

BUSINESS PLANNING PROPOSALS FOR 2021-26 – OPENING UPDATE AND OVERVIEW

To: Highways and Transport (H&T) committee

Meeting Date: 6 October 2020

From: Steve Cox, Executive Director: Place & Economy
Chris Malyon, Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable Key decision: No

Outcome: The committee is asked to consider:

- the current business and budgetary planning position and estimates for 2021-2026
- 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: **Committee is asked to:**

- a) Note the overview and context provided for the 2021-22 to 2025-26 Business Plan.**
- b) Comment on the draft proposals for H&T Committee set out in section 5.2 and endorse their development**
- c) Comment on which of the proposals in section 5.3 should be developed for consideration should the need arise**

Officer contact:

Name: Steve Cox / Chris Malyon
Post: Executive Director / Deputy Chief Executive
Email: Steve.Cox@cambridgeshire.gov.uk / Chris.malyon@cambridgeshire.gov.uk
Tel: 01223 745949 / 01223 699796

Member contacts:

Names: Councillor Ian Bates / Councillor Mark Howell
Post: Chair/Vice-Chair
Tel: 01223 706398

1. OVERVIEW

- 1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the priority outcomes we want for people.
 - 1.1.1 On the 11 February 2020, Full Council agreed the Business Plan for 2020-2021 which reflected a positive financial position. The Council was almost in a position of setting a balanced budget not just for 2020-2021 but also for the following financial year. A savings requirement of less than £5m for 2021-2022, given the level of the Council's gross operating budget, was very achievable.
- 1.2 With the rise of COVID-19, the Council has taken a central role in coordinating the response of public services to try and manage the complex public health and economic consequences of this pandemic. The scale of these economic challenges is unprecedented and a significant increase in new (and changing) demand for services together with a reduction in income has meant that the Council's financial position is now much less positive.
 - 1.2.1 Support provided from Government to manage the immediate impact of COVID-19 has been welcomed and to-date has covered the additional short term financial implications of the pandemic (see section 3.3.1 for details). The on-going challenges the Council face are significant - including; maintaining crucial frontline services in times that are uncertain, recovering the organisation from the effects of the pandemic and taking the opportunity to "build back better" - and have not, as yet, been reflected in the financial settlement for the next financial year which could have a disastrous impact on the Council's ability to deliver services to our citizens.
- 1.3 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, the process of which is described further below, which quantify (as far as possible) the financial implications on the Council of the changing national and local conditions.
- 1.4 Notwithstanding the current challenges, the Council continues to undertake financial planning of its revenue budget over a five year period which creates links with its longer term financial modelling and planning for growth. It remains important to ensure that any changes to resource allocation / service provision is made in consideration of the Council's priorities. If, due to a lack of any additional support from Government, reductions in service provision need to be made then ensuring the Council mitigates the impact on key priority areas becomes even more important.
 - 1.4.1 Our priorities are based around putting communities at the heart of everything we do; a good quality of life for our citizens; protecting and caring for our most vulnerable; making Cambridgeshire a clean green place to live and ensuring children have a good start in life and an education that enables them to achieve their potential. To ensure we deliver on our priorities, the focus will continue to be on getting the maximum possible value for residents from

every pound of public money we spend, and responding effectively and efficiently to changing needs and new opportunities.

1.4.2 All service committees will receive details of their relevant revenue business planning proposals in December, at which point they will be asked to endorse proposals to January General Purposes Committee as part of the consideration for the overall Business Plan. These savings proposals are currently being developed and will each have a robust implementation plan in place and allow as much mitigation as possible against the impact of current financial challenges. Increasingly the emerging proposals reflect joint proposals between different directorate areas and more creative joined up thinking that recognise children live in families and families live in communities, so some proposals will go before multiple Committees to ensure appropriate oversight from all perspectives

1.5 Within the current context, 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.
- Cambridgeshire Local – 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.

