Agenda Item No.5

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST OCTOBER 2016

To:	**General Purposes Committee**
Date:	**20th December 2016**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**2016/053** *Key decision:* **Yes**
Purpose:	**To present financial and performance information to assess progress in delivering the Council's Business Plan.**
Recommendations:	**General Purposes Committee (GPC) is recommended to:**

a) Analyse resources and performance information and note any remedial action currently being taken and consider if any further remedial action is required.

b) Determine which option officers should implement for the use of the additional £504k received from the renegotiation of Thomas Clarkson Academy Private Finance Initiative (PFI), see section 7.

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1. PURPOSE

1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

2. OVERVIEW

2.1 The following table provides a snapshot of the Authority's forecast performance at year-end by value, RAG (Red, Amber, Green) status and direction of travel (DoT).

Area	**Measure**	**Forecast Year End Position (September)**	**Forecast Year End Position (October)**	**Current Status**	**DoT** (up is improving)
Revenue Budget	Variance (£m)	+£1.5m	+£1.8m	Amber	↓
Basket Key Performance Indicators	Number at target (%)	38% (6 of 16)[1]	44% (7 of 16)[1]	Amber	↑
Capital Programme	Variance (£m)	£0.0m	+£0.2m	Green	↓
Balance Sheet Health	Net borrowing activity (£m)	£421m	£423m	Green	↔

[1] The number of performance indicators on target reflects the current position.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end overspend of £1.8m, which is an increase of £0.3m on the overspend reported last month. The change in position is mainly due to an increase in the overspend reported by LGSS Managed. See section 3 for details.

- Key Performance Indicators; the corporate performance indicator set has been refreshed for 2016/17. There are 18 indicators in the Council's new basket, with data currently being available for 16 of these. Of these 16 indicators, 7 are on target. See section 5 for details.

- The Capital Programme is forecasting a £0.2m overspend at year end in Assets & Investments (A&I). Although Economy, Transport and Environment (ETE), Children, Families and Adults (CFA), LGSS Managed and LGSS Operational are all reporting in-year slippage on their capital programmes, totalling £11.5m, this is within the allowances made for capital programme variations, leading to a balanced outturn overall. See section 6 for details.

- Balance Sheet Health; the original forecast net borrowing position for 31st March 2017, as set out in the Treasury Management Strategy Statement (TMSS) is £479m. This projection has now fallen to £423m, which is £2m higher than reported last month. See section 7 for details.

3. REVENUE BUDGET

3.1 A more detailed analysis of financial performance is included below:

Key to abbreviations

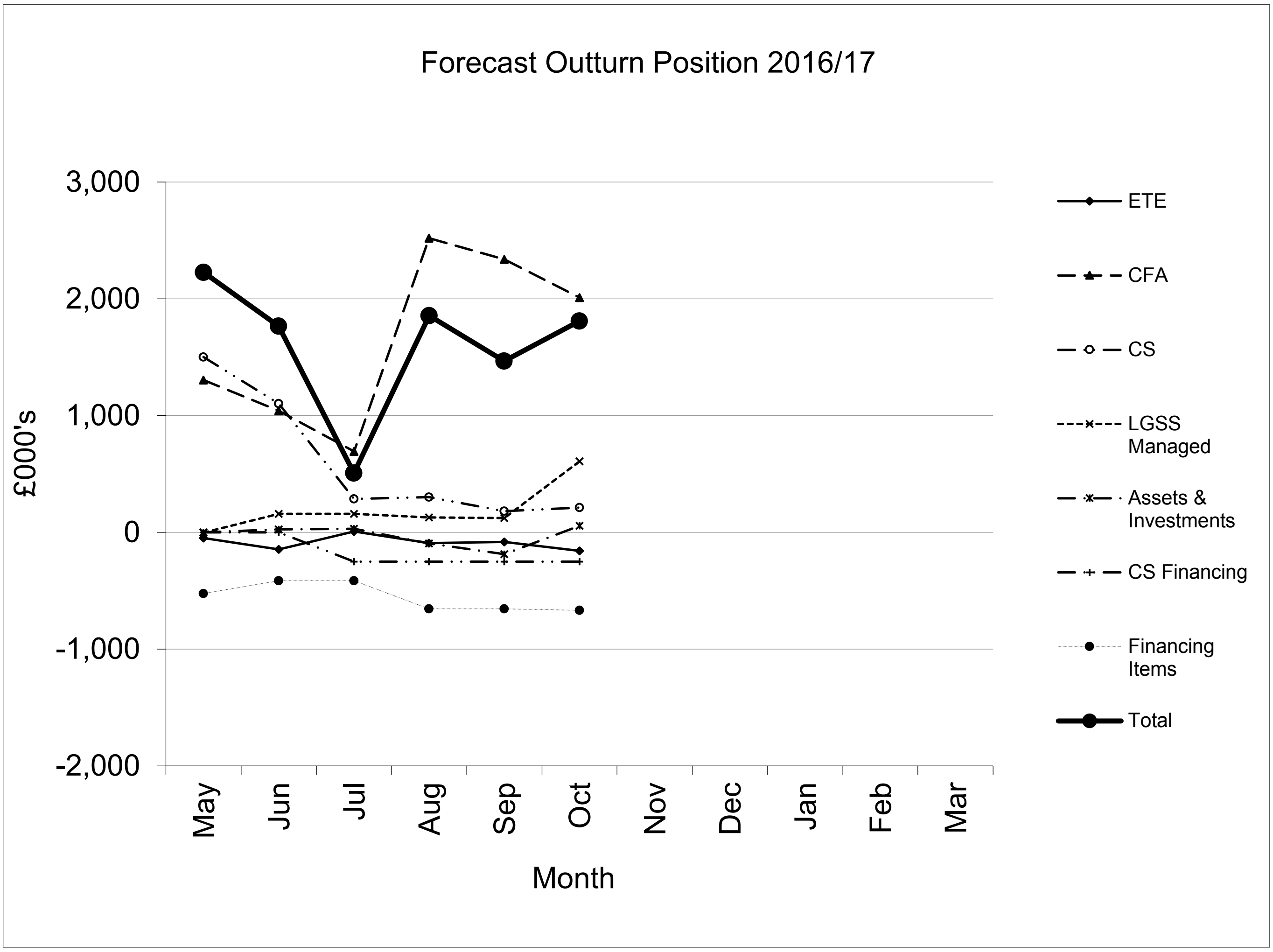
ETE – Economy, Transport and Environment
CFA – Children, Families and Adults
CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per Business Plan £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (Sept) £000	Forecast Variance - Outturn (Oct) £000	Forecast Variance - Outturn (Oct) %	Overall Status	DoT
59,952	ETE	61,967	-82	-160	-0.3%	Green	↑
242,563	CFA	242,315	2,338	2,011	0.8%	Red	↑
182	Public Health	182	0	0	0.0%	Green	↔
4,674	Corporate Services	4,830	181	212	4.4%	Amber	↓
6,010	LGSS Managed	6,004	123	608	10.1%	Amber	↓
4,104	Assets & Investments	4,245	-188	56	1.3%	Green	↓
34,206	CS Financing	34,206	-250	-250	-0.7%	Green	↔
351,691	**Service Net Spending**	**353,749**	**2,122**	**2,477**	**0.7%**	**Amber**	↓
4,677	Financing Items	1,900	-655	-668	-35.2%	Green	↑
356,368	**Total Net Spending**	**355,649**	**1,467**	**1,809**	**0.5%**	**Amber**	↓
	Memorandum items:						
8,195	LGSS Operational	8,151	246	33	0.4%	Amber	↑
222,808	Schools	222,808					
587,371	**Total Spending 2016/17**	**586,609**					

