

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST JULY 2014

To: General Purposes Committee

Date: 9th September 2014

From: Chief Finance Officer

**Electoral
division(s):** All

Forward Plan ref: 2014/031 **Key decision:** Yes

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

Recommendations: General Purposes Committee is recommended to:

- a) Analyse resources and performance information and note the remedial action currently being taken and consider if any further remedial action is required.
- b) Approve a transfer of £400k from Children, Families and Adults (CFA) reserves to fund the Deprivation of Liberty (DoLs) pressure within Practice and Safeguarding in 2014/15 (section 3.2.2).
- c) Approve a transfer of £398k from CFA reserves to fund the Ordinary Residence pressure in 2014/15 (section 3.2.2).
- d) Approve the total capital virement of £381k from LGSS Managed to the Larkfield Development scheme within CFA (section 6.2.4).
- e) Approve that £1.3m Basic Need Funding in CFA's capital programme be brought forward to offset the accelerated expenditure on Swavesey Village College (section 6.5).
- f) Approve the allocation of £1,933,337 Department for Transport (DfT) capital Pothole Funding to Economy, Transport and Environment (ETE) in full (section 6.5).

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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 (Jun)	Forecast Year End Position (Jul)	Current Status	DoT (up is improving)
Revenue Budget	Variance (£m)	£1.2m	£1.6m	Amber	↓
Basket Key Performance Indicators	Number at target (%)	64% (9 of 14)	64% (9 of 14) ¹	Amber	↔
Capital Programme	Variance (£m)	-£23.6m	-£31.9m	Amber	↓
Balance Sheet Health	Net borrowing activity (£m)	£393m	£379m	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 £1.6m (0.4%), which is an increase in the forecast overspend of £357k since last month. The majority of this increase relates to an additional pressure within LGSS Managed. See section 3 for details.
- Key Performance Indicators - there are 14 indicators in the Council's basket of which 9 are on target. See section 5 for details.
- The Capital Programme is showing a forecast year end underspend of -£31.9m (-16.0%), which is an increase in the forecast underspend of -£8.3m since last month. This increase relates to further slippage being reported across the CFA and LGSS Managed capital programmes. See section 6 for details.
- Balance Sheet Health - the original forecast net borrowing position for 31st March 2015, as set out in the Treasury Management Strategy Statement (TMSS), is £406m. This projection has now fallen to £379m, largely as a result of changes in the net expenditure

profile of the capital programme and expected cash flows since the Business Plan was produced in February 2014. In addition the forecast anticipates further slippage during the year. See section 7 for details.

3. REVENUE BUDGET

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

Key to abbreviations

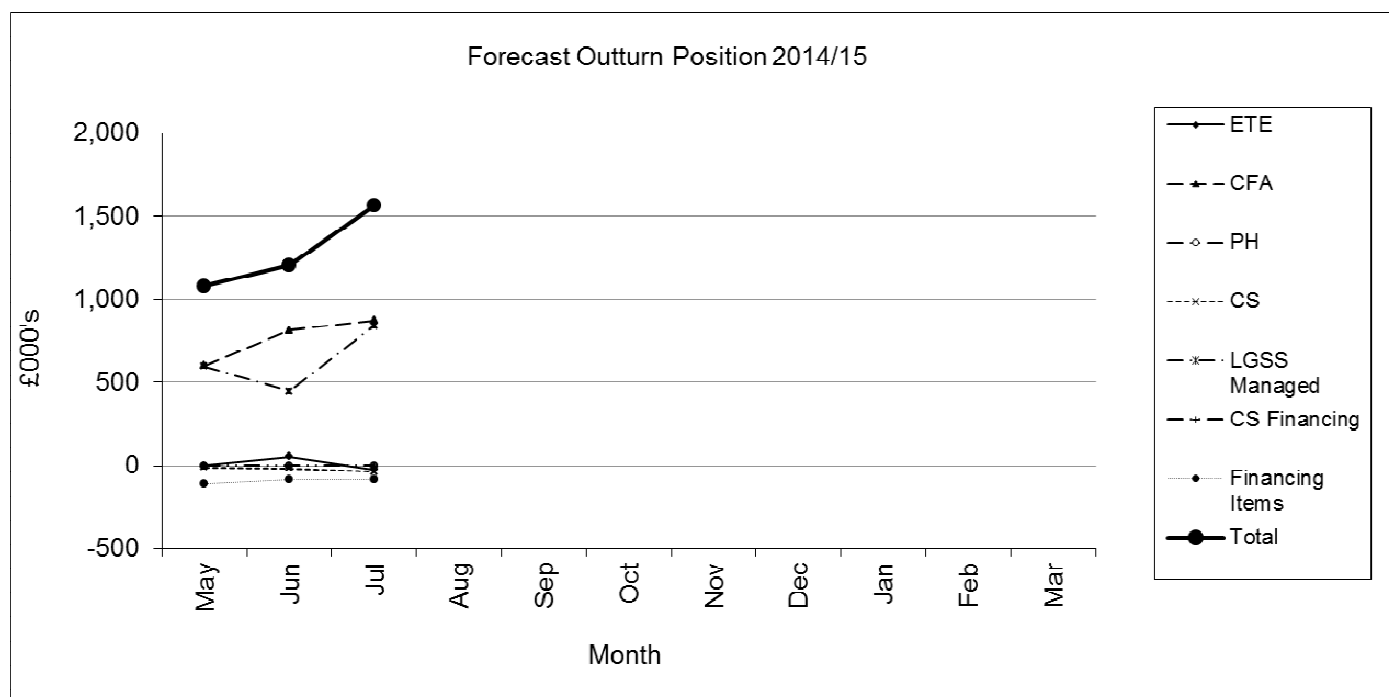
ETE – Economy, Transport and Environment
 CFA – Children, Families and Adults
 CS Financing – Corporate Services Financing
 DoT – Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per BP ¹ £000	Service	Current Budget for 2014/15 £000	Forecast Variance - Outturn (Jun) £000	Forecast Variance - Outturn (Jul) £000	Forecast Variance - Outturn (Jul) %	Current Status	DoT
63,225	ETE ²	63,275	51	-24	-0.0%	Green	↑
251,616	CFA	252,843	812	873	0.3%	Amber	↓
0	Public Health	0	0	0	0.0%	Green	↔
5,851	Corporate Services	6,168	-18	-38	-0.6%	Green	↑
9,670	LGSS Managed	9,551	447	837	8.8%	Red	↓
34,142	CS Financing	34,142	0	0	0.0%	Green	↔
364,504	Service Net Spending	365,979	1,292	1,648	0.5%	Amber	↓
5,624	Financing Items	3,973	-86	-86	-1.8%	Green	↔
370,128	Net Spending	369,952 ³	1,205	1,562	0.4%	Amber	↓
	<i>Memorandum Items:</i>						
10,351	LGSS Operational	10,527	-6	-71	-0.7%	Green	↑
380,479	Total Net Spending 2014/15	380,479					