2. BUILDING THE REVENUE BUDGET

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

2.2 Previously, the process of building the budget began by identifying the cost of providing a similar level of service to the previous year. The previous year's budget is adjusted for the Council's best forecasts of the cost of inflation, the cost of changes in the number and level of need of service users (demand) and proposed investments. Due to the significant uncertainties surrounding the impact of COVID-19 on service provision, we have elected to model three possible budget scenarios based on the level of disruption caused by COVID-19. These are referred to as 'A', 'B' and 'C' scenarios reflecting an increasing level of impact. These scenarios will consider the potential impacts on both demand for service, income generation, environmental changes as well as direct impacts on citizens and existing service users. We are working on mitigation responses to these scenarios but it is important that we account for the full cost impacts of these in our planning as we build the budget.

2.2.1 The uncertainty of the current environment means that we are working to some assumptions on how different scenarios may play out. As our proposals try to account for this, in many instances they become less certain. Some proposals will deliver more or less than anticipated, equally some may encounter issues and delays, (particularly in response to a changing picture locally and nationally) others might be accelerated if early results are promising. We have adapted our approach to business planning in order to manage these risks, specifically;

- Taking a managed approach to risk – with clarity for members about which proposals have high confidence and certainty and which represent a more uncertain impact
- Developing a budget strategy that brings together thinking from across the organisation on our recovery from the pandemic, and ensures we have a coherent plan to make the budget sustainable.
- Undertaking an exercise of prioritisation to understand the areas we could achieve further efficiencies if our worst case scenario position is realised.

2.2.2 Should services have pressures, our traditional approach would be to manage these within that service where possible, if necessary being met through the achievement of additional savings or income generation. However, given the potential impact arising from the delivery of services in this current environment, the scale of the financial challenges across the board will require a different approach. The Council will unfortunately have to consider significant, and potentially drastic actions including (but not limited to); reducing service levels, disposal of assets, stripping out of provisions within

the balance sheet in order to balance next year's budget if additional Government funding is not forthcoming.

- 2.3 The budget proposals being put forward include revised forecasts of the expected cost of inflation following a detailed review of inflation across all services at an individual budget line level. Inflation indices have been updated using the latest available forecasts and applied to the appropriate budget lines. Inflation can be broadly split into pay, which accounts for inflationary costs applied to employee salary budgets, and non-pay, which covers a range of budgets such as energy and waste, as well as a standard level of inflation based on Government Consumer Price Index (CPI) forecasts. All inflationary uplifts require robust justification and as such general inflation is assumed to be 0%.
- 2.4 Although general price inflation is running at near record low levels nationally, the Council is seeing substantial inflationary cost increases in a number of areas, most significantly impacting the Adult Social Care market. Factors such as the rising national living wage, with resulting implications for national insurance and pension payments, as well as a constrained local supply of care placements and challenges in recruiting and retaining care workers, have resulted in high price inflation. There is a strategy in place to contain inflation by moving towards more block purchasing, however a number of existing block bed contracts are due for retender in 2021/22 so average prices will move closer to current market rates as these contracts are renewed. Other services for which costs are expected to increase above general levels of inflation include Coroners (3.6%), Public Transport (3.2%) and Home to School Transport (3.2%). Key inflation indices applied to budgets are outlined in the following table:

Inflation Range	2021-22	2022-23	2023-24	2024-25	2025-26
Non-pay inflation (average of multiple rates) where applicable	2.4%	2.2%	1.9%	2.0%	2.0%
Pay (admin band)	2.75%	2.75%	2.0%	2.0%	2.0%
Pay (management band)	2.0%	2.0%	2.0%	2.0%	2.0%

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

Service Block	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
People and Communities (P&C)	8,388	6,760	5,416	5,516	5,617
Place and Economy (P&E)	888	1,502	2,257	2,471	2,576
Commercial and Investments (C&I)	213	145	149	174	205
Public Health	47	34	34	34	34
Corporate and Managed Services	-124*	221	224	225	224
LGSS Operational	306	236	238	239	239
Total	9,718	8,898	8,318	8,659	8,895

*Includes removal of corporate provision for nationally set Local Government pay award. Staff-related inflationary pressures have instead been provided for within service budgets.

2.5.1 The inflationary pressures in the above table and all figures set out in the subsequent sections of this report are provided on an incremental basis. Positive figures indicate an increase on the budget required in the previous year or a reduction in income. Negative figures indicate a reduction on the budget required in the previous year or an increase in income. The figures show the impacts of each proposal on the budget gaps for the relevant financial years and are set out in detail for each Directorate in the finance tables provided in Appendix 1.

