

Business Planning Proposals for 2023-28: opening update and overview

To:	Adults and Health Committee
Meeting Date:	5 October 2022
From:	Charlotte Black, Executive Director for People & Communities; Jyoti Atri, Director of Public Health; Tom Kelly, Chief Finance Officer
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable
Outcome:	<p>This report outlines the process of setting a business plan and financial strategy for 2023-2028 which will culminate at the February Full Council. Through this report, Members will gain awareness of:</p> <ul style="list-style-type: none">• the current business and budgetary planning position and estimates for 2023-2028• the principal risks, contingencies and implications facing the Committee and the Council's resources• the process and next steps for the Council in agreeing a business plan and budget for future years
Recommendation:	<p>It is recommended that Adults and Health Committee:</p> <ol style="list-style-type: none">a. Notes the overview and context provided for the 2023 – 2028 business planb. Notes the initial estimates made for demand, inflationary and other pressuresc. Notes overview and estimates made for the updated capital programme
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1. Overview

- 1.1 The Council's Business Plan sets out how we will spend our resources to achieve our vision and priorities for Cambridgeshire, and the key outcomes we want for the county and its people. The business plan contains a five-year financial plan including estimates of investments, pressures, and savings over the whole period. The business plan now under development is for 2023-28. It is a statutory requirement for local authorities to set a balanced budget ahead of each new financial year.

- 1.2 On 8 February 2022, Full Council agreed the Business Plan for 2022-2027. This included a balanced revenue budget for the 2022/23 financial year with the use of some one-off funding but contained significant revenue budget gaps for subsequent years as a result of expenditure exceeding funding estimates. These budget gaps were, in £000:

Opening Budget Gaps

2022-23	2023-24	2024-25	2025-26	2026-27
balanced	17,396	22,737	16,782	18,337

- 1.3 Since the 2022-27 business plan was produced, the financial outlook has worsened. In particular, the international economic position has changed significantly, and there is increased uncertainty around national government policy. The budget gap for 2023/24 is now estimated as £28.5m, and a cumulative budget gap over the five year draft business plan of £108m.

Revised Budget Gaps

2023-24	2024-25	2025-26	2026-27	2027-28
28,623	26,367	16,813	17,383	18,762

- 1.4 This is a very large increase in the gap projection. Central government has so far given no indication of further funding to Councils to meet pressures, and therefore we are planning on the basis of needing to close this budget gap almost entirely through decisions within the Council's control.
- 1.5 Further information on financial pressures facing the Council are set out below. The Council has a legal requirement to set a balanced budget for 2023/24, and therefore difficult decisions will need to be made in order to close the budget gap. The council may have to take steps to reduce the growing demand from the public for our services and may have to make dis-investments or reductions in lower priority services.
- 1.6 Inflation is expected to impact our budget over at least the next year in an unprecedented way. Typically, inflation represents a modest part of our overall budget growth, and estimates do not significantly change year-on-year. However, increases over the past year caused by the release of bottlenecks in demand following COVID-19 and then the outbreak of war in Ukraine has seen inflation rise to levels last seen in the 1980s. This impacts on the Council in the same way as it does on people's own household budgets. This could mean the Council will need to consider how we can cut back in some areas in order to make ends meet. The Council has finite funding, and most of our income, including taxation, is fixed at levels set by the government. We also cannot borrow or use cash reserves to fund an ongoing budget gap.

- 1.7 Inflation impacts on the Council's budgets in several ways. Inflation increases the amount we pay on a day-to-day basis for goods and services that we buy from external suppliers. So, rising national inflation indices (such as RPI) directly impact on us. Inflation can also impact us in more acute ways. Several of our large contracts (such as for waste disposal) have inflationary uplifts included into contracts pegged to national indices – as this is on a very large contract the difference between a 2% rise and an 8% rise can be very significant. We also purchase a large amount of electricity, around two thirds of our electricity bill goes to power streetlights. We also need power for the buildings the Council uses to serve the public like libraries, registration offices, highway depots and offices – and keeping these buildings open and warm may be even more important for individuals and communities during the colder months.
- 1.8 The Council has a large capital programme, and rising costs of materials increases the overall cost of works and so requires us to borrow more. Finally, rising inflation is often linked with increased staff costs. Staffing is one of our highest costs and the need to pay staff a fair wage to ensure they can meet inflationary impacts they are facing in their own lives is important. This allows us to recruit and retain essential employees but is a direct cost to the Council.
- 1.9 We are also having to consider uncertain demand for our services following the pandemic. Traditional patterns of accessing social care services have changed, and the Council has a role to play in the wider health and social care system in ensuring people are discharged from hospital into appropriate care. Government reforms around social care have the potential to cost local government billions of pounds extra per year but government funding yet to be identified. We are also engaging with government to agree a Safety Valve deal to address our high needs school funding deficit. This is likely to displace costs previously funded by education grants and require transformational investment from the Council.
- 1.10 This means the Council has a much more challenging budgetary outlook than it did when setting its current business plan some months ago, with the increased costs of inflation on its own doubling our budget gap. Added to this are some unavoidable service pressures and government reforms, which result in the now much larger budget gap of over £28m next year. It is not sustainable to use reserves to close this budget gap as that can only ever be a short-term solution. Council reserves are there to help us to manage risk and provide some buffer if there are large, unexpected pressures. Difficult choices are in prospect as we consider the environmental, social, and financial concerns of the Council, and deliver a strategy that achieves a balanced budget.
- 1.11 The focus on delivering specific and wide-ranging savings to address our medium-term budget gap was mostly paused during the pandemic, and the focus was taken away from more traditional savings and efficiencies. Given the size of the budget gap next year, traditional savings and efficiencies will need to form a bigger part of our budgeting. Alongside this, we will continue working on cross-cutting changes to the way we work and how we support people who use our services to deliver sustainable change, reduce demand for our services, and reduce the inflationary impact on our services.
- 1.12 Ideally the Council wants to continue to focus on a range of more fundamental changes to the way we work, but we can only consider investment into these areas when the savings requirement is met. Once this happens these areas could include:

- Economic recovery – Economic recovery is at the heart of improving outcomes for people and managing demand for Council services. Although the economic position has changed significantly and uncertainty around inflation levels continue for the Council and the people of Cambridgeshire, overall Cambridgeshire is well placed to support growth and economic resilience, albeit the potentially severe financial consequences for some sectors and individuals. There are impacts on employment and household income levels for many across Cambridgeshire. The stress and anxiety caused by worrying about not having enough money to buy basic necessities or afford basic utilities, which has significantly increased due to the current inflation levels, is an important factor that affects demand for many of our services.
- Prevention and Early Intervention – To support people to remain as healthy and as independent as possible as well as reduce the health inequalities that have been exposed and exacerbated by the pandemic – we need to work with people and communities to help them help themselves or the person they care for or their community. This means improved access to advice and information about local support, asset building in communities and access to assistive technology. We will continue to build on how we support the networks and groups that developed during the pandemic to continue to be sustainable going forward, and where public services are needed, ensuring support is made available early so that people's needs are less likely to escalate.
- Decentralisation – 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, we will continue to deepen our relationships with the voluntary and community sector, District, Parish and Town Councils, The Combined Authority & Greater Cambridge Partnership, and other public sector partners to continue to build place-based support services wrapped around our vulnerable people and communities; to reduce or delay the need for more specialist expensive services and build resilient and sustainable communities where people feel proud to live.
- Environment - Putting climate change and biodiversity at the heart of the council's work will require economic transformation. Failure to understand the risks of these two crises will impact economically on the lives of our communities and beyond. As a council, we aim to deliver 2030 net zero target for Cambridgeshire County Council as an organisation and develop clear actions for delivery of our Climate Change and Environment Strategy to achieve Net Zero by 2045 for the area, enabling service and investment decisions to be made in this context. Particularly through the generation of clean energy we can deliver a financial benefit to the Council but also save money through investment into greater energy and resource efficiency.
- Social Value - With a strong focus on outcomes and impact for our communities, we will be working with our public, private, voluntary and community partners to achieve our joint ambitions. We will seek to invest using social value criteria to drive improved outcomes, including health, the living wage and employment. We will look to contribute to keeping spend local through our procurement, spending and organisational activities.

- 1.13 We will try to mitigate the impact of the measures we will need to take to balance the budget by ensuring that any investments we do make are targeted to make the most difference. To do this, we have adopted a triple bottom line scoring system for investment proposals, that reflect the environmental and social impact of decisions as well as the financial requirement. The most efficient investments at delivering environmental or social return will be prioritised.
- 1.14 For several years the Council has been setting budgets in an increasingly uncertain context. This business planning round continues with that uncertainty, and the estimates made in these papers reflect our best estimates of costs, savings, and income at this point in time. The Council's reserves policy provides for some mitigation of risk should the context change when budgets are set. We proactively monitor all budgets across the Council to ensure any flexibility to meet unexpected pressures is made clear.
- 1.15 In 2021/22 the Council participated in a peer challenge run by the Local Government Association. We have made progress on implementing all recommendations from that review. This includes taking a more strategic approach to business planning for Cambridgeshire and putting in place funding to ensure business change capacity. We are also working towards setting a more medium-term financial plan, subject to the uncertain economic and policy context that the Council is working in. The lack of a detailed multi-year local government finance settlement makes it difficult to predict the resources available to us.
- 1.16 All service committees will consider their relevant revenue business planning proposals and by December committee they will be asked to endorse proposals to January Strategy and Resources Committee as part of the consideration for the overall Business Plan. These proposals are currently being developed and will each have a robust implementation plan, which allows as much mitigation as possible against the impact of current financial challenges. Where proposals reflect joint initiatives between different directorate areas these will go before the relevant Committees to ensure appropriate oversight from all perspectives. Until we have a route to a balanced budget, discretionary investments will be prioritised but not added to the business plan until it is clear what is affordable.
- 1.17 At this stage, the naming and organisation of services in the accompanying finance tables reflect the organisational structure pre-September 2022. The final versions of finance tables considered by committee will be based on the revised corporate structure.

2. Building the revenue budget

- 2.1 As we have a five-year business plan, the first four years of the new business plan already have a budget allocation. We revise the estimates for demand, inflation, and other pressures first to confirm the budget needed to deliver the same level of service and add in any new pressures or investment proposals. These budget changes are presented first to service committees and, overall, there is a gap between our budget requirement and the funding available.
- 2.2 We then work to close the budget gap through savings and efficiency initiatives, identification of additional income and revision of pressure estimates, presenting these further changes to committees later in the year. Ultimately, a balanced budget needs to be

set by 1 March.

- 2.3 Delivering a balanced budget in the current economic context will not be easy, and it is a challenge facing the whole of local government. The Council will need to draw on a range of approaches in order to arrive at a balanced budget, produce an overall sustainable financial strategy and meet the Joint Administration's policy objectives. This will include looking at opportunities for dis-investment from non-statutory services that are not delivering our objectives, as well as strengthening services that result in maintaining people's independence such that they do not need to rely on our services.
- 2.4 As the economic picture develops, and as the policies of the new national government become clearer, we will update the key budget estimates to ensure they are as accurate as we can make them. We intend to set a budget with a reasonable balance of risk, and therefore should not be assuming the worst-case scenario will happen. The Council retains reserves to mitigate against unforeseen risk.
- 2.5 The changes so far to the budget gap estimation have been:

	2023-24	2024-25	2025-26	2026-27	2027-28
Opening budget gap	17,396	22,737	16,782	18,337	18,596
Key estimates updates					
Expenditure inflation estimates update	17,348	3,868	308	182	873
Income inflation estimates update	-1,939	-752	-900	-979	-923
2022/23 Staff Award Pay Inflation	3,500	0	0	0	0
Demand estimates update	-2,632	-1,273	-413	-119	759
Pressures					
Waterbeach Waste Treatment Facilities	0	580	0	0	0
IT & Digital Services - revenue investment to replace capital	965	939	1,071	0	0
Offsetting capitalisation of current revenue spend	-965	-215	0	0	0
Harmonisation of terms & conditions for insourced children's homes staff	311	0	0	0	0
Savings					
Energy schemes	-1,857	-44	-28	-29	-31
Council-wide mileage budget reduction	-500	0	0	0	0
Corporate vacancy factor	-400	0	0	0	0
Adults employment support contract retender	-40	0	0	0	0
Adults retender of block domiciliary care	-525	0	0	0	0
Public Health contract and related savings	-62	0	0	0	0
Funding changes					
Un-ringfenced home to school transport grant increase	-275	0	0	0	0
Business rates pool income	-700	700	0	0	0
Better Care Fund contributions increase	-872	0	0	0	0
Miscellaneous changes	-130	-173	-7	-9	-512
Revised budget gap	28,623	26,367	16,813	17,383	18,762