[1] The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

[2] The forecast variance outturn does not include the £9.3m budget saving in 2016/17 following the change in Minimum Revenue Provision (MRP) policy, which was approved by Council on 16 February 2016.

[3] For budget virements between Services throughout the year, please see Appendix 1.



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** -£0.160m (-0.3%) underspend is forecast at year-end.

	£m	%
• **Winter Maintenance** The original £650k saving proposal against winter operations was based on the achievement of three changes to the service; leasing the gritting fleet, route optimisation and weather domain forecasting. Leasing of the fleet has already achieved the saving anticipated from this change, with an initial saving of £200k (in 15/16) followed by an on-going maintenance saving of £117k year on year. It was originally estimated that route optimisation and domain forecasting would achieve savings of £288k and £225k respectively. However in practice it has been acknowledged that the routes are already highly efficient, so further route optimisation is unlikely to achieve any savings, whilst domain forecasting is unlikely to achieve a saving of more than £60k per year – due to temperature differences across the county being more marginal than expected.	+0.356	(+25%)

Therefore the estimated saving from those three areas totals £177k. In addition reducing the percentage area of the highway network that we now grit (from 45% to 30%) and therefore the number of gritters from 38 to 26, has saved a further £117k. This gives a total saving of £294k, which leaves a shortfall of £356k against the original £650k savings target. This has now been entered as a pressure for 17/18 in the development of the Business Plan.

In order to reinstate gritting to previous levels (45%) the total cost would be the whole £650k savings target (of which £356k has already been identified as a pressure) plus a one-off additional cost of £26k to cover a second delivery of vehicles plus additional driver training, bringing the total to £676k. Please see table below for clarification.

Winter gritting changes 2016/17	Forecast saving	Actual saving
Leasing of gritters	117	117
Route optimisation / reduction	288	117
Domain forecasting	225	60
Other savings	20	0
Sub-total	**650**	**294**
Shortfall in savings		356
Costs to reinstate	650	
One off cost of reinstatement*	26	
Total cost to reinstate	**676**	

- **Growth & Economy – Other** – an underspend of -£319k is forecast for year-end. This reflects the fact that Highways Development Management are currently overachieving against profile on their income targets for both Section 38 and Section 106 fees from developers; the forecast reflects the anticipated overachievement at year end based on current trends. However, it is difficult to predict income amounts and timing, so this may change as the year progresses. -0.319 (-58%)

- For full and previously reported details see the ETE Finance & Performance Report.

3.2.2 **Children, Families and Adults:** +£2.001m (0.8%) overspend is forecast at year-end.

