GENERAL PURPOSES COMMITTEE

Tuesday, 02 June 2020

Democratic and Members' Services
Fiona McMillan
Monitoring Officer

Shire Hall
Castle Hill
Cambridge
CB3 0AP

<u>10:00</u>

COVID-19

During the Covid-19 pandemic Council and Committee meetings will be held virtually for Committee members and for members of the public who wish to participate. These meetings will held via Zoom and Microsoft Teams (for confidential or exempt items). For more information please contact the clerk for the meeting (details provided below).

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

1. **Notification of Chairman/woman and Vice-Chairman/woman (oral item)**

2. **Apologies for absence and declarations of interest**

Guidance on declaring interests is available at http://tinyurl.com/ccc-conduct-code

3. **Minutes - 14th May 2020 and Action Log** **5 - 12**

4. **Petitions and Public Questions**

KEY DECISIONS

OTHER DECISIONS

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under paragraphs 3 & 5 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

The General Purposes Committee comprises the following members:

Councillor Steve Count (Chairman) Councillor Roger Hickford (Vice-Chairman)

Councillor Anna Bailey Councillor Ian Bates Councillor Simon Bywater Councillor Steve Criswell Councillor Lorna Dupre Councillor Derek Giles Councillor Mark Goldsack Councillor Peter Hudson Councillor David Jenkins Councillor Noel Kavanagh Councillor Peter McDonald Councillor Elisa Meschini Councillor Lucy Nethsingha Councillor Tom Sanderson and Councillor Josh Schumann

For more information about this meeting, including access arrangements please contact

Clerk Name: Michelle Rowe

Clerk Telephone: 01223 699180

Clerk Email: michelle.rowe@cambridgeshire.gov.uk

Agenda Item No.3

GENERAL PURPOSES COMMITTEE: MINUTES

Date: Thursday, 14th May 2020

Time: 10.00a.m. – 11.05a.m.

Present: Councillors Bailey, Bates, Bywater, Count (Chairman), Criswell, Hickford, Jenkins, Kindersley, Meschini, McDonald (substituting for Councillor Dupré), Nethsingha, Sanderson, Schumann, and Shuter

245. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were received from Councillors Dupré and Whitehead.

No declarations of interest were made.

246. MINUTES – 23RD APRIL 2020 AND ACTION LOG

The minutes of the meeting held on 23rd April 2020 were agreed as a correct record and would be signed by the Chairman when the Council returned to its offices.

In noting the action log, one Member asked if the current local infection and death rates and occupancy rates in hospital intensive care units could be included at the start of future Public Health Covid-19 reports. The Chairman reminded Members that the Covid-19 report considered by the Committee covered strategic actions taken by the Council. He agreed to investigate with officers to see how this request could be accommodated. **Action Required.**

247. PETITIONS AND PUBLIC QUESTIONS

No petitions or public questions were received.

248. CAMBRIDGESHIRE COUNTY COUNCIL'S RESPONSE TO COVID-19

The Chairman reminded the Committee that officers had been asked to bring a report on the Covid-19 response to date for those services for which each Policy and Service Committee was responsible. Given the rapidly changing situation and the need to provide the committee and the public with the most up to date information possible, the Chairman reported that he had accepted this as a late report on the following grounds:

1. Reason for lateness: To allow the report to contain the most up to date information possible.

2. Reason for urgency: To enable the committee to be briefed on the current situation in relation to the Council's response to Covid-19 for those services for which it was responsible.

The Chief Executive drew attention to the considerable amount of work being undertaken by the Council as part of its ongoing response to the Coronavirus pandemic. Since the last meeting, the Council had set up a response to deal with tracking and tracing and was awaiting further Government guidance. She explained that the Council was aligning its response phase alongside recovery work. She reminded the Committee that the Government had published guidance in relation to moving out of lockdown. The Council was currently reviewing "OUR PLAN TO REBUILD: The UK Government's Covid-19 recovery strategy", to consider the implications for its services and workforce, and planning accordingly with partners. It was noted that this work would be included as part of the Council's recovery process. However, it was also important to note that the shielding of vulnerable people was likely to last some months.

The Director of Business Improvement and Development reiterated that the Council was currently in the first stage of the recovery plan focusing on the three steps to reopening services following lockdown. The plan would have to cover the response stage lasting approximately a year to eighteen months, and the long term impact on society. It was important to focus on the societal changes which presented opportunities for the Council to think about what sort of society it wanted for Cambridgeshire. Attention was drawn to the recovery framework which was about designing that future and covered three phases. The framework was split into six themes, which took into account the Council's strategic priorities, its Covid-19 risk register and the Local Resilience Forum (LSF) recovery themes. The Council would continue to work closely with a range of system partners.