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 ETE includes the Waste PFI Contract, where specific arrangements for under/overspends exist. Excluding this the underlying forecast outturn position for ETE is -£155k underspend.

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



3.2 Key exceptions this month are identified below (*updates to exceptions that have already been reported are captured within [appendix 2](#)*).

3.2.1 **Economy, Transport and Environment:** -£0.024m (-0.0%) underspend is forecast at year end.

- There are no new exceptions to report this month.

3.2.2 **Children, Families and Adults:** £0.873m (0.3%) overspend is forecast at year end.

£m %

- **Practice & Safeguarding** – recent Supreme Court rulings are likely to have significant implications for Local Authority practice in depriving individual liberty under the Mental Capacity Act. As a result of this new case law, a significant increase in the number of best interest and mental health assessments will be required. The earliest indications suggest that the number of requests for best interest assessment has increased six-fold on the previous year.

Based on an initial forecast of the number of assessments required and associated costs from administrative support and proceedings it is estimated the financial impact on Children, Families and Adults (CFA) for 2014/15 will be £400k, although this estimate will be closely monitored as it could be higher. It will be challenging for all local authorities to resource appropriately to deliver additional assessments at the same time and it remains uncertain whether the legal position will also be clarified further. There is potential for these costs to recur as the assessment process is undertaken periodically for each individual.

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Local Authorities are lobbying Central Government to release funding for this pressure under the New Burden agreement. **In the meantime General Purposes Committee is asked to approve a transfer of £400k from CFA reserves to fund this pressure** *(the reported figures assume the agreement of this transfer).*

- **Ordinary Residence** – the Cambridgeshire funding element of the Learning Disability Pool (LDP) is showing an over spend of £398k, which is attributable to 8 people living within Cambridgeshire who were previously funded by other Local Authorities. These people meet the definition of being Ordinary Resident in Cambridgeshire and in accordance with Department of Health guidance is therefore the responsibility of the Council. In 2013/14 CFA received £1.3m demographic funding to address this potential pressure, but because clients were not transferred to the responsibility of Cambridgeshire County Council (CCC) in 2013/14 this funding was not required and was identified as a CFA saving in the 2014/15 Business Plan; the risks associated with taking this budget as a saving were made clear. As responsibility for these 8 clients has transferred to CCC the Business Plan saving now cannot be fully achieved.

General Purposes Committee is asked to approve a transfer of £398k from CFA reserves to fund this pressure *(the reported figures assume the agreement of this transfer).*

- Previously reported exceptions that are still applicable can be found in [appendix 2](#).

3.2.3 **Public Health:** a balanced budget is forecast at year end.

- There are no new exceptions to report this month.

3.2.4 **Corporate Services:** -£0.038m (-0.6%) underspend is forecast at year end.

- There are no new exceptions to report this month.

3.2.5 **LGSS Managed:** £0.837m (8.8%) overspend is forecast at year end.

- There are no new exceptions to report this month.
- Previously reported exceptions that are still applicable can be found in [appendix 2](#).

3.2.6 **CS Financing:** a balanced budget is forecast at year end.

- There are no new exceptions to report this month.

3.2.7 **Financing Items:** -£0.086m (-1.6%) underspend is forecast at year end.

- There are no new exceptions to report this month.

3.2.8 **LGSS Operational:** -£0.071m (-0.7%) underspend is forecast at year end.

- There are no new exceptions to report this month.

***Note:** exceptions relate to Forecast Outturns and are considered to be in excess of either +/- 0.5% of the Service's overall net budget plus grants or +/- 0.1% of the Council's net budget plus grants (£380k), whichever is the greater.*

4. KEY ACTIVITY DATA

4.1 The Actual Costs (weekly and annual) for all clients shown below are calculated based on all clients who have received a service, are receiving a service, or we think will receive a service. Some clients will have ceased receiving a service in previous months, or during this month, or we will have assumed an end date in the future. The Actual Average Weekly Cost of Care and the Annual Cost of Care relates to all clients, not just those in placement at the end of last month.

4.2 Looked After Children (LAC): July 2014

Service Type	BUDGET			ACTUAL (July)			VARIANCE
	Budgeted No. of Placements 2014/15	Budgeted Average Cost of Care (per week)	Annual Budget	Snapshot of No. of Placements at End of July 14	Current Average Cost of Care (per week)	Projected Spend	Net Variance to Budget
Independent Fostering	229	£768.85	£9,155k	237	£793	£9,302k	£146k
Independent Residential	42	£2,600.51	£5,680k	45	£2,714	£6,030k	£350k
Supported Accommodation/Living	33	£424.87	£729k	38	£527	£733k	£4k
In-House Fostering (including placements with relatives or friends)	127	£463.53	£3,061k	122	£473	£3,000k	-61k
In-House Residential	14	£2,196.36	£1,599k	11	£2,795	£1,599k	£0k
Total	445		£20,224k	453		£20,663k	£439k

There are also 11 LAC currently living at home subject to Care Orders and 42 LAC placed for adoption.