£m **%**

- **Physical Disabilities – Carers' Service** – an underspend of -£350k is forecast for year-end. The number of carer assessments carried out and personal budgets awarded to date continues to be much lower than anticipated; the forecast is on the basis that this current trend continues throughout the remainder of the year. -0.350 (-17%)

- **Special Educational Needs (SEN) Placements** – an overspend of £500k is forecast for year-end. This reflects the increasing cost of placements, which has outstripped the inflation allocated. The number of maintained Statement/Education, Health and Care Plan is fairly consistent, but the level of need is escalating.

  This budget is funded from the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG) and, as such, this overspend will be met from DSG carry-forward to be applied this year.

  Actions currently being taken to address the forecast overspend include:

  - Actions in the Placement Strategy are aimed at returning children to within county borders and reducing Education Placement costs. +0.500 (+6%)

  - A business case has been presented to health commissioners to improve the input of school nursing in area special schools to support increasingly complex medical/health needs.

  - SEND Commissioning Strategy and action plan to maintain children with SEND in mainstream education.

  - Further information on pressures within the HNB will be presented to Schools Forum in December and subject to approval there is likely to be a transfer of funding required within the DSG to address the pressure in future years.

- **Financing – DSG** - Within CFA, spend of £23.3m is funded by the ring-fenced Dedicated Schools Grant. For 2016/17 there is a pressure of £700k on the DSG, from Education Placements (£500k) and Commissioning Services (£200k). For this financial year the pressure will be met by DSG reserve carry forwards. -0.700 (-3%)

- For full and previously reported details see the CFA Finance & Performance Report.

3.2.3 **Public Health:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the PH Finance & Performance Report.

3.2.4 **Corporate Services:** +£0.212m (+4.4%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.5 **LGSS Managed:** +£0.608m (+10.1%) overspend is forecast at year-end.

	£m	%
Corporate Redundancies – an overspend of +£515k is forecast for year-end. As agreed in the Business Plan for 2016/17, the	+0.515	(+52%)

Council has embarked upon a number of significant restructures and staff rationalisation programmes including the Corporate Capacity Review. For a number of years the Council has not fully utilised the £1m provision that is made in the base revenue budget for such staff changes, but given the current level of reductions in staffing taking place it is anticipated that this year the level of costs incurred will exceed this provision.

- For full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.6 **CS Financing:** -£0.250m (-0.7%) underspend is currently forecast for Debt Charges. This reflects the fall in the forecast for net interest payable following falls in interest rates across all parts of the yield curve. For full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.7 **LGSS Operational:** +£0.033m (+0.4%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.8 **Assets & Investments**: +£0.56m (+1.3%) overspend is forecast at year-end. There are no new exceptions to report this month; for full and previously reported details see the A&I Finance & Performance Report.

Note: *exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.*

4. KEY ACTIVITY DATA

4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest CFA Finance & Performance Report (section 2.5).

5. PERFORMANCE TARGETS

5.1 As previously reported to GPC the key performance indicators are currently under review and a new set of indicators will be considered as part of the Business Plan.

Corporate priority	Indicator	Service	What is good? High or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
Developing our economy	Percentage of Cambridgeshire residents aged 16 - 64 in employment: 12-month rolling average	ETE	High	At-30-June-2016	%	78.7%	80.9% to 81.5%	Amber	↔
	Additional jobs created*	ETE	High	To 30-Sep-2015	Number	+6,300 (provisional)	+ 3,500 (2015/16 target)	Green	↓
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others*	ETE	Low	At-29-Feb-2016	%	Gap of 6.4 percentage points Most deprived areas (Top 10%) = 11.5% Others = 5.1%	Most deprived areas (Top 10%) <=12% Gap of <7.2 percentage points (2015/16 target)	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA (Enhanced & Preventative – E&P)	High	September 16	%	79.6%	96.5%	Red	↓
	Percentage of 16-19 year olds not in education, employment or training (NEET)	CFA	Low	September 16	%	2.2%	3.3%	Green	↑
	The proportion pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA (Learning)	High	September 16	%	82.5%	82.0%	Green	↑

Corporate priority	Indicator	Service	What is good? High or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
	The proportion pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA (Learning)	High	September 16	%	62.5%	75.0%	Red	↑
	The proportion pupils attending Cambridgeshire Special schools judged good or outstanding by Ofsted	CFA (Learning)	High	September 16	%	94.8%	100%	Amber	↔
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	September 16	%	54.8%	57%	Amber	↑
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	August 16	Number	569	429 per month (4874.5 per year)	Red	↑
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	August 16	Number	121	114	Amber	↑
	Healthy life expectancy at birth (males)	Public Health	High	2012 – 2014	Years	66.1	N/A – contextual indicator	Green (compared with England)	↓ (compared with previous year)
	Healthy life expectancy at birth (females)	Public Health	High	2012 – 2014	Years	67.6	N/A – contextual indicator	Green (compared with England)	↑ (compared with previous year)
	Absolute gap in life expectancy between the most deprived 20% of Cambridgeshire's population and the least deprived 80% (all persons)	Public Health	Low	2013-2015 (Q4 2015)	Years	2.6	N/A – contextual indicator	N/A – contextual indicator	↔