The Chief Finance Officer reminded the Committee that at the last meeting the financial projections had been based up to the end of June. The Council was now looking beyond this date. Members were informed that new predictions were based on assumptions following the relaxation of lockdown and the resulting consequences. The Council now had a detailed understanding of what the costs would be in the shorter term. It was noted that there were more than 100 business cases for items in excess of £20k to support this projection. Attention was drawn to the major changes since the last meeting set out in Section 3.8. It was noted that the Council had received £26.1m from Government and expected to receive £10.29m from the Clinical Commissioning Group (CCG). However, it was important to note that the Council was still facing a deficit of nearly £8m, if not supported through further Government funding rounds, it would have to be met by considering options available to the Council.

The Chairman reminded the Committee that the funding estimations now aligned with the new Government mandate of the end of July. It was important to note that it could not be a reality costing at this point in time but was instead a best estimate, which showed a significant funding shortfall. He then referred to the multi-year facet which showed an impact on the Council's plans for this year but also on its five year budget. The Chief Finance Officer acknowledged that there would be significant impacts particularly around Council Tax and Business Rates for 2021/22 and beyond as well as latent impacts which would not manifest until later in the year or next year.

Individual Members raised the following issues in relation to the report:

- highlighted the fact that the Ministry of Housing, Communities and Local Government (MHCLG) was for accounting purposes asking Council to assume current Covid-19 restrictions remained in place until the end of July and then to assume the situation would be back to normal. The Chairwoman of Adults Committee queried how this related to the pattern and volume for demand of social care which would not follow the pre Covid-19 activity. She queried the provision the Council had made for this additional care pressure in its financial table at Section 3.5 and how that aligned with the Council's report back to the MHCLG. The Chief Finance Officer reported that the table at 3.5 did not reflect the Council's submission to the MHCLG. Instead it reflected all the projected costs the Council was aware of, it would then have to separate the costs that would be incurred by the end of July. However, he reassured the Committee that the Council would highlight costs which would be incurred beyond July in the survey part of the submission for the 1 August to the end of the financial year. The Chief Finance Officer offered to send a detailed breakdown of what were the assumed costs and the real costs in the table at 3.5 to the Committee. **Action Required.**

- welcomed the £600m package from Government for care homes, which would help to provide support particularly for some smaller care homes that were less resilience and had less infrastructure. It was not yet clear what the Council's portion of this funding would be. The Chairwoman of Adults Committee congratulated the Council for putting its case forward and thanked the Government for taking action so quickly. The Chairman reported that the Council would continue to make representations to Government regarding funding because it had been underfunded before the crisis. If it was not for the fact that it was an efficient organisation, it would not have been able to cope. He was therefore very proud of the work of officers during the crisis.

- highlighted a number of areas of concern in relation to care homes and the rate of infection. Although the £600m additional funding was welcome, it was very overdue. The impact on care homes finances was significant so there was a need to re-examine the way the care home market was managed.

- queried the assumptions made for commercial and rural rents. The Chief Finance Officer reported that the Council was conducting a case by case review to try to support its portfolio of investments and tenants. However, it was important that its internal governance process demonstrated equity and transparency. He offered to provide the Committee with more detail on the foregone commercial income of £1.169m. **Action Required**. The Chairman of Commercial and Investment Committee reported that the Council was supporting its tenant farmers, and had received a letter from the National Farmers Union thanking the Council for its response.

- highlighted the fact that the Government had talked about how it would cover additional costs but the impact on the Council's finances was not just about additional costs but also loss of income. There was concern that there had been no reference from Government as to how it was going to support Councils in this area. The Chairman reported that the Council was pressing home the message to Government regarding the loss of income particularly as the Council could demonstrate a balanced risk portfolio. He explained that the immediacy of the funding requirements relating to costs had been clear at the start of the emergency. However, the District Councils had then been put in a difficult position as they had been required to hand over Council Tax and Business Rates funding which perhaps had not been collected. The Government had then taken this into account as part of its second tranche of funding. He explained that the Government needed to understand that it was a very complex situation. He suggested that the Council's situation in relation to commercial income was not as pressing as some District Councils where it was a fundamental part of their budget. It was important that the Government took into account where commercial income was a long established part of a Council's budget. He explained that the Government might have concerns about some of the commercial investments made in the last couple of years which were out of step with a balanced risk approach and where Covid-19 had not been the sole reason for the loss of income.

- welcomed the Recovery Framework which provided an excellent start to the process. The Chairman reported that the Council's Joint Management Team and the Chairs of the Committees had been involved in drawing up the plans. He extended his thanks to the whole officer cadre. One Member highlighted the need to identify how other organisations were managing in the crisis. The Director of Business Improvement and Development reported that she would add information in future reports from the LRF recovery group. **Action Required.**

- queried the relationship between the submission to MHCLG and the Council's internal finances. The Chief Finance Officer explained that the Council's profiling, reporting and projections was based on the likely costs the Council was expected to incur. The MHCLG submission was a completely separate issue and the reporting and deadlines were designed to provide some consistency to the process.

- highlighted the importance of the work the Council was doing with the Combined Authority in relation to the recovery plan. It was suggested that a big focus needed to be aimed at small and medium-sized enterprises (SMEs). It was noted that the McKinsey study had indicated that the big economic impact on the workplace would be on the low paid, the young and women. It was therefore important to factor that into the recovery plan. The Chairman reported that he was the Council's representative on the Mayoral Forum and added that the Small Business Forum was also part of this group.

