

**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE YEAR ENDING
31ST MARCH 2016**

To: **General Purposes Committee**

Date: **26th July 2016**

From: **Chief Finance Officer**

*Electoral
division(s):* **All**

Forward Plan ref: **2016/028** *Key decision:* **Yes**

Purpose: **This report:**

- **Details the performance of the Council for the 2015/16 financial year.**
- **Is a management report that precedes the production of the Council's formal Statement of Accounts. Although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is formed.**

Recommendations: **General Purposes Committee is recommended to:**

- a) Note the Council's year-end resources and performance position for 2015/16.**
- b) Approve the adjustments for year-end provisions, as set out in paragraph 3.2.5.**
- c) Approve the changes to the Prudential Borrowing requirement in 2015/16, as set out in section 11.5.**

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1. PURPOSE

- 1.1 To present financial and performance information for the financial year 2015/16.

2. OVERVIEW

- 2.1 The following table provides a snapshot of the Authority's performance for the financial year 2015/16 by value and RAG (Red, Amber, Green) status.

Area	Measure	Year End Position	Status
Revenue Budget	Variance (£m)	-£16.5m	Green
Basket Key Performance Indicators	Number at target (%)	50% (9 of 18)	Amber
Capital Programme	Variance (£m)	-£62.2m	Amber
Balance Sheet Health	Net borrowing activity (£m)	£348m	Green

- 2.2 This report summarises the overall financial position for the 2015/16 financial year, whereas prior reports have focussed on the movements since the previous report. As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed. Key movements in operational expenditure are set out below in paragraph 3.2.

- 2.3 The key issues included in the summary analysis are:

- The overall revenue budget position was an underspend of -£16.5m (-4.5%) at year end. This includes the £9.9m saving from the change to the Minimum Revenue Provision (MRP) policy, which has not previously been reported in the net revenue position.
- Excluding the MRP, this is an increase of -£0.2m on the forecast underspend reported last month (as at the end of March).
- The year-end reported position is an achievement given the significant savings target the Council was faced with this financial year (see section 13.1). See section 3.2 for details.
- Key Performance Indicators; there are 20 indicators in the Council's basket, of which 9 are on target at year end. Given two KPIs are contextual only, this represents achievement of 50% of KPIs measurable against target. See section 10 for details.
- The Capital Programme is reporting an in-year underspend of -£62.2m (-29.7%) at year end, which is an increase in the underspend of -£2.5m since last month. The majority of

this is due to further slippage in the programme across Economy, Transport and Environment (ETE) and Children, Families and Adults (CFA). See section 11 for details.

Of the reported underspend in 2015/16, c.85% of it relates to scheme slippage. The remaining c.15% relates to either total scheme underspends and/or exceptional post Business Plan amendments.

3. REVENUE BUDGET

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Original Budget as per BP ¹	Service	Revised Budget	Application of Carry Forwards	Total Funds (3)+(4)	Actual Spending	Variation ²		Transfer to (+) / from (-):-	
								Service Carry Forward Reserves	General Reserve
£'000		£'000	£'000	£'000	£'000	£'000	%	£'000	£'000
63,308	Economy, Transport & Environment (ETE)	70,439	1,205	71,644	70,308	-1,336	-1.9%	1,336	
244,270	Children, Families & Adults (CFA)	259,993	0	259,993	258,370	-1,623	-0.6%	1,623	
0	Public Health (PH)	0	0	0	0	0	0.0%		
5,672	Corporate Services (CS)	3,753	602	4,355	3,554	-801	-18.4%	801	
9,145	LGSS Managed	-32	233	201	689	488	243.4%		-488
35,460	CS Financing	35,461	0	35,461	32,685	-2,775	-7.8%		2,775
0	Minimum Revenue Provision ⁴	0	0	0	-9,891	-9,891	0.0%		9,891
357,855	Service Net Spending	369,613	2,040	371,653	355,715	-15,938	-4.3%	3,760	12,178
-1,307	Financing Items	-1,369	0	-1,369	-1,976	-607	44.3%		607
356,548	Net Spending	368,244³	2,040	370,284⁵	353,738	-16,545	-4.5%	3,760	12,785
9,864	Memorandum Items: LGSS Operational	-686	286	-400	-509	-103	25.7%	103	
366,412	Total Net Spending 2015/16	367,558	2,326	369,884					

