

Business Planning Proposals for 2022-27 – opening update and overview

To: Strategy and Resources Committee

Meeting Date: 21 September 2021

From: Gillian Beasley, Chief Executive
Tom Kelly, Chief Finance Officer

Electoral division(s): ALL

Key decision: No

Outcome: This report begins the process of setting a business plan and financial strategy for 2022-2027 which will culminate at the February Full Council. Through this report, Members will gain awareness of:

- the current business and budgetary planning position and estimates for 2022-2027
- 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: It is recommended that the Committee;

- a) Notes the overview and context provided for the 2022 – 2027 business plan
- b) Notes the initial estimates made for demand, inflationary and other pressures

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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 2022-27. It is a statutory requirement for local authorities to set a balanced budget ahead of each new financial year.

1.2 On 9 February 2021, Full Council agreed the Business Plan for 2021-2026. This included a balanced budget for the 2021-22 financial year with the use of some one-off funding but contained significant budget gaps for subsequent years as a result of expenditure exceeding funding estimates. These budget gaps (expressed as negative figures) were:

2021-22	2022-23	2023-24	2024-25	2025-26
balance	-£22.2m	-£14.7m	-£15.1m	-£12.0m

1.3 Since the 2021-26 business plan was produced, the Council has had a change of political leadership. Following Council elections in May 2021, a Joint Administration of the Liberal Democrat, Labour, and Independent groups was formed, with a Joint Agreement explaining the policy ambitions of the new administration. The Joint Agreement prioritises COVID-19 recovery for all of Cambridgeshire and puts healthy living and bringing forward targets to tackle the climate emergency, central to its agenda. It also signals a commitment to form strong and positive partnerships as members of the Combined Authority and the Greater Cambridge Partnership in the areas of public health, support for business, climate change, public transport, and building affordable, sustainable homes. This first business plan will begin to put into effect this new set of policies.

1.4 The impacts of COVID-19 on the Council have been unprecedented and the pandemic remains a key factor and uncertainty in planning our strategy and resource deployment over the coming years. The Council has taken a central role in coordinating the response of public services to try and manage the complex public health situation, impact on vulnerable people, education of our children and young people and economic consequences. Looking ahead we know that challenges remain as the vaccination programme progresses and winter illnesses re-emerge. We are already seeing the impacts of the pandemic on our vulnerable groups as well as those who have become vulnerable as a result of health or economic impact of the pandemic. Longer term there will be significant increases and changes in the pattern of demand for our services alongside the economic aftereffects. The Council is committed to ensuring that communities across Cambridgeshire emerge from the pandemic with resilience and confidence for the opportunities and challenges that face us.

1.5 During 2020-21, the Council received significant additional funding and compensation from government and the NHS in order to effectively respond to the pandemic. Whilst the financial settlement for the response to date has been sufficient, predicting the on-going implications and financial consequences of COVID-19 remains challenging, particularly in terms of the impact on demand for council services. The 2021-26 budget includes estimates for these pressures in 2021-22 and experience of 2021-22 so far suggests these estimates were reasonable as the Council is not forecasting a significant variance against its budget in the current year. These will remain under review as new data is available. Significant

pressures are expected in future years beyond 2021-22 and details of how each service's specific demand pressure estimates for 2022-27 have been made are within section 4. It is especially important this year that we keep these estimates under review as circumstances are so changeable over the course of this year.

- 1.6 All service committees will consider their relevant revenue business planning proposals in December, at which point 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 in place and allow as much mitigation as possible against the impact of current financial challenges. Where proposals reflect joint initiatives between different directorate areas and joined up thinking these will go before multiple Committees to ensure appropriate oversight from all perspectives.
- 1.7 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 – Although we know that the UK economy is now rebounding from the impact of the pandemic, and overall Cambridgeshire is well placed to support growth and economic resilience, we also know that there have been severe financial consequences for some sectors and individuals. There have been impacts on employment and household income levels for many 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.
 - Prevention and Early Intervention – We need 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. This is all the more important in anticipation of latent demand generated by or delayed by the impacts of the pandemic. 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 continue to build on this and look at how we further support these networks and groups to continue, and where public services are needed, it is about ensuring support is made available early so that people's needs do not escalate.
 - Decentralisation – 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, 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.