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

This budget gap contains our best estimates of likely inflation, demand and other costs that we will face in 2023-28. Our estimate of the potential range of budget gaps over the five-year medium-term ranges from over £140m down to £70m, due to the huge range of

uncertainty in most aspects of our work. We believe the current budget gap projected for 2023/24 is at the upper end of the potential range, and through the rest of the medium-term our estimates are broadly in the mid-range of potential outcomes.

3. Capital Programme

3.1 The Capital Programme

- 3.1.1 To assist in delivering its 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. Expenditure on these long-term assets is categorised as capital expenditure and is detailed within the Capital Programme for the Council.
- 3.1.2 Each year the Council adopts a ten-year rolling capital programme as part of the Business Plan. The very nature of capital planning necessitates alteration and refinement to proposals and funding during the planning period; therefore, whilst the early years of the Business Plan provide robust, detailed estimates of schemes, the later years only provide indicative forecasts of the likely infrastructure needs and revenue streams for the Council. For each new business planning round, new schemes are developed by Services and all existing schemes are reviewed and updated as necessary before being presented to Capital Programme Board and subsequently Service Committees for further review and development.
- 3.1.3 Strategy and Resources will review the final overall programme in January, in particular regarding the overall levels of borrowing and financing costs, before recommending the programme as part of the overarching Business Plan for Full Council to consider in February.
- 3.1.4 There has been a sharp inflationary rise on construction goods due to international economic conditions and wider supply chain issues, as well as the energy crisis. Where the impact of this is known or can be estimated, it has been included, but further rises are anticipated.

3.2 Revenue Impact of the Capital Programme

- 3.2.1 All capital schemes can have a potential two-fold impact on the revenue position, relating to any cost of borrowing through interest payments and repayment of principal and the ongoing revenue costs or benefits of the scheme. Conversely, not undertaking schemes can also have an impact via needing to provide alternative solutions, such as Home to School Transport (e.g., transporting children to schools with capacity rather than investing in capacity in oversubscribed areas).
- 3.2.2 The Council is required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2021 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to achieve this, Strategy & Resources recommends an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Plan. In order to afford a degree of flexibility from year to year, changes to the phasing of the limit is allowed within any three-year block

(the current block starts in 2021-22), so long as the aggregate limit remains unchanged. Strategy & Resources are due to set limits for the 2032-24 Business Plan as part of the Capital Strategy review in December.

3.3 Summary of the Draft Capital Programme

3.3.1 The revised draft Capital Programme is as follows:

Service Block	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	Later Yrs £'000
People Services	68,510	164,521	96,620	107,875	52,335	18,096
Place and Sustainability	414,459	60,413	31,208	22,283	18,946	18,969
Corporate Services	167,648	5,391	3,252	1,260	800	800
Total	650,617	230,325	131,080	131,418	72,081	37,865

3.3.2 This is anticipated to be funded by the following resources:

Funding Source	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	Later Yrs £'000
Grants	177,504	48,150	43,356	33,189	29,729	26,651
Contributions	93,951	66,635	37,675	20,431	35,951	38,844
Capital Receipts	15,130	24,990	19,842	12,000	2,000	6,000
Borrowing	248,537	91,866	30,535	65,798	32,280	3,216
Borrowing (Repayable)*	115,495	-1,316	-328	-	-27,879	-36,846
Total	650,617	230,325	131,080	131,418	72,081	37,865

* Repayable borrowing nets off to zero over the life of each scheme and is used to bridge timing gaps between delivery of a scheme and receiving other funding to pay for it.

All funding sources above are off-set by an amount included in the capital variation budget, which anticipates a degree of slippage across all programmes and then applies that slippage to individual funding sources.

3.3.3 The level of prudential borrowing currently projected for this business plan is an increase of approximately £34.7m, which will impact on the level of debt charges incurred. The debt charges budget is also currently undergoing thorough review of interest rates, internal cash balances, Minimum Revenue Provision charges and estimates of capitalisation of interest – the results of this will be fed into the next round of committee papers.

4. Overview of Adults and Health Draft Revenue Programme

4.1 Context and Background

4.1.1 This section provides an overview of new pressures and risks and the savings and income proposals within the remit of the Committee.

- 4.1.2 Adults and health continue to operate in a changing context. Rising inflation, workforce challenges and the ongoing impacts of the pandemic continue to impact significantly. We are seeing increasing costs of providing care, alongside people presenting with more complex needs.
- 4.1.3 The Government recently published 'Build Back Better: Our Plan for Health and Social Care' and 'People at the Heart of Care: Social Care Reform', which outlines significant legislative changes to Adult Social Care, which come into effect from October 2023. Whilst the key changes associated with the introduction of a cap on care costs, changes to financial means testing and the Fair Cost of Care will bring significant new financial implications to the Council; the reforms bring wider changes including; Care Quality Assurance, Carers support, new models for housing and care and a focus on digitalisation and technology.
- 4.1.4 The operational and financial implications of the reforms will be significant. A recent report by the County Councils Network (CNN) and Newton Europe 'Preparing for Reform', outlines that by 2031/32 social care will need 50% of the health and social care levy to implement the changes, a £10bn shortfall on the Government predictions. In addition, the operational impact of the reforms will require a 39% increase in social workers and a 25% increase in financial assessors.
- 4.1.5 For Cambridgeshire County Council, this represents additional ongoing costs as a result of the changes in the region of £21.6 to £22.8m in 2023/24. We await announcements from government as to how much additional funding we will receive to meet these costs. In addition, the implementation of the reforms will require one off resource investment of £3m over a period of three years.

