately 1,100 surveys.

With 1,308 residents having completed the survey, this returns a confidence interval of  $\pm 2.7\%$  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 (had the whole population been surveyed) could in reality lie within the range of 47.3% to 52.7% and that these results would be seen 95 times out of 100.

The lower the confidence interval the greater the confidence you can have in your results. Table 1 below shows the confidence intervals for differing response results (sample tolerance).

**Table 1: Surveys completed overall**

| Size of sample | Approximate sampling tolerances* |            |            |
|----------------|----------------------------------|------------|------------|
|                | 50%                              | 30% or 70% | 10% or 90% |
|                | ±                                | ±          | ±          |
| 1,308 surveys  | 2.7                              | 2.5        | 1.6        |

\* Based on a 95% confidence level

## Analysis and reporting

The online survey is a self-selection methodology, which means residents were free to choose whether to participate or not. It is therefore anticipated that the demographic profile of the respondents would not necessarily be fully representative of the target population. The booster telephone survey was delivered to try and adjust for the underrepresented groups via the online survey alone, e.g. male, under 35 age group. Although we made some progress in gaining feedback from these groups of residents, we were not able to achieve a sample profile that was fully representative of the population profile of Cambridgeshire. We therefore applied rim weightings to adjust that. For comparative purposes, both the weighed and unweighted results have been presented.

### Weighting

The data was weighted by age group, gender and district area. This ensured that it more accurately matches the known profile of Cambridgeshire. The procedure involves adjusting the profile of the sample data to bring it in line with the population profile of Cambridgeshire. For example, in the survey the final sample comprised of 43% men and 57% women. Census data tells us that the proportion should be 50% men and 50% women. To bring the sample in line with the population profile we applied weights to the gender profile. The same process was repeated for the remaining subgroup profiles.

## Comparative data

Several questions have been included from the Local Government Association's (LGA) 'Are you being Served?' survey for benchmarking purposes. The regional East of England data and the national survey results are based on the Local Government Reputation Poll Financial Year 2019/20. Each financial year

is made up of three waves to provide adequate regional sample sizes. Local Government Reputation Poll is carried out via telephone, therefore, where comparisons are made to the regional and national LGA survey results, these should be seen as indicative due to the difference in data collection methodology. It should be noted that at the time of the writing the report, the regional and national data sets were based on unpublished data.

## Statistical tests

Differences in views of sub-groups of the population were compared using a statistical test (z test<sup>1</sup>) and statistically significant results (at the 95% level) are indicated in the text. Statistical significance means that a result is unlikely to happen due to chance (i.e. It is a real difference in the population) and that if you were to replicate the study, you would be 95% certain the same result would be achieved again. As the sample for this research was weighted to be representative by age group, gender and district area, and was naturally representative by Acorn category, analysis for other sub-groups will be indicative only.

## Presentation of data

Owing to the rounding of numbers, percentages displayed visually on graphs and charts within this report may not always add up to 100% and may differ slightly when compared with the text. The figures provided in the text should always be used. Where figures do not appear in a graph or chart, these are 3% or less. The 'base' or 'n=' figure referred to in each chart and table is the total number of residents responding to the question with a valid response.

### Icon key:



Gender



Acorn classification



Age group



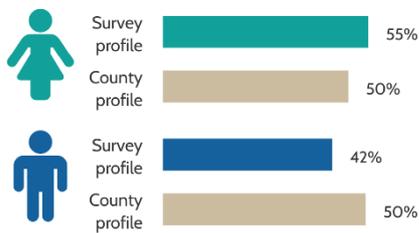
District/City

<sup>1</sup> A statistical test to determine whether two population means are different when the variances are known and the sample size is large.

# Who provided feedback?

Below are the unweighted socio-demographic results of respondents who took part in the survey and compared against the known profile of Cambridgeshire. The results presented in this report have been weighted by age group, gender and district area to better reflect the profile of Cambridgeshire, although unweighted results have also been presented for readers' information. Data sourced from NOMIS Mid-year 2019 Population estimates and 2011 Census - ONS Crown Copyright Reserved.

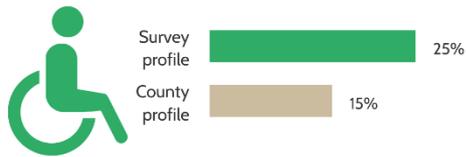
## Gender



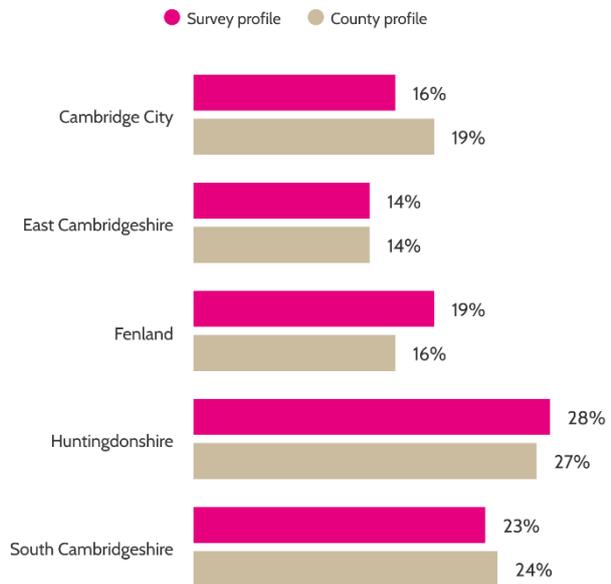
## Age group



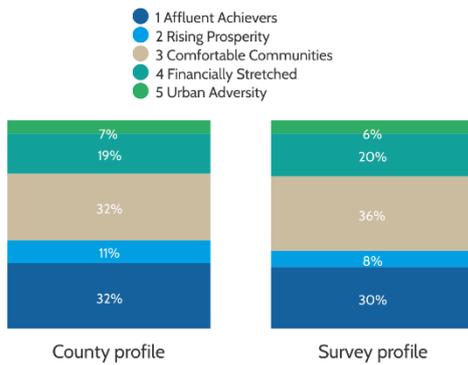
## Long-term health problem or disability



## District / City spread



## Acorn



# Key findings

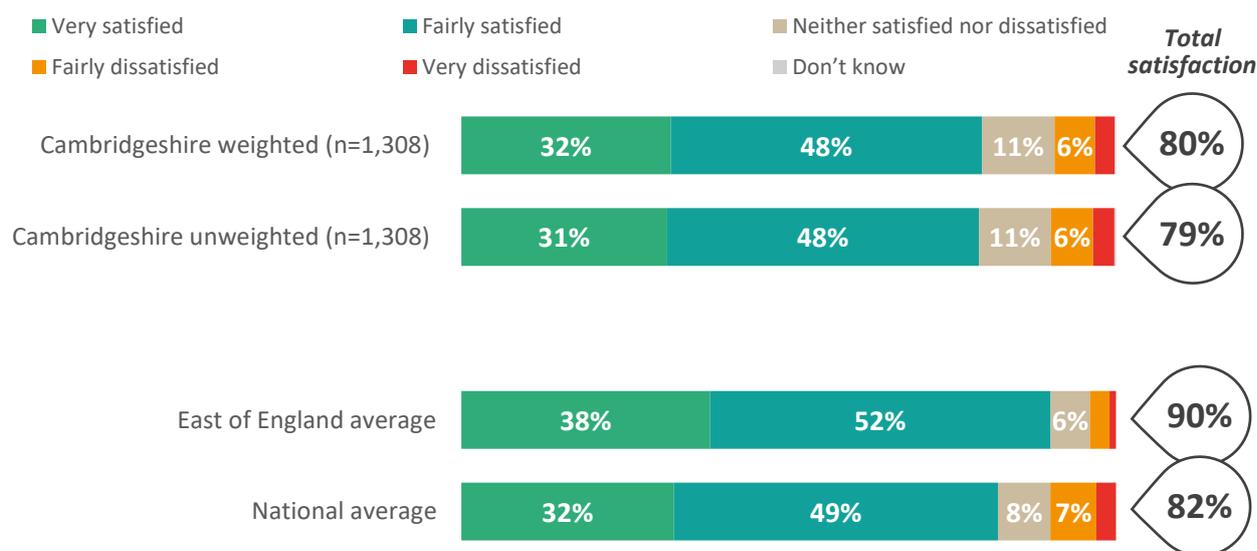
## Section A: Living in county

### Overall attitudes to the local area

We asked residents to think about how satisfied or dissatisfied they were with their local area as a place to live – with their local area being within a 15-20 minute walk from their home.

- **80%** of residents were ‘very’ (32%) or ‘fairly’ (48%) satisfied with their local area as a place to live.
- Cambridgeshire scored 10 percentage points below the regional East of England (90%) and 2 percentage points below the national average score (82%).

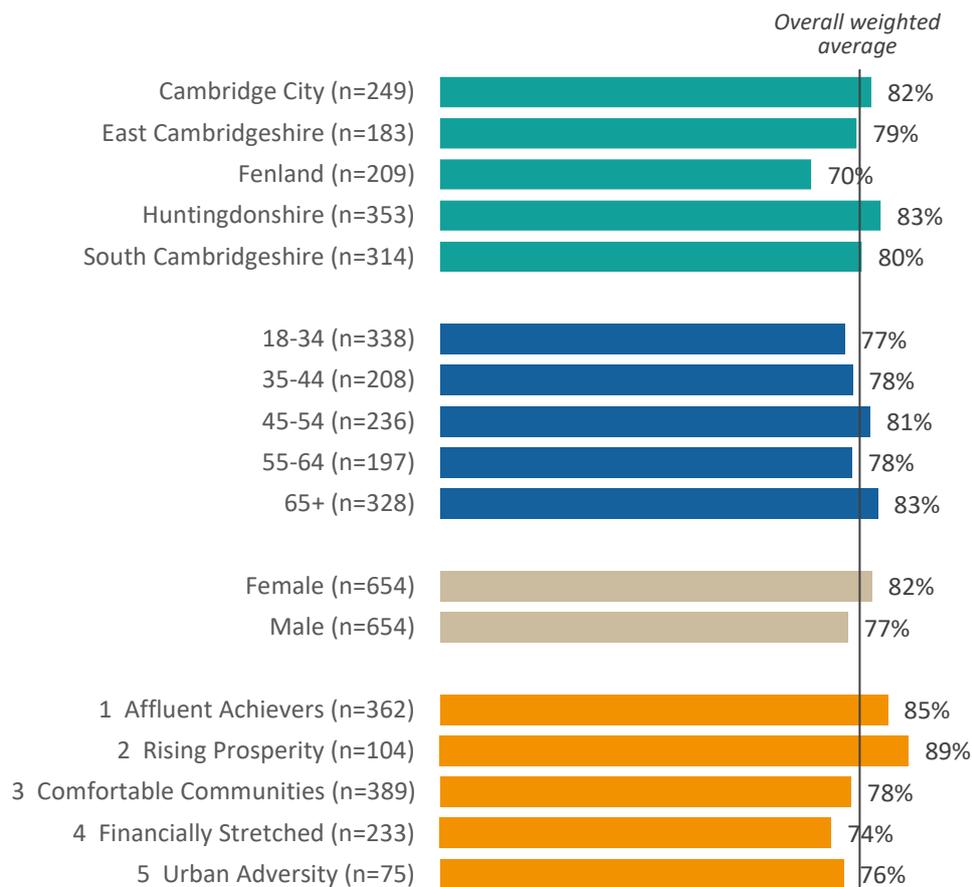
**Figure 1: Overall, how satisfied or dissatisfied are you with your local area as a place to live?**



Sub-group analysis shows that there were significant variations by district area and age group:

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>▪ Residents living in Fenland were less likely to be satisfied (70%) with the local area as a place to live, compared to those in Cambridge City (82%), Huntingdonshire (83%) and South Cambridgeshire (80%).</li> </ul>         |
|  | <ul style="list-style-type: none"> <li>▪ The older the resident, the more likely they were to be very satisfied with the local area as a place to live. For example, 26% of those aged 18-34 were very satisfied, compared to 40% of those aged 65 or older.</li> </ul> |

**Figure 2: Total satisfaction with the local area as a place to live by area, age groups, gender and Acorn Category**



**Indicative sub-group analysis**

- Residents with a disability<sup>2</sup> were less likely to be satisfied with the local area as a place to live, compared to those without a disability at 72% and 83% respectively.

<sup>2</sup> Day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months.

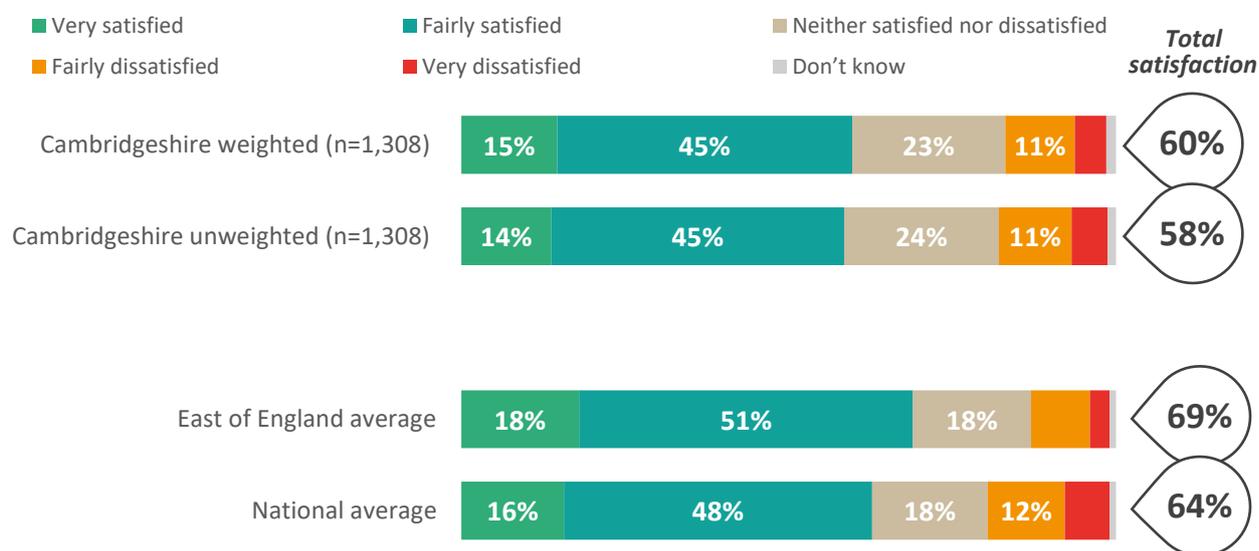
## Satisfaction with the way the County runs things

Residents were given the below statement and were then asked how satisfied or dissatisfied they were with the way Cambridgeshire County Council runs things.

Each year Cambridgeshire County Council delivers a range of services to residents in over 270,000 households, helping to look after your local area and improve the lives of local people. You probably know they do things like look after 2,800 miles of roads, help run and build schools, recycle the County’s waste and provide support for older people, residents with disabilities and children who are in care – and by providing social care for over 14,000 people, they look after some of the most vulnerable in Cambridgeshire. The County Council also leads the response into infectious diseases.

- **60%** of residents were either ‘very’ (15%) or ‘fairly’ (45%) satisfied with the way the County Council runs things. 23% of residents had no feeling either way.
- The total positive result is 9 percentage points below the East of England average (69%) and 4 percentage points below the national average (64%) scores. Please note that the question set had a tailored preamble so may not be directly comparable to the regional and national scores.