- Environment & climate emergency - Putting climate change and biodiversity at the heart of the council's work. As a council, we will aim to move forward the net zero target for Cambridgeshire County Council towards 2030, developing clear actions for delivery of our Climate Change and Environment Strategy and enabling service and investment decisions to be made in this context.
- 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 criterion and reflect outcomes, including health, living wage and employment, and local, circular economies within our procurement, spending and organisational activities.

1.8 Besides the pandemic, the other major risks and uncertainties in setting budgets for 2022-27 include the potential for national policy changes, such as reform of social care funding, the need for a multi-year funding settlement from government, the availability and sustainability of supply chains and resources, and changing patterns of demand for our services that has been a longer-term trend. The Council must make its best estimate for the effect of known pressures when setting its budget and retain reserves to mitigate against unquantifiable risks.

1.9 Coinciding with the election of the new administration, during July and August the Council participated in a corporate peer challenge, facilitated by the Local Government Association, whereby experienced officer and member peers from elsewhere in the sector considered the Council's current position in order to recommend improvements. The peer challenge had a focus on the Council's financial planning and resilience and has confirmed recommendations that are being addressed through this business planning process:

- Devise a strategic approach to business planning for Cambridgeshire as a place
- Ensure budget planning addresses the medium- term budget gap and incorporates contingency planning
- Ensure that budget plans contain a multi-year strategy for Council tax
- Review This Land (property company)
- The capital strategy needs a stronger focus with a more robust prioritisation process for scheme approval, scheme delivery confidence and financing plans
- Develop the plan to address the annual overspend and cumulative deficit within the high needs block of the dedicated schools grant

2. Building the Revenue Budget

2.1 As we have a five-year budget, the first four years of the new business plan already have a budget allocation. We revise the estimates for 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 will be 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 The Council needs 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 considering benchmarking and external information in order to identify opportunities for Cambridgeshire and using a zero-based or outcomes focused outlook where appropriate in order that resources can be aligned to priorities.
- 2.4 The Council remains subject to significant financial constraints and uncertainties heightened by the pressures arising from the pandemic. We cannot rely on an uplift in core funding from government or a continuation of pandemic related support and therefore difficult choices will continue prioritising efficiencies, productivity improvements, investment in prevention and generation of income ahead of reducing service levels or short-term financing solutions.

The following sections detail specific changes to budget estimates made so far.

- 2.5 In June 2021, Strategy & Resources Committee agreed some changes to 2021/22 budgets, including holding £1.7m to offset the budget gap in 2022/23.
- 2.6 Inflation - 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, transport, insurance and waste, with regard to relevant national inflation indices. This covers all of the material effects of inflation on Council expenditure.
- 2.7 Total Net inflation, including staffing and non-staffing, are as follows:

Service Block	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000
People & Communities (P&C)	5,011	4,651	5,383	5,439	5,497
Place & Economy (P&E)	1,765	1,818	1,884	1,926	1,994
Corporate & Managed Services	922	725	748	780	822

- 2.8 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.
- 2.9 Demand - It is recognised that service costs are driven by the number of service users, levels of need, as well as cost and method of delivery of the support. Where appropriate this will be outlined in greater detail below. This table summarises the demand funding estimates for 2022-27:

Service	2022-23	2023-24	2024-25	2025-26	2026-27
People & Communities (P&C) - Adults	10,109	11,567	11,427	11,137	11,137
P&C – Children’s	3,144	2,781	3,138	3,545	4,005
P&C – Communities	57	61	66	71	76
Place & Economy (P&E) – Waste	266	308	272	245	238

For 2022-23, this is £1.2m more than was in the 2021-26 business plan.

These demand projections include:

- The number of older people receiving council funded services increasing by 5%
- The average cost of a care package for a person with learning disabilities increasing by 2.5% more than inflation due to rising needs, and that 41 new service-users will receive care as they transition from children’s services
- The number of children requiring council-funded transport to special schools will increase by 7.8% in line with the unprecedented rise in the number of Education Health and Care Plans
- The cost of children in care placements which, although numbers remain reasonably static, continues to increase due to the increased complexity of need and a shortage of available places as care numbers rise nationally
- The county’s rising population will result in a 2% increase in waste sent to landfill

2.10 Other Pressures - The Council is facing several 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. New pressures are set out below, and those relevant to each committee are detailed in section 4 below.