Corporate priority	Indicator	Service	What is good? High or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA (Children's Social Care)	Low	August 16	Rate per 10,000	47.4	40	Red	⬇
	No/ % of families who have not required statutory services within six months of have a Think Family involvement.	CFA (E&P)	TBC	TBC	TBC	TBC	*TBC new measure for 2016/17*	TBC	TBC
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	Customer Service & Transformatio n	High	1 July – 30 September 2016	%	55.83%.	75%	Red	⬇
	The average number of days lost to sickness per full-time equivalent staff member	LGSS HR	Low	October 2016	Days (12 month rolling average)	6.98	7.8	Green	⬇

** 'Out of work' benefits claimants - narrowing the gap between the most deprived areas (top 10%) and others – the target of ≤12% is for the most deprived areas (top 10%). At 6.7 percentage points the gap is the same as last quarter, but is narrower than the baseline (in May 2014) of 7.2 percentage points.*

5.2 Key exceptions are identified below:

- **The proportion of children in year 12 taking up a place in learning**
  As is usual at this time of year, performance has fallen (from 93.4% previously reported) while data is gathered about the situation of young people going into the new academic year. Performance is expected to improve as further data is gathered throughout the autumn term.

- For full and previously reported details go to the respective Service Finance & Performance Report:

  - ETE Finance & Performance Report
  - CFA Finance & Performance Report
  - PH Finance & Performance Report
  - CS & LGSS Finance & Performance Report
  - A&I Finance & Performance Report

6. CAPITAL PROGRAMME

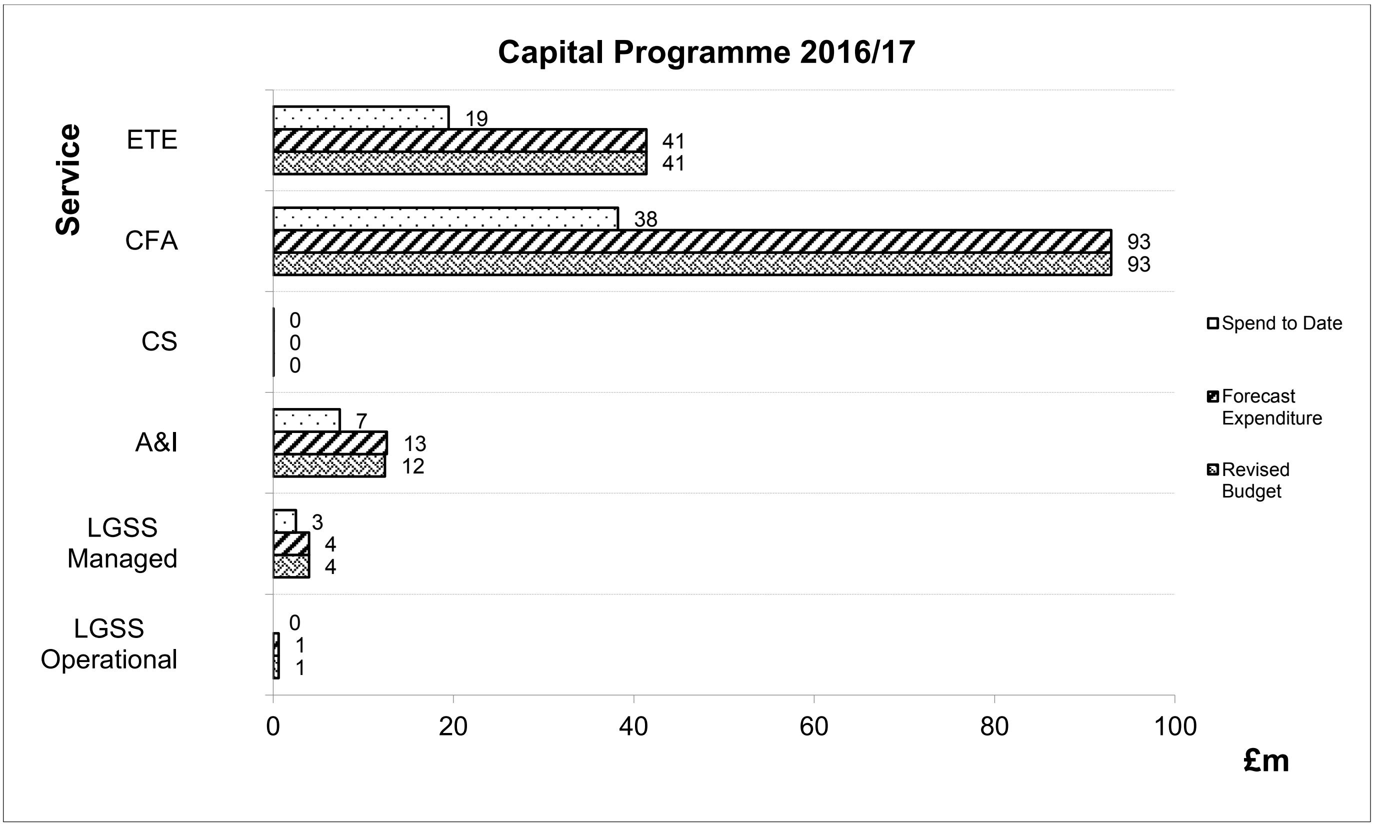
6.1 A summary of capital financial performance by service is shown below:

2016/17						TOTAL SCHEME	
Original 2016/17 Budget as per Business Plan £000	Service	Revised Budget for 2016/17 £000	Forecast Variance - Outturn (Sept) £000	Forecast Variance - Outturn (October) £000	Forecast Variance - Outturn (October) %	Total Scheme Revised Budget (October) £000	Total Scheme Forecast Variance (October) £000
71,699	ETE	41,388	-	-	0.0%	415,691	-
97,156	CFA	92,921	0	0	0.0%	543,222	31,074
33	Corporate Services	48	-	-	0.0%	300	-
4,405	LGSS Managed	3,996	-	-	0.0%	15,140	-0
11,397	A&I	12,398	-	227	1.8%	240,310	-1,867
1,104	LGSS Operational	618	-	-	0.0%	1,704	-
185,794	**Total Spending**	**151,369**	**-**	**227**	**0.1%**	**1,216,367**	**29,206**

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted, including the capital programme variations budget allocated to each service. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.

2. The reported ETE capital figures do not include City Deal, which has a budget for 2016/17 of £7.4m and is currently forecasting an in-year underspend of £0.15m.



Note: The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted.

6.2 A summary of the use of capital programme variations budgets by services is shown below. As forecast underspends start to be reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeds this budget.

2016/17					
Service	**Capital Programme Variations Budget £000**	**Forecast Variance - Outturn (October) £000**	**Capital Programme Variations Budget Used £000**	**Capital Programme Variations Budget Used %**	**Revised Forecast Variance - Outturn (October) £000**
ETE	-10,500	-5,699	5,699	54.28%	0
CFA	-10,282	-3,839	3,839	37.34%	0
Corporate Services	-12	0	0	0.00%	0
LGSS Managed	-1,029	-1,857	1,857	180.47%	0
A&I	-2,850	227	0	0.00%	227
LGSS Operational	-155	-100	100	64.52%	0
Total Spending	**-24,828**	**-11,268**	**11,495**	**46.30%**	**227**

6.3 Slippage in the capital programme for LGSS Managed is forecast to exceed its capital programme variations budget allocation of £1m. However, at this stage it is not anticipated that the capital programme as a whole will slip beyond the overall variations budget, but it is not clear where any offsetting under-utilisation of the variations budget will be realised. Thus the outturn on LGSS Managed does not currently lead to an overall forecast underspend on the capital programme, but this will be closely monitored with any changes to the position reflected in future reports.

6.4 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.5m or greater are identified below.

6.4.1 **Economy, Transport and Environment:** a balanced budget is forecast at year-end.

	£m	**%**
• **Archives Centre/Ely Hub** – an -£1.1m in-year underspend is forecast. Delays in costing and confirming the final specification for the project have resulted in work on the scheme being pushed back, so most expenditure is now likely to occur in 2017/18.	-£1.1	(-61%)
• **ETE Capital Variation** – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. There has been a movement of +£1.1m in the outturn for ETE capital variation since last month.	+5.7	(+54%)

- For full and previously reported details see the ETE Finance & Performance Report.

6.4.2 **Children, Families and Adults:** a balanced budget is forecast at year end.

	£m	**%**
• **Basic Need – Primary** – a -£4.2m in-year underspend is forecast, which is a movement of -£1.0m on the position reported last month. This is largely due to movement on the following schemes: ○ Fawcett Primary: -£0.4m (-89%), a movement of -£0.2m since last month. The required access road will not be completed until 2017/18. ○ Alconbury First Primary: -£0.1m (-4%). Works on site are now completing and are anticipated to cost less than budgeted due to not needing items on the risk register. ○ Bearscroft, Godmanchester: -£1.9m (-32%), a movement of -£0.5m since last month due to start on site slipping to late October. ○ Sawtry Infants: -£0.7m (-70%), a movement of -£0.1m since last month. Only design works now expected in 2016/17 with work to start on site in April 2017.	-3.2	(-11%)
• **Basic Need – Secondary** – a +£0.9m in-year overspend is forecast, which is a movement of -£0.8m on the position reported	+0.9	(-2%)

last month. This is largely due to movement on the following schemes:

- Bottisham Village College: -£0.8m (-40%), a movement of -£0.3m since last month. This is caused by the start on site being further delayed from March 2017 to July 2017 as a result of a joint bid to the Education Funding Agency for an additional £4m funding.
- St Bede's School: +£1.6m (+800%) accelerated spend due to works to remedy fire damage at the school, the cost of which will be offset by additional funding received from the insurers. The value of works expected to be completed in 2016/17 has reduced by -£0.5m since last month.

• **CFA IT Infrastructure** – a -£0.5m in-year underspend is forecast. This slippage on the project is due to lower than anticipated milestone payments being incurred in 2016/17.	-0.5	(-29%)
• **CFA Capital Variation** – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. There has been a movement of +£2.2m in the outturn for CFA capital variation since last month.	+3.8	(+37%)

- For full and previously reported details see the CFA Finance & Performance Report.