2.6 In addition, a review of demand pressures facing the Council has been undertaken. The term demand is used to describe all anticipated demand changes arising from increased numbers (e.g. as a result of an ageing population, or due to increased road kilometres) and increased complexity (e.g. more intensive packages of care as clients age or increased need arising from COVID-19). We have included the impact of scenario A being realised to give a more realistic view of demand pressures. It should be noted that this is the lowest impact scenario. Should the current trajectory continue, for instance, we could move to scenario B reflecting a further increase in demand. The demand pressures calculated are:

Service Block	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
People and Communities (P&C) - Base	12,278	13,579	14,526	14,795	14,757
People and Communities (P&C) – Scenario A	3,427	-802	-459	-345	-273
Place & Economy (P&E) - Base	142	271	298	268	240
Place & Economy (P&E) – Scenario A	638	-	-	-	-
Total	16,485	13,048	14,365	14,718	14,724

2.6.1 In 2021-22 the Council expects to experience a minimum of £4m additional demand pressures as a result of COVID-19. These pressures are expected to reduce in the subsequent years of the Business Plan as the acute impacts of COVID-19 subside, however the Council is likely to see continued impacts throughout the period of the Business Plan with the residual pressure reducing to £2.2m by 2025-26.

2.6.2 It is recognised that service costs are driven by the number of service users, level of need, as well as cost (and method) of delivery of the support. Where appropriate this will be outlined in greater detail within the Directorate specific reports.

2.7 The scenario modelling undertaken has also considered the impacts of COVID-19 on the Council's income streams, including sales, fees and charges, commercial income and precept income. The figures below reflect the anticipated losses in scenario A, however for 'business rates modelling' a scenario B has been assumed due to the severity of the national picture and uncertainty surrounding expected reforms to the business rates system.

Service Block	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
People and Communities (P&C)	662	-483	-179	-	-
Place & Economy (P&E)	3,113	-1,557	-1,556	-	-
Commercial & Investment (C&I)	2,083	-482	60	82	6
Council tax	2,865	4,606	4,727	3,612	1,869
Business rates	1,258	725	730	518	220
Total	9,981	2,809	3,782	4,212	2,095

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

Service Block / Description	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
New Pressures Arising in 21-22					
P&C: Sleep-in Carers	400				
P&C: Deprivation of Liberty Safeguards	45				
P&C: Personal Protective Equipment (in house)	1,000				
P&C: Libraries to service new developments			50	50	
P&C: Home to School Transport - Special	800				
P&C: Home to School Transport - Mainstream	200				
C&I: Renewable energy – Soham			6	6	
C&I: Spokes Building Operating Costs	115				
CS: IT – Continued Remote Working	420	-420			
CS: IT – New Connections	102				
Subtotal – New Pressures	3,082	-420	56	56	-
Existing Pressures Brought Forward					
P&C: Impact of National Living Wage on Contracts	4,040	4,625	4,184	3,372	3,372
P&C: Potential Impact of Changing Schools Funding Formula	1,500				
P&C: Libraries to serve new developments	49				
P&C: Independent reviewing officers (numbers of children)	-85				
P&C: Coroner Service	-37				
P&E: Minerals and Waste Local Plan	-54				
P&E: Guided Busway Defects		-1,300			
C&I: Renewable energy – Soham	5	40			
C&I: East Barnwell Community Centre	100				

Service Block / Description	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
C&I: LGSS Law dividend expectation			-96		
C&I: St Ives Smart Energy Grid - operating costs		39	1	1	1
C&I: Babraham Smart Energy Grid - operating costs		45	2	3	
C&I: Trumpington Smart Energy Grid - operating costs			63	2	
C&I: Stanground Closed Landfill Site - operating costs		120	3	3	3
C&I: Woodston Closed Landfill Site - operating costs		48	1	2	
C&I: North Angle Solar Farm, Soham - operating costs		499	14	15	15
C&I: Babbage House dilapidation costs	-190				
CS: Repatriation of LGSS Services	750				
Subtotal – Existing Pressures	6,078	4,116	4,172	3,398	3,391
Total	9,160	3,696	4,228	3,454	3,391