4.3 Adult Social Care: July 2014

		BUDGET			ACTUAL (July)			VARIANCE
Service Type		<i>Budgeted No. of Clients 2014/15</i>	<i>Budgeted Average Unit Cost (per week)</i>	<i>Annual Budget</i>	<i>Snapshot of No. of Clients at End of July 14</i>	<i>Current Average Unit Cost (per week)</i>	<i>Projected Spend</i>	<i>Net Variance to Budget</i>
Physical Disability Services	Residential	41	£840.97	£1,793k	43	£757	£1,847k	£54k
	Nursing	23	£751.00	£898k	23	£653	£852k	-£46k
	Community	604	£287.02	£9,015k	607	£259	£8,918k	-£97k
Physical Disability Services Total		668	£337.00	£11,706k	673	£304	£11,617k	-£89k
Learning Disability Services	Residential	295	£1,302.07	£19,974k	289	£1,336	£20,082k	£108k
	Nursing	21	£1,649.23	£1,801k	20	£1,599	£1,663k	-£138k
	Community	1,237	£609.53	£39,207k	1,250	£612	£39,796k	£588k
Learning Disability Service Total		1,553	£755.14	£60,982k	1,559	£759	£61,541k	£558k

4.4 Older People: July 2014

		BUDGET					ACTUAL (July)					VARIANCE
Service Type		<i>Budgeted No. of clients 2014/15</i>	<i>Budgeted Average Cost (per week)</i>	<i>Gross Annual Budget</i>	<i>Client contributions</i>	<i>Net Annual Budget</i>	<i>Snapshot of No. of Clients at End of July 14</i>	<i>Current Average Cost (per week)</i>	<i>Gross Projected spend</i>	<i>Client contributions</i>	<i>Net Projected spend</i>	<i>Net Variance to Budget</i>
Residential		747	£415.28	£16,137k	-£4,785k	£11,352k	829	£421.64	£16,547k	-£5,903k	£10,644k	-£708k
Nursing		380	£536.02	£10,604k	-£2,888k	£7,716k	419	£558.34	£11,245k	-£2,932k	£8,313k	£597k
Spot Respite		74	£64.01	£246k	-£151k	£95k	130	£61.12	£418k	-£235k	£183k	£87k
Homecare arranged		2,038	£139.82	£14,821k	-£4,053k	£10,767k	2,111	£146.05	£16,033k	-£4,353k	£11,679k	£912k
Direct payments		356	£240.16	£4,447k	-£65k	£4,383k	348	£243.20	£4,530k	-£236k	£4,294k	£-88k
Total		3,596		£46,255k		£34,313k	3,837		£48,772k		£35,113k	£800k

5. PERFORMANCE TARGETS

- 5.1 The current performance indicators reported below were developed as part of the 2014/15 Business Planning (BP) process. The indicators were chosen according to criteria defined in previous scrutiny reports that suggested Cabinet monitor a small number of critical indicators that also reflected the breadth of the County Council's work being a selection from across the various services.

Corporate priority	Indicator	Service	What is good?	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	ETE	High	12 months ending 31 st Mar 2014	%	78.6	72.5	Green	↑
	The proportion of children in year 12 taking up a place in learning	CFA	High	30/06/14	%	93.4	95.8	Amber	↓
	The number of people starting as apprentices	ETE	High	2012/13 academic year	Number	4,394	4,000	Green	↔
	The proportion of pupils attending Cambridgeshire schools judged good or outstanding by Ofsted	CFA	High	30/06/14	%	64.6	75	Red	↑
Helping people live independent and healthy lives	The proportion of eligible service users receiving Self Directed Support (SDS)	CFA	High	30/06/14	%	89.8	95	Amber	↓
	The proportion of older people who have been successfully supported to live independently following crisis	CFA	High	30/06/14	%	58	55	Green	↑
	The rate of admissions of people aged over 65 to residential and nursing care homes, per 100,000 population	CFA	Low	30/06/14	Number per 100,000 of population	161	646 (new target for 2014/15)	Green	↓

Corporate priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
	The number of people successfully quitting smoking with support from stop smoking services	Public Health	High	30/04/14	Number	182	3,600	Red	↓
Supporting vulnerable people	The number of looked after children per 10,000 children	CFA	Low	30/06/14	Rate per 10,000	38.2	31.3 to 38.4	Green	↑
	The proportion of children who are referred to social care within 12 months of a previous referral	CFA	Low	30/06/14	%	19.2	25	Green	↓
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA	High	30/06/14	%	81.8	80	Green	↑
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+): April - December 2014 (<i>new measure for 2014/15</i>)	CFA	Low	31/05/14	Rate per 100,000	377	438	Green	n/a
How we run the business (efficient and effective)	The proportion of customer complaints received in the month before last that were responded to within minimum response times	CCC	High	30/06/14	%	88	90	Amber	↓
	The average number of days lost to sickness per full-time equivalent staff member	LGSS HR	Low	31/07/14	Days	5.81	7.8	Green	↓

Notes:

The proportion of customer complaints received in the month before last that were responded to within minimum response time

A breakdown of performance by Service is provided as follows:

Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
CFA	High	30/06/14	%	95	90	Green	↑
ETE	High	30/06/14	%	83	90	Red	↓
CST	High	30/06/14	%	67	90	Red	↓
LGSS	High	30/06/14	%	0	90	Red	↓

- CFA received 56 complaints in the reporting period, of which 53 met the target response time.
- ETE received 48 complaints in the reporting period, of which 40 met the response time. Of the 8 cases that failed to meet the target response time, 7 have since been closed and 1 is under investigation by an assigned team.
- CST received 3 complaints in the reporting period, of which 2 met the target response time. The 1 case that failed to meet the target response time has since been closed.
- LGSS received 1 complaint in the reporting period, which failed to meet the target response time. This case has since been closed.

5.2 Key exceptions are identified below.

- **The proportion of children in year 12 taking up a place in learning**

We have improved our performance from this time last year when in learning was 93%. However, we still have work to do to improve participation for this cohort. The year 12 early leaver survey has been delivered to the majority of year 12s who have dropped out from learning (currently over 200 young people) and the results have been fed back to schools and colleges to help with planning and support for transition. Current year 11s who have been identified as at risk of non-participation have received, and continue to receive, support to assist with the transition process utilising additional capacity offered via the youth contract.