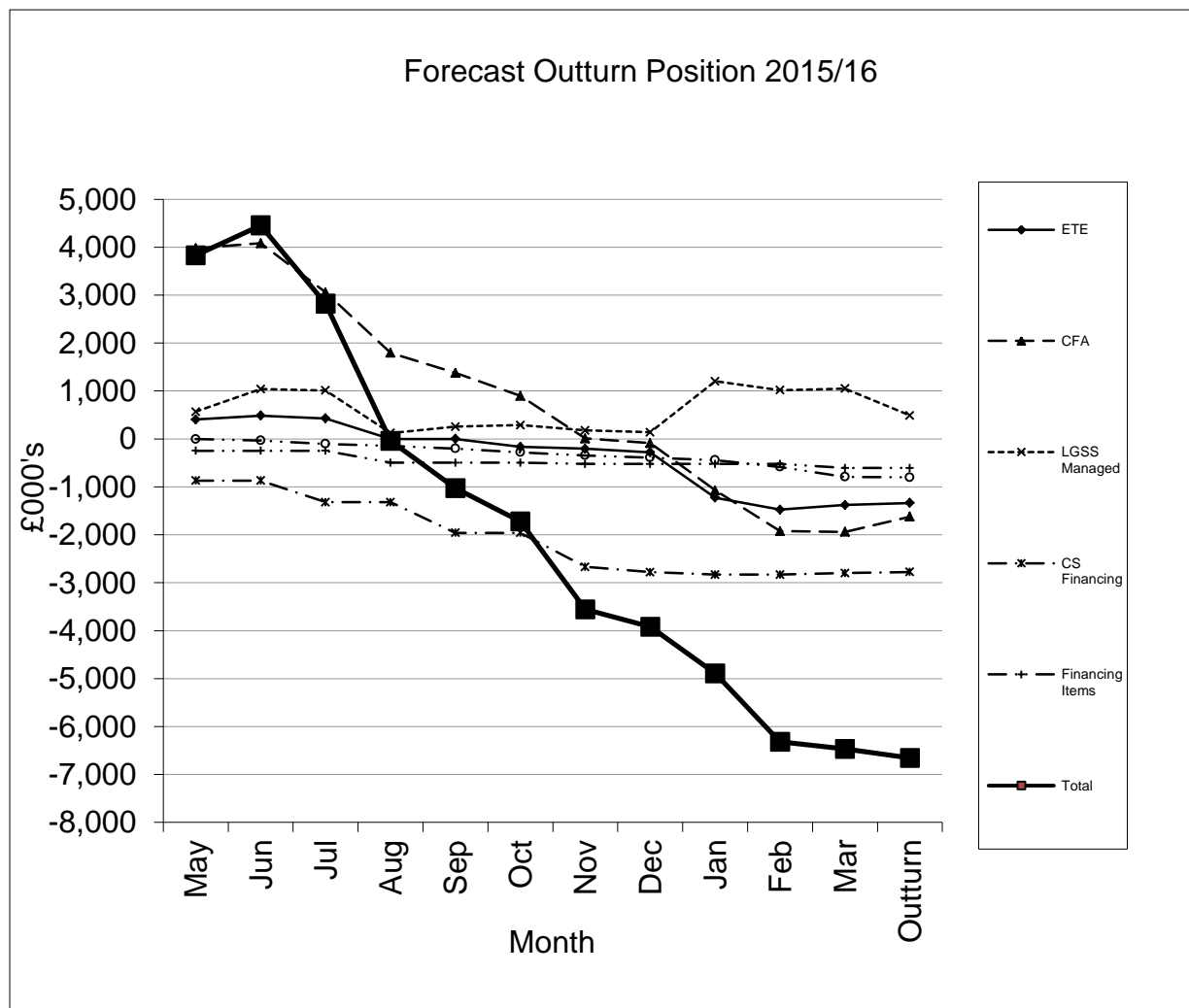
¹ The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

² Key to column 7: + signifies overspend or reduced income, - signifies underspend or increased income.

³ Revised budgets include Corporate Allocations, which move "overhead" costs from Corporate Services and LGSS to front-line services.

⁴ The £9.9m saving in relation to the Minimum Revenue Provision (MRP) in 2015/16 is due to a change in the MRP policy approved by Council on 16 February 2016. This will be transferred to a Transformation Fund.

⁵ For budget virements between Services throughout the year, please see [Appendix 1](#).



Note: this graph does not include the £9.9m underspend due to the change in MRP policy

3.2 Key exceptions are identified below:

3.2.1 **Economy, Transport and Environment:** -£1.336m (-1.9%) underspend is being reported at year end. There are no exceptions to report; for full and previously reported details go to the [ETE Finance & Performance Report](#).

3.2.2 **Children, Families and Adults:** -£1.623m (-0.6%) underspend is being reported at year end.

- | | £m | % |
|--|--------|------|
| <ul style="list-style-type: none"> Strategy and Commissioning – Commissioning Services – this budget has ended the year £246k overspent. This is due to pressures on the Out of School Tuition budget resulting from the LA fulfilling its duty to provide interim full-time education provision | +0.246 | (7%) |

when moving a child with a Statement of Special Educational Needs from one school to another. This budget is funded from the High Needs Block element of the Dedicated Schools Grant.

- For full and previously reported details go to the [CFA Finance & Performance Report](#).

3.2.3 **Public Health:** a balanced budget is being reported at year end. There are no new exceptions to report; for full and previously reported details go to the [PH Finance & Performance Report](#).

3.2.4 **Corporate Services:** -£0.801m (-18.4%) underspend is being reported at year end. There are no new exceptions to report; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.5 **LGSS Managed:** £0.488m (243.4%) overspend is being reported at year end. This is a reduction of £0.562m from the previously reported overspend.

- | | £m | % |
|--|--------|--------|
| <ul style="list-style-type: none"> • IT Managed – the underspend has increased by £0.487m since the last reported position. The overall underspend reflects the writing back of £0.893m from reserves, comprising all IT equipment replacement fund balances and in-year underspends. This is an increase of £0.418m from the previously reported figure for write-back from reserves. The total IT equipment funding requirements are currently being reviewed by LGSS ICT staff and a report may be brought forward in the coming months seeking to establish additional base revenue funding to support a programme of replacements. Any proposal will only be put forward if there is a demonstrable need that cannot be supported within the existing IT budget envelope. | -0.844 | (-38%) |

- **Year-End Provisions**

- There are a number of essential transformation activities that require resourcing for which there is no direct business case, or where it makes sense for the resources to be made immediately available. A total provision in the sum of £250k is proposed to include the following activities:-
 - Project and external valuations expertise to produce options appraisal for alternative uses of Shire Hall
 - Additional HR Business Partner support to manage the restructures and redundancy requirements from the Corporate Capacity Review and delivery of the agreed approach to organisational restructuring
 - Project support to deliver the workforce Agency SPV
 - Overarching Transformation Programme Support
- The Council have agreed to reduce the level of inequalities across the County. A key vehicle for achieving this will be creating community resilience in the most disadvantaged communities. It is therefore proposed to create a provision of £100k of project support in order to create the capacity that will enable the strategy to reach delivery.

- These adjustments have been reflected within the reported figures for LGSS Managed and are balanced by underspends on the Authority-wide Miscellaneous Budget, notably £396k has been transferred from the Winter Maintenance Replacement Fund.
- For full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.6 **CS Financing:** -£2.776m (-7.8%) underspend is being reported at year end. There are no exceptions to report; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.7 **Minimum Revenue Provision:** - £9.891m underspend is being reported at year end. This follows a change in the Minimum Revenue Provision (MRP) policy approved by Full Council on 16th February 2016. Under the new policy the MRP is charged over the life of the asset using an annuity calculation, rather than the previous 4% reducing balance method. The saving realised, which is £0.891m more than originally forecast for 2015/16, will be transferred to a Transformation Fund to finance projects that will reduce the Council's operating costs.