3. SUMMARY OF THE DRAFT REVENUE BUDGET

- 3.1 In order to balance the budget in light of the cost increases set out in the previous section and uncertain Government funding, savings, additional income or other sources amounting to **at least** £32.8m are required for 2021-22, and a total of £75.7m across the full five years of the Business Plan. The following table provides a summary of the movements in the budget gap since the publication of the 2020-21 Business Plan:

Updated items	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Opening budget gap per 2020-21 Business Plan	4,247	7,574	10,834	11,650	8,780
Inflation update	1,585	2,037	1,720	1,880	2,115
New pressures	3,208	-420	0	0	0
Changes to existing pressures	1,768	-610	566	-246	-296
Baseline demand update	943	860	1337	1,853	1,787
Scenario (A) demand pressures	4,065	-802	-459	-345	-273
Scenario (A) income pressures	9,981	-1,314	-1,549	-1,245	-2,035
New Investments	3,987	-120	-120	0	0
Impaired savings	5,316	-834	-28	2	-112
New savings	-1,074	-467	-122	-50	0
Financing Adjustments	-1,230	1,286	6	-9	24
Revised budget gap (Scenario A)	32,796	7,190	12,185	13,490	9,990

The Scenario A budget gap of £32.8m assumes a relatively swift recovery following the initial impacts of the pandemic on service delivery and is predicated on the following general assumptions:

- A low likelihood of a second peak requiring a further national lockdown
- Test and tracing is relatively successful in containing the spread of the virus
- A vaccine is available within 12 months
- A soft, open lockdown, with social distancing eased over summer 2020-21
- Demand does not return to pre-COVID levels due to economic and social impacts

3.1.1 Given the recent increase in the infection rate it is quite possible that the impact will be in excess of the scenario A model. It is also quite likely that elements of the various scenarios may arise meaning that the actual position is a hybrid of the options modelled. Scenarios B and C assume further peaks of the virus leading to periods of significant disruption on a national scale. The total savings projected in each scenario are as follows:

Scenario	2021-22 Savings Requirement £'000	5 Year Savings Requirement £'000 (2021-22 – 2025-26)
A	32,796	75,651
B	50,269	84,071
C	82,167	114,281

None of the scenarios assume any additional ongoing Government support in response to the pandemic in 2021/22, either through grant funding or compensation for foregone fees and charges.

3.2 The following table shows the total level of savings necessary for each of the next five years (assuming scenario A), the amount of savings attributed from identified savings and the residual gap for which saving or income has still to be found:

Service Block	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Total Saving Requirement	32,796	16,425	15,312	14,302	10,097
Identified Savings	-	-1,702	-153	-	-
Identified additional Income Generation	-	-7,533	-2,974	-812	-107
Residual Savings to be identified	32,796	7,190	12,185	13,490	9,990

3.2.1 Given the scale of impact from COVID-19 it is believed that the actual position could fall somewhere between the scenarios A and B. For the purpose of setting a target to focus on it is felt prudent to assume that the gap for 21/22 will be in the region of £40m.

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

- Reviewing all the existing proposals to identify any which could be pushed further – in particular where additional investment could unlock additional savings, including reviewing all strategies.
- Reviewing all income generation opportunities.
- Identifying, through benchmarking, any areas across the organisation we could potentially look to find additional efficiencies whilst ensuring outcomes are maintained.

- Reviewing the full list of in-year and 2021-22 pressures – particularly in line with the scenarios to see if there are any opportunities to prevent assumed increases in demand being realised.
- Being clear on areas which we wish to invest in.

3.3.1 In addition, the Council has worked closely with local MPs in campaigning for a fairer funding deal for Cambridgeshire. We argued long and hard that given how much the Cambridgeshire economy was supporting the Treasury that a new approach to business rates that enabled councils to retain a greater element of the local tax take would help to underwrite the costs of supporting that growth. The implementation of both the CSR and the localization of business rates have been deferred on many occasions. With the pandemic and the uncertainty over the national position we cannot expect this position to change in the short term. However, as referenced in section 1.2.1 above, it is important to recognise that the Government have used one off interventions of additional finance in Adult Social Care (winter pressures settlement) and Highways (Roads Fund) to negate some of the growing pressure on Councils.