- **The proportion of pupils attending Cambridgeshire schools judged good or outstanding by Ofsted**

The rise in the proportion of pupils attending Cambridgeshire schools judged good or outstanding by Ofsted has been adversely affected by a number of the county's largest secondary academies slipping from 'good' to 'requires improvement'.

- **The number of people successfully quitting smoking with support from stop smoking services**

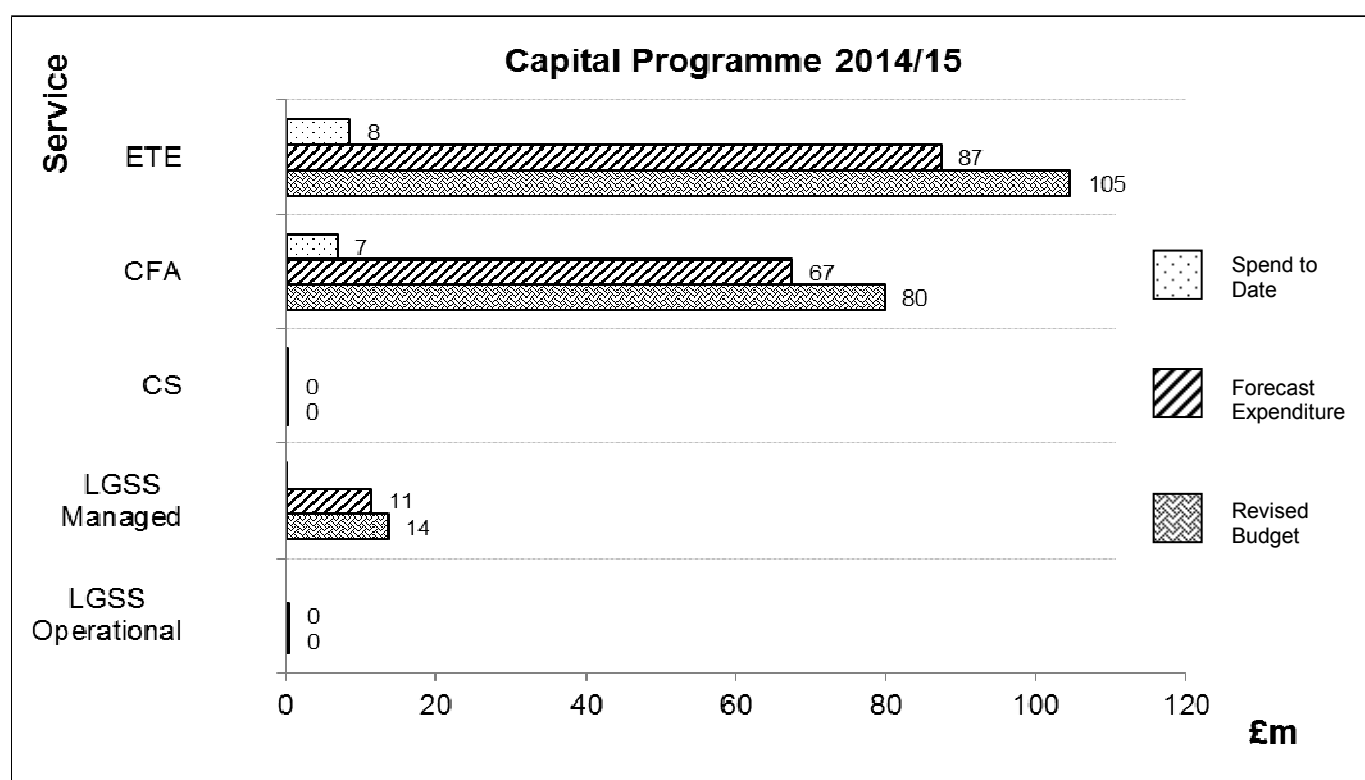
- 76% of the stop smoking target for 2013/14 was achieved, a drop from 95% in 2012/13. This is reflected in the national trend that is attributed to the use of e cigarettes. This level of performance is continuing in 2014/15 in Cambridgeshire with 54% of the monthly target being achieved.
- Performance in GP practices was especially poor and there is an ongoing problem with recruiting smokers to make quit attempts. In addition there have been many changes in GP practices that have affected performance of all the public health GP services.
- There is an ongoing programme to improve performance with Camquit, the core service providing increasingly higher levels of support to the other providers along with promotional activities. Practices are regularly visited with poor performers being targeted.
- There is considerable concern with the level of smoking in Fenland, where the latest prevalence figure being 29.5% compared to a county figure of 17.9% and a national figure of 19.5%. A wide ranging intervention plan has been developed that will focus upon Fenland. This includes a mobile workplace service, a migrant worker Health Trainer post that will target these communities where smoking rates are high, a wide ranging promotional campaign and recruitment of an additional Stop Smoking Advisor to focus upon Fenland.

Please note that this is the end of year data, which is collected at the end of June. This is due to the nature of the intervention where smokers make a quit attempt that lasts for 4-5 weeks, which allowing for data returns, means that there is a delay of two months in reporting performance.

6. CAPITAL PROGRAMME

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

2014/15						TOTAL SCHEME	
Original 2014/15 Budget as per BP £000	Service	Revised Budget for 2014/15 £000	Forecast Variance - Outturn (Jun) £000	Forecast Variance - Outturn (Jul) £000	Forecast Variance - Outturn (Jul) %	Total Scheme Revised Budget (Jul) £000	Total Scheme Forecast Variance (Jul) £000
90,999	ETE	104,542	-17,125	-17,283	-16.5%	470,182	-26,279
76,409	CFA	79,767	-5,755	-12,355	-15.5%	528,920	-175
-	Corporate Services	185	0	0	0.0%	340	0
12,206	LGSS Managed	13,627	-700	-2,210	-16.2%	90,401	-6,811
-	LGSS Operational	412	0	0	0.0%	630	0
179,614	Total Spending 2014/15	198,532	-23,580	-31,848	-16.0%	1,090,473	-33,265



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

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

6.2.1 **Economy, Transport and Environment:** -£17.3m (-16.5%) underspend is forecast at year end.