3.2.8 **LGSS Operational:** -£0.103m (-25.7%) underspend is being reported at year end.

- | | £m | % |
|---|--------|--------|
| <ul style="list-style-type: none"> • LGSS Law – the overspend has increased by £0.216m since it was previously reported, so now meets the exception threshold. The overspend is partly due to lower than anticipated income from Northampton Borough Council (£73k) and Northampton Partnership Homes (£55k). The remaining shortfall is mostly in relation to the dividend target being higher than expected because the budget transfer from services was based on 18% of the budget held in services, rather than 18% of the actual expenditure in services. There is also £119k overspend in the Law Property and Governance directorate due to a significant number of 2014-15 invoices not being accrued for correctly and 2014-15 disbursements. | +0.266 | (107%) |
| <ul style="list-style-type: none"> • For full and previously reported details go to the CS & LGSS Finance & Performance Report. | | |

Note: exceptions relate to Forecast Outturns that are 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. SCHOOLS

5.1 Funding for schools is received from the Department for Education (DfE) via the Dedicated Schools Grant (DSG). As well as funding individual school budgets, the DSG also funds a range of central support services for schools.

5.2 Total schools balances as at 31st March 2016 are as follows:

	31st March 2015 £m (original published balances)	31st March 2015 £m (amended for in-year academy conversions)	31st March 2016 £m	Change £m
Nursery Schools	0.5	0.5	0.6	+0.1
Primary Schools	11.0	10.6	13.7	+3.1
Secondary Schools	0.0	0.0	0.0	0.0
Special Schools	1.5	1.1	1.1	0.0
Pupil Referral Units (PRUs)	0.1	0.1	0.1	0.0
Sub Total	13.1	12.3	15.5	+3.2
Other Balances (incl. Pools and Contingency Funds, Community Focussed Extended Schools and Sports Centres)	6.6	6.6	3.9	-2.7
TOTAL	19.7	18.9	19.4	+0.5

It must be noted that further to the DSG, schools budgets include funding from the Education Funding Agency (EFA) for Post 16 funding, in year funding for items such as pupils with statements and additional grant such as the Pupil Premium. Schools that converted to Academy status prior to 31 March 2016 are no longer reported by the Local Authority and therefore are not included within the figures.

The change in individual school balances can be attributed to several reasons:

- Some schools will have delayed or cancelled spending decisions due to the uncertainty around future years funding amounts.
- Some schools have chosen to apply balances in 2015/16 to maintain current staffing levels and class structures.
- Pressures on capital funding have led some schools to reconsider and reprioritise revenue resources to allow for the possibility of capitalisation in future years.

5.3 Analysis will be undertaken to look at the individual changes in balances and appropriate challenge given to those schools in a deficit position and those with excessive balances. Further analysis will be carried out throughout the year to ensure that schools are spending in accordance with their submitted budgets and recovery plans.

5.4 Schools retain balances for a number of reasons and as part of the revised Balance Control Mechanism any uncommitted balances in excess of 10% (secondary) or 16%

(primary/special/nursery) of the school's budget share is considered excessive and will be subject to claw-back.

- 5.5 If a school is classed as not meeting the minimum floor targets for attainment, any balance in excess of 5% (secondary) or 8% (primary/special/nursery) is considered excessive and will be subject to local authority learning directorate officers determining how some of the excess could be best used to raise attainment levels.
- 5.6 The balances can be further analysed in the tables below:

Sector	Schools with Reported Deficit Balances as at 31st March 2016
Nursery	0
Primary	3
Secondary	0
Special	1
Total Schools	4

Value of revenue deficits at 31st March 2016:

Deficit	Nursery	Primary	Secondary	Special	Total
£100k+	0	0	0	0	0
£60k - £100k	0	0	0	0	0
£20k - £60k	0	1	0	1	2
£10k - £20k	0	2	0	0	2
£1k - £10k	0	0	0	0	0

Value of surplus revenue balances held by schools at 31st March 2016:

Surplus	Nursery	Primary	Secondary	Special	Total
£0k - £10k	0	4	0	0	4
£10k - £20k	0	7	0	0	7
£20k - £60k	2	45	1	0	48
£60k - £100k	2	61	0	2	65
£100k - £150k	3	32	0	0	35
£150k - £200k	0	6	0	1	7
£200k - £300k	0	5	0	2	7
£300k - £400k	0	2	0	1	3
£400k+	0	0	0	0	0

Please note: the figures in 5.2 and 5.6 are based on the year end returns from schools. However, following further validation of the Consistent Financial Reporting (CFR) returns the final information on Schools balances published by the Department for Education may differ slightly.

6. GENERAL RESERVE BALANCES

6.1 Balances on the general reserve as at 31st March 2016 are £18.9m as set out below:

General Reserve Balance	2015/16 Final Outturn £m
Balance as at 31st March 2015	16.002
Changes Arising:-	
Planned Business Plan adjustments	0.144
Debt Charges	2.775
Surplus Corporate Grants	0.607
Transfer from Service Carry-Forward Reserves	0.114
LGSS Managed	-0.488
City Deal Funding	-0.200
Miscellaneous	-0.033
Balance as at 31st March 2016	18.921

6.2 As a minimum it is proposed that General Reserve should be no less than 3% of gross non-school expenditure of the Council. At present, the General Reserve is 3.5% of budgeted 2016-17 gross non-school expenditure – this surplus will be addressed as part of the 2017-18 Business Planning (BP) process.

7. REVIEW OF OTHER RESERVES

7.1 The Council reviews the level of its overall reserves at outturn each year, in addition to assessing the adequacy of reserves as part of the BP process. Reserves have long provided vital flexibility in the Council's financial management and no changes are proposed in the operation of these reserves going forward. Details of the Council's earmarked reserves are set out in [Appendix 2](#).