2.11 Some changes to funding estimates have been made where appropriate given the latest information available.

2.12 Overall, these revisions to budget estimates have resulted in a current budget gap for 2022-23 of £23.4m, a £2.9m increase in the gap since the 2021-26 business plan. The changes that have been applied to reach that revised gap are:

£000	2022-23	2023-24
Gap per February 2021 Full Council	22,175	14,700
Pressures funded at Strategy & Resources Committee in July	956	
Downward budget adjustments at S&R in July	-2,651	
Revised gap after S&R rebaselining	20,480	14,700
Demand and Inflation		
Adults demand refresh	1,581	3,108
CYP demand refresh	222	-877
CSMI demand refresh	-3	-3
Waste disposal COVID demand funding not required	-638	
Inflation refresh	-852	
Adults care uplifts strategy refresh	182	1,445
Pressures		
Occupational Therapy – Children's (delivered with NHS partners)	490	

Property Team - Resourcing	209	
Information Management– Children’s Social Work Police Requests	54	
Guided Busway defects (pending litigation)	1,300	-650
SEND teams capacity requirement (current demand)	565	
Waste and odour permit conditions	2,684	-1,600
Expansion of Emergency Response Service (Adults)	185	
Additional capacity in Learning Disability Young Adults Team	150	
Children's Disability	400	
Funding		
Capital receipts flexibility to continue until 2024-25	-1,982	
Uplift in Better Care Fund to meet Adults pressures	-750	
P&E Income – faster return to pre-COVID levels	-866	
Revised gap after updates at September Committee	23,411	16,123
Change	2,931	1,423

Scrutiny and review of all of the above items will be repeated prior to submission to the December committee cycle in order to ensure estimates remain current and necessary.

- 2.13 It is important to bear in mind that the 2021-26 business plan included some savings for future years. These are already budgeted in and therefore form part of the budget gap calculation. The feasibility of these savings is being reviewed, and any changes will affect the budget gap. The level of savings already in the business plan are:

Ref.	Saving	2022-23	2023-24	2024-25	2025-26
A/R.6.176	Adults Positive Challenge Programme	-100	-100		
A/R.6.177	Cambridgeshire Lifeline Project	-10	-122	-50	
A/R.6.179	Mental Health Commissioning	-24			
A/R.6.180	Review of commissioning approaches for accommodation based care	-350	-375		
A/R.6.185	Additional block beds - inflation saving	-583	-456	-470	-484
A/R.6.188	Micro-enterprises Support	-133			
A/R.6.189	Learning Disability Partnership Pooled Budget Rebaselining	-2,574			
A/R.6.267	Children’s Disability: Reduce overprescribing	-100	-100		

3. Budget Setting Considerations

- 3.1 To balance the budget in light of these pressures set out in the previous section and uncertain Government funding, savings, additional income or other sources amounting to **at least** £23.4m are required for 2022-23, and a total of around £75m across the full five years of the Business Plan.
- 3.2 The actions currently being undertaken to close the gap include:
- Reviewing all existing business plan proposals, and in particular pressures and investments to ensure these are accurate, up-to-date and appropriately mitigated.

- Reviewing all income generation opportunities and deployment of grant funding
- Identifying any areas across the organisation we could potentially look to find additional efficiencies or productivity whilst ensuring outcomes are maintained.
- Costing areas which we wish to invest in- for example areas identified as part of the Joint Agreement action plan, prioritising those that will improve outcomes and prevent escalating demands or costs facing Council budgets.

Chairs and Vice-Chairs are leading engagement with Services to identify initiatives to be recognised in the business plan and receiving detailed budget briefing. This will enable identification of areas of the budget subject to the most risk and sensitivity and where there is opportunity for collaboration and new approaches to lead to improved or more cost-effective outcomes.

3.3 Additionally, the Council has worked closely with local MPs in campaigning for a fairer funding deal for Cambridgeshire and this will be renewed following a motion passed at the July meeting of Full Council. We argued 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 multi-year CSR and the localization of business rates have been deferred on several occasions. With the pandemic and the uncertainty over the national position we cannot expect this position to change in the short term. However, it is important to recognise that the Government have used one off interventions of additional finance in Adult Social Care and Highways to negate some of the growing pressure on Councils.