- There are no new exceptions to report this month.
- Previously reported exceptions that are still applicable can be found in [appendix 3](#)

6.2.2 **Children, Families and Adults:** -£12.4m (-15.5%) underspend is forecast at year end.

	£m	%
<ul style="list-style-type: none"> • Secondary Schools - New Communities – the forecast underspend has increased by -£2.25m this month. <p>Construction works have not begun on the site of the Southern Fringe Secondary yet, accounting for -£3.5m of the forecast underspend; the project is still due to complete in October 2015, instead of September 2015. The delay is due to contamination testing of imported fill, resulting in environmental pre-commencement planning conditions that have yet to be discharged. The overall costs of the project remain on budget.</p>	-3.6	(-28%)
<ul style="list-style-type: none"> • Secondary Schools - Demographic Pressures – the forecast underspend has increased by -£3.1m this month. <p>City of Ely College will not be carrying out the works envisaged in the Business Plan this year and so this accounts for -£1.5m of the forecast underspend. The scope of the scheme has changed following a decision by the Education Funding Agency (EFA) to turn down the school's application for funding for an element of the work. At this stage there is no proposal to change the level of investment in the school. However, the programme will be reviewed as part of the 2015/16 Business Planning process.</p> <p>Littleport Secondary project is projecting a -£3.3m forecast underspend in 2014/15, primarily due to a delay in acquiring the land the school will be built on. The start on site date has consequently slipped from Summer 2015 to Autumn 2015.</p> <p>Projected expenditure on North Cambridgeshire Secondary in 2014/15 is anticipated to be slow, increasing the overall forecast underspend for the year by -£70k.</p>	-4.9	(-53%)
<ul style="list-style-type: none"> • Adult Social Care (ASC) – the forecast underspend has increased -£1.5m this month. <p>The forecast underspend relates to unallocated grant funding, which will be required in 2015/16. Plans are being discussed and developed to ensure the sustainability of future ASC capital investments, which will be incorporated in the 2015/16 Business Planning process.</p>	-2.7	(-63%)
<ul style="list-style-type: none"> • Previously reported exceptions that are still applicable can be found in appendix 3 		

6.2.3 **Corporate Services:** a balanced budget is forecast at year end.

- There are no new exceptions to report this month.

6.2.4 **LGSS Managed:** -£2.2m (-16.2%) underspend is forecast at year end.

	£m	%
<ul style="list-style-type: none"> • Effective Property Asset Management (EPAM) – Sawston Community Hub – the forecast underspend is due to extended lead time prior to the start of construction that was not anticipated when the budget was profiled in the 2014/15 Business Planning process. This does not reflect a reduction in total scheme costs. 	-0.6	(-90%)
<ul style="list-style-type: none"> • EPAM - East Barnwell Community Hub – the forecast underspend is due to extended lead time prior to the start of construction that was not anticipated when the budget was profiled in the 2014/15 Business Planning process. This does not reflect a reduction in total scheme costs. 	-1.0	(-83%)
<ul style="list-style-type: none"> • Capital Virement – the Carbon Reduction scheme includes an allocation of £327k towards the redevelopment of Larkfield Resource Centre; there is a further allocation of £54k towards the redevelopment from within the Fire Compartment Surveys & Implementation scheme. 	-	-

General Purposes Committee is requested to approve the total capital virement of £381k from LGSS Managed to the Larkfield Development scheme within Children, Families and Adults.

- Previously reported exceptions that are still applicable can be found in [appendix 3](#)

6.2.5 **LGSS Operational:** a balanced budget is forecast at year end.

- There are no new exceptions to report this month.

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

Economy, Transport and Environment (ETE): -£26.3m (-5.6%) total scheme underspend is forecast.

- There are no new exceptions to report this month.
- Previously reported exceptions that are still applicable can be found in [appendix 4](#)

Children, Families and Adults (CFA): -£0.2m (-0.0%) total scheme underspend is forecast.

- There are no new exceptions to report this month.

Corporate Services (CS): a total scheme balanced budget is forecast.

- There are no new exceptions to report this month.

LGSS Managed: -£6.8m (-8%) total scheme underspend is forecast.

- There are no new exceptions to report this month.
- Previously reported exceptions that are still applicable can be found in [appendix 4](#)

LGSS Operational: a total scheme balanced budget is forecast.

- There are no new exceptions to report this month.

6.4 A breakdown of the changes to funding has been identified in the table below:

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding ¹ £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	26.2	1.6	0.0	2.5	30.3	30.3	0.0
Basic Need Grant	15.2	0.0	0.0	1.3	16.6	16.6	0.0
Capital Maintenance Grant	6.3	0.0	0.0	0.0	6.3	6.3	0.0
Devolved Formula Capital	1.1	1.6	0.0	0.1	2.7	2.7	0.0
Specific Grants ²	11.9	0.6	0.0	-0.2	12.4	7.9	-4.5
Section 106 Contributions	24.3	0.3	0.0	0.7	25.3	19.9	-5.4
Capital Receipts	4.7	0.0	0.0	0.0	4.7	4.5	-0.2
Other Contributions	8.0	1.6	0.0	0.1	9.7	9.7	0.0
Universal Infant Free School Meals	0.0	0.0	0.0	1.3	1.3	1.3	0.0
Prudential Borrowing	81.9	14.7	-6.2	-1.1	89.3	67.5	-21.8
Total	179.6	20.3	-6.2	4.8	198.5	166.7	-31.8

¹ Reflects the difference between the anticipated 2013/14 year end position, as incorporated within the 2014/15 Business Plan, and the actual 2013/14 year end position.

6.5 Key funding changes this month (of greater than £0.5m) are identified below:

Funding	Service	Amount (£m)	Reason for Change
Additional / Reduction in Funding (Basic Need Grant)	CFA	1.3	Swavesey Village College scheme has been accelerated and the school has provided details of work. This project is funded significantly by Targeted Basic Need funding. The funding has been advanced to offset the acceleration and therefore has no impact on prudential borrowing. General Purposes Committee (GPC) is asked to approve that the Basic Need Funding is brought forward to offset the accelerated expenditure.
Additional / Reduction in Funding (Department for Transport)	ETE	1.9	Department for Transport (DfT) has recently announced that the Council will receive £1,933,337 pothole funding, which was not budgeted for within the Business Plan. This is capital funding, which must complement (rather than displace) the council's planned highway maintenance expenditure for 2014/15. To ensure that this funding is spent in line with expectation, General Purposes Committee (GPC) is asked to approve that it is allocated to ETE in full.