8. TREASURY MANAGEMENT ACTIVITY

8.1 This section summarises the expenditure and income for debt financing, which is held as a central budget within Corporate Services, and complies with the reporting requirements in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

	Budget £'000	Actual £'000	Variation £'000
Interest payable	17,349	15,476	-1,873
Interest receivable	-422	-706	-284
Technical & other	442	357	-85
MRP – loan repayments	18,091	7,667	-10,424
	35,460	22,794	-12,666

8.2 Net payments were less than budgeted because fewer long term loans were raised during the year than had been budgeted. This was largely due to slippage in the capital programme and the strategy adopted to utilise cash balances rather than undertake costly

borrowing. This is further evidenced in table 8.3 which shows cash balances falling to £10.1m. Interest receivable includes a one off receipt of £118k in respect of interest that had accrued on S106 monies paid to the Council in January 2016. The large £10.4m underspend shown against the Minimum Revenue Provision (MRP) largely resulted because of a change in the policy during 2015/16.

8.3 The change in the authority's loan debt over the year was as follows:

	1st April 2015 £'000	Loans Raised £'000	Loans Repaid £'000	31st March 2016 £'000
Long-Term Debt	381,143	-	23,043	358,100
Temporary Debt	-	-	-	-
	381,143	-	-	358,100
Less Investments	35,605			10,051
Net Debt	345,538			348,059

8.4 Long-term debt consists of loans for periods exceeding one year (at either fixed or variable rates of interest) and the average rate of interest paid on this long-term debt was 4.17%.

8.5 Each year the authority must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2015/16 compares with approved limits as follows:

	Approved £'000	Actual £'000
Financing Costs		
% of Net Revenue Expenditure	10.2%	6.7%
Authorised Limit for Debt	660,300	358,100
Operational Boundary for Debt	630,300	358,100
* Interest Rates Exposure (as % of total net debt)		
Fixed Rate	150%	90%
Variable Rate	65%	10%
** Debt Maturity (as % of total debt)		
Under 1 year	0 – 80%	13%
1 – 2 years	0 – 50%	1%
2 – 5 years	0 – 50%	4%
5 – 10 years	0 – 50%	29%
Over 10 years	0 – 100%	54%

* The Interest Rate Exposure is calculated as a percentage of net debt.

** Note: the guidance for this indicator required that LOBO loans are shown as maturing at the next possible call date rather than at final maturity.

8.6 Financing costs are below the approved limit as a result of the underspend for debt charges, and all debt levels are within the approved limits.

9. DEBT MANAGEMENT

9.1 Summary Final Position:

Overall debt outstanding has increased by £2m since the last reporting period for the 2015/16 financial year from £17m to £19m. However, this figure includes current debt of £14m.

4-6 month balances have increased by £3k since the last reporting period. The target of £410k was not achieved, with the final balance being £728.9k.

Over 6 months debt has increased by £67k overall in the last period, with a final balance of £2.0m against a target of £990k.

9.2 Children, Families and Adults (CFA):

Adult Social Care (ASC) – Over 6 month debt has increased by £69k since the last period. Final balances are £1.9m against a target of £0.9m. 4-6 month debt has increased by £55k since the last period. Final balances are £544k against a target of £340k.

Children and Families – Over 90 day balances have decreased by £75k since the last reporting period. Final balances are £46k against a target of £30k. However, the target of £30k for over 6 month debt was achieved, with a final balance of £21k.

9.3 Economy, Transport and Environment (ETE):

Over 90 day balances have increased by £37k since the last reporting period. Final balances are £82k against a target of £20k. Final balances for over 6 month debt are £32k against a target of £10k.

9.4 Corporate Services (CS):

Over 90 days balances have decreased by £15k overall since the last reporting period. Final balances are £57k against a target of £20k. Final balances for over 6 month debt are £51k against a target of £30k.

10. PERFORMANCE TARGETS

Corporate priority	Indicator	Service	What is good? High (good) 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-Sep-2015	%	80.9%	80.3% (2015/16 target)	Green	↑
	Additional jobs created	ETE	High	To 30-Sep-2014	Number	+14,000	+ 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-31-Aug-2015	%	Most deprived areas (Top 10%) = 11.7% Others = 5% Gap of 6.7 percentage points	Most deprived areas (Top 10%) <=12% Gap of <7.2 percentage points	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA (E&P)	High	March 16	%	95.2%	96.0%	Amber	↓
	Percentage of 16-19 year olds not in education, employment or training (NEET)	CFA	Low	March 16	%	3.5%	3.6%	Amber	↓
	The proportion pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA (Learning)	High	March 16	%	78.6%	75.0%	Green	↑
	The proportion pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA (Learning)	High	March 16	%	49.4%	75.0%	Red	↔

Corporate priority	Indicator	Service	What is good? High (good) 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 Special schools judged good or outstanding by Ofsted	CFA (Learning)	High	March 16	%	92.9%	75.0%	Green	↔
Helping people live independent and healthy lives	Percentage of closed Family Worker cases demonstrating progression	CFA	High	March 16	%	75.7%	80%	Amber	↔
	The proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into re-ablement / rehabilitation services	CFA	High	2014/15	%	69.8%	TBC – new definition for 15/16	TBC	TBC
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	March 16	%	55.0%	57%	Amber	↑
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	February 16	Number	469	406.3 per month (4874.5 per year)	Red	↔
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	February16	Number	123	94	Red	↔
	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)

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
									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 (Q3 2015)	Years	2.6	N/A – contextual indicator	N/A – contextual indicator	↔
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA (CSC)	Low	March 16	Rate per 10,000	46.4	32.8 – 38.5	Red	↓
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA (CYPS)	High	March 16	%	78.4%	80%	Amber	↑
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	CS&T	High	1 Jan – 31 March 2016	%	76.1%	75%	Green	↑
	The average number of days lost to sickness per full-time equivalent staff member	CCC	Low	31/03/16	Days (12 month rolling average)	6.09	7.8	Green	↑

*Note: '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.