This programme's upper scenario for the total financial impact of charging reforms on Cambridgeshire County Council for older adults only:

Cambridgeshire Upper Scenario	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	Cumulative Total (Discounted to 2020 at 3.5% per year)
Older Adults (65+) Means Test & Cap	£4.9m	£15.3m	£26.9m	£40.3m	£49.1m	£51.4m	£53.1m	£54.7m	£56.4m	£264.6m
Operational Spend	£3.2m	£3.3m	£3.4m	£3.5m	£3.6m	£3.7m	£3.8m	£3.9m	£4.0m	£25.0m
FCC Spend (Residential / Nursing only) per LangBuisson analysis*	£14.7m	£15.2m	£15.6m	£16.1m	£16.6m	£17.1m	£17.6m	£18.1m	£18.7m	£116.1m
Total	£22.8m	£33.7m	£45.9m	£59.9m	£69.2m	£72.2m	£74.5m	£76.8m	£79.1m	£405.8m

The programme's lower scenario for the total financial impact of charging reforms on Cambridgeshire County Council for older adults only:

Cambridgeshire Lower Scenario	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	Cumulative Total (Discounted to 2020 at 3.5% per year)
Older Adults (65+) Means Test & Cap	£3.7m	£11.5m	£20.7m	£32.0m	£39.9m	£42.3m	£43.7m	£45.1m	£46.5m	£214.1m
Operational Spend	£3.2m	£3.3m	£3.4m	£3.5m	£3.6m	£3.7m	£3.8m	£3.9m	£4.0m	£25.0m
FCC Spend (Residential / Nursing only) per LangBuisson analysis*	£14.7m	£15.2m	£15.6m	£16.1m	£16.6m	£17.1m	£17.6m	£18.1m	£18.7m	£116.1m
Total	£21.6m	£29.9m	£39.7m	£51.6m	£60.0m	£63.0m	£65.1m	£67.2m	£69.2m	£355.3m

4.2 Strategic Direction Focus for Public Health

4.2.1 Public Health's strategic focus is to improve health outcomes in the most effective way through:

- Cost effective and efficient, integrated, universally accessible public health services for residents.

- System coordinated approach to population health. Shaping strategy and policy, informing system service delivery and improving health outcomes.
- Building and commissioning more behavioural insight research and interventions to inform effective prevention and improve population health outcomes.

4.2.3 This approach will also enable a wider system emphasis on prevention and effectively improve outcomes and reduce inequalities rather than focus on activity and processes.

4.2.4 We are expecting the ringfence for public health to remain in 2023/24, but this is not confirmed as yet.

4.2.5 There is no guaranteed uplift for 2023/24 and we may potentially face a cut in grants. Grant increases have been inconsistent and more recently driven by the NHS Agenda for Change pay increases.

4.2.6 Public Health faces a number of known risks and pressures ahead, including:

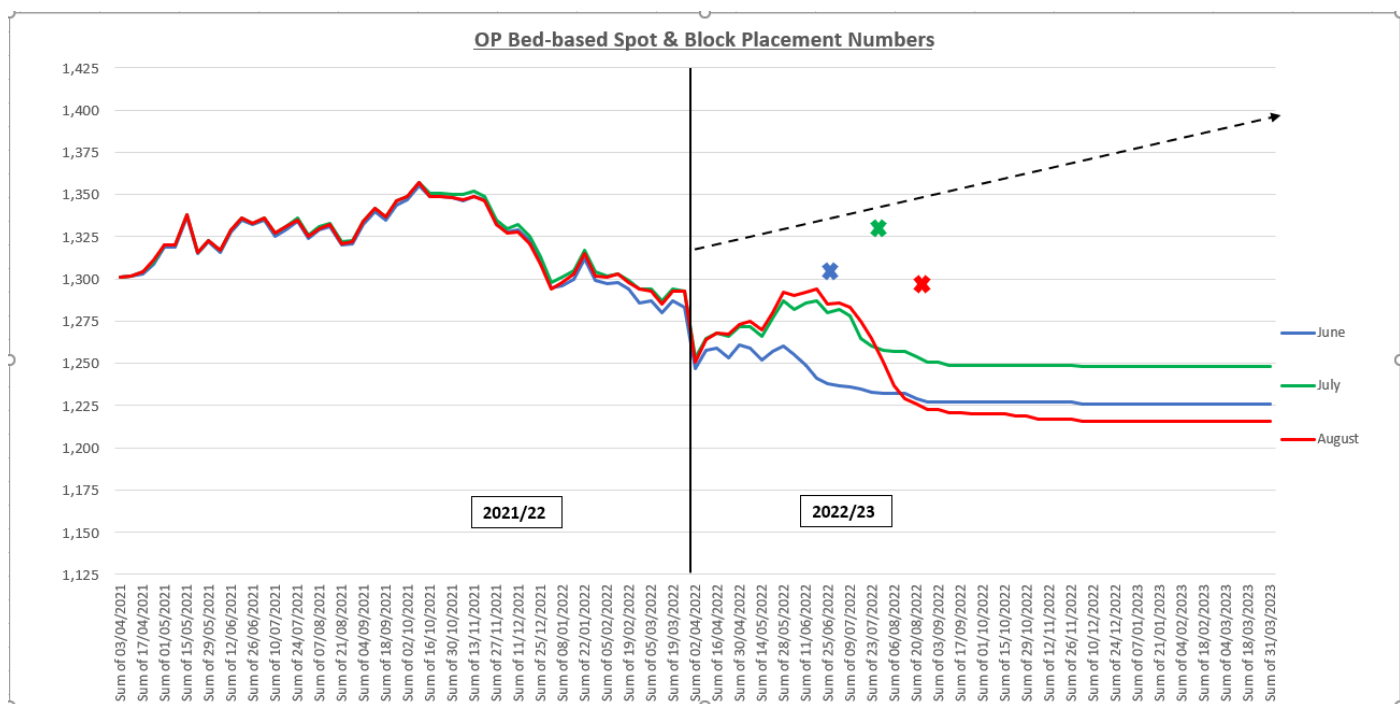
- Increased population risk: including rising obesity, increased alcohol consumption and swamped primary care.
- Backlog of work to recover from the pandemic.
- Workforce challenges; including vacancy rates in commissioned services and a tired workforce.
- Infectious disease threats over winter.