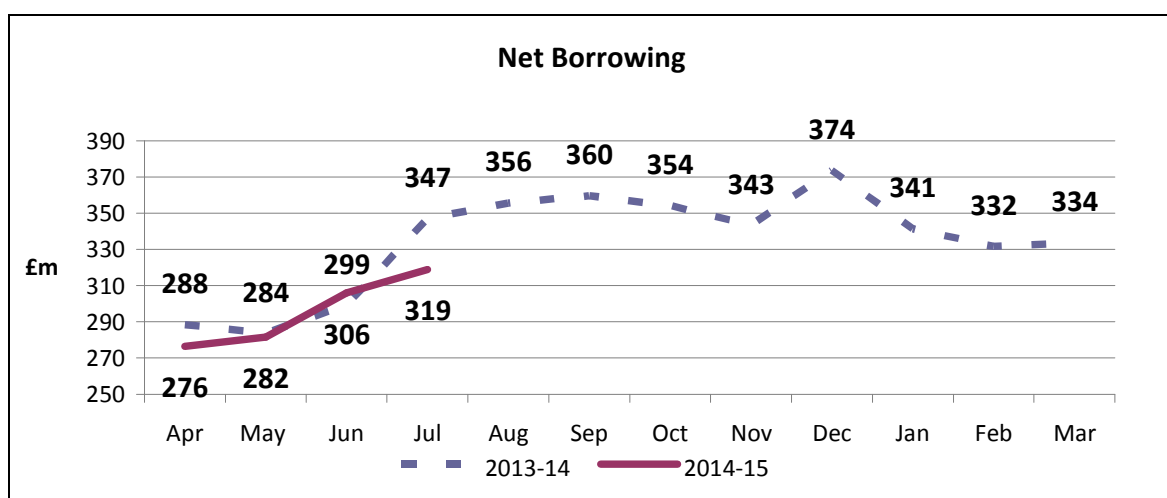
6.6 Previously reported key funding changes that are still applicable can be found in [appendix 5](#).

7. BALANCE SHEET

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

Measure	Target end of July	Actual end of July
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	£1.3m
Invoices paid by due date (or sooner)	97.5%	99.7%

- 7.2 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 July were £62.2m and gross borrowing was £381.1m, giving a net borrowing position of £318.9m.



- 7.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies where the authority expects to be in terms of borrowing and investment levels. When the 2014/15 TMSS was set in February 2014, it was anticipated that net borrowing would be £406m at the end this financial year. Net borrowing at the beginning of this year was lower than expected and the forecast for the end of this financial year is now £379m.
- 7.4 Although there is a link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.
- 7.5 The Council's cash flow profile varies considerably during the year as payrolls and payments to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.

7.6 Key exceptions are identified below:

Key exceptions	Impacts and actions
Less borrowing activity than planned, as a result of lower than expected capital expenditure – original net borrowing target was £405.6m. The actual net borrowing position at 30th June is £318.9m and the forecast year end position is £379m.	<p>There is currently no outturn variance forecast for the Debt Charges budget. £1m was stripped out of this budget during the setting of the Business Plan in expectation of slippage in the capital programme, and this is expected to be met. The capital programme continues to be monitored closely alongside forecasts for cash balances and interest rates and a pragmatic approach to borrowing is adopted.</p> <p>It is anticipated that a mix of short term loans and long term loans will be raised in the second half of this year. Short term loans will be raised to take advantage of the low interest rate environment and long term loans will be raised to provide some certainty in interest costs over the medium and long term, locking in at rates which are currently viewed to be favourable.</p>

7.7 A schedule of the Council's reserves and provisions can be found in [appendix 6](#).

8. EXTERNAL AND CONTEXTUAL ISSUES

- 8.1 The Business Planning process for 2015/16 is well underway, with revenue and capital proposals currently being developed. The proposed timetable sets out the review of each Services' draft finance capital tables at their respective Committee meeting in September, with a review of the draft revenue tables taking place at the respective Committee meeting in October.

The Medium Term Financial Strategy is due to go to General Purposes Committee in September, and will include indicative cash limits for each Service.

- 8.2 The 'Budget Planning Consultation 2014' was launched on 11th August 2014, which asks residents to give their views on where the Council should be saving money. The survey looks at specific issues surrounding our savings whilst also seeking public opinion around Council Tax levels. The consultation closes on the 29th September 2014 and the results will feed into the Council's 2015/16 Business Planning process.

Further information about the consultation can be found at the following link:
<http://www.cambridgeshire.gov.uk/budgetconsultation>

The consultation itself can be found at the following link:
<https://www.snapsurveys.com/wh/s.asp?k=140717178597>

9. FURTHER INFORMATION

- 9.1 Members requiring further information on issues raised in this report may wish to access the individual Services' Finance and Performance Reports by following the link below:

http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/147/finance_and_performance_reports

10. ALIGNMENT WITH CORPORATE PRIORITIES

10.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

10.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

10.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

11. SIGNIFICANT IMPLICATIONS

11.1 Resource Implications

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

11.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

11.3 Equality and Diversity Implications

There are no significant implications within this category.

11.4 Engagement and Consultation Implications

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

11.5 Localism and Local Member Involvement

There are no significant implications within this category.