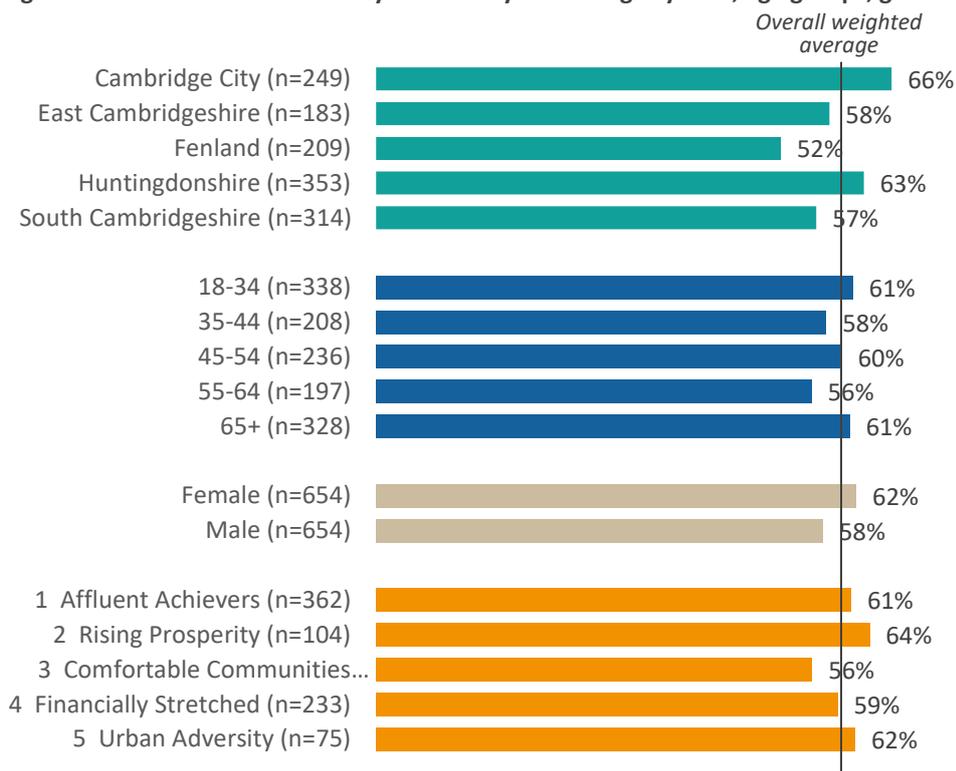
**Figure 3: Overall, how satisfied or dissatisfied are you with the way Cambridgeshire County Council runs things?**



Sub-group analysis shows that there were significant variations by district area:

- Residents in Fenland were less likely to be satisfied with the way the County Council runs things, with an overall satisfaction score of 52%. This is compared to residents in Cambridge City (66%) and Huntingdonshire (63%).

**Figure 4: Satisfaction with the way the County runs things by area, age groups, gender and Acorn Category**



**Indicative sub-group analysis**

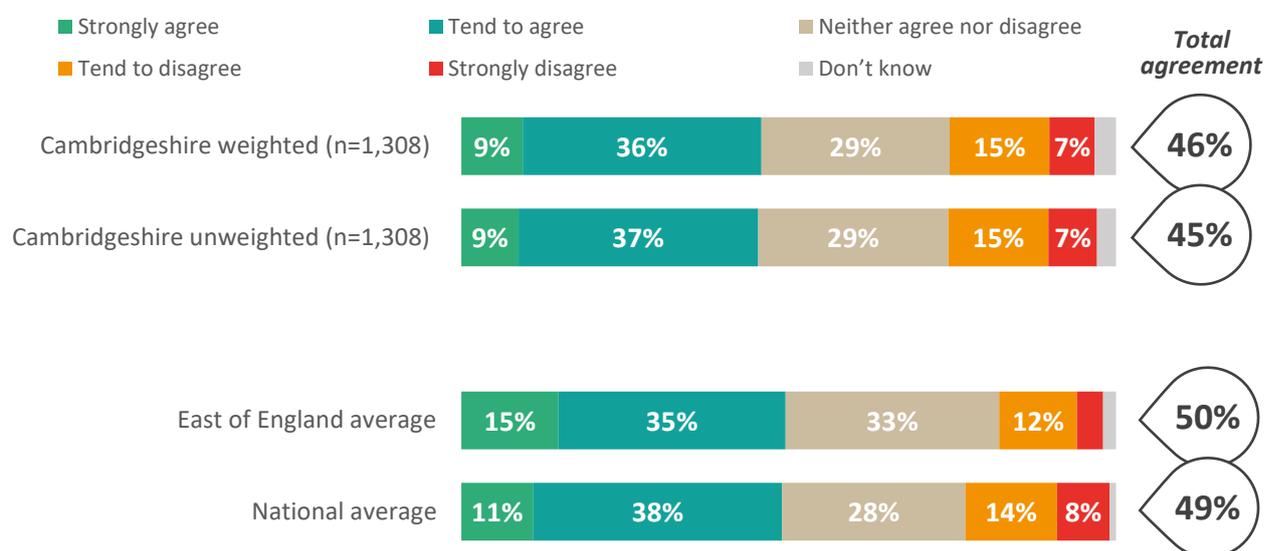
- Residents with a disability were less likely to be satisfied with the way the County Council runs things, compared to those without a disability at 52% and 62% respectively.

## Agreement with the County providing value for money

Residents were then asked to think about the range of services Cambridgeshire County Council provides to the community as well as the services their household uses. They were then asked to what extent they agree or disagree that the council provides value for money.

- **46%** of residents either ‘strongly’ (9%) or ‘tended to’ (36%) agree that the County Council provides value for money. Almost three in ten (29%) residents had no feeling either way.
- The total agreement for Cambridgeshire is 4 percentage points below the regional East of England score (50%) and 3 percentage points below the national average (49%) score.

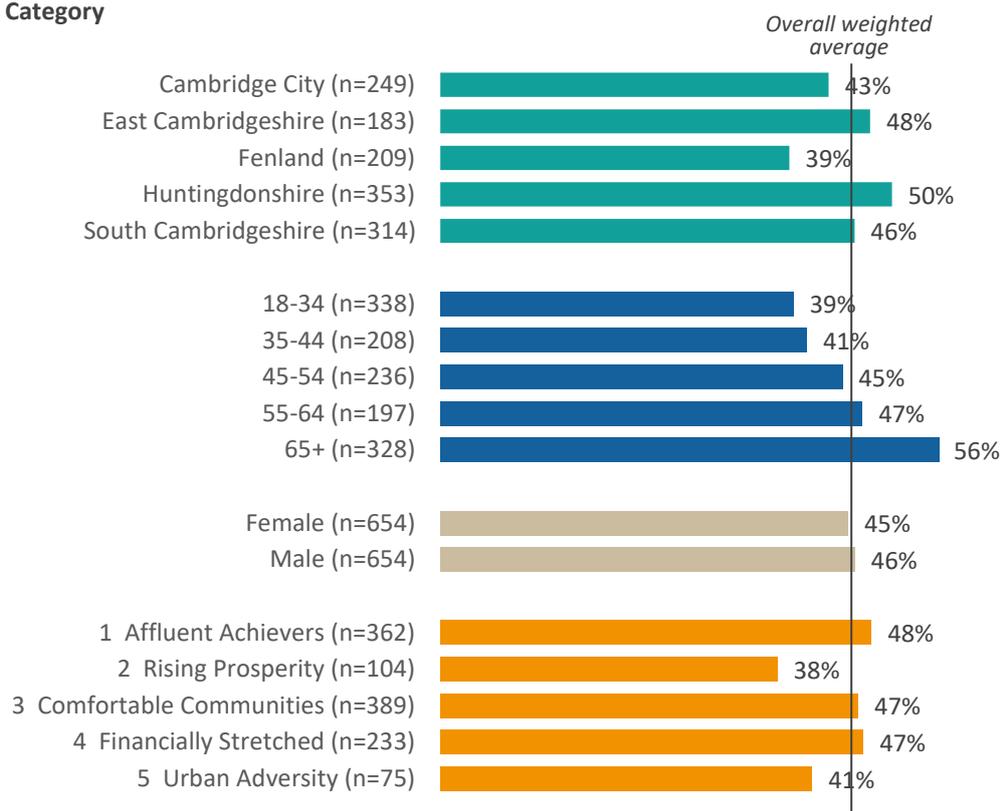
**Figure 5: To what extent do you agree or disagree that Cambridgeshire County Council provides value for money?**



Sub-group analysis shows that there were significant variations by district area and age group:

|   |  |
|---|--|
|  | <ul style="list-style-type: none"> <li>▪ Residents in Huntingdonshire (50%) and East Cambridgeshire (48%) were more likely to agree that the County Council provides value for money, compared to those in Fenland (39%) and Cambridge City (43%).</li> </ul>                |
|  | <ul style="list-style-type: none"> <li>▪ The 65 plus age group were more likely to agree that the County Council provides value for money, at 56% total agreement, compared to the younger age groups. For example, 41% of residents aged 35-44 agreed with this.</li> </ul> |

**Figure 6: Agreement that the County providing value for money by area, age groups, gender and Acorn Category**



**Indicative sub-group analysis**

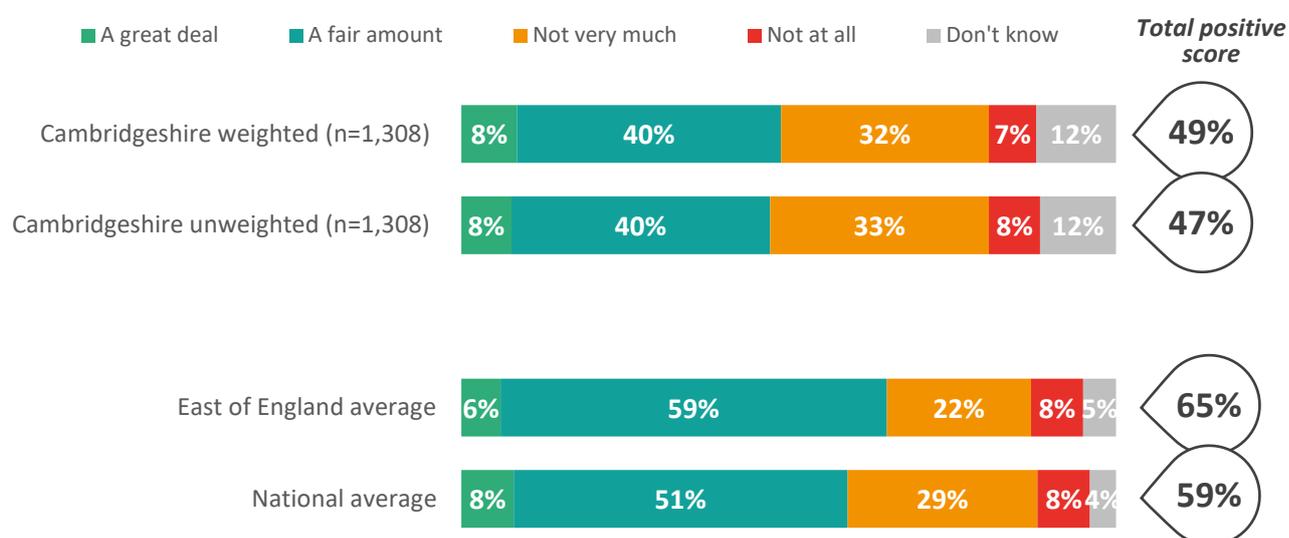
- Residents with a disability were less likely to agree that the County Council provides value for money, compared to those without a disability at 41% and 48% respectively.

## Acting on the concerns of local residents

Residents were then asked to what extent that thought that Cambridgeshire County Council acts on the concerns of local residents.

- **49%** of residents felt that the County Council acted on the concerns of local residents either ‘a great deal’ (8%) or ‘a fair amount’ (40%). A third (32%) of residents had no feeling either way.
- The total positive score for Cambridgeshire is 16 percentage points below the regional East of England score (65%) and 10 percentage points below the national average score (59%).

**Figure 7: To what extent do you think Cambridgeshire County Council acts on the concerns of local residents?**

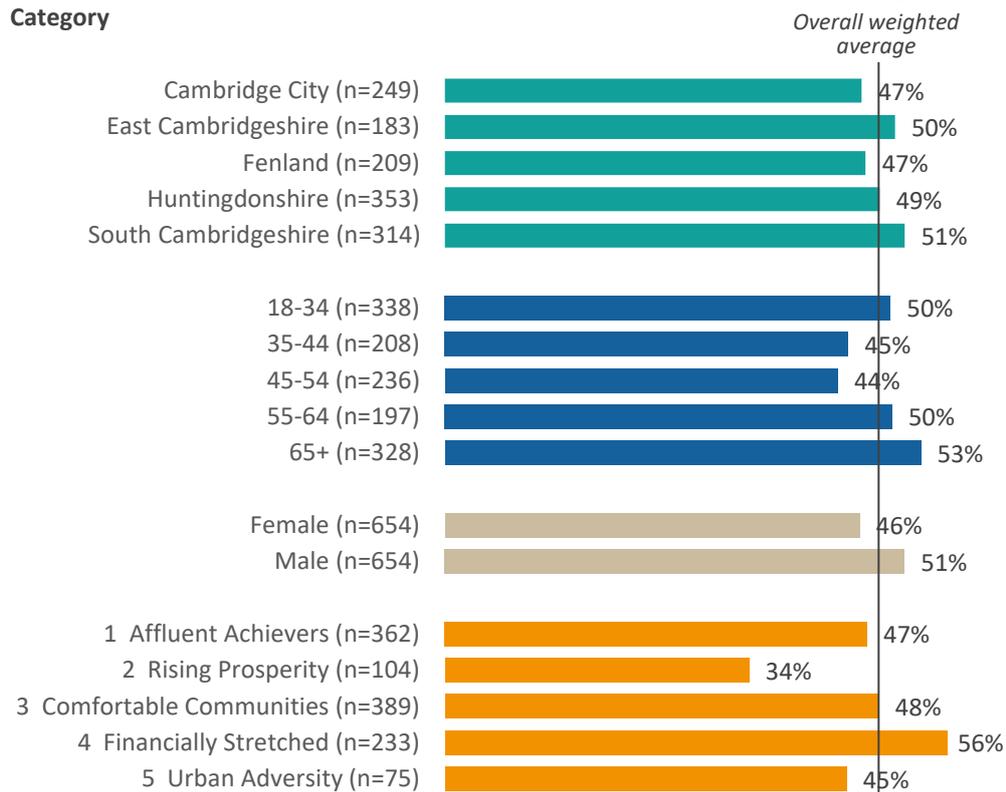


Sub-group analysis shows that there were significant variations by Acorn category:



- Households classified as Acorn 2 ‘Rising Prosperity’ were less likely to agree that the County Council acts on the concerns of residents compared to the other Acorn categories. For example, 34% of Acorn 2 households said they agree with this, compared to 56% of those classified as Acorn 4 ‘Financially Stretched’.

**Figure 8: Agreement that the acts on the concerns of local residents by area, age groups, gender and Acorn Category**

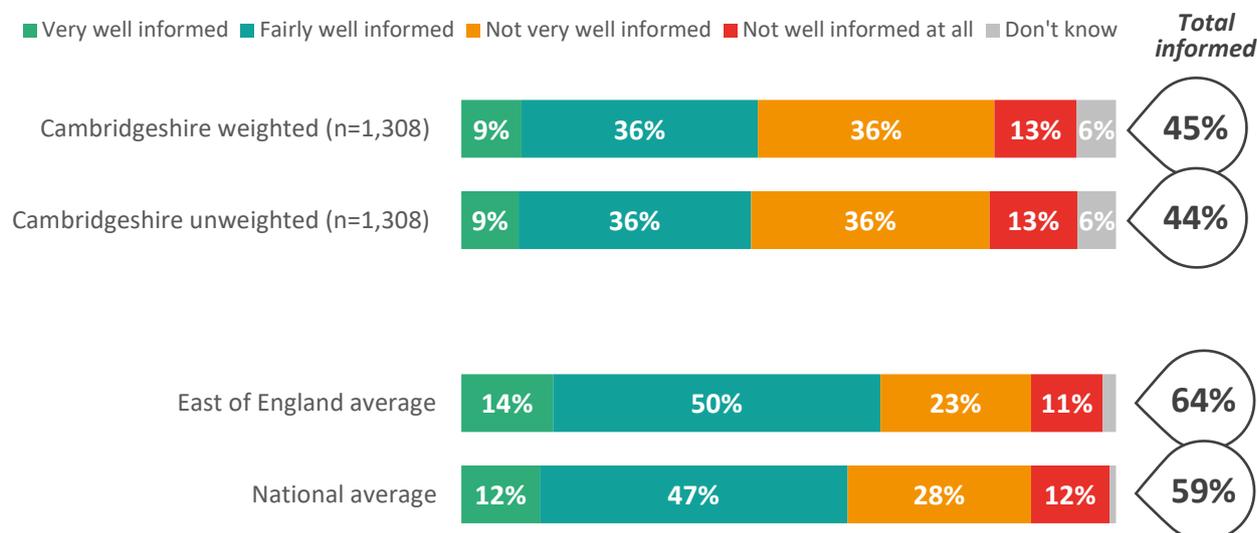


## Keeping residents informed about the services and benefits provided

Residents were asked how well-informed they think Cambridgeshire County Council keeps residents about the services and benefits it provides.

- **45%** of residents either felt the County Council keeps them ‘very’ (9%) or ‘fairly’ (36%) well informed about the services and benefits it provides.
- The score for this indicator is well below the East of England regional average score (64%) and the national score of 59%.