4.3 Demand and Inflation Overview

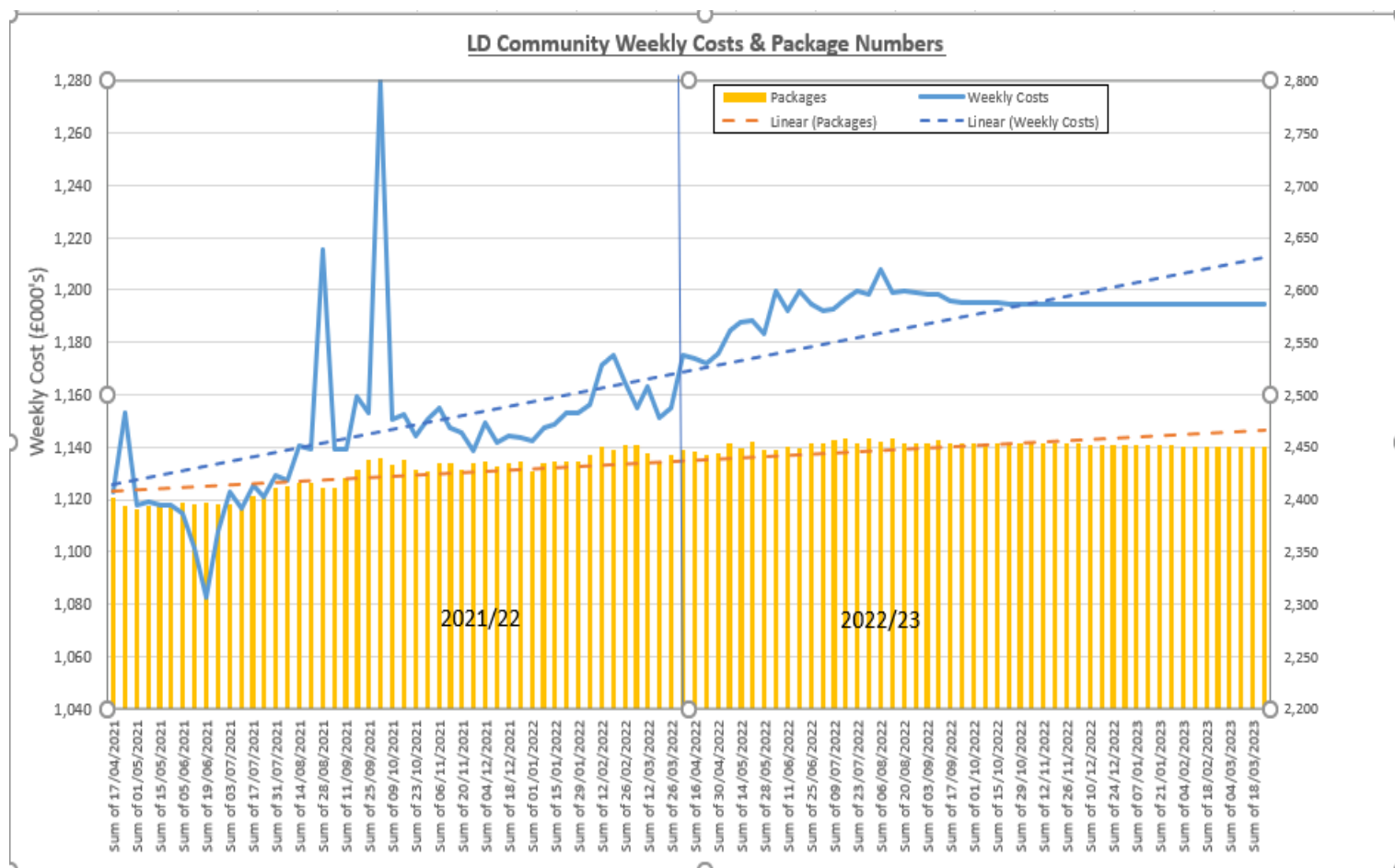
4.3.1 We have reviewed the way we model demand for adults services. Historically we used to model demand based largely on population growth. However, since COVID-19, demand has changed, and we have now reviewed demand trends over the past 12 months and modelled these going forward to inform funding needs for future years. However, we are doing more work to understand the levels of unmet need to understand how this may impact on demand.

4.3.2 We are seeing demand reduce for older people going into bed-based care due to the devastating impact of the pandemic, alongside greater reluctance to place elderly relatives in care due to the risks associated with this. On the other hand, we have seen demand increase for community-based care (e.g., home care), mental health, learning disabilities and working age adult services. This review means we are able to reduce the demand bid for 2023/24 to £8.9m (down from the current business plan amount of £11.5m). A reduction of £2.6m. But if demand increases then we will need to revisit this; and further work is being undertaken to establish levels of unmet need.

4.3.3 The below graph shows the forecast spend on Older People Bed based care compared to the budgeted amount (black dotted line). It should be recognised, that there is always a potential impact due to delays in loading packages onto the Mosaic system. The x marks indicate the expected impact of when loading delays have been factored in, clearly showing that the forecast is still well below the current demand budgets.