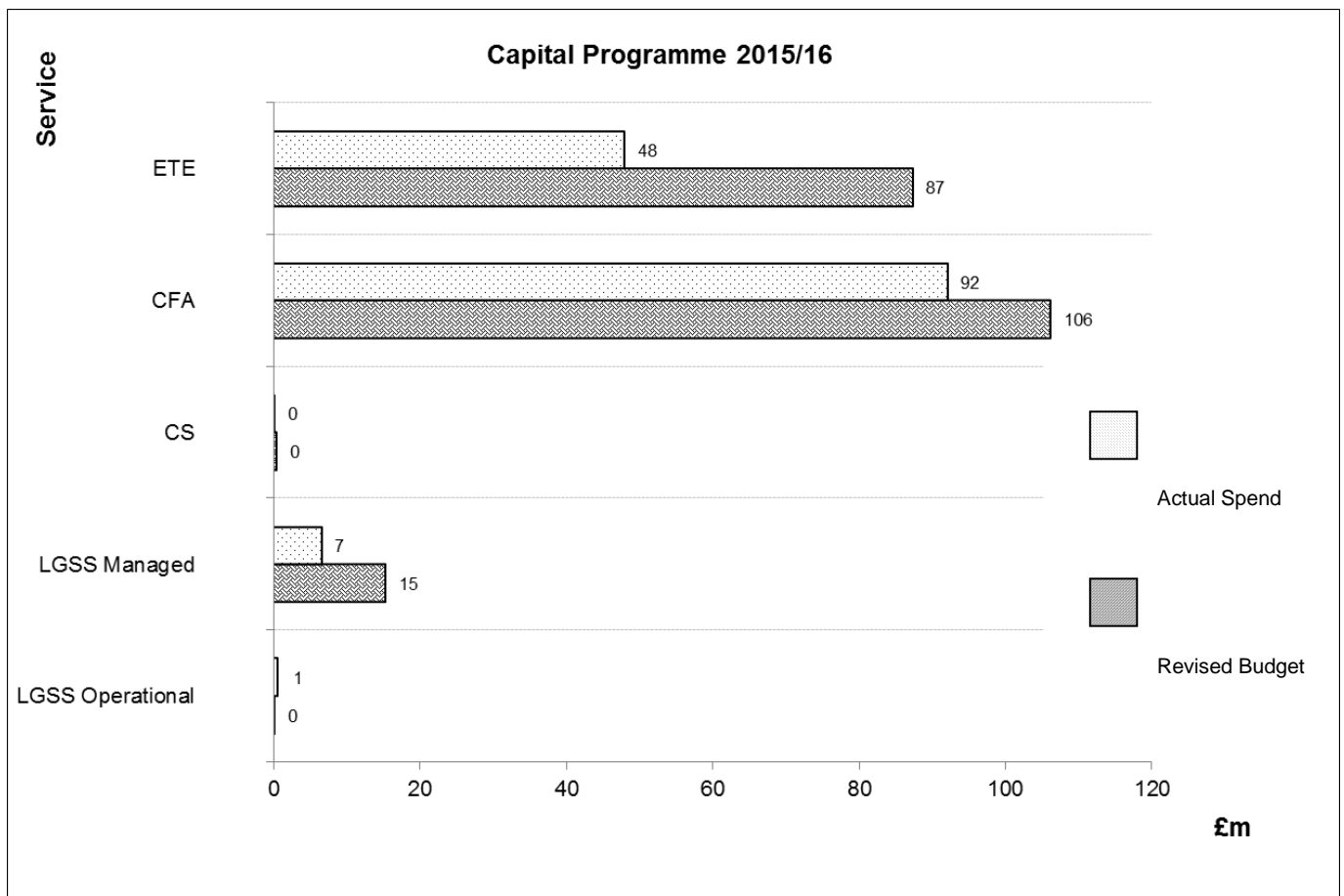
- 10.1 Key exceptions: there are no exceptions to report; for full and previously reported details go to the respective Service Finance & Performance Report:

[ETE Finance & Performance Report](#)
[CFA Finance & Performance Report](#)
[PH Finance & Performance Report](#)
[CS & LGSS Finance & Performance Report](#)

11. CAPITAL PROGRAMME

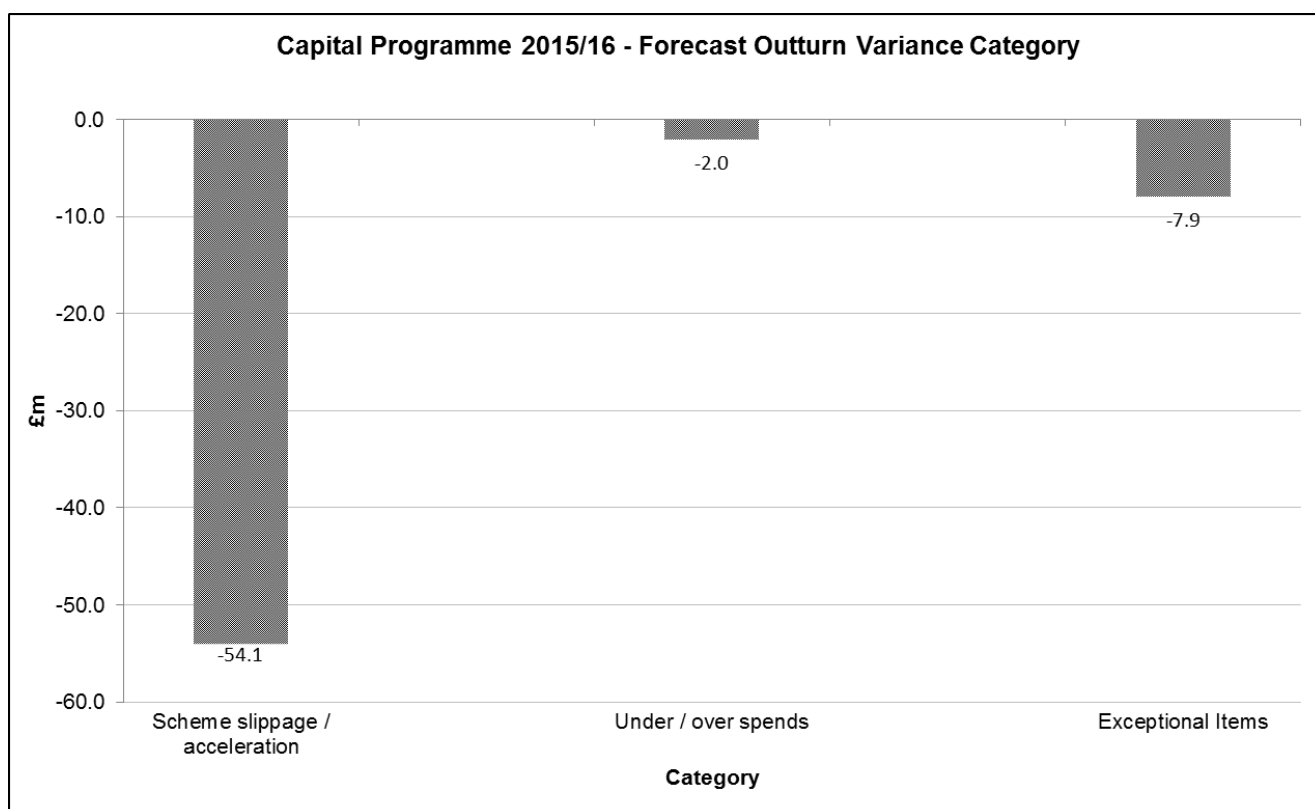
- 11.1 A summary of capital financial performance by service is shown below:

2015/16						TOTAL SCHEME	
Original Budget as per BP £000	Service	Revised Budget for 2015/16 £000	Forecast Variance - Outturn (Mar) £000	Actual Variance – Outturn 2015/16 £000	Actual Variance - Outturn 2015/16 %	Total Scheme Revised Budget (Mar) £000	Total Scheme Forecast Variance (Mar) £000
102,192	ETE	87,369	-38,323	-39,419	-45.1%	517,813	-
104,854	CFA	106,204	-12,773	-14,106	-13.3%	569,429	4,809
300	Corporate Services	386	-251	-280	-72.6%	640	-
11,385	LGSS Managed	15,331	-8,545	-8,748	-57.1%	81,452	-9,281
-	LGSS Operational	209	331	331	158.3%	600	-
218,731	Total Spending	209,499	-59,561	-62,222	-29.7%	1,169,934	-4,471



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

The following graph provides an indication of the cause for the 2015/16 capital forecast outturn variance:



Note: The 'Exceptional Items' category could include, for example, post Business Plan (BP) amendments.

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

11.2.1 **Economy, Transport and Environment:** -£39.4m (-45.1%) underspend is being reported at year end.

	£m	%
<ul style="list-style-type: none"> Operating the Network - the underspend has reduced by £1.1m since last reported. 		
This is due to the movement of schemes that were originally planned to be funded from the £90m for Highways Maintenance Schemes to this scheme in order to fully utilise DfT grant funding for 2015/16. These include drainage work on High street, Brampton and Braisley Bridge, Grantchester.	-0.2	(-11%)
<ul style="list-style-type: none"> Highways Maintenance Schemes – there has been movement of -£1.9m since last reported, leading to an underspend of £1.6m. 		
This is caused by the movement of schemes totalling £1.3m originally planned to be funded from the £90m to Strategy and Scheme Development Work and Operating the Network so that DfT grant funding could be fully utilised.	-1.6	(-20%)

The remaining movement is largely due to two schemes:

Bythorn Culvert, Bythorn Bridge was cheaper than anticipated due to efficiencies and changes in the work required that only became clear once on site, resulting in a total scheme underspend of £0.2m.

Pre-patching and surface dressing: the contractor over-estimated the work that could be completed in March, leading to an in-year underspend of £0.3m. This work will now be completed in 2016/17.

- For full and previously reported details go to the [ETE Finance & Performance Report](#)

11.2.2 Children, Families and Adults: -£14.1m (-13.3%) underspend is being reported at year end.

	£m	%
<ul style="list-style-type: none"> • Primary School – Demographic Pressures – the forecast underspend has increased by £0.5m since last reported. This is mainly due to slippage on several schemes, notably: <ul style="list-style-type: none"> • Isle of Ely Primary – further slippage of £313k due to delays in establishing infrastructure required to further develop the site. • Fawcett Primary – further slippage of £111k due to rephasing of the access road within the scheme timescales. The school final account was settled for £50k less than expected due to contingencies not being used. 	-4.1	(-10%)

- For full and previously reported details go to the [CFA Finance & Performance Report](#).

11.2.3 Corporate Services: -£0.3m (-72.6%) underspend is being reported at year end. There are no exceptions to report; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

11.2.4 LGSS Managed: -£8.7m (-57.1%) underspend is being reported at year end. There are no new exceptions to report; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

11.2.5 LGSS Operational: £0.3m (158.3%) overspend is being reported at year end. There are no new exceptions to report; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

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

11.3.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report; for full and previously reported details go to the [ETE Finance & Performance Report](#).

11.3.2 **Children, Families and Adults:** £4.8m (1%) total scheme overspend is forecast. There are no exceptions to report; for full and previously reported details go to the [CFA Finance & Performance Report](#).

11.3.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

11.3.4 **LGSS Managed:** £9.3m (-11.4%) total scheme underspend is forecast. There are no exceptions to report; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

11.3.5 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

11.4 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 ² £m
Department for Transport (DfT) Grant	38.2	4.3	-17.5	1.5	26.5	25.4	-1.1
Basic Need Grant	4.9	1.5	0.0	0.0	6.4	6.4	-0.0
Capital Maintenance Grant	6.3	0.0	0.0	-1.2	5.1	5.1	-0.0
Devolved Formula Capital	1.1	1.1	0.0	0.0	2.2	1.4	-0.8
Specific Grants	11.5	2.4	0.0	2.1	16.0	6.4	-9.6
Section 106 Contributions & Community Infrastructure Levy (CIL)	35.8	-1.2	-16.2	-1.4	17.0	11.1	-5.9

Capital Receipts	4.5	0.0	0.0	0.0	4.5	6.2	1.6
Other Contributions	29.6	0.7	-0.7	1.8	31.4	23.8	-7.6
Prudential Borrowing	86.8	19.5	4.0	-10.0	100.3	61.5	-38.8
Total	218.7	28.4	-30.4	-7.3	209.5	147.3	-62.2

¹ Reflects the difference between the anticipated 2014/15 year end position, as incorporated within the 2015/16 Business Plan, and the actual 2014/15 year end position.