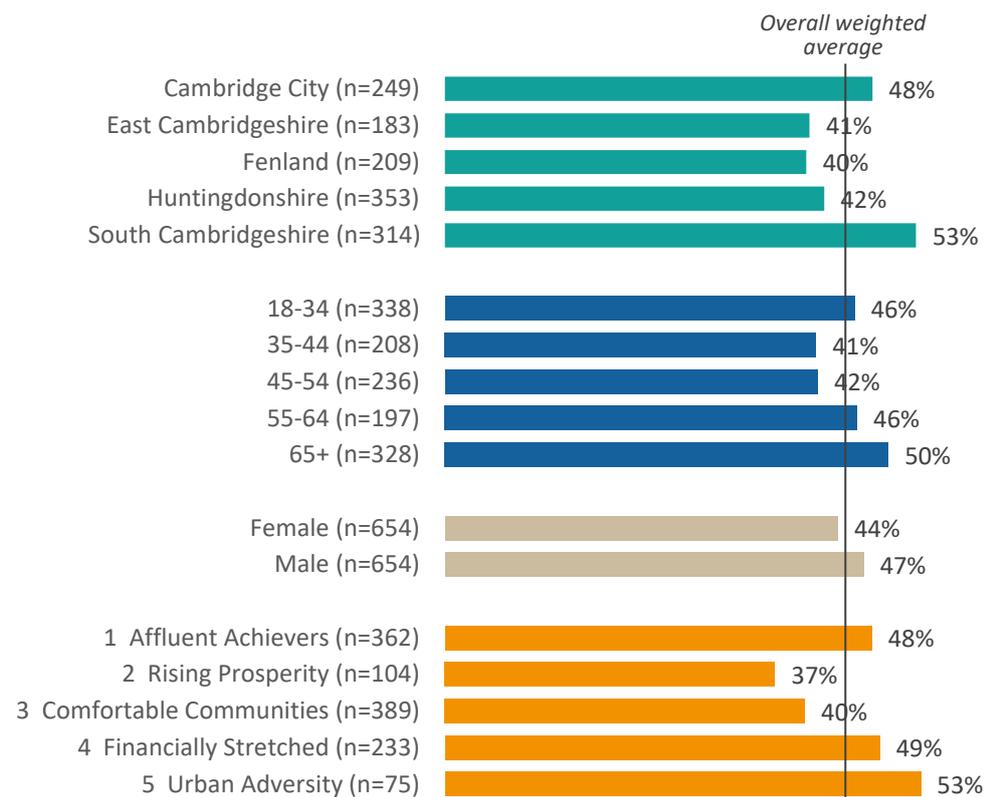
**Figure 9: Overall, how well informed do you think Cambridgeshire County Council keeps residents about the services and benefits it provides?**



Sub-group analysis shows that there were significant variations by district area and age group:

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>▪ Residents in South Cambridgeshire were more likely to feel informed (53%) compared to those in Fenland (40%) and Huntingdonshire (42%).</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>▪ The older age groups were more likely to feel informed compared to the middle age groups. For example, 50% of those aged 65 or older felt informed, compared to those aged 35-44 (41%) and 45-54 (42%).</li> </ul> |

**Figure 10: Total who feel informed by area, age groups, gender and Acorn Category**



## Section B: Preparing the 2021-22 budget

Since March 2020, the County Council has needed to put in place additional support to their communities and has taken steps to maintain critical front-line services and support essential suppliers. They have been encouraged by the huge increase of community activity, coordinated and supported by the Countywide Community Hub, and want to build this more into the way they work in the future. In preparing the budget for 2021-22, they have estimated the likely impact that the virus will have on planned savings, on their income and the need to support people whose challenges have increased.

The County Council expect to need to find savings in the region of £30m to balance next year's budget, prior to Covid-19 the County Council was in position of only having to find savings of just £4m. The County Council are grateful for financial support provided by the Government so far, but it is not enough in the long term. They are working with MPs to make their case to government on this, but they must prepare now in the event that this support does not fully cover the cost of the crisis. This includes ways to increase their income or through initiatives which may include raising Council Tax.

If the Government does not fully fund their additional costs, and they cannot raise additional income, the County Council will have to reduce the current levels of service. Cambridgeshire County Council's plan includes a proposal to increase the Adult Social Care Precept (ASCP) by 2%, however the County Council wanted to resident's views on a number of options.

Residents were provided with the six options below (see Image 1) and what this would mean for an average band D property and the degree to which this would impact on the overall savings required.

### **Option 1 – Not in increasing Council tax at all (0% total increase)**

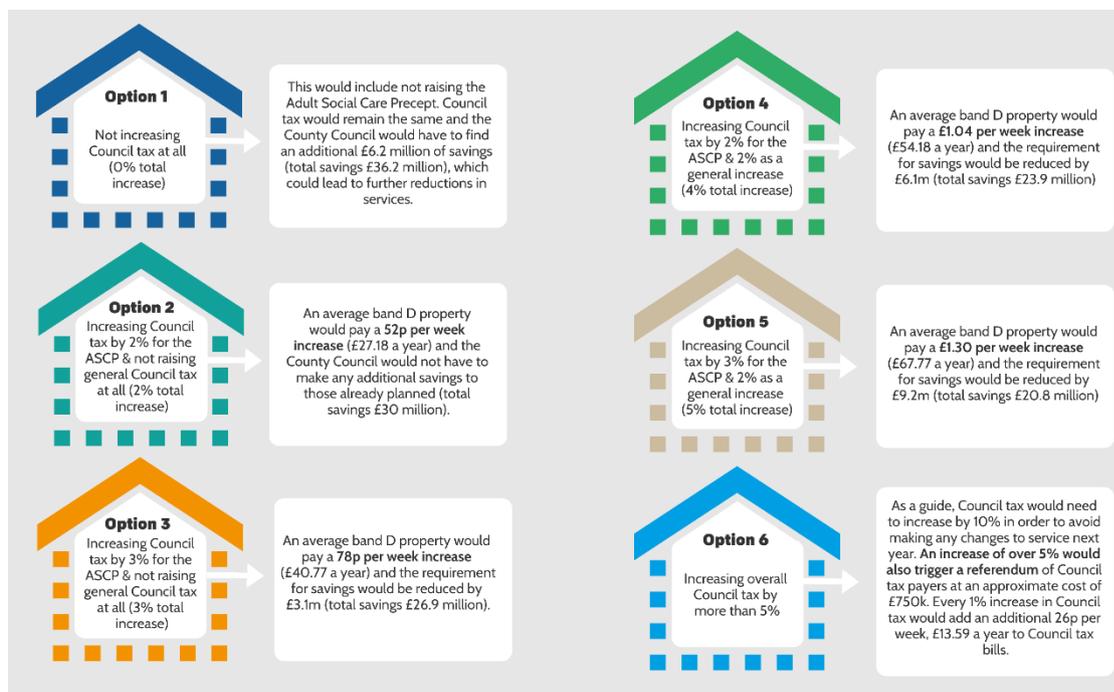
This would include not raising the Adult Social Care Precept. Council tax would remain the same and the County Council would have to find an additional £6.2 million of savings (total savings £36.2 million), which could lead to further reductions in services.

### **Option 2 – Increasing Council tax by 2% for the ASCP and not raising general Council tax at all (2% total increase)**

An average band D property would pay a 52p per week increase (£27.18 a year) and the County Council would not have to make any additional savings to those already planned (total savings £30 million).

|  |
|--|
| <p><b>Option 3 – Increasing Council tax by 3% for the ASCP and not raising general Council tax at all (3% total increase)</b></p>  |
| <p>An average band D property would pay a 78p per week increase (£40.77 a year) and the requirement for savings would be reduced by £3.1m (total savings £26.9 million).</p>   |
| <p><b>Option 4 – Increasing Council tax by 2% for the ASCP and 2% as a general increase (4% total increase)</b></p>  |
| <p>An average band D property would pay a £1.04 per week increase (£54.18 a year) and the requirement for savings would be reduced by £6.1m (total savings £23.9 million)</p>  |
| <p><b>Option 5 – Increasing Council tax by 3% for the ASCP and 2% as a general increase (5% total increase)</b></p>  |
| <p>An average band D property would pay a £1.30 per week increase (£67.77 a year) and the requirement for savings would be reduced by £9.2m (total savings £20.8 million)</p>  |
| <p><b>Option 6 – Increasing overall Council tax by more than 5%</b></p>  |
| <p>As a guide, Council tax would need to increase by 10% in order to avoid making any changes to service next year. An increase of over 5% would also trigger a referendum of Council tax payers at an approximate cost of £750k. Every 1% increase in Council tax would add an additional 26p per week, £13.59 a year to Council tax bills.</p> |

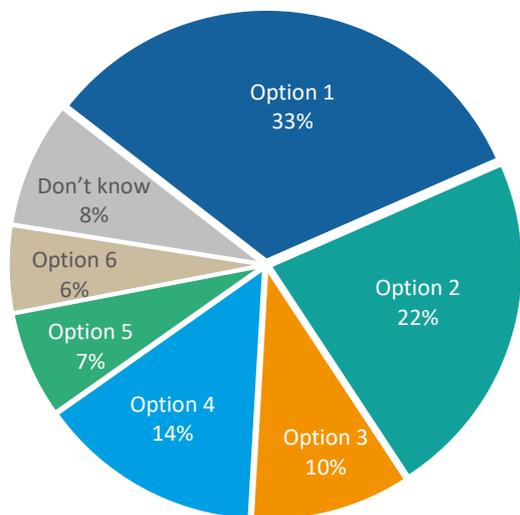
Image 1: Options presented to residents



Residents were asked which option they would support and also why they chose that option.

- Overall, a third (33%) of residents selected option 1 which was not increasing Council tax at all. This was followed by just over a fifth (22%) selecting option 2, which is to increase Council tax by 2% for the Adult Social Care Precept only.

Figure 11: Which option would you support? (weighted results)



- Option 1** – Not increasing Council tax at all (0% total increase)
- Option 2** – Increasing Council tax by 2% for the ASCP and not raising general Council tax at all (2% total increase)
- Option 3** – Increasing Council tax by 3% for the ASCP and not raising general Council tax at all (3% total increase)
- Option 4** – Increasing Council tax by 2% for the ASCP and 2% as a general increase (4% total increase)
- Option 5** – Increasing Council tax by 3% for the ASCP and 2% as a general increase (5% total increase)
- Option 6** – Increasing overall Council tax by more than 5%

Figure 12 compares the options by district area, with results being consistent across the areas. It is worth noting that significantly more residents in Huntingdonshire (16%) and South Cambridgeshire (17%) preferred option 4 (Increasing Council tax by 2% for the ASCP and 2% as a general increase) compared to residents in Cambridge City (9%).

Figure 12: Which option would you support by district area (weighted results)

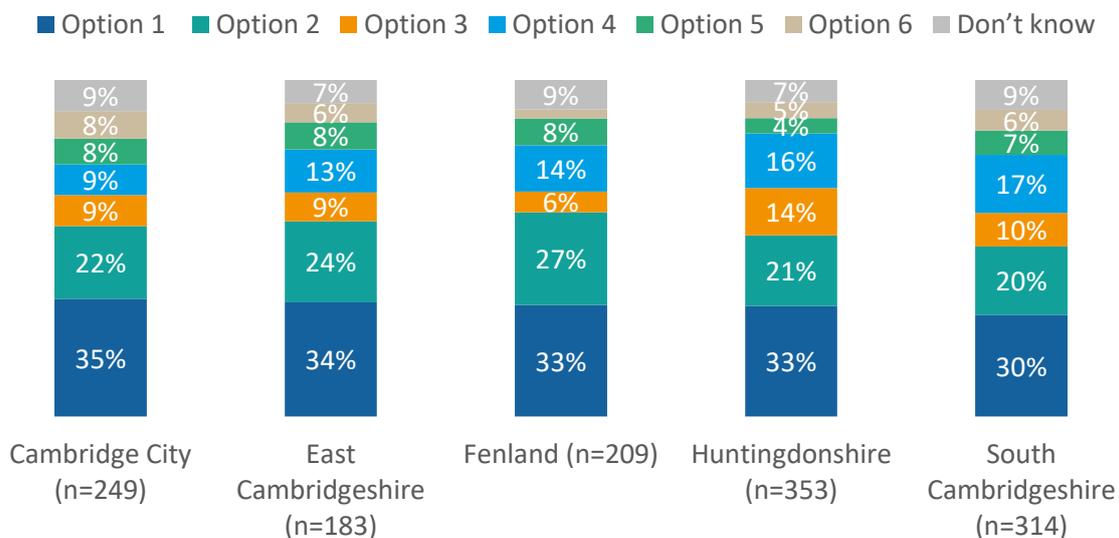
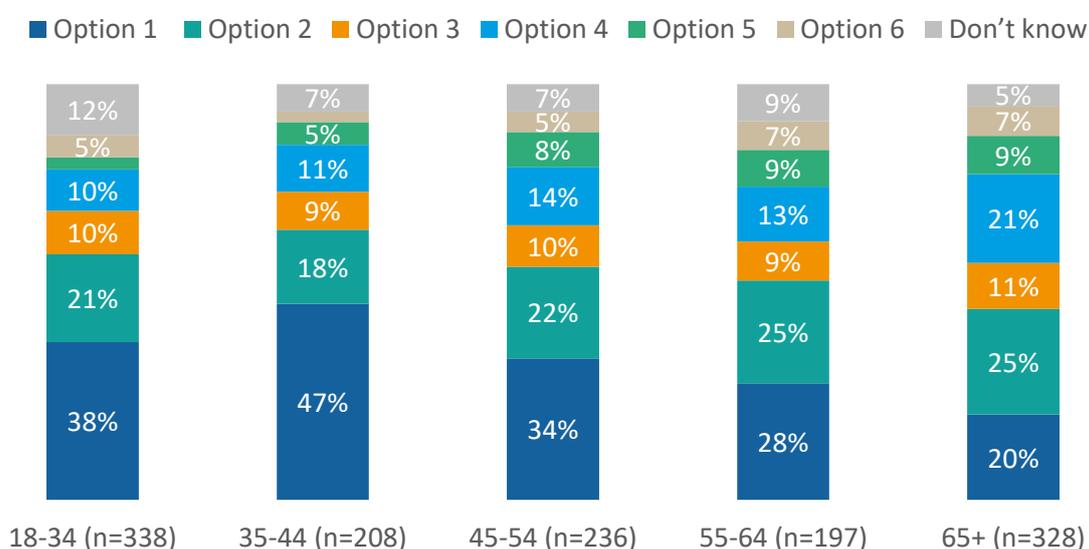


Figure 13 compares the options by age group and there were notable differences with the younger age groups being more likely to select the options with the lowest increases in Council tax. Those aged 65 or older were significantly more likely to have selected option 4 (Increasing Council tax by 2% for the ASCP and 2% as a general increase) (21%), compared to those aged 18-34 (10%) for example.

The younger (18-34) and middle (35-44) age groups were more likely to have selected option 1 (not increasing Council tax at all) at 38% and 47% respectively, compared to those aged 55 or older. For example, 28% of those aged 55-64 selected this option. The younger 18-24 age groups were also more likely to have said that they don't know at 12%, compared to the other groups.

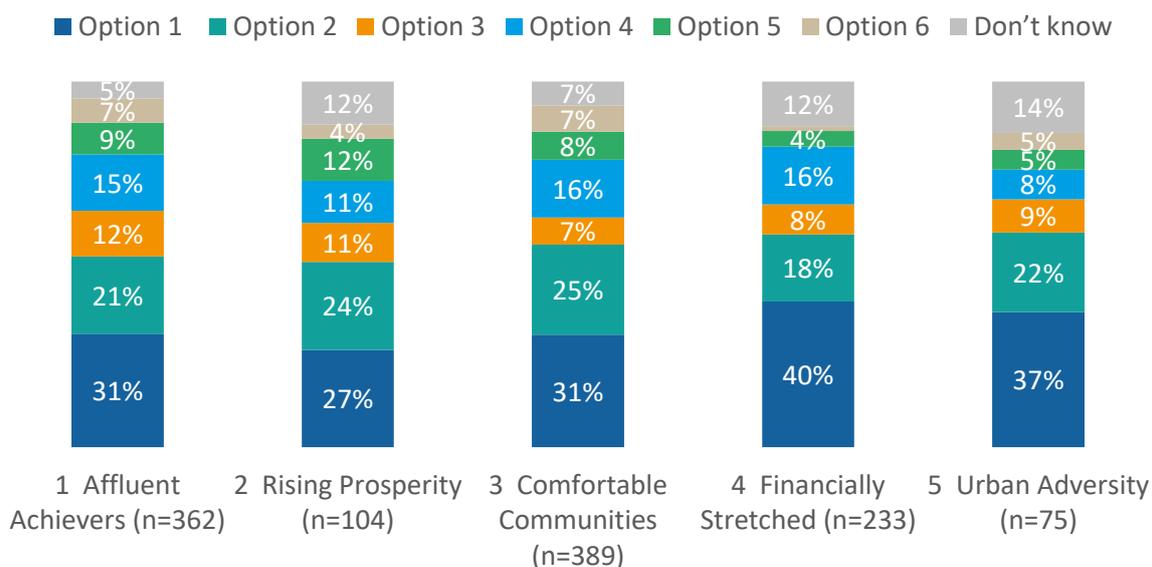
**Figure 13: Which option would you support by age group (weighted results)**



To assess the support for the options at an economic and socio-demographic level, results have been analysed by Acorn category (Figure 14). Acorn is a classification system that segments the UK population by analysing demographic data, social factors, population and consumer behaviour.