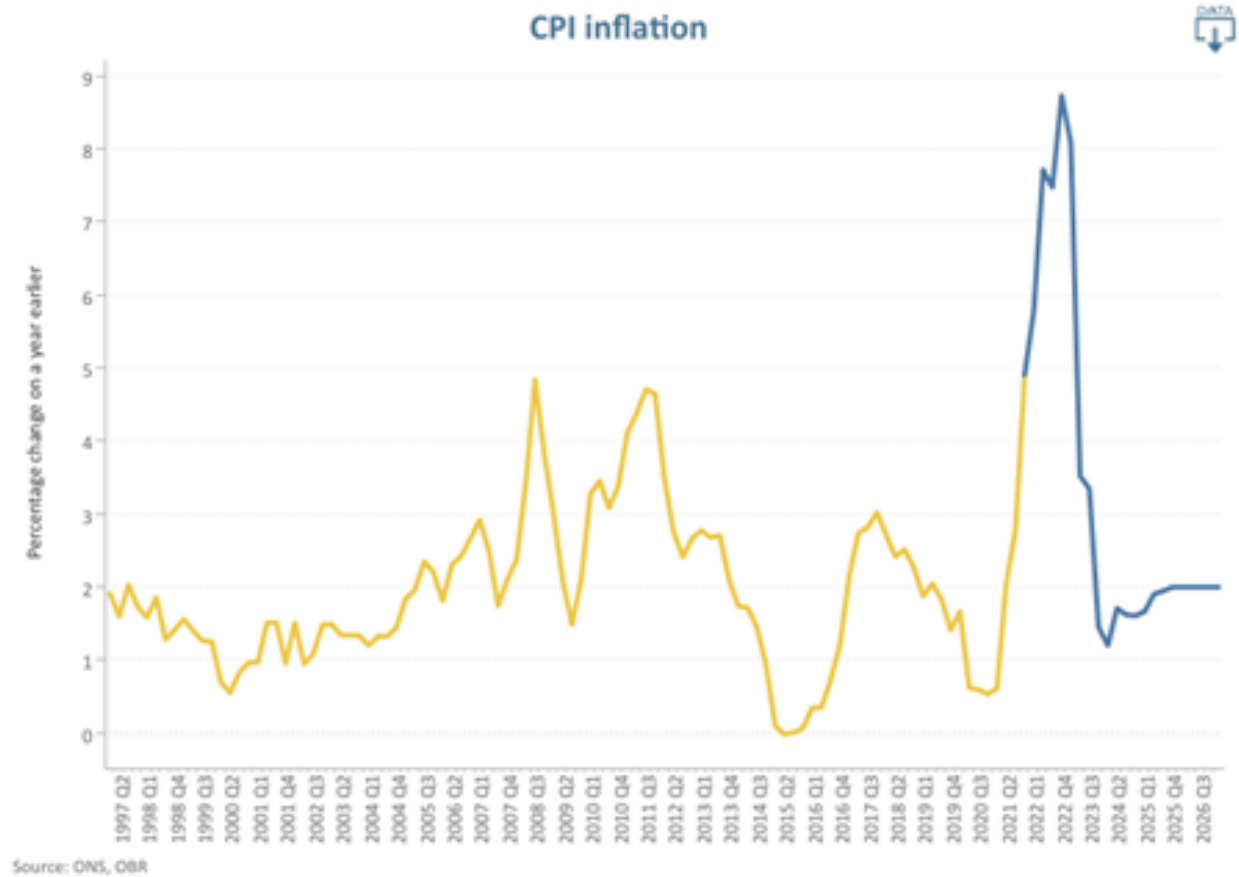
4.3.4 The below graph shows that for Learning Disabilities, costs are rising faster than numbers of packages. Demand calculations are reflecting these more expensive package costs.



4.3.5 The demand budget changes across ASC budgets are summarised in the below table.

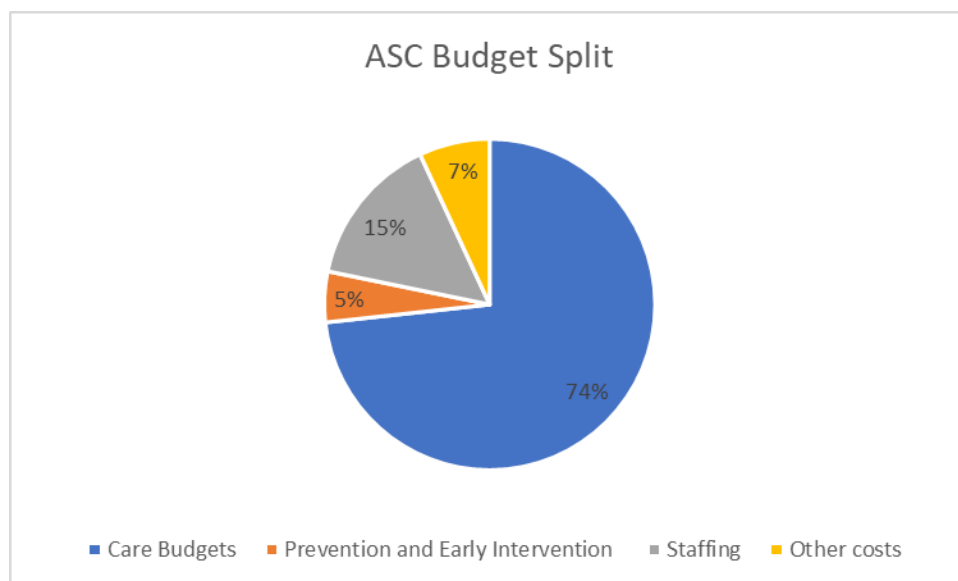
Budget Area	2023/24 Budget Change
Physical Disabilities	556
Autism and Adult Support	124
Learning Disability	1,155
Adult Mental Health	580
Older People	-5,035
Older People Mental Health	35
Community Equipment	0
TOTAL Demand	-2,585