- 3.4 There are also a small number of financing options that may be available to the Council to contribute towards closing the gap for 2022-2023:
- 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. The peer challenge has rightly cautioned the Council about assuming any such funding will be realised.
 - Funds could be re-allocated on a one-off basis from reserves. Whilst this would contribute to reducing the pressure for the 2022-2023 financial year, the pressure would be delayed until the next financial year as the option to use this funding could not be used again. The Chief Finance Officer's professional view is that the General Fund balance should not be reduced from its current level in view of the risks the Council is currently facing. Members are also reminded that the Council is carrying a deficit of £26m in the high needs block of DSG, as it stands the ringfence for this item will lapse in 2023, meaning that the Council may need to fund this locally from its own reserve. This primarily leaves the amounts currently earmarked as:
 - Transformation Fund (currently £24m unallocated)
 - Pandemic-related carry forward (currently £21m)
 - Additionally, there are smaller service specific levels of reserve held in Public Health and Adult Social Care.

Any use of the reserves listed above is only a temporary solution which would reduce the Council's ability to respond to any future national or local challenges and compound the savings ask in future years. We know that there will be long-range impacts of the pandemic where deployment of grant funds received to date could be carefully planned. The Joint Administration will want to consider its approach to reserves as part of a refreshed budget strategy.

- There is an option to increase the planned levels of council tax (see paragraph 3.6)

3.5 There are a number of additional risks and assumptions with potential impacts on the numbers above. 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 2022-23 onwards and it is possible that the agreed uplifts will be greater than those modelled.
- Movement in future year pressures. We are putting monitoring measures in place so we can put in place mitigations before trigger points are met. This is particularly relevant to demand led budgets such as children in care or adult social care provision.
- IT pressures – work is underway to quantify a potential impact on the IT & Digital Service, predominantly related to hardware and software costs and the costs of data facilitating remote working.

3.6 The level of savings required is based on a 2% increase in the Adult Social Care precept and a 0% increase in Council Tax. This potential to increase ASC precept has been carried forward from 2021-22. It is likely, therefore, that the Council will be presented with the option to increase general Council Tax by not less than a *further* 1.99% in 2022-23, on top of the 2% ASC precept carried forward. The value of a 1.99% increase in the Council Tax equates to additional revenue of £6.1m. With general inflation higher than in recent years, it is possible that the government may permit a higher general council tax increase or announce an Adult Social Care precept potential for a further year. In those scenarios the Council tax potential would increase further.

4. Overview of Strategy and Resources Committee's draft revenue programme

4.1 Strategy & Resources Committee has a general responsibility to lead the development of the Council's draft business plan and acts as the service committee for the Council's corporate services.

As funding for demand growth is the largest area of budget increase year-on year (and rising), a high-level overview of those services that have these pressures is provided. The Council continues to pursue an ambitious programme of transformative investment in order to achieve its ambitions, the level of funding required for future investment is currently being determined and details of specific proposals will be considered by the relevant service committee in December.

4.1.1 Section 2.9 above provides a summary of the budget growth required for increasing demand for services. This shows £13.5m of demand funding required in 2022/23, which is

an increase of £1.2m compared to our previous business plan. The largest area of demand growth by far is the older people's service, while the areas of greatest change compared to the previous plan are learning disabilities, mental health, and children in care.

4.1.2 Adults & Health:

- Older People £5.462m allocation, a reduction of £64k. Much of the cost is driven by growth in service-user numbers by age-band (higher than the general increase in population). The total number of service-users is expected to rise by 174 (5.3%). Adjustments have also been made for:
 - An increase in the average number of hours of domiciliary care provided to a service user. Over the past five years the average increase in domiciliary packages has been 7%, which is indicative of the investment in preventative work streams delaying referral to long term care and the increasingly complex needs that this results in which can be managed in people's own homes.
 - A change in the mix between Care Home bed types, both from Non-Dementia beds to Dementia and Residential to Nursing. Over the last four years Residential care has been reducing by an average of 2.52%, Residential Dementia increasing by 0.96%, Nursing care reducing by 1.07% and Nursing Dementia increasing by 2.63%.
- Learning Disabilities £2.768m allocation, an increase of £796k. The assumption for numbers of children transitioning into Adult Services is based on data from the children's team on young people who will turn 18 in 2022-23. It has been assumed that these 41 new service users will have the same mix of packages as service users transitioning over the past four years. The projections around demand increases for existing service users have also been refreshed based on the past four years of data for average package costs at the start and end of the year. This suggests that the commitment for existing service users will increase by ~2.5% above inflation over the course of a year.
- Mental Health £812k, an increase of £282k. Much of this rising demand is due to increasing numbers of older service users, and rising complexity of care for both older and working age people. The increase since last year is mainly due to rising hours of domiciliary care provided, which has sharply deviated from its historical trend over the last year and suggests much increased need.
- Other adults demand allocations £1.067m, an increase of £567k. Demand increases mainly for working age adults with disabilities, for similar reasons to those outlined above. The change of £567k is predominantly due to a previous assumption that some of the COVID-19 related increase in need in 21/22 would be transitory being removed. It is now expected that broadly the increase in demand seen in 2021/22 will not come down.