Generally, as affluence increases, so does the support for a greater increase in Council tax. For example, households classified as Acorn 4 'Financially Stretched' were more likely to support option 1 (not increasing Council tax at all) at 40%, compared to households classified as Acorn 1 'Affluent Achievers' with 31% supporting this option.

Figure 14: Which option would you support by Acorn category (weighted results)



Residents were then asked why they chose that option (Table 2). Overall, 902 residents provided further feedback and results have been coded into common themes by the option they supported.

- **Option 1 - Not increasing Council tax at all**

Residents who selected this option were most likely to have done so because they felt they were already paying enough for the service they get. This was followed by residents stating that Council tax was already too expensive and that they can't afford to pay anymore.

- **Option 2 – Increasing Council tax by 2% for the ASCP and not raising general Council tax at all (2% total increase)**

Residents who selected this option were most likely to have said that they felt it is a fair increase or best option for them personally. This was followed by residents stating this was all they could afford and that the Council tax was already too expensive.

- **Option 3 - Increasing Council tax by 3% for the ASCP and not raising general Council tax at all (3% total increase)**

Residents who selected most commonly said that this was because it was a fair increase or best option for them personally.

- **Option 4- Increasing Council tax by 2% for the ASCP and 2% as a general increase (4% total increase)**

Themes for option 4 were similar to that of option 3, with fair increase or best option for them personally being most commonly mentioned. This was followed by 'service need the funding to cope / protect services'.

- For both **options 5 (Increasing Council tax by 3% for the ASCP and 2% as a general increase (5% total increase))** and **6 (Increasing overall Council tax by more than 5%)** themes were similar with most mentioning either - services need the funding to cope / protect services, fair increase / best option for me personally or general acceptance that Council tax needs to increase.

Table 2: Themes' by option

|   | Sample size | Option 1 – Not in increasing Council tax at all | Option 2 – Increasing CT by 2% for the ASCP and not raising general CT at all | Option 3 – Increasing CT by 3% for the ASCP and not raising general CT at all | Option 4 – Increasing CT by 2% for the ASCP and 2% as a general increase | Option 5 – Increasing CT by 3% for the ASCP and 2% as a general increase | Option 6 – Increasing overall CT by more than 5% |
|---|-------------|---|---|---|--|--|--|
| Fair increase / best option for me personally   | 205         | 1%  | 27%   | 43%   | 51%  | 35%  | 22%  |
| Can't afford to pay anymore   | 120         | 18%   | 15%   | 14%   | 9%   | 2%   | 2%   |
| Pay enough as it is / already for the services we get                                 | 116         | 26%   | 10%   | 1%  | 1%   | 1%   | 5%   |
| Service need the funding to cope / protect services                                   | 108         | 1%  | 12%   | 13%   | 17%  | 30%  | 42%  |
| Take into account the people have lost their jobs/pay freezes/cuts/low incomes        | 103         | 16%   | 15%   | 13%   | 3%   | 4%   | 2%   |
| CCC need to address unnecessary spending first / look at savings in other areas first | 98          | 16%   | 13%   | 4%  | 6%   | 5%   | 5%   |
| It's already too expensive  | 93          | 21%   | 9%  | 2%  | 2%   | 0%   | 0%   |
| General acceptance that Council tax needs to increase                                 | 74          | 1%  | 7%  | 4%  | 13%  | 25%  | 27%  |
| Other   | 49          | 6%  | 4%  | 5%  | 4%   | 6%   | 7%   |
| Best option given the circumstances   | 39          | 0%  | 7%  | 2%  | 7%   | 10%  | 10%  |
| Need to balance the increase & impact it will have on people                          | 27          | 2%  | 3%  | 5%  | 4%   | 2%   | 2%   |
| General disagreement  | 19          | 5%  | 1%  | 0%  | 0%   | 1%   | 0%   |
| No reason provided / Don't know / not sure  | 18          | 2%  | 3%  | 3%  | 1%   | 0%   | 0%   |
| Central government should pay more to support councils                                | 14          | 1%  | 2%  | 1%  | 1%   | 4%   | 0%   |

## Conclusion and recommendations

It should be noted that at a national level, the LGA saw levels of satisfaction grow in June 2020 – although to a lesser extent in the polling results for October 2020 – alongside this, recent events e.g. Covid-19, as well as the variation in methodologies should be considered when making comparisons.

### Attitudes towards the local area

Eight in ten (80%) residents were satisfied with their local area as a place to live, 11% had no feeling either way and 9% were dissatisfied. Overall satisfaction with this indicator is below the East of England average (90%) and the national average (82%). Subgroup analysis showed that residents in Fenland and the younger age groups were less likely to be satisfied with their local area.

Six in ten (60%) residents were satisfied with the way the County runs things, 23% had no feeling either way and 17% were dissatisfied. Overall satisfaction with this indicator is below the East of England average (69%) and the national average (64%). It should also be noted that a higher proportion of residents in Cambridgeshire said they had no feeling either way, compared to the regional and national scores. Subgroup analysis showed that residents in Fenland were less likely to be satisfied with the way the County runs things.

Just under half (46%) of residents agreed that the County provides value for money, 29% said they had no feeling either way and 22% said they were dissatisfied. Overall satisfaction with this indicator is just below the East of England (50%) and national (49%) average. Subgroup analysis showed that residents in Fenland, Cambridge City and the younger to middle age groups were less likely to agree.

Just under half (49%) of residents felt that the County acts on the concerns of local residents, 39% said they didn't agree with this and 12% didn't know. Overall agreement with this indicator is below the East of England average (65%) and the national average (59%). When compared by subgroup, residents living in homes classified as Acorn 2 'Rising Prosperity' were less likely to agree with this compared to other Acorn classifications. Acorn 2 households are more likely to consist of generally younger, well-educated and mostly prosperous people living in major towns and cities. Most live in converted or modern flats, with a significant proportion of these being recently built executive city flats.

Just under half (45%) of residents felt informed about the services and benefits that the County provides, 49% said they did not feel informed and 6% said they did not know. Overall agreement with

feeling informed is below the East of England (64%) and national (59%) average. When compared by subgroup, residents in Fenland, Huntingdonshire and the middle age group felt less informed.

## 2021-22 budget options

A third (33%) of residents said they did not support any increase in Council tax (option 1). Residents who preferred this option were more likely to have said this because *they feel they already pay enough for the service they get* or that they *just cannot afford it*. When comparing by subgroups, the younger and middle age groups and those living in more deprived areas were more likely to have selected this option.

Just over a fifth (22%) of residents selected option 2 (Increasing Council tax by 2% for the ASCP and not raising general Council tax at all). Residents who preferred this option were more likely to have said this because they felt *it was a fair increase or suited them personally*.

One in ten (10%) residents selected option 3 (Increasing Council tax by 3% for the ASCP and not raising general Council tax at all) and 14% selected option 4 (Increasing Council tax by 2% for the ASCP and 2% as a general increase). Residents who selected these options, said that it was a *fair increase or suited them personally*. In addition, residents who selected option 4 also felt that the *services need the funding to cope and the need to protect services*.

Only a small proportion of residents selected either option 5 (Increasing Council tax by 3% for the ASCP and 2% as a general increase) or option 6 (Increasing overall Council tax by more than 5%) at 7% and 6% respectively. Those who did, were more likely to live in more affluent areas.

### Recommendation 1

More in-depth work needs to be done to unpick why residents are dissatisfied with LGA indicators by offering the opportunity for residents to feedback on this. Specially for those living in Fenland and the younger age groups.

### Recommendation 2

The County and local councils could consider developing on the concept of 'active citizens' by educating residents, with a focus on young adults - about local democracy and getting them to take a more active interest in their local community and local democracy, therefore bridging the gap between the County, local councils and residents.



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## Section 6 – Capital Strategy

### Contents

- 1: Introduction
- 2: Vision and priorities
- 3: Operating framework
- 4: Capital expenditure
- 5: Capital funding
- 6: External environment
- 7: Working in partnership
- 8: Non-financial Investment Strategy
- 9: Asset management
- 10: Development of the Capital Programme
- 11: Delivering statutory obligations
- 12: Revenue implications
- 13: Managing the Capital Programme
- 14: Summary of the 2021-22 Capital Programme
- Appendix 1: Allowable capital expenditure
- Appendix 2: Sources of capital funding
- Appendix 3: Investment Strategy for Non-financial Investments

## 1: Introduction

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

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

During 2019, the Council declared a climate and environment emergency and agreed to develop a Climate Change and Environment Strategy for the Council. Identifying the Council's carbon footprint has been a key area of focus alongside research undertaken by Cambridge University Science and policy Exchange (CUSPE) on the carbon footprint for the whole of Cambridgeshire. Both carbon footprints will now inform future capital and investment strategies and decisions.

## 2: Vision and outcomes

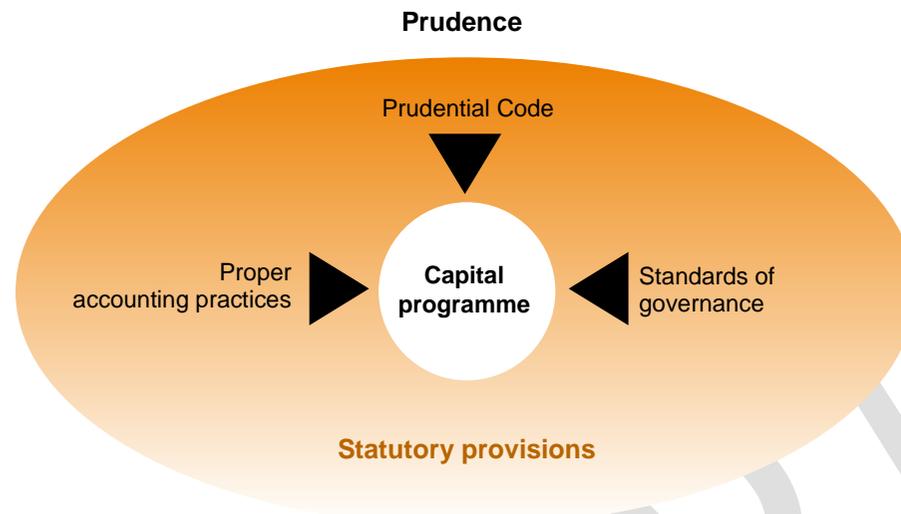
The Council achieves its vision of "*Making Cambridgeshire a great place to call home*" through delivery of its Business Plan which targets key priority outcomes. To assist in delivering the Plan the Council needs to provide, maintain and update long-term assets (often referred to as 'fixed assets'),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

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

## 3: Operating framework

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

The framework is based on the following foundations:



therefore crucial that expenditure is analysed against this definition before being included within the Capital Programme to avoid unexpected revenue charges within the year. A guide to what can and cannot be included within the definition of capital expenditure is provided in Appendix 1.

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

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

## 4: Capital Expenditure

Capital expenditure, in accordance with proper practice (as defined by CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020-21) results in the acquisition, creation or enhancement of fixed assets with a long-term value to the Council. If expenditure falls outside of this scope<sup>1</sup>, it will instead be charged to revenue during the year that the expenditure is incurred. It is

<sup>1</sup> In addition, expenditure can be classified as capital in the unlikely scenario that:

- It meets one of the definitions specified in regulations made under the 2003 Local Government Act;

- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

## 5: Capital funding

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

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

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

The Council will only look to borrow money to fund a scheme either to allow for schemes that will generate payback 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. Therefore in order to

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

## 6: External environment

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

### Developer Contributions

Whilst the housing and property market across the county had recovered since the economic crisis of 2008, with strong growth particularly in the city of Cambridge where values rose over and above pre-credit crunch levels, the market as a whole was facing a new level of uncertainty with the prospect of the United Kingdom (UK) leaving the European Union on 31<sup>st</sup> January 2020. Since then, the outbreak of Covid-19, declared by the World Health Organisation as a “Global Pandemic” on the 11<sup>th</sup> March 2020, has and continues to impact many aspects of daily life and the global economy, with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, national and local lockdowns are continuing to be deployed as necessary with the emergence of further waves and significant outbreaks in local areas. The pandemic and the measures taken to

<sup>2</sup> This source of funding is no longer available for new schemes

tackle Covid-19 continue to affect economies and real estate markets locally and globally.

Generally, activity in the housing market has recovered with the latest HMRC data pointing to up-tick in the number of sales completed in June 2020. Indicators to the latest RICS Residential Market Survey are consistent with a further pick-up in activity in the second half of 2020. Whether this trend will be sustained is, however, open to question. Average twelve-month sales expectations suggest that the recovery may run out of steam with unemployment looking likely to rise towards the end of 2020 and the stamp duty holiday coming to an end. Feedback to the RICS UK Quarter 2 Commercial Property Survey suggests, generally, that rents and capital values are likely to fall sharply across retail and office sectors in the coming year. Furthermore, there may be significant changes for the office sector moving forward, as it is anticipated that businesses will scale back their office footprint to some extent over the next two years.

Locally, the general pattern of growth across the county is still varied and disparate with the higher demand for housing still largely in the south and lower demand in the north. Despite Cambridge usually outperforming the UK in terms of residential property performance, the latest data seems to indicate that the city is lagging behind much of the rest of the UK. Since the residential property market re-opened following the initial lockdown, Cambridge has recorded the lowest number of new sales and 39% fewer houses on the market than at the same time last year; compared to a reduction of only 15% in the UK as a whole. Cambridge is also amongst the least affordable Cities in the UK as

the average house price in Cambridge is over £410,000 compared to the UK City average of £254,000. Agents are not currently widely reporting a drop in house prices; more a reluctance to sell, and those properties that are on the market are taking longer to sell. City centre properties remain more attractive as there is such a shortage of stock and no new developments are occurring in that area. On the fringes of Cambridge, the increased supply of housing following the recent developments has resulted in a stabilising impact on price. Recently, it has been reported that due to Covid-19, there is a lot of interest in Cambridge properties from people wanting to move out of London. South Cambridgeshire has seen the largest increase in house prices, but house price rises have been seen across Fenland, East Cambridgeshire and Huntingdonshire as well.

The outbreak of Covid-19 has created an unprecedented level of uncertainty on a macro and micro-economic level, and across differing sectors of the property market, both nationally and locally. It is hard to predict what the impact will be on the ability of the Council to fund capital investment through the sale of surplus land and buildings, or from contributions by developers.

The Government has also declared a climate emergency and set a target of net-zero carbon emissions for the UK by 2050. Delivering the changes required for the net-zero target will require changes to regulatory frameworks, 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.

## Community Infrastructure Levy

Developer contributions have also been affected by the introduction of Community Infrastructure Levies (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 also expects that a much lower proportion of the cost of infrastructure requirements will be met by CIL contributions.

Huntingdonshire and East Cambridgeshire District Councils are currently the only districts within Cambridgeshire to have adopted CIL. Both Cambridge City Council and South Cambridgeshire District Council submitted their draft CIL Charging Schedules in 2014 but withdrew them in 2017 due to delays in the examination of their Local Plans; they will therefore consider CIL at a later date. Fenland District Council has no plans to implement CIL at present.

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

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.

## Government Grants

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

## Government Grants - Highways

As part of the National Infrastructure delivery Plan, a National Productivity Investment Fund (NPIF) was created to provide an additional £1.1 billion of funding by 2020-21 to relieve congestion and deliver upgrades on local roads and public transport networks. In 2018-19, a £1.7bn Transforming Cities Fund was created out of the NPIF to target projects that drive productivity by improving connectivity, reducing congestion and utilising mobility services and technology; the Cambridgeshire and Peterborough Combined Authority (CPCA) was allocated £74m from this fund. Key measures in relation to the Cambridge-Milton Keynes-Oxford corridor have also been announced, including; a commitment to build up to 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. 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 1.4% 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.