11.6 Public Health Implications

There are no significant implications within this category

Source Documents	Location
ETE Finance & Performance Report (July 14) CFA Finance & Performance Report (July 14) PH Finance & Performance Report (July 14) CS and LGSS Cambridge Office Finance & Performance Report (July 14) Performance Management Report & Corporate Scorecard (July 14) Capital Monitoring Report (July 14) Report on Debt Outstanding (July 14) Payment Performance Report (July 14)	Room 301 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	LGSS Operational	Financing Items	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	251,616	0	63,225	34,142	5,851	9,670	10,351	5,624	
Healthwatch from Corporate Services	429				-429				
We car annual cost						-10	10		
County Farms investment to team budget						-50	50		
Legionella testing			-13			13			
ETE Operational Savings – LEP funding			50						-50
ETE Operational Savings – Local Infrastructure and Street Management (LISM) tablets			26						-26
Leader's Personal Assistant (PA) salary budget					-30		30		
Replace annual recharge requirement for Registrars & Coroners Employer's and Public Liability Insurance			-14			14			
Budget realignment regarding County Farms staff						-85	85		
CS Operational Savings – various					772				-772
Transfer of funding for Chief Executive's budget 14/15					5				-5
CFA Operational Savings – Practice & Safeguarding	400								-400
CFA Operational Savings – Ordinary Residence	398								-398
Current budget	252,843	0	63,275	34,142	6,169	9,551	10,526	3,973	
<i>Rounding</i>	-	-	-	-	-1	-	1	-	

APPENDIX 2 – previously reported revenue exceptions that are still applicable

Service	Description	Current Forecast Variance - Outturn £m	Current Forecast Variance - Outturn %
ETE	N/A	-	-
CFA	Children's Social Care Directorate – the forecast overspend is due to the continuing need to use agency staff, which is placing pressure on staffing budgets and making vacancy and agency savings targets difficult to deliver; and the number and cost of legal proceedings exceeding budget.	1.397	(4%)
	Home to School Transport (Mainstream) – the forecast outturn figure: <ul style="list-style-type: none"> ○ Reflects the new prices for routes which were the subject of a recent e-auction process. The re-tender process only delivered £34k in savings. The assumed level of savings had been in the order of £350k based on experience of re-tendering contracts in 2012/13 and 2013/14. ○ Takes accounts of an inflationary uplift of 2.9% on all contracts. ○ Takes account of a decision to defer proceeding with a proposal to withdraw free transport on the route between Horningsea and Fen Ditton Primary School as a result of the delayed implementation of road safety improvements and with a proposal to withdraw free transport on the route between Babraham and Sawston Village College as a result of a concern raised by the Road Safety Officer, which requires further independent assessment. ○ Takes account of known commitments and the underspend on the 2013/14 budget of -£355k. ○ Reflects the fact that the underspend achieved in 2013/14 was £345k less than the forecast outturn saving, which informed the setting of the 2014/15 budget during the Business Planning process. 	0.808	(9%)
	Looked After Children Placements – pressure on costs has been seen for some time now, but actions have been taken to try to keep spend within budget. External placements numbers exceed those budgeted for and this is likely to continue to be the case for the remainder of the year.	0.500	(3%)

	<p>Older People and Adult Mental Health Directorate – changes in expected financial position during the final quarter of 2013/14 mean that the Older People & Mental Health directorate began 2014/15 with a one-off over allocation of budget.</p> <p>The significant issue to note, however, is the risk around the achievement of the Older People's demand management savings. The monthly savings target was met for July although it was not met for previous months. The current forecast for the Older People's Service assumes that the monthly demand management savings target will be achieved for all the remaining months for this financial year.</p>	-1.525	(-2%)
Public Health	N/A	-	-
CS	N/A	-	-
LGSS Managed	<p>County Offices – a savings target of £736k was allocated in the 2013/14 Business Plan linked to a reduction in the Council's property portfolio. Delivery of this saving is being led by the Effective Property Asset Management (EPAM) Project and although some savings have been achieved in previous years, the reported pressure reflects the balance of savings still to be identified. The position is being monitored and the forecast outturn will be updated once savings have been secured.</p>	0.687	(12%)
CS Financing	N/A	-	-
Financing Items	N/A	-	-
LGSS Operational	N/A	-	-

APPENDIX 3 – previously reported current year capital exceptions that are still applicable

Service	Description	Current Forecast Variance - Outturn £m	Current Forecast Variance - Outturn %
ETE	Science Park Station – this scheme is now expected to be undertaken by Network Rail and we are therefore unlikely to incur any further costs. However, until Network Rail have formally confirm that they will fund the station, this remains in our capital budget to ensure delivery of the station should the Network Rail funding not materialise. If the Council was to eventually fund the scheme, it would be on the same revenue neutral basis originally planned.	-11.6	(-100%)
	Highways Maintenance – as part of developing the highway maintenance programme, a review is currently taking place on the phasing of the remaining funds, allocated for this work through prudential borrowing, to ensure that the funds are used to maximise the long term condition of the road network. This will be considered by the Highways and Community Infrastructure Committee as part of the review of the Transport Delivery Plan, linked to a revised Asset Management Approach.	-3.9	(-19%)
	Connecting Cambridgeshire – this budget is expected to underspend as the take up of connectivity vouchers by businesses in Cambridge and South Cambridgeshire has been lower than predicted, which reflects the national picture for similar schemes. It is likely, that unless the claim rate increases significantly over the next three to six months that a significant proportion of the Super Connected Cities grant will be unspent and will therefore need to be returned.	-1.8	(-8%)
CFA	Primary Schools - New Communities – this is entirely due to Northstowe as the start on site has been put back to January 2015, from November 2014. The school is not now required to open until late 2015 when the first houses on the development will be ready for occupation. The overall costs of the project remain on budget.	-1.6	(-30%)
	Condition, Maintenance and Suitability – tenders have come in higher than anticipated, which is a reflection of the impact of the upturn in the housing market on building costs.	0.8	(15%)
CS	N/A	-	-

LGSS Managed	Effective Property Asset Management (EPAM) - Making Assets Count (MAC) Market Towns Project – the MAC Public Property Partnership & Market Towns projects has been reassessed and it has been concluded that the Property Partnership will not be developed over the next few years, as MAC wishes to focus on more practical projects. The deliverability of the various Market Town projects have been re-evaluated in light of this decision and it has been decided to focus on taking the March Market Town project forward. This is currently expected to result in an in-year underspend of -£700k, and a total scheme underspend of -£5.2m. As a result, the scheme budget is expected to be adjusted as part of the 2015/16 Business Planning process.	-0.7	(-70%)
LGSS Operational	N/A	-	-