4.1.3 Children & Young People:

- Children in Care £1.2m, an increase of £250k. Our overall number of Children in Care has not been significantly increasing; however, we are seeing a change in placement mix within the cohort which is leading to a higher number of young people being placed in higher cost placements, specifically residential homes, and we are also seeing placement need changing with an increasing number of non-standard placements being made.

- Home to School Transport £1.7m, an increase of £39k. Over 95% of the demand allocation now relates to transport for children with an Education Health and Care Plan. That cohort is growing and has increasingly complex needs. There has been a 7.7% increase in children and a 6.23% increase in complexity over recent years, and that is projected forward. Complexity is estimated based on the rising average cost per pupil in February 2020 to May 2021, minus inflation. The scale and increase of the demand growth mirrors the pressures on the High Needs Block of the Dedicated Schools Grant.
- Other CYP demand allocations £239k, a decrease of £67k. This mostly relates to growth on cost of special guardianship orders and in the Children’s Disabilities Service, both due to increasing complexity rather than rising numbers.

4.1.4 Communities, Social Mobility & Inclusion £57k of demand relating to the coroner service, which is seeing a 5.2% year-on-year increase in costs.

4.1.5 Energy & Green Investment – demand funding for the waste service - £266k, a decrease of £638k. The underlying demand projections remain unchanged, but temporary COVID-19 related demand costs that were originally expected to be there in 2022/23 are no longer projected.

4.2 Several changes are proposed to Strategy & Resources budgets in 2022/23, some of which formed part of the previous business plan while others are newly proposed.

	2022-23
2 INFLATION	
Inflation	661
4 PRESSURES	
Repatriation of LGSS services (previously planned reduction in pressure)	-500
IT - Continued Remote Working (previously planned - pending review)	-378
Pandemic risks provision (previously planned reduction in pressure)	-1,200
East Barnwell Community Centre (previously planned additional cost)	100
Property Team – Resourcing increase (new)	209
Information Management– Children’s Social Work Police Requests (new)	54
5 INVESTMENTS	
Demand risk in social care (previously planned, risk budget not utilised)	-1,300
6 SAVINGS	
Reduction in staff mileage (previously planned, pending review)	378
Contract Efficiencies (previously planned reinstatement post pandemic)	-249
8 FUNDING	
Capital receipts flexibility to continue until 2024-25 (new)	-1,982
Change	-4,207

4.2.1 The two new pressures above reflect resourcing needs identified by the Council's senior management team. For property services, this follows a CIPFA Asset Management review, identifying low levels of staffing relative to comparable authorities, and gains to be made from a corporate landlord and asset management approach. In accordance with the

property services improvement plan, the additional resource will be prioritised towards increasing asset value, improving property records and data and supporting the climate change strategy from a property perspective. The information management pressure relates to a statutory requirement to respond to children's social work police requests under the Youth Justice Criminal Evidence Act 1999.