6.4.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

6.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

6.4.5 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

6.4.6 **Assets & Investments**: an overspend of +£0.2m (+1.8%) is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the A&I Finance & Performance Report.

6.5 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.5m or greater are identified below:

6.5.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the ETE Finance & Performance Report.

6.5.2 **Children, Families and Adults:** a +£31.1m (+6%) total scheme overspend is forecast.

	£m	%
• **Basic Need – Primary** – a +£27.6m total scheme overspend is forecast, which is a decrease of £0.6m on the overspend reported last month. This is due to changes in the total scheme costs of the following schemes: ○ Alconbury First Primary: -£0.2m (-4%). Works on site are now completing and are anticipated to be lower than budgeted due to not needing items on the risk register. ○ Clay Farm Primary: +£1.4m (14%), movement of -£0.2m since last month. The contractor's Milestone 4 report has been received and shows reduced costs for the project. ○ Fulbourn Primary: +£0.9m (15%), movement of -£0.1m since last month. This is due to less external work needed than expected and no consequential improvements required by Building Control.	+27.6	(+12%)

- For full and previously reported details see the CFA Finance & Performance Report.

6.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

6.5.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

6.5.5 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

6.5.6 **Assets & Investments**: -£1.9m (-0.7%) total scheme underspend is forecast. There are no new exceptions to report this month; for full and previously reported details see the A&I Finance & Performance Report.

6.6 A breakdown of the changes to funding has been identified in the table below.

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	20.5	0.2	-1.7	1.0	**20.0**	20.0	-
Basic Need Grant	3.8	-	-	-	**3.8**	3.8	-0.0
Capital Maintenance Grant	4.6	-	-	0.1	**4.7**	4.7	-
Devolved Formula Capital	1.1	0.9	-	-0.0	**1.9**	1.9	-0.0
Specific Grants	21.1	3.6	-12.7	1.7	**13.8**	10.3	-3.5
S106 Contributions & Community Infrastructure Levy	30.3	1.1	-3.7	0.2	**27.9**	27.9	-0.0
Capital Receipts	10.3	-	-	-5.9	**4.3**	4.3	-0.0
Other Contributions	10.7	0.2	-8.8	0.8	**2.9**	2.9	-0.0
Revenue Contributions	-	-	-	-	**-**	-	-
Prudential Borrowing	83.4	10.2	-29.3	7.7	**72.0**	75.7	3.7
TOTAL	**185.8**	**16.3**	**-56.1**	**5.4**	**151.4**	**151.6**	**0.2**

[1] Reflects the difference between the anticipated 2015/16 year end position, as incorporated within the 2016/17 Business Plan, and the actual 2015/16 year end position.

7. FUNDING ALLOCATIONS

7.1 Where there has been a material change in 2016/17 grant or other funding allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require General Purposes Committee (GPC) approval.

7.2 Thomas Clarkson Academy Private Finance Initiative (PFI)

In 2015 the loan that funds the Thomas Clarkson PFI was renegotiated with the outcome being a one-off gain of £1,943,941. However, the amount budgeted in the 2016/17 Business Plan was £1,440,000. This leaves £503,941 of unbudgeted income and a decision is needed on how to allocate it.

Further information can be found in Appendix 3; in summary the options available for allocating the additional income are:

i) Allocate all the unbudgeted income to Thomas Clarkson Academy;
ii) Allocate the unbudgeted income, less a £190k contribution to all schools to Thomas Clarkson Academy;
iii) Retain all or some of the unbudgeted income for use by Cambridgeshire County Council.
iv) A hybrid model of the above three options.

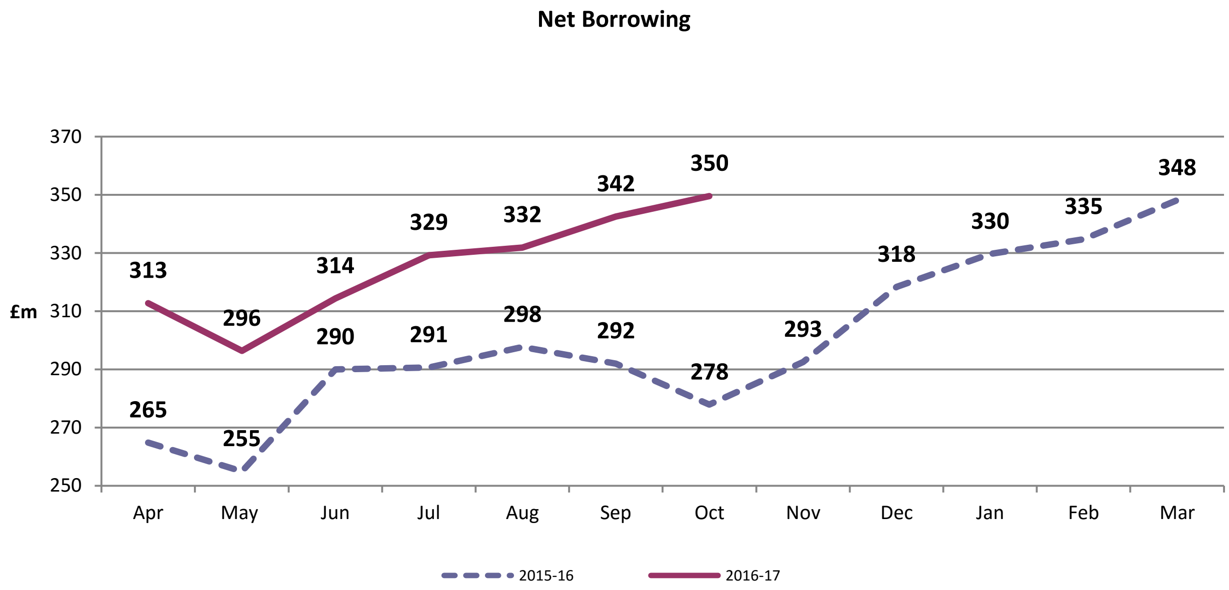
GPC is asked to decide between these options for how to utilise the £503,941 unbudgeted income.