In addition to the Highways Maintenance formula allocation, the Department for Transport (DfT) also created 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; this has now been 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 has to score themselves against 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 2020-21 has secured the maximum funding available of £14.6m.

The Autumn Budget 2018 also announced a further £420m of funding in 2018-19 for local authorities to tackle potholes, repair damaged roads, and invest in keeping bridges open and safe; the Council's share of this funding was £6.7m. The 2019 Conservative Manifesto committed to an additional £2bn of additional funding for pothole repair; £500m per annum from 2020-21. Allocations of this funding have not yet been provided by DfT but are expected in early 2021-22. For 2020-21, the funding provided by DfT has come via the new Pothole Fund, which is an amalgamation of Challenge Fund monies and the old Pothole Action Fund and is the result of industry-wide lobbying of Government for increased funding for highway maintenance. This has resulted in additional funding; the Council expected £6m but was allocated £10.2m. The additional £4.2m is anticipated to be spread across 13 schemes located around the county, allocated according to the Council's infrastructure asset management strategy. The Council is also looking to bid for additional funding for the reconstruction of the carriageway at the B1050 Shelford Road, Willingham.

No further detailed capital plans were announced in the one-year Spending Review 2019, other than a total of £241m for the Towns Fund in 2020-21 and £220m to transform bus services; the county has been allocated £384k for the latter. In the Spending Review 2020, the Government announced a £500m allocation for the Potholes Fund, £310m for upgrades to larger roads and £257m for cycling improvements. It is unclear whether this is reconfirming existing funding or is additional; the Council will determine any new allocation in due course. In addition, a new Levelling up Fund worth £4bn nationally has been created in order to invest in local infrastructure; this will be allocated via a competitive bidding exercise.

As the CPCA is now the local transport authority it therefore receives the above DfT local transport authority designated funding, however, the CPCA continues to commission the Council to carry out the required works on the transport network.

### Government Grants - Education

The Government has previously announced sufficient capital funding would be available to provide for the increasing numbers of school-aged children to enable authorities to make sure that there are enough school places for every child who needs one, as well as ensuring that longer-term capital allocations are made in order to aid planning for school places. Unfortunately, the new methodology used to distribute funding for additional school places does not always reflect this commitment as the initial allocation of £4.4m across the period 2015-16 to 2016-17 was £32m less than the Council had estimated to receive for those years according to

our need. Almost all of this loss related to funding for demographic pressures and new communities, i.e., infrastructure that we have a statutory responsibility to provide, and therefore the Council had limited flexibility in reducing costs for these schemes. Given the growth the county is facing, it was difficult to understand these allocations and as such, the Council has continued to lobby the Department for Education (DfE) for a fairer funding settlement that is more closely in line with the DfE's commitment to enable the Council to provide all of the new places required in the county.

In addition to lobbying the DfE, the Council has also sought in the meantime to maximise its Basic Need funding by establishing how the funding allocation model works and providing the School Capacity (SCAP) data to the DfE in such a way as to maximise the Council's allocation. The allocations were £25.0m for 2018-19, £6.9m for 2019-20, and £20.6m for 2020-21. This went some way to reduce the Council's shortfall, but still did not come close to covering the costs of all of the Council's Basic Need schemes. For 2020-21 the Council has been allocated zero Basic Need funding based on the Council's SCAP return submitted in July 2019. This took into account the following:

- The number of new places and additional capacity created up to 2020-2021.
- After a period of rising birth rates, these have now peaked and are starting to decline slightly. This is beginning to be reflected in future forecasts of demand for places and the future additional capacity required.
- The major driver for additional capacity in the years ahead is housing growth. The assumption in the SCAP return is that the

capacity in school places generated by these developments will be fully met through developer contributions; either Section 106 or CIL. These places, therefore, do not attract any Basic Need funding.

It is anticipated that further Basic Need funding will not be announced until 2021; and given the 2020 one-year spending review, it is expected that this announcement will only relate to allocations for 2021-22. In addition, the annual SCAP return was cancelled in 2020 due to Covid-19; however based on the SCAP return principles, the Council is anticipating a significantly reduced level of funding than previously anticipated for 2022-23 and beyond. This obviously adds a level of uncertainty to the Council's longer-term capital planning.

The DfE also revised the methodology used to distribute condition allocations in order to target areas of highest condition need. A floor protection was put in place to ensure no authority received more than a 20% cut in the level of funding until 2018. The £1.2m reduction in allocation for Cambridgeshire for 2015-16 hit this floor; therefore it was anticipated that the Council's funding from this area would be reduced further once the protection was removed in 2019-20. However, the DfE have continued to include the protection worth £451k in 2019-20 and 2020-21, but it is unclear whether this will continue moving forward. In June 2020, the Government announced that an additional £560m of condition funding would be made available in 2020-21 to maintain and improve the school estate; the Council's allocation was £1.6m.

The National Infrastructure Delivery Plan commits to investment of £23bn over the period 2016 to 2021 to deliver 500 new free schools, over 600,000 additional school places, rebuild and refurbish over 500 schools and address essential maintenance needs. To date, the Government has given approval to 8 new free schools in Cambridgeshire to pre-implementation stage. Not all of these, however, are in areas where the Council has an identified basic need requirement. There were a further 12 bids applied for in Cambridgeshire for Wave 13, however there was much stricter criteria in place around this wave and none of the bids were successful. The application process for Wave 14 closed in November 2019; there were 2 bids for Cambridgeshire and the Council is expecting to hear whether these are successful in autumn 2020.

The Spending Review 2020 announced a further 500 new schools will be built over the next decade across the country.

### External Pressures

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

As part of the Greater Cambridge City Deal (now Greater Cambridge Partnership) signed with Government in 2014, it was agreed that Government would allocate £500m to Greater Cambridge infrastructure projects. The first tranche of funding was

agreed on the basis of five yearly instalments and the second and third tranche is subject to two (2020 and 2025) Gateway Reviews. The purpose of the Deal is to deliver a step change in investment capability; an additional 44,000 jobs and 33,000 homes with benefits for the whole county as well as the wider area. To date, £300m of the funding has been secured, after passing the first Gateway review and unlocking a further £200m during 2020.

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

The Covid-19 pandemic is also having an impact on capital programmes, albeit less severely than with the revenue position. Where the pandemic is anticipated to have an impact on the costs of a capital scheme and this has been quantified, this has been worked into revised budgets based on the current situation. However, work is ongoing in some areas to quantify impact, and as such there is the potential for budgets to continue to be revised over the following months as the situation continues to unfold. Any further changes to Government guidelines in response to the pandemic, or local lockdowns, would also require further revision of costs/timescales, and therefore capital budgets.

## 7: Working in partnership

The Council is committed to working with partners in the development of the county and the services within it. There are

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

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

The Mayoral Combined Authority was established following Mayoral elections in May 2017.

The Council has also worked closely with Cambridge City Council, South Cambridgeshire District Council, the University of Cambridge and the LEP (now the Business Board) to negotiate the City Deal with Central Government. The deal has resulted in a changed set of governance arrangements for Greater Cambridge, allowing the County, Cambridge City Council and South Cambridgeshire District Council to pool funding, powers and decision making through a joint Executive Board. This structure is leading the joint delivery of a number of major transport schemes and has achieved a more

joined-up and efficient approach to tackling the key economic issues facing this rapidly-growing city region.

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

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

The Local Transport Plan is a key document and is produced in partnership with the city and district councils and the CPCA. There has been a strong working relationship for many years in this area, which has succeeded in bringing together the planning and

transport responsibilities of these authorities to ensure an integrated approach to the challenges facing the county.

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

The Council is in the fortunate position of continuing to be a major landowner in Cambridgeshire, and as such has established a company, This Land, which enables the Council to develop its own land rather than sell it to third parties. The company has developed an initial 10-year pipeline of sites, with the objective of delivering more than 1,500 homes. The Council is the sole shareholder of This Land Limited (and the ultimate parent of its wholly owned subsidiaries).

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

- Rolling out and exploiting better broadband infrastructure across the county; with Peterborough City Council, the district

councils, the Business Board, local businesses and the universities;

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

## 8: Non-financial Investment Strategy

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

replaced by this Investment Strategy in order to reflect updated statutory guidance.

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

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

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

As with the rest of the Capital Strategy, all commercial activity will be undertaken in line with the Council's vision of 'making

Cambridgeshire a great place to call home'. All commercial activity will therefore be undertaken in order to contribute to the following Priority Outcomes:

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

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

- Developing strength and depth in our commercial activity

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

## 9: Asset management

The Council's Capital Strategy inevitably has strong links to the Council's 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 C&I Committee. The Strategy will continue to focus on the key objectives of:

- Reducing costs
- Co-locating front and/or back-office services
- Reducing carbon emissions
- 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

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

Specific property initiatives include:

- The establishment of a wholly-owned company which has allowed the Council to become a developer of its own land, principally for housing. This requires significant capital

investment through loans to the company for development purposes, but has generated ongoing revenue streams for the Council, as well as significant amounts of capital receipts that have been re-invested;

- Commercial investment, where the Council has developed a portfolio of strategic investments which provide ongoing revenue streams and carbon reductions. These investments have been completed under the framework of the Council's Investment Strategy which is included as Appendix 3;
- The County Farms Estate Strategy has been reviewed by a Member working group, and will feed into both the Asset Management Strategy and the Council's Commercial Activity programme;
- A review of the provision of back office accommodation as part of the Cambs 2020 scheme.

## 10: Delivering statutory obligations

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

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

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

- General costs of construction

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

- Quality of build

In general, the Council aims to build at mid-point in terms of quality. This balances the need to ensure that the materials the Council uses are robust and fit for purpose in respect of both an adequate life-cycle for the asset and also maintenance requirements that are not overly burdensome to the end user or operator, whilst at the same time providing Value for Money in terms of initial capital investment. In December 2019, the Council approved Near Zero Energy Standards for new build projects it will

own and occupy. One of the Education schemes is being used as a pilot project to identify both higher energy standards for schools and new business models that are needed to deliver these higher standards. Collaboration with government will be important to bring forward these new business models and provide the freedoms for school operators and the Council to enter energy service agreements. These standards set energy performance and renewable energy thresholds for new buildings which over time, will be included in the detailed specification and size of school buildings required for a given number of pupils.

- Future proofing

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

- Temporary accommodation

The Council uses temporary classroom accommodation when it is felt that this provides a suitable short-term solution in addressing a need. Such cases include meeting a temporary bulge in population,

filling a gap prior to completion of a permanent solution or in an emergency.

- Home to School Transport

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

- Location (within the geographical area of need)

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

- Type – extension or new build

The type will be dependent on a full appraisal of the situation. New builds are often the solution endorsed by members where a new town or key development location is identified within Cambridgeshire.

- Planning stipulations

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

## 11: Development of the Capital Programme

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

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

New schemes for inclusion in the Programme are developed by Services (in conjunction with Finance) in line with the Priority Outcomes outlined in the Corporate Strategy. As stated in the financial regulations, any new capital scheme costing more than £250,000 is appraised as to its financial, human resources, property, 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 alternative methods of delivery have been investigated in order to meet the relevant needs and outcomes of the Council.

An Investment Appraisal of each capital scheme (excluding schemes with 100% ring-fenced funding) is undertaken / revised as part of the Business Case, which allows the scheme to be scored against a weighted set of criteria such as strategic fit, business continuity, joint working, investment payback and resource use. This process will also need to be updated to include carbon emission reductions in future. The criteria allows schemes within and across all Services to be ranked and prioritised against each

other, in light of the finite resources available to fund the overall Programme and in order to ensure the schemes included within the Programme are aligned to assist the Council with achieving its targeted Priority Outcomes.

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

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

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

Service Committees review the prioritisation analysis and the Capital Programme is subsequently agreed by General Purposes

Committee (GPC), who recommends it to Full Council as part of the overarching Business Plan.

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

## 12: Revenue implications

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

- the cost of borrowing through interest payments and repayment of principal (called Minimum Revenue Provision), or through the loss of investment income; and
- the ongoing revenue impact of the scheme (such as staff salaries, utility bills, maintenance, administrative costs etc.), or revenue benefits (such as savings or additional income).

To ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the revenue budget planning process. Both the borrowing costs and ongoing revenue costs/savings of a scheme are taken into account as part of a scheme's Investment Appraisal, and therefore, the process for prioritising schemes against their ability to deliver outcomes. In addition, the Council is required by CIPFA's Prudential Code for Capital Finance in Local Authorities 2017 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to guarantee that it achieves this, towards the start of each Business Planning Process, GPC determines what proportion of

revenue budget is spent on services and the corresponding maximum amount to be spent on financing borrowing. This is achieved by setting an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan.

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 GPC to ensure that changing factors such as the level of interest rates, or the external funding environment are taken into account when setting both.

Invest to Save / Earn schemes are excluded from the limit – whilst the financing costs for commercial activity 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. In order to afford a degree of flexibility from year-to-year, the limit is reviewed over a three-year period. Following the change in the Minimum Revenue Provision policy, agreed by Full Council in February 2016, the debt charge limits are as follows:

|   | 2021 -<br>22<br>(£m) | 2022 -<br>23<br>(£m) | 2023 -<br>24<br>(£m) | 2024 -<br>25<br>(£m) | 2025 -<br>26<br>(£m) | 2026<br>-27<br>(£m) |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| <b>Restated Debt Charges Limits</b>                     | 39.7                 | 40.3                 | 40.8                 | 41.4                 | 41.9                 | 42.4                |
| <b>2021-22 Business Plan (excluding Invest to Save)</b> | 31.0                 | 36.4                 | 39.8                 | 40.9                 | 43.8                 | 44.6                |
| <b>HEADROOM</b>   | <b>-13.7</b>         |                      |                      | <b>3.6</b>           |                      |                     |

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

In more recent years, the Council has undertaken a more focused review of the Capital Programme in order to minimise the cost to the taxpayer of financing debt charges for capital schemes. The review has focused on re-prioritising and re-programming capital schemes according to need to ensure that the Council makes the best use of the capital funding available and minimises the revenue impact of capital projects.

Due to the Council's strategic role in stimulating economic growth across the county through infrastructure investment, any capital

proposals that are able to reliably demonstrate revenue income / savings at least equal to the debt charges generated by the scheme's borrowing requirement are excluded from contributing towards the advisory borrowing limit. These schemes are called Invest to Save or Invest to Earn schemes and will be self-funded in the medium-term.

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

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

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government would allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects between 2016-17 and 2018-19. The Government then further extended this flexibility to cover a further 3 years until 2021-22. As part of the 2017-18 Business Plan, the Council decided to use this flexibility to fund transformational activity, and as a

result, prudential borrowing undertaken by the Council for the years 2017-18 to 2021-22 will be between £3.0m and £3.9m higher in each respective year. This is expected to create additional Financing costs in the revenue budget of £88k to £161k each year. For further information, please see the Flexible Use of Capital Receipts Strategy contained within section 3 of the MTFS (Section 2).

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

## 13: Managing the Capital Programme

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

- new / updated resource allocations;
- slippage or brought forward programme delivery;
- increase / reduction in overall scheme costs; and

- virements between schemes to maximise delivery against the priorities of the Council.

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

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

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

New demands and pressures and changes to estimated costs and funding for ongoing schemes will also potentially result in the need for virements between schemes. All virements should be carried out in line with the limits set out in Appendix I of the Scheme of

Financial Management, up to the upper limit of £250,000 by the Chief Finance Officer. Anything above this limit will be dealt with in line with the process for new schemes, and will be taken to GPC for approval as part of the monthly Integrated Finance Monitoring Report. Any over spends, whether in year or in relation to the whole scheme, once approved will be funded using applicable external sources and internal, non-borrowing sources first, before using borrowing as a last resort.