3.3.2 However, we will continue to campaign for additional resources. The focus of this will now need to take a slightly different approach. Whilst all the issues of growth and fairer funding still remain, the challenge is now more focused on simply being able to deliver basic service levels. Without some short term assistance from the Government, over and above the funding that has been provided to deal with the immediate impact of the pandemic (see above), the Council will be facing an unprecedented financial challenge which will unfortunately involve reductions to services upon which many of our residents have come to rely. We will of course do all we can to seek further support from the Government and will use all channels that we have at our disposal – including:

- Local M.P's (already regularly briefed)
- County Council Network
- Society of County Treasurers
- MHCLG officer communications

3.4 There are also a number of financing options available to the Council to contribute towards closing the gap for 2021-2022:

- Additional central Government funding *may* be forthcoming in response to the pandemic and previously announced funding (such as Roads Fund and support for Social Care) rolled forwards.
- Around £1.5m is available next year following an earlier change in how the Council accounts for the minimum revenue provision. These funds have previously been allocated into the Transformation Fund reserve, and decrease each year in value. This is available to the Council for a further three years before this becomes a pressure on the General Fund.
- Up to £1.5m may be available through deployment of existing grants, subject to local decision making about Public Health and Schools grant priorities.

- Funds could be re-allocated on a one-off basis from reserves. Whilst this would contribute to reducing the pressure for the 2021-2022 financial year, the pressure would be delayed until the next financial year as the option to use this funding could not be used again. As such, it is not considered that the General Fund Reserve could be reduced. Similarly, a decision could be taken to utilise the resources within the Transformation Fund, in full or in part, but this would also reduce the Council's ability to respond to any future national or local challenges and could ultimately put delivery of services at risk
- There is an option to increase the planned levels of council tax, further details are set out in section 3.6 below
- As a last resort in order to balance next year's budget the Council might have to utilise any reserves or provisions held on its balance sheet that are not a contractual commitment. This will leave the Council exposed as it would include potentially using the General Reserve resulting in little or no security against any unforeseen circumstances in 2021-2022. If this approach was adopted a clear plan would need to be in place to ensure that these provisions could be replenished in order to ensure the Council could meet future liabilities.

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

- The National Joint Council pay scales have not been confirmed for 2021-22 onwards and it is possible that the agreed uplifts will be greater than those modelled.
- The result of schools funding reforms, in particular the control of the Dedicated Schools Grant (DSG) shifting further toward individual schools. Potential additional funding from Government, and the local situation on the deficit held within the high needs block, is still under discussion. Changes in regulations mean that the Council is not permitted to support the deficit in the DSG from the General Fund, however DfE consideration of requests for cash flow support has been paused during the pandemic. Meanwhile, the deficit in the high needs block continues to rise, and authorities across the country continue to call for a significant increase in funding to this area to meet rising needs.
- Movement in current year pressures is being picked up via the scenario modelling work. We are putting monitoring measures in place so we can put in place mitigations before trigger points are met. Work is ongoing to manage our in-year pressures downwards however any change to the out-turn position of the Council will impact the savings requirement in 2021-2022. This is particularly relevant to demand led budgets such as children in care or adult social care provision.
- The inflationary cost increases set out above assume that inflation on the cost of bed-based care within Adults & Older People's Services will continue to be higher than general inflation in 2021-22.

- 3.6 The level of savings required is based on a 2% increase in the Adults Social Care precept and a 0% increase in Council Tax. It is likely, therefore, that the Council will be presented with the option to increase Council Tax by not less than a further 1.99% in 2021-22. The value of a 1.99% increase in the Council Tax equates to additional revenue of £6.1m.
- 3.6.1 The Government has not yet confirmed that Local Authorities will be granted the continued flexibility to levy the Adult Social Care precept in 2021-22 or announced the Council Tax limitation regulations for 2021-22. Local Authorities were permitted to increase general Council Tax by a maximum of 2.99% in 2018-19 and 2019-20 and 1.99% in 2020-21 without the requirement for approval from residents through a positive vote in a local referendum. Given the financial impacts of the pandemic and precedent set in previous years, it is possible that Government could elect to set a higher referendum threshold for 2021-22. It is estimated that the cost of holding a referendum for increases deemed to be excessive would be around £100k, rising to as much as £500k should the public reject the proposed tax increase (as new bills would need to be issued).
- 3.6.2 Were there no Council Tax limitations and the Council was free to raise local revenue to meet the potential budget gap of £40m it would need to raise the Council Tax by a further 13% to cover this sum. The total Council Tax increase required would therefore be 15% and as such would be unrealistic to pursue.