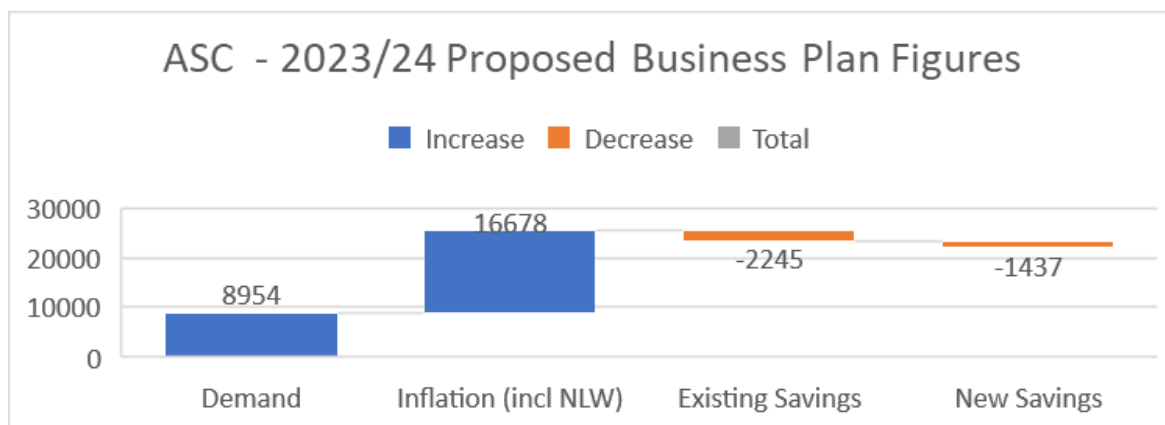
- 4.3.6 However, this is offset by significant inflationary pressures. National Living Wage (NLW) is predicted to rise by 8.6% in 23/24 and CPI is currently at 10.1% (July 2022).
- 4.3.7 For 2023/24, we need £3.1m more inflation than we currently have budgeted in the Business Plan, taking the investment to £16.7m.
- 4.3.8 NLW is the main element of the inflationary costs, with 70% of social care provider costs being spent on staffing, with the remainder being modelled on CPI inflationary increases.
- 4.3.9 In 2023/24 we expect inflation to continue to be a financial pressure across the sector. The Bank of England shows general inflation forecast to drop to 4% in 2023/24. The Office for Budget Responsibility forecasts a range between 2.4% and 7.5%. The Low Pay Commission, who advise the Government on the levels of the National Living Wage (NLW) and National Minimum Wage (NMW), is seeking evidence on the impact of the NLW and NMW. The Commission is testing the affordability and effects of an increase in April 2023 to an NLW rate of £10.32 per hour (an increase of 8.6% on April 22).
- 4.3.10 We have currently modelled the inflation ask based on a mid-point of the Low Pay Commission and Office for Budget Responsibility forecasts. However, we continue to monitor the inflation forecasts and opportunities to mitigate wherever possible.



CPI Inflation Forecast (Office for Budget Responsibility)

4.3.11 With 74% of adult's budgets committed to long term placement spend, this is a large budget area that attracts inflation. Inflation is the biggest area of investment for adults in 2023/24, at £16.7m investment, which equates to 76% of the additional investment going into the budget.





4.3.12 Public Health demand and inflationary increases are assumed to be funded from increases in the Public Health grant. This assumption will be revisited once the amount of the grant for 2023/24 has been announced.

4.4 Identified Savings and Income Opportunities

4.4.1 We have already identified and committed to deliver £3.682m of savings and increased income for 2023/24 for Adults and Health.

4.4.2 £2,245k of the savings and increased income identified are already included in the Business Plan, as outlined in the below table.

Adults Positive Challenge: managing transitions to adult services through prevention and early intervention	£154k
Lifeline Project: establishment of CCC as a provider of Lifeline and associated income for this	£122k
Additional block bed savings: reducing the cost of placement spend through increasing the block to spot ratio of contracted beds	£263k
Expansion of Direct Payments: increasing DP support offer, to enable greater independence and personalised purchasing of care, preventing more costly, higher level support options being put in place	£6k
Learning Disability Partnership Pooled budget: re-baselining of share of pooled budget costs	£1,700k
Total existing savings / increased income:	£2,245k

4.4.3 £1,437k of the savings / increased income identified are new opportunities, as outlined in the below table.

Savings from the decommissioning of a number of discharge block cars, as we transition to a new model of delivery	£525k
Adults and mental health employment support: contract efficiencies as a result of reprocurring the contract	£40k
Increased Better Care Fund contribution from the NHS to part fund our demand pressures.	£872k
Total new savings / increased income:	£1,437k

4.4.4 In addition to the above, we also propose to fund £1.5m of our inflation ask as one-year only from Adults' reserves.

4.4.5 Currently we have identified £61.5k of savings for public health, which we can substitute for funding into the Drugs and Alcohol Family Safeguarding and Prevention service, as outlined below.

1. Healthy Weight	£35k
2. Historical savings on Drug and Alcohol Treatment Contract	£10k
3. Public Health Commissioning from Pharmacies	£1.5k
4. Co-ordination of assurance checks for GPs/Nurses to provide Long-Acting Reversible Contraception (LARCs)	£10k
5. Funding for Integrated Care Board Clinical Advice and Support	£5k
Total	£61.5k

4.5 Further Opportunities

4.5.1 We continue to focus on delivering to the Triple Bottom Line, with opportunities delivering a range of social and environmental benefits in addition to the financial ones. For example:

- Social:
 - Developing local models, e.g., Care Together, which will support local employment opportunities, including development of local microenterprises
 - Improving health and wellbeing, by increasing people's independence and choices, for example Expanding Direct Payments, and mental health employment support
 - Independent Living Services – enabling infrastructure for new models of delivery
- Environmental:
 - Decommissioning some of the discharge cars and replacing the model with local solutions via the Care Together programme = reduced carbon emissions

4.5.2 We are exploring a number of additional options to deliver more savings and increased income over the next two to three years, with a continued focus on managing demand through prevention and early intervention approaches. However, with around 74% of adults budgets committed to long term placement spend, this continues to be a challenge.

4.5.3 Additional areas being explored are outlined in the table below.

Adults
Delay of Independent Living Service in South Cambridgeshire: through delaying plans to build the ILS in the South, we can push back capital borrowing requirements and some implementation costs.
Mental Health Supported Accommodation: investment in block provision of accommodation to increase local choice and reduce costs by a reduction in spot placements which typically cost more.