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

## 14: Summary of the 2021-22 Capital Programme

Total expenditure on major investments underway or planned includes:

- Providing for demographic pressures regarding new and improved schools and Child and Family Centres, as well as adaptations and major repairs (£513m)
- Housing Provision (£152m)
- Major road maintenance (£79m)
- Investing in Connecting Cambridgeshire (£46m)
- King's Dyke Crossing (£34m)

- North Angle Solar Farm, Soham (£26m)
- A14 Upgrade (£25m)
- Shire Hall Relocation (£19m)
- Decarbonisation Fund (£15m)
- Transformation Activity (£14m)
- Integrated Community Equipment Service (£13m)
- Wisbech Town Centre Access Study (£11m)
- Stanground Closed Landfill Energy Project (£8m)
- Care Suites – East Cambridgeshire [REDACTED]
- Waste – Household Recycling Centre Improvements [REDACTED]
- Abbey – Chesterton Bridge (£7m)
- Trumpington Smart Energy Grid (£7m)
- Babraham Smart Energy Grid (£6m)
- Cambs 2020 Spokes Asset Review (£6m)
- Community Fund (£5m)
- Data Centre Relocation (£5m)
- Building Maintenance (£5m)

The 2021-22 ten-year Programme, worth £608.7 million, is budgeted to be funded through £491.4 million of external grants and contributions, £17.4 million of capital receipts and £99.9 million of borrowing. This is in addition to an estimated previous spend of £655.5 million on some of these schemes, creating a total

Capital Programme value of £1.3 billion. The related revenue budget to fund capital borrowing is forecast to spend £31.8 million in 2021-22, increasing to £44.7 million by 2025-26.

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

| Scheme   | Total Investment (£m) | Total Net Return* (£m) |
|--|-----------------------|------------------------|
| Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride | 3.6                   | 2.0                    |
| Babraham Smart Energy Grid   | 6.3                   | 10.6                   |
| Trumpington Smart Energy Grid                                      | 7.0                   | 7.0                    |
| Stanground Closed Landfill Energy Project                          | 8.3                   | 8.9                    |
| Woodston Closed Landfill Energy Project                            | 2.5                   | 8.8                    |
| North Angle Solar Farm, Soham                                      | 26.3                  | 40.1                   |
| Housing schemes  | 152.4                 | 57.8                   |
| Lower Portland Farm  | 4.0                   | 15.1                   |
| County Farms investment (Viability)                                | 2.7                   | 7.4                    |
| Shire Hall Relocation  | 18.7                  | 45.2                   |
| <b>TOTAL</b>   | <b>231.8</b>          | <b>202.9</b>           |

\*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).

*Figures within this section may be redacted in relation to schemes that are not yet tendered, due to commercial sensitivity.*

## Appendix 1: Allowable capital expenditure

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

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

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

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

## Appendix 2: Sources of capital funding

### Central Government and external grants

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

### Capital receipts

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

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

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

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

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

### Borrowing (known as prudential borrowing)

The Council can determine the level of its borrowing for capital financing purposes, based upon its own views regarding the affordability, prudence and sustainability of that borrowing, in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2017. Borrowing

levels for the capital programme are therefore constrained by this assessment and by the availability of the revenue budget to meet the cost of this borrowing, considered in the context of the overall revenue budget deliberations. Further information is contained within the Treasury Management Strategy Statement (Section 7 of the Business Plan).

### Revenue Funding

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

## Appendix 3: Investment Strategy for Non-financial Investments

### Objectives

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

### Legal Powers

#### Power to invest

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

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

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

#### Power to borrow

Section 1 of the LGA 2003 gives each local authority a power to borrow money for:

- (a) any purpose relevant to its functions under any enactment

(b) the purposes of prudent management of its financial affairs provided it does not exceed its affordable borrowing limit under Section 3 of the LGA 2003 (s.2(1) and 2(4))

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

### The power to undertake an activity for a commercial purpose

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

### Other Considerations

As well as ensuring the Council has the legal power to invest, the Council also needs to ensure that exercising its powers is carried out in line with relevant statutory guidance and professional codes of practice. CIPFAs Prudential Property Investment Guidance 2019 sets these out as:

- The application of case law principles concerning the reasonableness of decision making
- Statutory guidance issued by the government (MHCLG’s Statutory Guidance on Local Government Investments and Statutory Guidance on Minimum Revenue Provision)
- The CIPFA Prudential Code
- Good practice in investment management, which considers the appropriateness of investments to the authority’s risk appetite, its financial circumstances and the expected length of the investment need

These are taken into consideration throughout the rest of this strategy.

## Governance Processes

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

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

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

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

Where appropriate, the Council works with a partner organisation to develop the portfolio in order to ensure the right skills are used and the necessary capacity is generated in order to access market opportunities. The Council has used several professional advisors to date, which has provided access to different opportunities across the market. The Commercial Team have brought together all of the Council's investment

information using input from services and professional experts in order to establish an overall investment approach (covering both financial and non-financial investment). This will ensure that investment decisions are assessed holistically, ensuring they not only operate within certain performance thresholds, but also take into account the full range of commercial opportunities available for investment.

The details of all opportunities are reviewed by the Investment Working Group using a robust appraisal process that assesses potential acquisitions for their location, tenancy strength, tenure, lease length, repairing terms and physical condition. This information is reviewed alongside strategic criteria and key ratios and forms the basis of a scorecard to indicate whether investment is worth pursuing further. In addition, the acquisition business case also requires information on risks and exit strategies to be completed. The Council has also contracted investment advisors Redington to provide support and advice to elected members and statutory officers, including delivery of training.

## Managing Risk

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

### Income Risk

The main risk in a commercial portfolio is tenant vacancies and the resultant loss of income. The costs of holding a vacant property include non-domestic rates, insurance, utilities, security, inspections and management. In addition, there 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 Risk

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. It is therefore important that any purchasing decisions also contribute positively to the performance of the portfolio, both financially and but also in minimising the overall risks.

### Concentration Risk

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

**Sector Concentration:** The main property sectors are retail, office, industrial and leisure/healthcare. The Council aims to 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. The value of industrial real estate holdings is sometimes adversely affected by changes in environmental legislation, and such holdings will therefore be limited in overall investment portfolios.

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

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

**Tenure Concentration:** The portfolio 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 can be compared with regard to their length (including renewal options), which may vary considerably, typically from ten to twenty years.

### Due Diligence

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

- Valuation
- Market conditions
- Covenant strength
- Terms of leases
- Structural surveys

- Future costs
- Other issues

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

### Proportionality

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

### Dependency on Commercial Income

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

|   | <b>2020-21<br/>Estimate<br/>%</b> | <b>2021-22<br/>Estimate<br/>%</b> | <b>2022-23<br/>Estimate<br/>%</b> | <b>2023-24<br/>Estimate<br/>%</b> | <b>2024-25<br/>Estimate<br/>%</b> | <b>2025-26<br/>Estimate<br/>%</b> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Commercial income* to net service expenditure | -3.5%                             | -3.7%                             | -3.7%                             | -4.1%                             | -4.3%                             | -4.3%                             |

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

### Debt relative to Service Expenditure

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

|  | 2020-21<br>Estimate<br>% | 2021-22<br>Estimate<br>% | 2022-23<br>Estimate<br>% | 2023-24<br>Estimate<br>% | 2024-25<br>Estimate<br>% | 2025-26<br>Estimate<br>% |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Financing costs to net service expenditure | 8.7%                     | 8.9%                     | 10.1%                    | 10.7%                    | 10.6%                    | 10.9%                    |

However, it should be noted that the majority of these costs do not relate to borrowing incurred (or anticipated) for commercial investment, but rather to necessary borrowing required to support the Council's service Capital Programme.

## Developing the Portfolio

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

## Acquisition

The Council acquires both freehold and long-term leasehold properties, engaging the services of commercial property experts in order to identify suitable market opportunities. Where appropriate, the Council uses experienced advisors to undertake robust due diligence and complete sale documentation. Ongoing management arrangements for properties differs depending on the level of specialisation of the asset, as well as the complexity and certainty of tenure. For specialised, complex tenures, the Council outsources the ongoing property management arrangements, including facilities management and marketing arrangements. However, in other cases the management arrangements are undertaken by the internal team of commercial property surveyors.

The benefits of the acquisition approach are:

- revenue is generated from the point of acquisition
- risks are mitigated with proper due diligence
- reasonable levels of liquidity
- management costs are relatively low

There are two types of direct investment opportunities that the Council pursues:

- Best property for the sector in an ideal location, with long-term income from high quality tenants where yields are equal to or slightly above prime for the sector. Rental yield (financial return on the capital investment as a percentage) is lower than the general market, but capital and rental growth is steady and medium/long-term risk of void periods and tenant default is reduced.
- Properties similar to those above, but in slightly less favourable locations, with shorter leases and lesser tenant covenant strength, where returns are appropriate for the sector and risk. Rental yields in this area are slightly higher, reflecting the increase in risk. Given the depreciating specialist infrastructure and changes in trends, such assets may require substantial future capital expenditure in order to maintain the value of the interest; the risk from this should be fully explored and understood before purchase. Residential property provides a good income diversifier given its limited correlation to commercial property and returns have been stable over the long-term, although the level of tenant and property management should be carefully considered and allowed for in all appraisals.

The Council has initially taken a relatively low-risk approach to acquisitions in order to develop a sound real estate investment portfolio, and has therefore focused on the first type of opportunity in its search. This has reduced the level of return generated initially; longer-term it is proposed to target an average portfolio yield of 6% by 2024-25. Where an individual opportunity does not deliver a 6% yield (either initially or longer-term) but it is felt to still have potential, the investment is still reviewed by C&I Committee, taking into account any other supporting factors such as reduction of concentration risk. However, the Cambridgeshire market generates relatively low returns due to competition and security of tenure, therefore moving forward the Council may need to consider opportunities further afield if it wishes to generate higher returns.

As a result, the Council has acquired property in the following sectors: student accommodation, leisure, retail, manufacturing and office/logistics. The Council has continued with the incumbent outsourced operator for one of its acquisitions, who have expertise in student accommodation management. Marketing and property management for three of the Council's other acquisitions have also been outsourced to Carter Jonas; using one managing agent for several properties provides benefits of efficiency and expertise. Four of the five properties the Council has acquired have relatively secure or straightforward tenures mitigating the scale of proactive management required and the outsourced arrangements are overseen by the internal team of commercial property surveyors, acting as the intelligent client.

These acquisitions have created a balanced portfolio of investments across sectors and geographical locations, and have significantly reduced the Council's concentration risk across property type, sector and tenure. However, geographical concentration risk still exists, as all purchase have been made in county, or around the local economy (albeit the locations are spread around the county).

### Development

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

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

Self-development brings greater financial rewards and ensures that the Council remains in control of the development. However, the Council may need to invest to ensure that it has the right skills and capacity to manage such an investment programme, if these skills do not exist within the Council. The disadvantages are that revenues are only accrued once the development has been completed; land acquisition and other costs are incurred long before any revenue stream commences. There is also very low liquidity during construction and diversification of the portfolio is low. The self-development route exposes the Council to procurement and construction risks which need to be mitigated by the 'buying in' of the appropriate and necessary skills.

The Council has one completed energy development scheme and has several further energy schemes in progress.

### Funding the Portfolio

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

### Revenue/Reserves

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

### Capital Receipts

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

### Borrowing

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

The Council anticipates that the core element of its commercial investment will be funded by capital receipts. However, by itself this is not sufficient to support the Council's plans regarding expectation of the level of commercial income that will be used to support the Council's revenue budget over the medium-term. Therefore, the Council has taken a measured risk towards using borrowing to fund some element of the Council's commercial investment, whilst also ensuring to develop the Council's place-making role at the same time.

When underrating any borrowing, the Council has to have regard to CIPFAs Prudential Code 2017 to ensure borrowing remains within an affordable limit. The Council therefore reviews borrowing in relation to commercial investment as part of the overall capital programme, to ensure it remains affordable, prudent and proportional.

Whilst the cost of PWLB borrowing increased by 100 basis points during October 2019, due to having secured £100m of borrowing prior to rate rises, the Council's track record in securing good value borrowing from other lenders (particularly other local authorities) and also remaining 'internally borrowed' (utilising cash balances to mitigate the level of external borrowing), the Council does not expect this rate rise to impact significantly over the life of the Business Plan.

## Managing the Portfolio

### Management of Property

Properties with fully repairing and insuring leases and excellent energy performance are sought as a preference for investment, in order to minimise the cost of management and maintenance. Exceptions can be made for properties that are purchased for specific development or planning reasons. In order to minimise management overheads, use of an external property management firm is considered to handle the day to day operational issues with the portfolio, particularly for properties which are outside the county, are specialised in nature or have complex tenures.

### Tenure

Assets acquired with tenants in place may be subject to sub-leases granted within the security of tenure provisions of the Landlord and Tenant Act 1954. This is less attractive if assets are purchased for future development possibilities, as ending the tenancies requires the Council to satisfy one of the grounds under the Act to take back possession. Conditions of tenure is therefore a further important consideration in any investment decision and is reviewed as part of the acquisition business case.

## Realising the Investment

There may be a need in the future to dispose of property investments. This could happen 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 at the outset. Therefore, as part of the investment decision, consideration will be given to the potential ways in which the Council could “exit” from the investment, such as sale to another investor, sale for redevelopment, etc. An investment will only proceed where a clear exit strategy has been identified in the acquisition business case.

## Monitoring the Portfolio

The Council’s Commercial Team is responsible for undertaking ongoing performance and risk management of the Council’s investment portfolio in order to ensure that it is continuing to deliver against target. The Council does this through both the monthly C&I Finance Monitoring Report, and the quarterly C&I Key Performance Indicators Report, both reported to C&I Committee. Active monitoring of the

performance of individual properties within the portfolio is undertaken jointly across services – property, finance and commercial – and is reported to both the C&I Investment Group and Commercial Board. 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 or yield.

## Current Portfolio

|                           |  |                             |   |
|---------------------------|--|-----------------------------|---|
| <b>Acquisition:</b>       | Brunswick House  | <b>Date of Acquisition:</b> | 26/07/18  |
| <b>Service Objectives</b> | <p>Diversify and increase income streams to the Council, protecting frontline services notwithstanding reducing government grant and rising demand.</p> <p>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.</p> <p>Inward economic investment: directly and indirectly supportive to jobs in the education sector, a key industry in the county's economy.</p> | <b>Assessment of Risks</b>  | <p>Constructed in 2012, the property was acquired in good condition, marketed to students at the higher/premium end of the market.</p> <p>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.</p> <p>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.</p> |

|                                   |  |                                  |   |
|-----------------------------------|--|----------------------------------|---|
| <b>Acquisition:</b>               | Brunswick House  | <b>Date of Acquisition:</b>      | 26/07/18  |
|                                   |  |                                  | 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.   |
| <b>Advisors / Market Research</b> | <p>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.</p> <p>Legal advisors, Birketts LLP, dealt with the conveyancing and transaction, providing advice on legal issues arising from Property, Construction, Tax, Commercial, Planning and Employment.</p> <p>Brunswick House is staffed on a day-to-day basis and marketed by HomesforStudents, who operate 15,000 student rooms across the country with a strong reputation for student experience, welfare and security.</p> <p>The property is managed for the Council by Homes for Students who handle all day to day management on a contract running to</p> | <b>Liquidity / Exit Strategy</b> | <p>There are no plans to sell currently.</p> <p>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.</p> <p>Should student accommodation become less viable the Council would investigate alternatives such as residential apartments or accommodation for elderly people.</p> |

|   |  |                                  |   |                                    |                               |  |
|---|--|----------------------------------|---|------------------------------------|-------------------------------|--|
| <b>Acquisition:</b>                                   | Brunswick House  |                                  | <b>Date of Acquisition:</b>   | 26/07/18                           |                               |  |
|   | 2021. Should this contract not be renewed an alternative manager would be procured to continue running Brunswick House as student accommodation. |                                  |   |                                    |                               |  |
| <b>If funded by borrowing, why was this required?</b> | N/A  |                                  | <b>Explanation of why the Statutory Guidance on local Authority Investments and the Prudential Code have not been adhered to</b>      | N/A                                |                               |  |
| <b>Cost (£m)</b>                                      | <b>Funded by Borrowing (£m)</b>  | <b>Total Interest Costs (£m)</b> | <b>Annual Income (£m)</b>   | <b>Annual Costs (£m)</b>           | <b>Annual Net Return (£m)</b> |  |
| 39.5  | -  | -                                | 2.4 initially   | 0.5 initially                      | 1.9 initially                 |  |
| <b>Payback Period (Yrs)</b>                           | <b>Net Income Yield (%)</b>  | <b>Return on Investment (%)</b>  | <b>Total Return over 25 Years (£m)</b>  | <b>Internal Rate of Return (%)</b> | <b>Net Present Value (£m)</b> |  |
| 16.4  | 4.8 increasing to 6.1  | 69.6                             | 66.9  | 4.4                                | 8.3                           |  |
| <b>Additional Investment (£m)</b>                     | <b>Current Value (£m)</b>  | <b>Gain (+) / Loss (-) (£m)</b>  | <b>Revenue implications of reported loss / Mitigating action</b>  |                                    |                               |  |
| The Council is looking to establish a sinking         | 32.8   | -6.7                             | The reported loss arises partly from the temporary impact of new competition opening in the immediate area, plus the impact of Covid- |                                    |                               |  |