4. BUSINESS PLANNING CONTEXT FOR HIGHWAYS AND TRANSPORT COMMITTEE

- 4.1 The remit of the Highways and Transport Committee focuses on some of the services provided by the Place & Economy directorate. Place & Economy (P&E), is the focus for the Council's place based work and provides a very wide and diverse range of services to the people and businesses of Cambridgeshire. Much of what is provided by the Directorate is experienced by residents on a daily basis.
- 4.2 A broad overview of the functions covered by H&T includes; the management of a series of major contracts such as highways and street lighting, development of transport policy, highways funding bids, cycling and operation of the Busway and the park and ride sites.
- 4.3 As detailed above, COVID-19 has put pressure on service delivery during the current financial year and as a result there are significant pressures within the service relating to the COVID-19 virus. The majority of these are for the loss of income which is used to fund existing services. There have also been increased costs in areas such as waste as a result of behaviour change and managing social distancing needs at waste disposal centres. Two pre-existing business planning proposals will also not be fully met as a result of the pandemic and will therefore slip into the following financial year. These relate to additional income from Bus Lane Enforcement B/R.7.119 (£404K) and Park and Ride B/R.7.120 (£213k). These pressures continue to be regularly monitored, understood and mitigated as appropriate. Additionally it is worth noting that P&E had a £3m revenue investment in Highways Services in 2020/21 (for proactive treatment and maintenance of roads, bridges and

footpaths) and the Business Plan currently identifies an additional £1m for 21/22 to bring the investment up to £4m per annum.

- 4.4 Transformation of the way we do things and recovery (reacting and creating a new normal) have been the main focus in developing new savings proposals for the new financial year. There are also some savings proposals that are already identified in the business plan and are due to be made in 2021/22. As we move towards financial year 2021/22, one of the opportunities for the Place and Economy Directorate continues to be closer working with Peterborough City Council. The Executive Director and Service Director are joint roles and other options for senior management posts to be shared or for services to be shared, where that makes sense for both Councils, are being explored.
- 4.5 There are a number of budget proposals currently being considered, a full list of these proposals can be seen below. Work will continue on these and those considered appropriate for implementation will be worked into Business Cases and Equality Impact Assessments (EqIA's). These will be reviewed at the December Committee.
- 4.6 Given the level of savings required by the Council as a whole for 2021/22, the H&T list contains new proposals. Members are asked to consider and comment on that list. Members should bear in mind that any savings removed will increase the existing funding gap on the Council as a whole. Therefore Members are asked to continue to put forward ideas for additional savings or income generation.

5. OVERVIEW OF HIGHWAYS AND TRANSPORT COMMITTEE'S DRAFT REVENUE PROGRAMME

- 5.1 The list below includes 2021/22 H&T business planning ideas that are currently being considered. It is important for the Committee to note that the proposal list and any figures referenced are draft at this stage and that work on the business cases is ongoing. Proposal documents for new ideas will be presented to Committee in December at which point business cases and the associated impact assessments will be final for the Committee to consider and endorse before they are considered by GPC January 2021 and full Council February 2021.

- 5.2 Suggested proposals:

Digitisation of drainage data (Kaarbontech), providing an automatic risk based modelling system of the whole network – invest to save.

- The system can help protect the authority against litigation
- Improves communication between the depot and the site
- Incorporates CCTV surveys to ensure all drainage assets are managed within one system
- Reduces reactive visits and helps move to a more proactive cyclical regime, thus increasing efficiency and value for money
- The system supports the asset management approach and is seen favourably by the DfT with regard to its incentive funding.

- Kaarbontech currently work with Skanska on the Devon, Somerset and Oxfordshire highway contracts. Initial discussions have already commenced between ourselves and Kaarbontech.
- Other authorities who use this system have reported a 50% increase in gully cleaning productivity from their crews following implementation.
- Deliverability dependent on corporate IT and tie in with our own systems.