- 4.3 There are likely to be further budget changes proposed, particularly within IT where pressures are emerging:
- 4.3.1 Over the last few years, the council's reliance on IT has become fundamental to its ability to deliver its services and this has been demonstrated most clearly through the pandemic. These key IT systems, services and hardware are supported by both revenue and capital budgets within the Council and as the demand and reliance on IT has grown and changed, so has the profile of the pressure on those budgets.
- 4.3.2 These changes broadly sit in these categories:
- (1) Increasing demand for hardware (laptops & mobiles) to support service delivery across all areas of the Council.
 - (2) A continuing shift from one off capital expenditure to ongoing revenue commitment for cloud-based services.
 - (3) Changes in how front-line services work which require new or amended systems - for example additional modules in the Children's Social Care system to facilitate access to, and transfer of, information between partners to help improve our responsiveness in our support for children and young people.
- 4.3.3 All the IT revenue and capital budgets have been reviewed against these known areas of change and anticipated demand and the result is an expected increase in spend. This will add pressures to existing revenue budgets. In response to this, and where it is appropriate and cost effective, we will ensure the prudent use of capital budgets and use specific reserves for any one-off costs to mitigate these pressures on revenue budgets. Further analysis is underway to refine the needs and costs to ensure that all areas have been reviewed robustly and the results will be included in future budget updates for the Strategy & Resources committee.
- 4.4 As well as revenue changes, amendments to capital schemes will impact on the revenue cost of financing the Council's loans. Revised debt charges estimates are being calculated but key changes to capital schemes include around £30m of additional capital expenditure across the whole business plan period, mainly to do with changes to existing school schemes, new school builds and waste treatment facilities. A full update on capital plans will be brought to service committees with the next set of business planning papers.
- 4.5 The action plan, agreed by the Strategy and Resources Committee on 6 July 2021 contains activities which fall within the Committees remit which could impact on the revenue budget. These include:
- LGA Peer Challenge Finance Module (commenced June 2021), considers financial standing, robustness of plans & reserves and makes recommendations
 - Position of This Land to be considered and an action plan produced

- Real Living Wage (RLW) – short term steps: in-year uplift for those directly employed below RLW, then detailed consideration of longer-term implications of full RLW Foundation accreditation by relevant Committee.
- Procurement – plan how the Council’s approach can ensure greater weight given to local suppliers, direct delivery, and social value
- Lobbying for fairer funding for Cambridgeshire and national policy reform progress
- Review Commercial Strategy and priorities

4.5.1 A review of the Commercial Strategy has taken place. This draft strategy focuses our commercial vision and delivery to align further with our service focused outcomes and rely on a strong, business-like approach in all that we do. The strategy will be focused on three main themes: Assets; Placemaking and Communities; and External Environment. Embedding the practice and approach of this strategy should see impact reflected across all activities, bringing a robust and effective delivery as standard.

4.5.2 The Committee’s net budget includes a net revenue contribution of £6m per annum in interest receivable from This Land. A review of This Land has been commissioned and is referred to in other papers to this committee. In view of the significant financial expectation, the outcomes of the review will need to be carefully considered.

4.6 This Committee also has responsibilities, across the Council, with respect to local taxation, workforce and assets. In common with other employers the Council faces employment challenges heightened by the pandemic and economic developments. The risks from this are being monitored regularly by the senior management team and will be considered alongside future expectations around staff pay inflation, turnover levels and agency staff usage. For assets, next year we expect to see an ongoing level of investment in proactive capital maintenance in the operational estate, further return of income levels to expectations (post-pandemic), and some favourable increase in income received from the Farms estate following rent reviews.

5. Next Steps

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

September	Service Committees provided with overview of current position
October / November	Progress update provided to Committees
November / December	Business cases go to committees for consideration
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

6. Alignment with corporate priorities

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

- 6.1 Communities at the heart of everything we do
- 6.2 A good quality of life for everyone
- 6.3 Helping our children learn, develop and live life to the full
- 6.4 Cambridgeshire: a well-connected, safe, clean, green environment
- 6.5 Protecting and caring for those who need us

7. Significant Implications

7.1 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.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for the proposals set out in this report.

7.3 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.

7.4 Equality and Diversity Implications

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

7.5 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.

7.6 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.

7.7 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.

7.8 Environment and Climate Change Implications on Priority Areas

The climate and environment implications will vary depending on the detail of each of the proposals which will be coming to committee later for individual approvals (currently scheduled for November / December committees). The implications will be completed accordingly at that stage.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Stephen Howarth

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

Name of Officer: Henry Swan

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

Name of Legal Officer: Amy Brown

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

Yes

Name of Officer: Beatrice Brown

Have any engagement and communication implications been cleared by Communications?

Yes

Name of Officer: Christine Birchall

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

Yes

Name of Officer: Julia Turner

Have any Public Health implications been cleared by Public Health?

Yes

Name of Officer: Jyoti Atri

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

Yes

Name of Officer: Emily Bolton