Earlier use of Technology Enabled Care (TEC): For children and young people with disabilities, to maximise independence as they transition to adult services
Learning Disabilities respite and day opportunities: demand management through a review of the offer to ensure we are maximising independence and preventing unnecessary escalation of need to more costly support.
Learning Disabilities all age employment pathway: invest to save opportunity. By investing in a robust employment pathway offer we can support more people with LD into suitable employment. Enabling them to build their skills, independence and reduce social isolation and in turn reducing demand on alternative more costly support.
Effective and timely targeted reviews, e.g., post hospital discharge: by ensuring that we undertake planned reviews to ensure that care packages are meeting current needs. For example, 6-8 weeks post hospital discharge - once people have had a chance to recover to their optimum health and ensure that we are maximising opportunities to support independence within the community.
Learning Disabilities – review of baseline budget in line with current trends and review of pooled budget arrangements.
Public Health
Vacancy Factors
Historical savings on the Lifestyle Contract
Provider transactional savings
Review 2022/23 public health investments

4.7 Investment/Pressures (Funding Dependent)

4.7.1 Care Charges Review: We are looking at opportunities to support the cost-of-living pressures through a review of how we charge for care.

4.7.2 We have identified the following area where an investment, to be funded by Public Health budget is required, as outlined in the table below.

Investment	Value	Source of Funding	Rationale
Infection and Prevention and Control Nurse	£42k	Currently funded from COMF but to be funded from the Public Health grant from 2023/24	Response to winter and ongoing threats of COVID-19 and other infections.
Total	£192k		

4.7.3 Investment was made from the Public Health Grant Uplift of £776k in 2022/23 in a number of ongoing areas, which will have a recurrent impact, these include:

- Child weight management: £350k
- Inflationary and other pressures uplift to Stop Smoking and NHS Health Checks: £150k
- Agenda for Change salary increases (NHS Commissioned services): £276k

4.8 Summary

- 4.8.1 We continue to work within a challenging and changing landscape with major changes ahead of us which present significant implications such as Adult Social Care Reforms and Integrated Care Systems.
- 4.8.2 Despite 74% of Adults budgets being committed to long term care placement spend, we have already identified and committed to £3.682m of savings and increased income for Adults and Health.
- 4.8.3 We are exploring a number of additional options to deliver more savings / increased income.
- 4.8.4 Our investment in initiatives like the Care Together Programme and Independent Living Services will improve the way our services are experienced and delivered, and all savings and investments will be evaluated against the Triple Bottom Line.

5. Overview of Adults and Health Draft Capital Programme

- 5.1 The revised draft Capital Programme for Adults and Health is as follows:

Capital Expenditure	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	Later Yrs £'000
Disabled Facilities Grant	5,070	5,070	5,070	5,070	5,070	25,350
Integrated Community Equipment Service	400	400	400	400	400	2,000
Independent Living Service: East Cambridgeshire	13,847	4,007	-	-	-	-
Independent Living Services	-	3,161	15,597	14,955	6,435	-
Total	19,317	12,638	21,067	20,425	11,905	27,350

- 5.2 This is anticipated to be funded by the following resources:

Funding Source	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	Later Yrs £'000
Grants	5,070	5,070	5,070	5,070	5,070	25,350
Borrowing	14,247	7,568	15,997	15,355	6,835	2,000
Total	19,217	12,638	21,067	20,425	11,905	27,350

- 5.3 Papers on the individual schemes have been, or will be, considered separately by the relevant Service Committee where appropriate.

5.4 New Schemes and Changes to Existing Capital Schemes

- 5.4.1 There are no new schemes for Adults and Health and the tables above simply reflect changes to existing schemes, such as rephrasing, re-costing, and revised funding.

6. Next steps

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

October / November	Service Committees provided with an update of the current position
November / December	Draft business cases go to committees for consideration. Draft Strategic Framework and MTFS to Strategy and Resources Committee.
January	Strategy and Resources Committee will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the draft Business Plan

7. Alignment with corporate priorities

The purpose of the Business Plan is to consider and deliver the Council's vision and priorities and section 1 of this paper sets out how we aim to provide good public services and achieve better outcomes for communities. As the proposals are developed, they will consider the corporate priorities:

- Environment and Sustainability
- Health and Care
- Children and Young People
- Transport

8. Significant Implications

8.1 Resource Implications

The proposals set out the response to the financial context described in section 4 and the need to change our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget will be described in the financial tables of the business plan. The proposals will seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

8.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for the proposals set out in this report. Details for specific proposals will be set out in the business cases. All required procurement activity will be fully compliant with the Council's Contract Procedure Rules.

8.3 Statutory, Legal and Risk Implications

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget. Cambridgeshire County Council will continue to meet the range of statutory duties for supporting our citizens.

8.4 Equality and Diversity Implications

Each of the proposals being developed will include a summary of key points from the Equality Impact Assessments carried out. These summaries will describe how each proposal will not discriminate against vulnerable, minority and protected groups. They will highlight any positive impacts and mitigations for any negative impacts.

8.5 Engagement and Communications Implications

Our Business Planning proposals are informed by the CCC public consultation and will be discussed with a wide range of partners throughout the process. The feedback from consultation will continue to inform the refinement of proposals. Where this leads to significant amendments to the recommendations a report would be provided to Strategy and Resources Committee.

8.6 Localism and Local Member Involvement

As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities. We are working with members on materials which will help them have conversations with Parish Councils, local residents, the voluntary sector and other groups about where they can make an impact and support us to mitigate the impact of budget reductions.

8.7 Public Health Implications

It will be important to secure a better understanding of the impact of COVID-19 upon Public Health outcomes along with other service areas. There is emerging evidence of increases in obesity and mental health issues along with other key Public Health areas. Over the longer term this will increase demand for preventative and treatment services.

8.8 Environment and Climate Change Implications on Priority Areas

The climate and environment implications will vary depending on the detail of each of the proposals. The implications will be completed accordingly within each business case in time for the December committees.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Justine Hartley

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

Name of Officer: Clare Ellis

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

Name of Legal Officer: Fiona McMillan

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

Yes

Name of Officer: Jules Ient

Have any engagement and communication implications been cleared by Communications?

Yes

Name of Officer: Eleanor Bell

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

Name of Officer: Julia Turner

Have any Public Health implications been cleared by Public Health?

Yes

Name of Officer: Jyoti Atri

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

Yes

Name of Officer: Emily Bolton

9. Source documents guidance

9.1 Source documents

Appendix 1a Introduction to Finance Tables

Appendix 1b People and Communities* Finance Table 3

Appendix 1c Public Health Finance Table 3

*Please see 1.17