APPENDIX 4 – previously reported total scheme capital exceptions that are still applicable

Service	Description	Total Forecast Variance - Outturn £m	Total Forecast Variance - Outturn %
ETE	Science Park Station – this scheme is now expected to be undertaken by Network Rail and we are therefore unlikely to incur any further costs. However, until Network Rail have formally confirm that they will fund the station, this remains in our capital budget to ensure delivery of the station should the Network Rail funding not materialise. If the Council was to eventually fund the scheme, it would be on the same revenue neutral basis originally planned	-26.3	(-88%)
LGSS Managed	<p>Effective Property Asset Management (EPAM) - Fenland – residual work on the Awdry House site will be completed early in 2014/15. Upon completion, this will result in a total scheme underspend of -£0.9m, due to:</p> <ul style="list-style-type: none"> ○ A robust design brief with commercial negotiation on the initial construction costs; ○ Further savings through the procurement of a joint construction contractor to carry out the construction of Cambridgeshire County Council's Awdry House and the College of West Anglia's Technology Block in parallel; ○ Challenging the costs throughout the construction process; ○ Managing the wants and needs of potential users to ensure that the building is flexible and not bespoke, providing essential requirements; ○ Challenging users to work smarter; and ○ The contingency spend is currently below the standard 10% that is built into construction projects as a result of up front controls and limiting further changes. 	-0.9	(-14%)

	<p>EPAM - Making Assets Count (MAC) Market Towns Project – the MAC Public Property Partnership & Market Towns projects has been reassessed and it has been concluded that the Property Partnership will not be developed over the next few years as MAC wishes to focus on more practical projects. The deliverability of the various Market Town projects have been re-evaluated in light of this decision and it has been decided to focus on taking the March Market Town project forward. This is currently expected to result in an in-year underspend of £700k, and a total scheme underspend of - £5.2m. As a result, the scheme budget is expected to be adjusted as part of the 2015/16 Business Planning process</p>	-5.2	(-75%)
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APPENDIX 5 – previously reported key capital funding changes that are still applicable

Funding	Service	Amount (£m)	Reason for Change
Rolled Forward Funding	All Services	20.3	This reflects slippage or rephasing of the 2013/14 capital programme – as reported in May and approved by the General Purposes Committee on 1st July 2014.
Additional / Reduction in Funding (DfT Grant)	ETE	0.6	Severe Weather Funding – as reported in February and approved by Cabinet on 15 th April 2014.
Additional / Reduction in Funding (Prudential Borrowing)	CFA	-0.8	Orchard Park Primary (-£0.340m) and Soham (-£0.420m) - as reported in May and approved by the General Purposes Committee on 1st July 2014.
Additional / Reduction in Funding (Prudential Borrowing)	CFA	-0.7	Sundry 'Schools - Scheme Final Payments' – as reported in May and approved by the General Purposes Committee on 1st July 2014.
Additional / Reduction in Funding (Prudential Borrowing)	CFA	-5.5	Rephasing of various schemes – as reported in May and approved by the General Purposes Committee on 1st July 2014.
Additional / Reduction in Funding (Universal Infant Free School Meals)	CFA	1.3	Department for Education (DfE) for Universal Infant Free School Meals – as reported in May and approved by the General Purposes Committee on 1st July 2014.

APPENDIX 6 – Reserves and Provisions

Fund Description	Balance at 31 March 2014	2014-15		Forecast Balance at 31 March 2015	Notes
		Movements in 2014-15	Balance at 31 Jul 14		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	12,337	3,763	16,101	15,219	
- Services					
1 CFA	6,760	-8	6,752	5,081	Includes Service Forecast Outturn (FO) position.
2 PH	749	0	749	749	
3 ETE	2,796	-76	2,720	177	Includes Service FO position.
4 CS	1,314	-937	377	394	Includes Service FO position.
5 LGSS Managed	0	0	0	0	Any FO will be transferred to the County Fund Account.
6 LGSS Operational	1,116	-18	1,098	124	Includes Service FO position.
subtotal	25,073	2,724	27,797	21,744	
Earmarked					
- Specific Reserves					
7 Insurance	4,105	0	4,105	4,105	
8 Connecting Cambridgeshire	3,485	0	3,485	3,485	
subtotal	7,590	0	7,590	7,590	
Equipment Reserves					
9 CFA	453	234	687	143	
10 ETE	567	0	567	793	
11 CS	50	0	50	50	
12 LGSS Managed	559	0	559	419	
13 LGSS Operational	85	0	85	0	
subtotal	1,715	233	1,948	1,405	
Other Earmarked Funds					
14 CFA	3,443	-577	2,866	2,134	Includes liquidated damages in respect of the Guided Busway.
15 ETE	8,975	229	9,204	2,076	
16 CS	336	0	336	374	
17 LGSS Operational	0	0	0	0	
subtotal	12,754	-348	12,406	4,584	
SUB TOTAL	47,132	2,609	49,741	35,323	
Capital Reserves					
- Services					
18 CFA	4,180	8,573	12,753	2,766	
19 ETE	7,041	11,201	18,242	2,000	
20 LGSS Managed	481	357	838	481	
21 LGSS Operational	0	0	0	0	
22 Corporate	22,594	7,455	30,049	14,629	Section 106 balances.
subtotal	34,296	27,586	61,882	19,876	
GRAND TOTAL	81,428	30,194	111,622	55,199	

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:

Description	Balance at 31 March 2014	2014-15		Forecast Balance at 31 March 2015	Notes
		Movements in 2014-15	Balance at 31 Jul 14		
	£000s	£000s	£000s	£000s	
<u>Short Term Provisions</u>					
1 ETE	669	0	669	669	
2 CS	1,000	0	1,000	0	
3 LGSS Managed	2,866	-381	2,485	1,180	
subtotal	4,535	-381	4,154	1,849	
<u>Long Term Provisions</u>					
4 LGSS Managed	4,721	0	4,721	4,721	
subtotal	4,721	0	4,721	4,721	
GRAND TOTAL	9,256	-381	8,875	6,570	