8. BALANCE SHEET

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

Measure	Year End Target	Actual as at the end of October
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.7m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£2.0m
Invoices paid by due date (or sooner)	97.6%	99.7%

8.2 The graph below shows net borrowing (investments less borrowings) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of October were £24.5m (excluding 3rd party loans) and gross borrowing was £374.1m.



8.3 Key exceptions are identified below:

Key exceptions	Impacts and actions
Less borrowing activity than planned –original net borrowing forecast was £479m. Actual net borrowing at 31st October was £350m.	A £250k underspend is currently forecast for Debt Charges. This reflects the fall in the forecast for net interest payable following falls in interest rates across all parts of the yield curve. The impact of lower borrowing on the Debt Charges budget would normally result in a favourable forecast variance (due to lower interest payments). However the Debt Charges budget was reduced in anticipation of capital expenditure slippage during the budget setting process, so the magnitude of the variance reported is muted. The Council is continually reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances (where possible) and undertaking shorter term borrowing which could potentially generate savings next year, subject to an assessment of the interest rate risks involved.

8.4 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report.

8.5 A schedule of the Council's reserves and provisions can be found in appendix 2.

9. ALIGNMENT WITH CORPORATE PRIORITIES

9.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

9.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

9.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

10. SIGNIFICANT IMPLICATIONS

10.1 Resource Implications

This report provides the latest resources and performance information for the Council and so has a direct impact.

10.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

10.3 Equality and Diversity Implications

There are no significant implications within this category.

10.4 Engagement and Consultation Implications

No public engagement or consultation is required for the purpose of this report.

10.5 Localism and Local Member Involvement

There are no significant implications within this category.

10.6 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Not applicable
Are there any Equality and Diversity implications?	Not applicable
Have any engagement and communication implications been cleared by Communications?	Not applicable
Are there any Localism and Local Member involvement issues?	Not applicable
Have any Public Health implications been cleared by Public Health	Not applicable

Source Documents	Location
ETE Finance & Performance Report (October 16) CFA Finance & Performance Report (October 16) PH Finance & Performance Report (October 16) CS and LGSS Cambridge Office Finance & Performance Report (October 16) A&I Finance & Performance Report (October 16) Performance Management Report & Corporate Scorecard (October 16) Capital Monitoring Report (October 16) Report on Debt Outstanding (October 16) Payment Performance Report (October 16)	1st Floor, Octagon, Shire Hall, Cambridge

APPENDIX 1 – transfers between Services throughout the year (only virements of £1k and above (total value) are shown below)

	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	Assets & Investments	LGSS Operational	Financing Items
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Opening Cash Limits as per Business Plan	242,563	182	59,952	34,206	4,674	8,720	0	9,589	3,915
Adjustment LGSS Managed and Operational						10		-10	
LGSS property virement					10			-10	
Licenses budget from LGSS Op. to CS					17	-17			
Contact Centre budget from CFA to CS	-77				77				
CPFT NHS accommodation budget from CFA to LGSS Man.	-10					10			
Reablement budget from CFA to LGSS Op.	-113							113	
Pupil forecasting/demography budget to research group	-53				53				
ETE use of service reserves			2,015						-2,015
Disaggregation of Assets and Investments budgets						-2,714	2,714		
Centralised mobile phones budget	6					-6			
Strategic Assets and Property Services budgets returned to CCC following demerger							1,531	-1,531	
Current budget	**242,316**	**182**	**61,967**	**34,206**	**4,831**	**6,004**	**4,245**	**8,151**	**1,900**
Rounding	0	0	0	0	0	0	0	0	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2016	2016-17		Forecast Balance 31 March 2017	Notes
		Movements in 2016-17	Balance at 31 October 16		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	18,921	-27	18,894	19,671	
- Services					
1 CFA	1,623	-1,062	561	-1,451	
2 PH	1,138	-155	983	638	
3 ETE	3,386	-2,015	1,371	0	
4 CS	1,218	0	1,218	230	
5 LGSS Operational	1,013	0	1,013	461	
subtotal	27,299	-3,259	24,040	19,549	
Earmarked					
- Specific Reserves					
6 Insurance	2,864	0	2,864	2,864	
subtotal	2,864	0	2,864	2,864	
- Equipment Reserves					
7 CFA	782	-80	702	98	
8 ETE	218	0	218	250	
9 CS	57	0	57	57	
subtotal	1,057	-80	977	405	
Other Earmarked Funds					
10 CFA	4,097	-2,070	2,027	995	
11 PH	2,020	0	2,020	1,445	
12 ETE	6,631	-594	6,037	4,919	Includes liquidated damages in respect of the Guided Busway - current balance £2.4m.
13 CS	1,274	0	1,274	1,196	
14 LGSS Managed	149	43	192	192	
15 Assets & Investments	233	71	304	327	
16 LGSS Operational	130	0	130	130	
17 Transformation Fund	9,891	-80	9,811	19,062	Savings realised through change in MRP policy
subtotal	24,425	-2,630	21,795	28,266	
SUB TOTAL	**55,645**	**-5,969**	**49,676**	**51,084**	
Capital Reserves					
- Services					
18 CFA	2,428	8,718	11,146	425	
19 ETE	11,703	18,173	29,876	10,200	
20 LGSS Managed	422	-322	100	100	
21 Assets & Investments	230	125	355	230	
22 Corporate	39,388	5,088	44,476	24,935	Section 106 and Community Infrastructure Levy balances.
subtotal	54,171	31,782	85,953	35,890	
GRAND TOTAL	**109,815**	**25,813**	**135,629**	**86,973**	