|   |                 |  |   |          |
|---|-----------------|--|---|----------|
| <b>Acquisition:</b>   | Brunswick House |  | <b>Date of Acquisition:</b>   | 26/07/18 |
| fund with at least 1% of net income in order to maintain and improve the property and compete with new entrants to the student accommodation market in Cambridge. |                 |  | 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 currently stands at over 70% and is expected to continue to rise. |          |

|                                   |   |                                  |   |
|-----------------------------------|---|----------------------------------|---|
| <b>Acquisition:</b>               | Cromwell Leisure Park   | <b>Date of Acquisition:</b>      | 24/05/2019  |
| <b>Service Objectives</b>         | <p>Diversify and increase income streams to the Council, protecting frontline services notwithstanding reducing government grant and rising demand.</p> <p>Inward economic investment: directly supportive to jobs in the leisure sector, supporting the local economy.</p> <p>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.</p> <p>Provides geographic diversity to the portfolio by investment into the most deprived district in the county.</p> | <b>Assessment of Risks</b>       | <p>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.</p> <p>The cinema anchors the Leisure Park investment as a whole, but 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 if social distancing issues can be overcome.</p> |
| <b>Advisors / Market Research</b> | <p>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.</p> <p>Legal advice on the lease was also obtained from Mills and Reeve LLP.</p>  | <b>Liquidity / Exit Strategy</b> | <p>There are no plans to sell currently.</p> <p>There are 4 units, with two of the smaller units now vacant. The existing tenants are the Light Cinema, who have a tenancy running to 2039 with a break at 2029; Prezzo Plc with a lease running to 2039 with a break at 2029 and the Restaurant Group (UK) Ltd with a lease running to 2039 and a break</p>  |

|   |  |   |  |
|---|--|---|--|
| <b>Acquisition:</b>                                   | Cromwell Leisure Park  | <b>Date of Acquisition:</b>   | 24/05/2019   |
|   |  |   | <p>option at 2029. However, the Restaurant Group (UK) Ltd are now under a CVA and will be released and discharged from all remaining covenants at 31 March 2021. In the event of any of the tenants vacating new tenants are sought. It is most likely that the cinema would remain a cinema given that it's fitted out for this purpose and given the lack of local competition. Other leisure uses would be the most likely alternatives to a cinema but would require fitting out. Similarly, the restaurants are likely to remain as restaurants given the lack of local competition, the proximity of a cinema attraction and also the Tesco supermarket nearby. 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.</p> <p>The Council also has the option to sell the property though this may be difficult in the current climate for the leisure sector.</p> |
| <b>If funded by borrowing, why was this required?</b> | The Investment Strategy is clear that the level of income generation being targeted by the Council is unlikely to be supported by capital receipt funded investment alone. The | <b>Explanation of why the Statutory Guidance on local Authority</b> | <p>N/A</p> <p>This is an in-county acquisition, supporting the leisure sector in Fenland.</p>  |

|                                   |  |                                  |  |                                    |                               |
|-----------------------------------|--|----------------------------------|--|------------------------------------|-------------------------------|
| <b>Acquisition:</b>               | Cromwell Leisure Park  |                                  | <b>Date of Acquisition:</b>  | 24/05/2019                         |                               |
|                                   | strong yield of this asset is likely to underpin a funding approach which relies on borrowing. |                                  | <b>Investments and the Prudential Code have not been adhered to</b>  |                                    |                               |
| <b>Cost (£m)</b>                  | <b>Funded by Borrowing (£m)</b>  | <b>Total Interest Costs (£m)</b> | <b>Annual Income (£m)</b>  | <b>Annual Costs (£m)</b>           | <b>Annual Net Return (£m)</b> |
| 7.0                               | -  | -                                | 0.7 initially  | 0.0 initially                      | 0.7 initially                 |
| <b>Payback Period (Yrs)</b>       | <b>Net Income Yield (%)</b>  | <b>Return on Investment (%)</b>  | <b>Total Return over asset life (50 Years) (£m)</b>  | <b>Internal Rate of Return (%)</b> | <b>Net Present Value (£m)</b> |
| 17                                | 10.1 falling to 7.8  | 206.0                            | 29.1   | 6.0                                | 5.3                           |
| <b>Additional Investment (£m)</b> | <b>Current Value (£m)</b>  | <b>Gain (+) / Loss (-) (£m)</b>  | <b>Revenue implications of reported loss / Mitigating action</b>   |                                    |                               |
| 0.4                               | 7.0  | N/A                              | Asset has not yet been valued at market value as this will be done during the 2020/21 accounts process. Council policy means assets are not revalued until the year after acquisition. |                                    |                               |

|                                   |  |                                  |  |
|-----------------------------------|--|----------------------------------|--|
| <b>Acquisition:</b>               | Superstore Site, Newmarket Road  | <b>Date of Acquisition:</b>      | 15/08/2019   |
| <b>Service Objectives</b>         | <p>Diversify and increase income streams to the Council, protecting frontline services notwithstanding reducing government grant and rising demand.</p> <p>Inward economic investment: directly supportive to jobs in the retail sector, supporting the local economy.</p> <p>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.</p> <p>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.</p> | <b>Assessment of Risks</b>       | <p>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.</p> |
| <b>Advisors / Market Research</b> | BNP Paribas Real Estate provided an acquisition report which included information about the location and accommodation, a lease and income   | <b>Liquidity / Exit Strategy</b> | <p>There are no plans to sell currently.</p> <p>Tesco's current lease is due to expire in December 2029, however they do have the</p>  |

|   |  |  |   |
|---|--|--|---|
| <b>Acquisition:</b>                                   | Superstore Site, Newmarket Road  | <b>Date of Acquisition:</b>  | 15/08/2019  |
|   | <p>overview and a market commentary and value assessment.</p> <p>The Council also commissioned Birketts LLP as legal advisors for this transaction and to consider in detail the terms of the leases.</p>  |  | <p>option to renew for further periods. There is a risk that Tesco may decide to not renew their lease in the future and stop trading from the Newmarket Road site. Whilst it is perceived unlikely in the short to medium-term, if this decision was taken by Tesco in 2029, we would explore re-letting the property to another retailer who would be interested in leasing the whole site.</p> <p>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.</p> <p>The Council also has the option to sell its interest in the property, particularly given the location and tenure on this site.</p> |
| <b>If funded by borrowing, why was this required?</b> | <p>The Investment Strategy is clear that the level of income generation being targeted by the Council is unlikely to be supported by capital receipt funded investment alone. The strong yield of this asset is likely to underpin a funding approach which relies on borrowing.</p> | <b>Explanation of why the Statutory Guidance on local Authority Investments and the Prudential Code have not been adhered to</b> | N/A   |

|                                       |                                     |                                      |  |  |                                   |  |
|---------------------------------------|-------------------------------------|--------------------------------------|--|--|-----------------------------------|--|
| <b>Acquisition:</b>                   | Superstore Site, Newmarket Road     |                                      | <b>Date of Acquisition:</b>  | 15/08/2019                             |                                   |  |
|                                       |                                     |                                      |  |  |                                   |  |
| <b>Cost<br/>(£m)</b>                  | <b>Funded by Borrowing<br/>(£m)</b> | <b>Total Interest Costs<br/>(£m)</b> | <b>Annual Income<br/>(£m)</b>  | <b>Annual Costs<br/>(£m)</b>           | <b>Annual Net Return<br/>(£m)</b> |  |
| 54.5                                  | 54.5                                | 26.0                                 | 2.5<br>initially   | 0.1<br>initially                       | 2.4<br>initially                  |  |
| <b>Payback Period<br/>(Yrs)</b>       | <b>Net Income Yield<br/>(%)</b>     | <b>Return on Investment<br/>(%)</b>  | <b>Total Return over asset life (50 Years)<br/>(£m)</b>  | <b>Internal Rate of Return<br/>(%)</b> | <b>Net Present Value<br/>(£m)</b> |  |
| 20                                    | 4.6 rising to 5.6                   | 167.9                                | 150.8  | 4.8                                    | 35.4                              |  |
| <b>Additional Investment<br/>(£m)</b> | <b>Current Value<br/>(£m)</b>       | <b>Gain (+) / Loss (-)<br/>(£m)</b>  | <b>Revenue implications of reported loss / Mitigating action</b>   |  |                                   |  |
| 0                                     | 54.5                                | N/A                                  | Asset has not yet been valued at market value as this will be done during the 2020/21 accounts process. Council policy means assets are not revalued until the year after acquisition. |  |                                   |  |

|                           |   |                             |  |
|---------------------------|---|-----------------------------|--|
| <b>Acquisition:</b>       | Kingsbridge Centre, Peterborough  | <b>Date of Acquisition:</b> | 21/08/2019   |
| <b>Service Objectives</b> | <p>Diversify and increase income streams to the Council, protecting frontline services notwithstanding reducing government grant and rising demand.</p> <p>Inward economic investment: directly supportive to jobs in the industrial sector, supporting the local economy. Whilst this investment is out of county, it is very much located in an area that is intrinsically linked to the Cambridgeshire local economy.</p> <p>Investment also provides opportunity to diversify the portfolio into the industrial/manufacturing sector.</p> | <b>Assessment of Risks</b>  | <p>Well specified, freehold, self-contained distribution warehouse; originally designed as 5 industrial units, enabling split up and flexibility upon re-letting.</p> <p>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.</p> <p>Both tenants have long income to strong covenant ratings with guaranteed rental performance to Oct 2025 and no arrears.</p> <p>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.</p> <p>Watts Environmental Phase 1 report concludes a low to medium environmental risk. This is satisfactory for a building in its current industrial use.</p> |

|   |   |                                  |  |   |                               |  |
|---|---|----------------------------------|--|---|-------------------------------|--|
| <b>Acquisition:</b>                                   | Kingsbridge Centre, Peterborough  |                                  | <b>Date of Acquisition:</b>  | 21/08/2019  |                               |  |
| <b>Advisors / Market Research</b>                     | 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.<br><br>Legal advice was obtained from Birketts LLP.  |                                  | <b>Liquidity / Exit Strategy</b>   | 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. |                               |  |
| <b>If funded by borrowing, why was this required?</b> | The Investment Strategy is clear that the level of income generation being targeted by the Council is unlikely to be supported by capital receipt funded investment alone. The strong yield of this asset is likely to underpin a funding approach which relies on borrowing. |                                  | <b>Explanation of why the Statutory Guidance on local Authority Investments and the Prudential Code have not been adhered to</b> | 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.  |                               |  |
| <b>Cost (£m)</b>                                      | <b>Funded by Borrowing (£m)</b>   | <b>Total Interest Costs (£m)</b> | <b>Annual Income (£m)</b>  | <b>Annual Costs (£m)</b>  | <b>Annual Net Return (£m)</b> |  |
| 12.3  | 1.6   | 0.8                              | 0.7 initially  | 0.0 initially   | 0.7 initially                 |  |
| <b>Payback Period (Yrs)</b>                           | <b>Net Income Yield (%)</b>   | <b>Return on Investment (%)</b>  | <b>Total Return over asset life (50 Years) (£m)</b>  | <b>Internal Rate of Return (%)</b>  | <b>Net Present Value (£m)</b> |  |
| 20  | 5.9 rising to 7.5   | 213.5                            | 45.5   | 5.4   | 10.8                          |  |
| <b>Additional Investment (£m)</b>                     | <b>Current Value (£m)</b>   | <b>Gain (+) / Loss (-) (£m)</b>  | <b>Revenue implications of reported loss / Mitigating action</b>   |   |                               |  |

|                     |                                  |                             |  |
|---------------------|----------------------------------|-----------------------------|--|
| <b>Acquisition:</b> | Kingsbridge Centre, Peterborough | <b>Date of Acquisition:</b> | 21/08/2019   |
| 0                   | 12.3                             | N/A                         | Asset has not yet been valued at market value as this will be done during the 2020/21 accounts process. Council policy means assets are not revalued until the year after acquisition. |

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|---|---|--|--|
| <b>Acquisition:</b>                                   | Evolution Business Park, Impington  | <b>Date of Acquisition:</b>  | 31/01/2020   |
| <b>Service Objectives</b>                             | Diversify and increase income streams to the Council, protecting frontline services notwithstanding reducing government grant and rising demand.<br>Investing in a site that provide jobs in Cambridgeshire and promotes a thriving local economy.                            | <b>Assessment of Risks</b>   | 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.<br><br>The Council does have the option to pursue a further unit (currently being explored), which would help to mitigate some of the tenant risk. |
| <b>Advisors / Market Research</b>                     | 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.<br><br>Legal advice was obtained from Birketts LLP.   | <b>Liquidity</b>   | There are no plans to sell currently.<br><br>Investor appetite has been very strong in the area which suggests the site could be sold if required.   |
| <b>If funded by borrowing, why was this required?</b> | The Investment Strategy is clear that the level of income generation being targeted by the Council is unlikely to be supported by capital receipt funded investment alone. The strong yield of this asset is likely to underpin a funding approach which relies on borrowing. | <b>Explanation of why the Statutory Guidance on local Authority Investments and the Prudential Code have not been adhered to</b> | N/A  |

|                                   |                                    |                                  |   |                                    |                               |
|-----------------------------------|------------------------------------|----------------------------------|---|------------------------------------|-------------------------------|
| <b>Acquisition:</b>               | Evolution Business Park, Impington |                                  | <b>Date of Acquisition:</b>   | 31/01/2020                         |                               |
| <b>Cost (£m)</b>                  | <b>Funded by Borrowing (£m)</b>    | <b>Total Interest Costs (£m)</b> | <b>Annual Income (£m)</b>   | <b>Annual Costs (£m)</b>           | <b>Annual Net Return (£m)</b> |
| 29.7                              | 29.7                               | 18.2                             | 1.7 initially   | 0.0                                | 1.7                           |
| <b>Payback Period (Yrs)</b>       | <b>Net Income Yield (%)</b>        | <b>Return on Investment (%)</b>  | <b>Total Return over 25 Years (£m)</b>  | <b>Internal Rate of Return (%)</b> | <b>Net Present Value (£m)</b> |
| 16                                | 5.7 rising to 6.6                  | 230.5                            | 45.6  | 6.6                                | 34.8                          |
| <b>Additional Investment (£m)</b> | <b>Current Value (£m)</b>          | <b>Gain (+) / Loss (-) (£m)</b>  | <b>Revenue implications of reported loss / Mitigating action</b>  |                                    |                               |
| 0                                 | 29.7                               | N/A                              | Asset has not yet been valued at market value as this will be done in during the 2020/21 accounts process. Council policy means assets are not revalued until the year after acquisition. |                                    |                               |

## Treasury Management Strategy

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| 4: Borrowing strategy                               | Appendix 4: Minimum Revenue Provision (MRP) Policy Statement                         |
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| 6: Investment strategy                              | Appendix 6: Third Party Loans Policy   |
| 7: Risk Analysis and Forecast Sensitivity           |  |
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## 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 plans. These capital plans provide 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, (arising usually 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. 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 Ministry of Housing, Communities and Local Government (MHCLG) revised Guidance on Local Government Investments updated in 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 last year by Council in February 2020 and updated in July 2020 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 and to reflect the Council's current strategy

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.