² The Funding Variance reflects the in-year expenditure position and the level of spend on specific projects. It does not reflect an increase or decrease to the funding available, which is reflected within the 'Revised Budget' column (as detailed in section 11.5).

11.5 Key funding changes (of greater than £0.5m) are identified below:

Funding	Service	Amount (£m)	Reason for Change
Additional / Reduction in funding (Other Contributions)	All	+17.5	We were required to use £17.5m of funding from the Local Enterprise Partnership (LEP) in 2015/16. This has been applied to various capital schemes across all services, replacing prudential borrowing. This will then be reimbursed by prudential borrowing in future years as the £17.5m is claimed by LEP schemes.
Additional / Reduction in funding (Prudential Borrowing)	All	-17.5	GPC is asked to approve a reduction of £17.5m in the Prudential Borrowing requirement in 2015/16 as LEP funding has been used in its place (see note above).
Additional / Reduction in funding (S106)	CFA	-1.6	Corrections relating to previous years have resulted in a reduction of £1.6m of S106 funding available for schools schemes in 2015/16, after detailed reconciliations identified secondary school funding had been applied to a primary school scheme.
Additional / Reduction in funding (Prudential Borrowing)	CFA	+1.6	GPC is asked to approve the increase of £1.6m to the Prudential Borrowing requirement in 2015/16 - to bridge the funding gap caused by the reduction in S106 funding available (see note above).
Additional / Reduction in Funding (Other Contributions)	CFA	+3.8	School Funded Capital - schemes funded by contributions sourced directly by schools from external sources. Expenditure and funding information for these schemes is received at year end as part of the schools final balances, and was higher than anticipated.

- 11.6 For previously reported key funding changes go to the respective Service Finance & Performance Report (appendix 6):

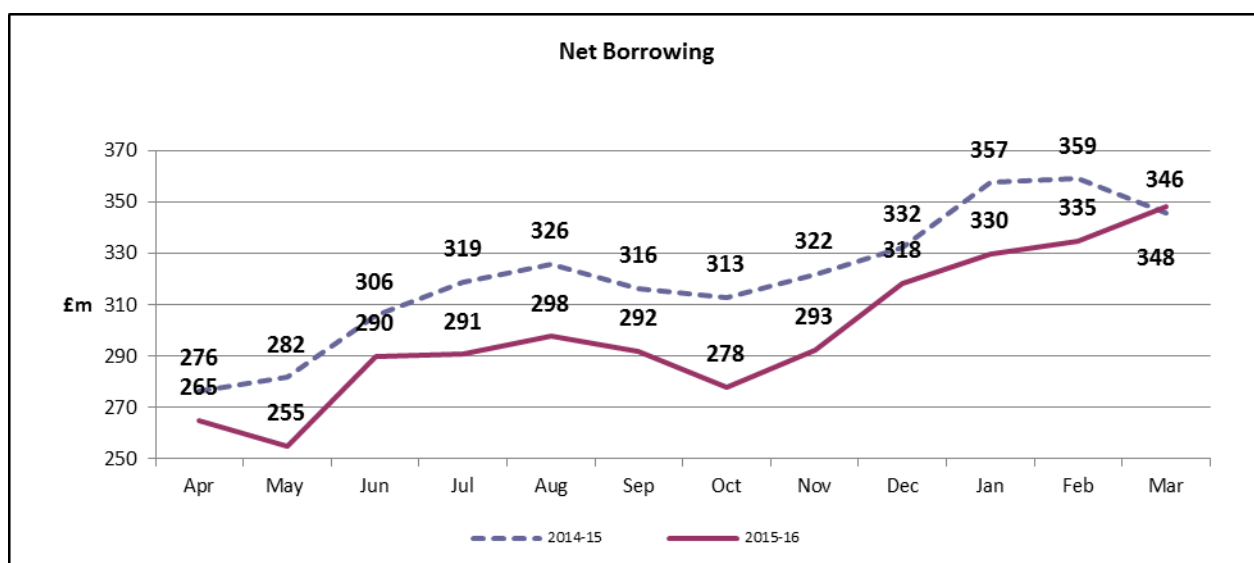
[ETE Finance & Performance Report](#)
[CFA Finance & Performance Report](#)
[CS & LGSS Finance & Performance Report](#)

12. BALANCE SHEET

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

Measure	Year End Target	Actual end of March
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)	97.5%	99.8%

- 12.2 The graph below shows net borrowing (borrowing less investments) on a month by month basis and compares the position with the previous financial year. The level of investments at the end of March were £10.0m and gross borrowing was £358.1m, giving a net borrowing position of £348.1m.



- 12.3 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).

13. EXTERNAL AND CONTEXTUAL ISSUES

- 13.1 2015/16 has been another difficult year for the Council financially as it continued to face substantial increase in demand for its services, both as a result of population growth and changing demographics, particularly in relation to the ageing population and those with complex care needs. These pressures, coupled with a 3% reduction in Government

funding led to a savings requirement of £29.8m in 2015/16 and £118.9m over the next five years.

- 13.2 The Council has not only achieved this savings target but has surpassed it with an additional £16.5m of savings. £9.9m of this is as a result of a change in the policy on the Minimum Revenue Provision (MRP) agreed in 2015/16. This £9.9m will be transferred to a Transformation Fund for proposals that will generate further savings in future years. The remaining savings realised in 2015/16 will be made available in the next round of the Business Planning (BP) process and will assist in offsetting future year pressures.
- 13.3 The outlook for 2016/17 is no more positive, as it is anticipated the Council will continue to face an increasing demand for its services. In addition, the Council is faced with an 8.7% reduction in Government funding, resulting in a savings requirement of £40.9m in 2016/17 and £123.7m over the next five years.