Removal of old VAS signs (longer term savings) – invest to save

- Historically vehicle activated signs were hard wired into the mains. Therefore because of the live electrical current they need to be checked on an annual basis at a cost of £40 per sign under our current contract with Dynniq.
- The cost to remove these signs is £200 (if wired in via street lights) or circa £1000 if it is a UKPN supply.
- This will not make immediate savings, however longer term it reduces street clutter, saves officer time (removing the need to manage the process, including inspections) and removes the legal risk keeping infrastructure on the public highway that is no longer required.

Review Winter Operations

- Increase the number of gritting domains from 3 to 5 (N,E,S,W & City).
- The effect of three domains (N&E, S&W & City) has been positive and this could be implemented fairly easily.
- It does require a weather station in each area and whilst we have a good coverage of stations there may be a requirement to invest in a couple more subject to agreeing the domain boundaries. If additional weather stations are required those would involve an upfront investment.

5.3 Further proposals to be considered if necessary:

- **Creation of our own in-house recycling centre for resurfacing schemes.** This has been done on Skanska's Hampshire highways contract. It would require investment and have a longer term payback.
- **Increased maintenance budget for safety related measures.** Invest to save approach that would potentially result in savings associated with casualty reduction. This would also free up capital road safety funds for the larger construction schemes.
- **Investment in additional dragon patchers** in conjunction with a review of how we use the machines going forward. Proposal is potentially only viable if the vehicles are used for delivering a more preventative approach rather than just filling potholes.
- **School Crossing Patrols.** Removal of low priority sites and/or potential replacement of high priority sites with permanent crossing facilities, subject to meeting necessary criteria. Invest to save proposal.
- **Reduce the number of winter gritting routes.** We currently grit approximately 44% of the network, via a combination of primary and secondary routes. If necessary we could consider reducing this to cover primary routes only, in terms of delivery this would be the easiest way of reducing the number of routes without the need to go through route logistics.
- **Review Models for Charging for Planning Performance Agreements (PPA).**

6 LONGER TERM TRANSFORMATION TO CREATE A SUSTAINABLE SERVICE MODEL

- 6.1 This programme of work includes innovative approaches that will improve outcomes whilst continuing to deliver a further level of efficiency and significant savings.
- 6.2 A Transformation resource was established in 2016 to enable investment in longer term initiatives, identifying opportunities where better outcomes can be delivered at reduced cost and demand for services can be reduced. To date, savings of £26m have been released as a result of services using this resource.

7. NEXT STEPS

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

December	Business cases go to committees for consideration
January	General Purposes Committee will review the whole draft Business Plan for recommendation to Full Council
February	Full Council will consider the draft Business Plan

8. ALIGNMENT WITH CORPORATE PRIORITIES

- 8.1 **A good quality of life for everyone**
8.2 **Thriving places for people to live**
8.3 **The best start for Cambridgeshire's children**

The purpose of the Business Plan is to consider and deliver the Council's vision and priorities and section 1 of this paper sets out how we aim to provide good public services and achieve better outcomes for communities, whilst also responding to the changing challenges of the pandemic.

- 8.4 **Net zero carbon emissions for Cambridgeshire by 2050**
The budget is reviewed at each stage of development to assess the carbon implications of any new investments or savings initiatives. Additionally, the Council is committed to reviewing the sufficiency of climate mitigation funds included in the Business Plan on an annual basis to deliver the Climate Change and Environment Strategy.

9. SIGNIFICANT IMPLICATIONS

- 9.1 **Resource Implications**
The proposals set out the response to the financial context described in section 4 and the need to change our service offer and model to maintain a sustainable budget. The 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.

9.2 **Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications for the proposals set out in this report, any implications will be identified between now and the December Committee and will be recorded in the business cases.

9.3 **Statutory, Legal and Risk implications**

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

9.4 **Equality and Diversity Implications**

As the proposals are developed ready for December service committees, they will include, Equality Impact Assessments (EqIAs) that will describe the impact of each proposal, in particular any disproportionate impact on vulnerable, minority and protected groups.

9.5 **Engagement and Consultation Implications**

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

9.6 **Localism and Local Member Involvement**

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

9.7 **Public Health Implications**

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