## 2: Current Treasury Management position

The Council's projected treasury portfolio position at 31 March 2021, with forward estimates, is summarised below. The table shows the actual 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. 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 the Tables 1 and 2 below:

**Table 1: Forecast Borrowing and Investment Balances**

|   | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---------|---------|---------|---------|---------|---------|
|   | £m      | £m      | £m      | £m      | £m      | £m      |
| <b>External borrowing</b>   |         |         |         |         |         |         |
| Borrowing at 1 April brought forward                                    | 767.9   | 825.0   | 890.0   | 955.0   | 970.0   | 960.0   |
| Net Borrowing Requirement to fund capital programme (see Table 2 below) | 57.7    | 55.1    | 61.1    | 17.2    | -7.8    | -22.1   |
| Internal borrowing (increase (-)/reduction)*                            | -0.5    | 9.9     | 3.9     | -2.2    | -2.2    | -2.9    |
| (1) Actual borrowing at 31 March carry forward                          | 825.0   | 890.0   | 955.0   | 970.0   | 960.0   | 935.0   |
| (2) CFR (ex. PFI) – the borrowing need                                  | 944.1   | 999.2   | 1,060.3 | 1,077.5 | 1,069.7 | 1,047.6 |
| (3) [2 – 1] Internal borrowing*   | 119.1   | 109.2   | 105.3   | 107.5   | 109.7   | 112.6   |
| <b>Investments</b>  |         |         |         |         |         |         |
| Investments at 1 April  | 66.9    | 92.4    | 92.4    | 92.4    | 92.4    | 92.4    |
| In Year Movements   | 25.5    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| (4) Investments at 31 March   | 92.4    | 92.4    | 92.4    | 92.4    | 92.4    | 92.4    |
| (5) [1 – 4] Net borrowing   | 917.4   | 982.4   | 1,047.4 | 1,062.4 | 1,052.4 | 1,027.4 |

*\*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 Section 4 Borrowing Strategy.*

**Table 2: Capital Borrowing Requirement**

|   | 2020/21<br>£m | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m | 2025/26<br>£m |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Unsupported Borrowing – General Fund                | 52.2          | 74.0          | 82.3          | 41.3          | 15.0          | 4.0           |
| Unsupported Borrowing – Housing*                    | 30.6          | 1.7           | 0.0           | 0.0           | 3.0           | 0.0           |
| Less: MRP and other financing movements             | -25.1         | -20.7         | -21.3         | -24.0         | -25.8         | -26.0         |
| Net Borrowing Requirement to fund Capital Programme | 57.7          | 55.1          | 61.1          | 17.2          | -7.8          | -22.1         |

\* 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-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 |
| Bank Rate View       | 0.10%  | 0.10%  | 0.10%  | 0.10%  | 0.10%  | 0.10%  | 0.10%  | 0.10%  | 0.10%  | 0.10%  | 0.10%  |
| 5yr PWLB             | 0.80%  | 0.80%  | 0.80%  | 0.80%  | 0.80%  | 0.90%  | 0.90%  | 0.90%  | 0.90%  | 0.90%  | 1.00%  |
| 10yr PWLB            | 1.10%  | 1.10%  | 1.10%  | 1.10%  | 1.10%  | 1.20%  | 1.20%  | 1.20%  | 1.20%  | 1.20%  | 1.30%  |
| 25yr PWLB            | 1.50%  | 1.50%  | 1.60%  | 1.60%  | 1.60%  | 1.60%  | 1.70%  | 1.70%  | 1.70%  | 1.70%  | 1.80%  |
| 50yr PWLB            | 1.30%  | 1.30%  | 1.40%  | 1.40%  | 1.40%  | 1.40%  | 1.50%  | 1.50%  | 1.50%  | 1.50%  | 1.60%  |

The above forecast follows the conclusion of the review of Public Works Loan Board (PWLB) margins over gilt yields on 25/11/20; all forecasts have been reduced by 1%. These are forecasts for certainty rates, gilt yields plus 80 basis points.

The coronavirus outbreak has resulted in significant economic damage to economies around the world, including the United Kingdom. After the Bank of England took emergency action in March to cut the Bank Rate to first 0.25%, and then to 0.10%, the Bank Rate was left unchanged at subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear of his view that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in the Bank Rate is expected as economic recovery is expected to be gradual and therefore prolonged.

## Gilt yields / PWLB rates

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. Conversely, bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started significant quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

## Investment and borrowing rates

Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.

Borrowing interest rates fell to historically very low rates as a result of the coronavirus crisis and the quantitative easing operations of the Bank of England: gilt yields up to 6 years were negative during most of the first half of 2020/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 basis points in PWLB rates on top of the then current margin over gilt yields of 80 basis points in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. It also introduced the following rates for borrowing for different types of capital expenditure:

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)

As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for HRA or local infrastructure financing, until such time as the review of margins was concluded. On 25/11/20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields 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 60 basis points (G+60bps)

As PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-

term borrowing could also be undertaken for the purpose of certainty, or for flattening the profile of a heavily unbalanced maturity profile.

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 as this position will, most likely, incur a revenue cost.

#### 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 alternative 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 2021/22 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. However, 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 USA 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%, with the remainder of the borrowing expected to be accessed during 2020/21.

### **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.

### 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  |
|---------|---------------------------|--|
| 2021/22 | 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. |
| 2022/23 | 50%                       |  |
| 2023/24 | 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 will be 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 will 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 the General Purposes Committee (GPC), at the next quarterly report following its action.

## 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).

MHCLG Regulations have been issued which require the full 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 Council is recommended to approve the MRP Policy in Appendix 4.

The Council, in conjunction with its Treasury Management advisors, considers the MRP policy to be prudent.

## 6: Investment strategy

Government Guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS 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'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 GPC 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 Statement 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 MHCLG 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:

- the 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; and
- 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, GPC 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 & GPC.

## 9: Treasury Management Budget

The table below provides a breakdown of the treasury management budget at January 2021. Key assumptions behind the 2021/22 budget estimates are:

- Average rates achievable on short-term investments will be 0.21%, the average net return on the Council's long-term CCLA property fund treasury management investment will be 3.5% and the average return on multi-class asset 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 2.5% over the medium-term.
- The MRP charge is in line with the Council's MRP policy.

|  | 2020/21<br>Forecast<br>£m | 2021/22<br>Estimate<br>£m | 2022/23<br>Estimate<br>£m | 2023/24<br>Estimate<br>£m | 2024/25<br>Estimate<br>£m | 2025/26<br>Estimate<br>£m |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Interest payable                           | 19.1                      | 21.4                      | 23.6                      | 25.4                      | 26.6                      | 27.5                      |
| MRP  | 16.6                      | 18.6                      | 21.3                      | 24.0                      | 25.8                      | 26.0                      |
| Interest receivable                        | -0.6                      | -0.8                      | -0.8                      | -0.8                      | -0.8                      | -0.8                      |
| Interest Transferred to C&I                | 0.6                       | 0.7                       | 0.7                       | 0.7                       | 0.7                       | 0.7                       |
| Debt Management Expenses                   | 0.6                       | 0.5                       | 0.5                       | 0.5                       | 0.5                       | 0.5                       |
| Net Interest expenses recharged to Service | -5.1                      | -6.6                      | -6.7                      | -7.5                      | -10.3                     | -9.1                      |
| Technical adjustments                      | 0.1                       | 0.1                       | 0.1                       | 0.1                       | 0.1                       | 0.1                       |
| <b>Sub Total</b>                           | <b>31.3</b>               | <b>34.0</b>               | <b>38.8</b>               | <b>42.4</b>               | <b>42.7</b>               | <b>45.0</b>               |
| Capitalised Interest                       | -2.5                      | -2.2                      | -1.5                      | -1.8                      | -0.9                      | -0.3                      |
| <b>Grand Total</b>                         | <b>28.9</b>               | <b>31.8</b>               | <b>37.2</b>               | <b>40.6</b>               | <b>41.8</b>               | <b>44.7</b>               |

## 10: Policy on the use of external service providers/consultant

The Council's external treasury management advisors are Link Group, Treasury solutions. Link was awarded a 2 year contract, with the option to extend for up to 2 further years, following a formal procurement exercise during 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.

The scope of investments within the Council's operations now includes both conventional treasury investments (the placing of residual cash from the Council's functions) and more commercial type investments, such as investment properties. Commercial type investments may require specialist advice, and therefore the Council will undertake appropriate due-diligence by appointing specialist advisers on a case-by-case basis.

## 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) Localism Act**

A key element of the Act is the "General Power of Competence": "A local authority has power to do anything that individuals generally may do." The Act opens up the possibility that a local authority can use derivatives as part of their treasury management operations. However the legality of this has not yet been tested in the courts even though CIPFA have set out a framework of principles for the use of derivatives in the Treasury Management Code and guidance notes. The Council has no plans at this point to use financial derivatives under the powers contained within this Act.

### **b) 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.

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.

### **c) UK Municipal Bonds Agency (MBA)**

The MBA raised £6m share capital from 56 local authorities, including Cambridgeshire County Council, plus the Local Government Association to launch an agency to issue bonds in the capital markets on behalf of local authorities across the country and at lower rates than available from 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; however, the Council may make use of this new source of borrowing as and when appropriate.

### **d) 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. MHCLG introduced a five year statutory override allowing Councils to reverse any revenue impact of pooled fund valuation gains and losses. MHCLG 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.

## 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

#### Full Council:

- Approval of annual strategy and mid-year update to the strategy.
- Approval of the annual Treasury Management report.
- Approval of the Treasury Management budget.

#### General Purposes Committee:

- Approval of the Treasury Management quarterly update reports.
- Approval of the Treasury Management outturn report
- Scrutiny of performance against the Strategy.

#### Commercial and Investments Committee:

- Management of the Council's non-financial Investment Strategy

### The Treasury Management role of the Section 151 Officer

The Council's Deputy Chief Executive & 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 GPC 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

This organisation defines its 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.”

This organisation 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. 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.

This organisation acknowledges 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.

|   | 2020/21<br>£m | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m | 2025/26<br>£m |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Net Borrowing Requirement to fund Capital Programme | 57.7          | 55.1          | 61.1          | 17.2          | -7.8          | -22.1         |

**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.

|   | 2020/21<br>Projected<br>£m | 2021/22<br>Estimate<br>£m | 2022/23<br>Estimate<br>£m | 2023/24<br>Estimate<br>£m | 2024/25<br>Estimate<br>£m | 2025/26<br>Estimate<br>£m |
|---|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Capital Financing Requirement (CFR)</b>  |                            |                           |                           |                           |                           |                           |
| Total CFR   | 944.1                      | 999.2                     | 1060.3                    | 1077.5                    | 1069.7                    | 1047.6                    |
| Movement in CFR   | 57.7                       | 55.1                      | 61.1                      | 17.2                      | -7.8                      | -22.1                     |
| Movement in CFR represented by:   |                            |                           |                           |                           |                           |                           |
| Unsupported Capital Expenditure<br>(Prudential Borrowing) in capital<br>programme | 82.8                       | 75.8                      | 82.3                      | 41.3                      | 18.0                      | 4.0                       |
| Less: MRP and other financing<br>movements  | -25.1                      | -20.7                     | -21.3                     | -24.0                     | -25.8                     | -26.0                     |
| Movement in CFR   | 57.7                       | 55.1                      | 61.1                      | 17.2                      | -7.8                      | -22.1                     |

**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 full 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 | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m | 2025/26<br>£m |
|------------------|---------------|---------------|---------------|---------------|---------------|
| Total Borrowing  | 1,074         | 1,129         | 1,190         | 1,208         | 1,200         |

**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 | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m | 2025/26<br>£m |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Total Borrowing      | 1,044         | 1,099         | 1,160         | 1,178         | 1,170         |

## 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:

$$\frac{\text{Fixed rate borrowing} - \text{fixed rate investments}}{\text{Total borrowing} - \text{total investments}}$$

Variable rate calculation:

$$\frac{\text{Variable rate borrowing}^{**} - \text{fixed rate investments}}{\text{Total borrowing} - \text{total investments}}$$

\*\*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                    | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---------|---------|---------|---------|---------|
|   | 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 | 30/10/2020<br>Comparator |
| Under 12 months                 | 0%    | 80%   | 33%                      |
| 12 months to 2 years            | 0%    | 50%   | 18%                      |
| 2 years to 5 years              | 0%    | 50%   | 6%                       |
| 5 years to 10 years             | 0%    | 50%   | 9%                       |
| 10 years and above              | 0%    | 100%  | 34%                      |

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 |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
|  | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| 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 tax payers.

| Actual and estimates of financing costs to net revenue stream |                          |                          |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 2020/21<br>Estimate<br>% | 2021/22<br>Estimate<br>% | 2022/23<br>Estimate<br>% | 2023/24<br>Estimate<br>% | 2024/25<br>Estimate<br>% | 2025/26<br>Estimate<br>% |
| Financing costs to net revenue stream                         | 8.4                      | 8.8                      | 9.7                      | 10.3                     | 10.8                     | 10.9                     |

## 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.

The Ministry for Housing, Communities and Local Government (MHCLG) have issued regulations that require the full 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 in January 2021. Due to capacity issues, in part as a result of the additional work required by the ongoing pandemic, it is likely that this review will be delayed by one year to January 2022. This will allow a detailed review to be undertaken during 2021, in conjunction with the Council's treasury advisors.

### Historic debt liability accumulated up to 31<sup>st</sup> March 2010

Up until 2014/15, the proportion of provision that related to historic debt liability accumulated up to 31<sup>st</sup> March 2010 was calculated using Option 1 of MHCLG 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 31<sup>st</sup> March 2010 and that remained outstanding at 31<sup>st</sup> 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 MHCLG Guidance. This approach will continue to be applied.

### **Debt liability accumulated from 1<sup>st</sup> April 2010**

Prudent provision for any subsequent borrowing from 1<sup>st</sup> April 2010 onwards will be calculated using Option 3 of MHCLG 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 are 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. This approach will be reviewed on a loan by loan basis annually to ensure this remains a prudent approach, otherwise MRP charge may be introduced.

### **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

MHCLG 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 section 7 under the ‘Specified’ and ‘Non-Specified’ Investments 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 being 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 currently obtainable, for longer periods.

**Investment returns expectations.** The Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

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 |       |
|-------------------------------|-------|
| 2020/21                       | 0.10% |
| 2021/22                       | 0.10% |
| 2022/23                       | 0.10% |
| 2023/24                       | 0.10% |
| 2024/25                       | 0.25% |
| Long term later years         | 2.00% |

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may be widely administered to the population. It may also be affected by the deal agreed as part of Brexit.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate, or significant changes in shorter term PWLB rates.
- The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

**Negative investment rates.** While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, and in November omitted any mention of negative rates in the minutes of the meeting of the Monetary Policy Committee, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful

access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

## 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 its investments at all times, unless otherwise approved by the Chief Finance Officer.

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 Investment Group established by the Commercial & Investment Committee.

All credit ratings are monitored daily. The Council is alerted to changes to ratings of all three agencies through its external treasury advisors. If a rating downgrade results in the counterparty or 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 is advised of information in movements in CDS spreads against benchmark data and other market information on a daily basis and extreme market movements (which may be an early indicator of financial distress) may result in downgrade of an institution or removal from recommended investment.

Sole reliance will not be placed on the use of the Council's external treasury advisors 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 Chief Finance Officer 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 December 2020 are shown below. This list will be amended by officers should ratings change in accordance with this policy.

| AAA         | AA+     | AA              | AA-       |
|-------------|---------|-----------------|-----------|
| Australia   | Canada  | Abu Dhabi (UAE) | Belgium   |
| Denmark     | Finland | France          | Hong Kong |
| Germany     | USA     |                 | Qatar     |
| Luxembourg  |         |                 | UK        |
| Netherlands |         |                 |           |
| Norway      |         |                 |           |
| 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 will continue to use Barclays until February/March 2020 to process limited, residual transactions.

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):                                 |  |                                    |
| 1. Money Market Funds (CNAV, LVNAV or VNAV)  | AAA MMF rating                                 | £20m per individual/group in total |
| 2. Bond Funds  | Considered on an individual basis              |                                    |
| 3. 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 Council's exposure back in line with the approved counterparty limit as soon as reasonably practicable and invested elsewhere in line with this strategy.

### **7: Non-specified investments**

Non-specified investments are defined as those not meeting the specified investment criteria above, which includes investments for over 1 year.

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:

| Instrument   | Minimum 'High' Credit Criteria                 | Maximum Amount                     |
|--|--|------------------------------------|
| UK Government  | Government backed                              | No maximum                         |
| 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              |                                    |
| Collateralised Deposit / Covered Bonds   | AAA  | £20m per individual/group in total |
| 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                      |                                    |
| 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 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 and Allianz Global Investors. 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 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: 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

Government changes in the way councils are funded has prompted local authorities to look at more commercial and innovative ways of growing income streams from sources other than Government grants and council tax in order to support the delivery of front-line services.

Whilst the Council should not wish to become a commercial lender in the market place 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 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)

Both of the above criteria are required to be fulfilled in order for the Council to consider advancing public funds.

### Governance Arrangements

All proposals will be considered by the Commercial Board (a Board of Officers from across the Council considered to provide an overview and challenge on all of the Council's commercial activity).

Loans of less than £250,000 that fulfil the policy framework are delegated to the Council's Chief Finance Officer in consultation with the Chair of General Purposes Committee (GPC). 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 GPC approval. The exception to this are loans associated with County Council owned assets which remain within the remit of the Commercial and Investment Committee.

### **Limits**

No specific limits are proposed but all loans in excess of £250,000 will require GPC 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.

### **State Aid and Interest Rates**

Under EU law, State Aid rules must 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.

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 GPC.