14. ALIGNMENT WITH CORPORATE PRIORITIES

14.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

14.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

14.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

15. SIGNIFICANT IMPLICATIONS

15.1 Resource Implications

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

15.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

15.3 Equality and Diversity Implications

There are no significant implications within this category.

15.4 Engagement and Consultation Implications

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

15.5 Localism and Local Member Involvement

There are no significant implications within this category.

15.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
ETE Finance & Performance Report (Outturn 15/16) CFA Finance & Performance Report (Outturn 15/16) PH Finance & Performance Report (Outturn 15/16) CS and LGSS Cambridge Office Finance & Performance Report (Outturn 15/16) Performance Management Report & Corporate Scorecard (Outturn 15/16) Capital Monitoring Report (Outturn 15/16) Report on Debt Outstanding (March 16) Payment Performance Report (March 16)	1 st 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	LGSS Operational	Financing Items	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	244,270	0	63,308	35,460	5,672	9,145	9,864		2,165
Green Spaces budget from CS to ETE			11		-11				
Scrutiny Members Training budget to Members Allowances 15/16						15	-15		
City Deal budget from ETE to LGSS Managed			-717			717			
ETE Operational Savings – LEP subscription			50						-50
Green Spaces staff budget from CS to ETE			43		-43				
Travellers Support budget from CS to ETE			51		-51				
Allocation of Supporting Disadvantaged Children in Early Years Grant and SEND Preparation for Employment Grant to CFA	63								-63
Microsoft Support Extension - Windows 2003						33			-33
Reablement to LGSS Operational	-34						34		
Mobile Phone Centralisation	-286		-55		-3	372	-28		
Reversal of Mobile Phone Centralisation for pooled budgets in 2015/16	17					-17			
CS Operational Savings – various					602				-602
Property budget for 9 Fern Court from CFA to LGSS Mgd.	-7					7			
Allocation of Staying Put Implementation Grant to CFA (Qtr 1)	27								-27
City Deal funding 2015/16						200			-200
Transfer from CFA to Finance for Adults Accountant post	-30						30		
ETE Operational Savings – various			388						-388
Independent Living Fund (ILF) - 1st half year instalment	519								-519
LGSS Operational Savings – K2							36		-36
Independent Living Fund (ILF) – Qtr 3	259								-259
ETE Operational Savings – Business Planning			75						-75

savings										
Transfer of legal budget to LGSS Law								202		-202
CFA Mobile Phone Centralisation reversal	6						-6			
Allocation of Staying Put Implementation Grant to CFA (Qtrs 2 & 3)	54									-54
ETE Operational Savings – Park & Ride			200							-200
ETE Operational Savings – various			745							-745
ETE Operational Savings – various			18							-18
Annual Insurance 15/16	454		1,528				-1,982			
Independent Living Fund (ILF) – Qtr 4	259									-259
ETE Operational Savings – Project support for Library review			51							-51
ETE Operational Savings – Sawston temporary library			20							-20
Transfer of City Deal Budgets						917	-917			
Allocation of Staying Put Implementation Grant to CFA (Qtr 4)	27									-27
ETE Operational Savings reversal - various			-343							343
LGSS Operational Savings								47		-47
Building maintenance budget transfer	3						-3			
Corporate Allocations 2015/16	14,391		6,271		1	-2,727	-7,363	-10,571		
Current budget	259,993	0	71,644		35,461	4,355	201	-400		-1,369
<i>Rounding</i>	<i>1</i>	<i>-</i>	<i>-</i>		<i>-</i>	<i>-1</i>		<i>1</i>		<i>-2</i>

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2015	2015-16		Notes
		Movements in 2015-16	Balance at 31 Mar 16	
	£000s	£000s	£000s	
General Reserves				
- County Fund Balance	16,002	2,919	18,921	
- Services				
1 CFA	0	1,623	1,623	Includes Service Outturn position.
2 PH	952	186	1,138	
3 ETE	3,369	17	3,386	Includes Service Outturn position.
4 CS	1,020	198	1,218	
5 LGSS Operational	1,003	10	1,013	Includes Service Outturn position.
Subtotal	22,346	4,953	27,299	
Earmarked				
- Specific Reserves				
6 Insurance	2,539	325	2,864	
Subtotal	2,539	325	2,864	
Equipment Reserves				
7 CFA	744	38	782	
8 ETE	893	-675	218	
9 CS	50	7	57	
10 LGSS Managed	642	-642	0	
Subtotal	2,329	-1,272	1,057	
Other Earmarked Funds				
11 CFA	7,533	-3,436	4,097	
12 PH	2,081	-61	2,020	
13 ETE	7,404	-773	6,631	Includes liquidated damages in respect of the Guided Busway.
14 CS	527	747	1,274	
15 LGSS Managed	198	184	382	
16 LGSS Operational	130	0	130	
17 Corporate	63	-63	0	
18 Transformation Fund	0	9,891	9,891	Savings realised through change in MRP policy
Subtotal	17,936	6,489	24,425	
SUB TOTAL	45,149	10,495	55,645	
Capital Reserves				
- Services				
19 CFA	6,272	-3,844	2,428	
20 ETE	15,897	13,585	29,482	
21 LGSS Managed	481	171	652	
22 Corporate	33,547	5,841	39,388	Section 106 and Community Infrastructure Levy balances.
subtotal	56,197	15,753	71,950	
GRAND TOTAL	101,346	26,248	127,594	

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 2015	2015-16		Notes
		Movements in 2015-16	Balance at 31 Mar 16	
	£000s	£000s	£000s	
<u>Short Term Provisions</u>				
1 ETE	669	43	712	
2 CS	1,043	269	1,312	
3 LGSS Managed	4,460	1,135	5,595	
subtotal	6,172	1,447	7,619	
<u>Long Term Provisions</u>				
4 LGSS Managed	3,613	0	3,613	
subtotal	3,613	0	3,613	
GRAND TOTAL	9,785	1,447	11,232	