Notes:

1. The figures do not include City Deal reserves, which have a current balance of £37.8m and are anticipated to have a year-end balance of £30.4m.

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Fund Description	Balance at 31 March 2016	2016-17		Forecast Balance 31 March 2017	Notes
		Movements in 2016-17	Balance at 31 October 16		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 ETE	712	-33	679	0	
2 CS	1,312	0	1,312	1,312	
3 LGSS Managed	5,545	0	5,545	5,545	
4 Assets & Investments	50	0	50	50	
subtotal	7,619	-33	7,586	6,907	
- Long Term Provisions					
5 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	**11,232**	**-33**	**11,199**	**10,520**	

APPENDIX 3 – Public Finance Initiative (PFI) Re-Financing: Thomas Clarkson Academy

1. BACKGROUND

1.1 In 2015 the loan that funds the Thomas Clarkson Academy PFI was re-negotiated. The outcome was a one off 'gain' of £1.94m.

1.2 From the outset of the contract there has been an affordability gap that sits with the LA. At the point of re-negotiation this was £1.44m. GPC approved that this sum should be taken by the LA to cover this gap and it was incorporated into the 16-17 Business Plan.

1.3 This leaves a 'residual one off gain' of £504k.

1.4 Thomas Clarkson Academy have costs over and above other schools because they are funded by a PFI. Principally, they have:

i. A larger building than they would have had using traditional capital – although these extra costs are covered by the additional funding they get through their formula for PFI.
ii. The PFI contract requires a higher standard of services than would be the norm in most schools.
iii. The PFI contract is also inflexible to change. Thus, for instance, it is not possible to delay repairs as might be done in another school. The costs of remedying damage or making alterations are likely to be higher than seen elsewhere due to not having a choice of suppliers and having to reinstate to the original standard.

1.5 Annually, all Cambridgeshire schools contribute £190k to the cost of Thomas Clarkson Academy's PFI through the schools' funding formula.

2. ALLOCATING THE RESIDUAL GAIN

2.1 There are three main options for allocating the 'residual gain':

i. The full amount is given to Thomas Clarkson Academy to offset the additional costs they face. However, this would not recompense 'all schools' for the annual contribution they make.
ii. The full amount is given to Thomas Clarkson Academy minus the 'all schools' contribution, the latter being divided amongst 'all schools'.
iii. All, or part, of the 'residual gain' is retained by the LA to support county-wide school improvement. However, this would not recompense Thomas Clarkson Academy for the additional costs they face and not all schools would directly benefit.

2.2 A hybrid model is also possible, e.g. allocating a third to Thomas Clarkson Academy, a third to 'all schools' and a third to the Cambridgeshire School Improvement Board[i] to fund its school improvement activities, targeted at the county's priorities.

2.3 The allocation of the 'residual gain' is a County Council decision.

3. SIGNIFICANT IMPLICATIONS

3.1 Local Implications:

- The view of the local MP, Stephen Barclay, is not known although he has, and continues to take, a keen interest in the PFI deal and we anticipate that he would expect the school to benefit from any proposal.

3.2 Partnership and/or Consultation:

- Thomas Clarkson Academy's view is that they should benefit from the 'residual gain'. However, the amount of benefit and the nature of the 'residual gain' (e.g. direct allocation, through a school improvement fund) has not been discussed with them.
- The view of 'all schools' could be sought through Schools Forum. For example, if GPC decided that they preferred 5.ii above, Schools Forum could be asked if they would prefer the 'all schools residual gain' to be allocated to the Cambridgeshire School Improvement Board, rather than divided up amongst all schools.

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[i] The Cambridgeshire School Improvement Board brings together representatives of all phases with FE, the Teaching School Alliances, school partnerships, the Diocesan Authorities, the universities, elected members, governors, the teacher unions and the Regional Schools Commissioner under an independent Chair. The aim of the Board is to ensure that all of these groups work together to meet the County's school improvement priorities.