- welcomed the inclusion of health and wellbeing in the recovery plan. It was noted that the World Health Organisation had indicated that the world might need to live with Covid-19 for some time. The Chairman reminded Members that the Council took its public health responsibilities very seriously, which was demonstrated by the fact it had been embedded across all its Directorates.

- highlighted the fact that transport patterns were going to change. It was important that the Council considered the impact of this on its Transport Strategy alongside the work with the Combined Authority. The Chairman acknowledged the need for the relevant committee to deal with this but it was a complicated issue. He explained that it was impossible at this stage to identify the nature of the change of usage. He reported that the Council had submitted a number of pop up cycle lanes and longer term cycle lanes to the Combined Authority for consideration.

- stressed the need for the local context to be included as part of Section 1 of the report. It was also highlighted that the link in 2.2 to the weekly reports was not up to date. The Director of Business Improvement and Development acknowledged the need to reflect the local context in future reports. She explained that the highlight reports were being dealt with as part of a monthly cycle so the May GPC meeting reflected reports for April whilst the June meeting covered reports for May. All Members would continue to receive weekly reports.

- highlighted the fact that there was an indication nationally that the Government would take on more long term debt rather than adopt austerity. It was queried whether the Council could do the same. The Chief Finance Officer reminded the Committee that the Government's proposal was to borrow an additional £300b of funding through gilt issuance. However, that funding needed to be funded against some form of revenue stream. He explained that the Fairer Funding process for local authorities planned for later this year had been deferred. He informed Members that the Council did not have the statutory ability to borrow against revenue. It could only borrow in year for revenue purposes and out of year for capital. The Council would therefore have to manage the resource envelope as part of its business planning process. The Chairman reminded the Committee that the Council was still at the start of the journey regarding the financial impact of Covid-19. However, it was very clear that the Council would be facing a significant projected funding gap. As the Council was unable to borrow, it would be forced to take decisions to address this gap unless Government provided additional funding. He explained that the MHCLG currently put Cambridgeshire in the lower quartile for Covid-19 expenditure. However, this was unsound which was why the Government was proposing a common base. It was therefore difficult to know where the Council was placed other than the Council was starting from a low funding base with a low level of reserves. He was of the view that the Government was likely to provide further funding over time.

- stressed the importance of democratic input into the recovery plan both from Councillors and the public. The Chairman reminded the Committee that emergency procedures had only been used at the start of the crisis. He explained that the Scheme of Delegation had not changed and that decisions would be taken by committees now that virtual meetings were up and running. The Director of Business Improvement and Development added that as part of the recovery framework lots of consultation was taking place with communities regarding how services could be re-established and what a civic society would like in the future. It would also be taken through committee workshops and the normal democratic structure.

It was resolved unanimously to:

a) note the progress made to date in responding to the impact of the Coronavirus.

b) note the current projected financial implications associated with managing the implications of the Coronavirus pandemic as set out in section 5 of this report.

c) note and endorse the Recovery Framework as set out in section 4 of this report.

249. GENERAL PURPOSES COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENT TO OUTSIDE BODIES, AND INTERNAL ADVISORY GROUPS AND PANELS

The Committee considered its agenda plan which included the addition of the following item for the meeting on 2nd June 2020:

- Re-procurement of the Cambridgeshire County Council Microsoft Enterprise Licensing Agreement for a period of three years

It was resolved unanimously to review the agenda plan.

Chairman

GENERAL PURPOSES COMMITTEE

Minutes-Action Log – Agenda Item No.3

Cambridgeshire County Council

Introduction:

This log captures the actions arising from the General Purposes Committee on 14th May 2020 and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 22nd May 2020.

Minutes of 14th May 2020					
Item No.	**Item**	**Action to be taken by**	**Action**	**Comments**	**Completed**
246.	**MINUTES – 23RD APRIL 2020 AND ACTION LOG**	Cllr Count A Askham	To investigate how current infection and death rates and occupancy rates in hospital intensive care units within the local community could be included at the start of future Public Health Covid-19 reports.	Will be included from June reporting cycle	Completed

Item No.	Item	Action to be taken by	Action	Comments	Completed
247.	**CAMBRIDGESHIRE COUNTY COUNCIL'S RESPONSE TO COVID-19**	C Malyon	The Chief Finance Officer to send a detailed breakdown of what were the assumed costs and the real costs in the table at Section 3.5.		Ongoing
		C Malyon	The Chief Finance Officer to provide the Committee with more detail on the foregone commercial income of £1.169m.	E-mail sent on 21 May 2020	Completed
		A Askham Cllr Count (to review paragraph)	To include information in the Covid-19 report to GPC on how other organisations were managing in the crisis.	Will be included from June reporting cycle	Completed

Agenda Item No.5

INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 31ST MARCH 2020

To:	**General Purposes Committee**		
Date:	**2nd June 2020**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**2020/003**	*Key decision:*	**Yes**

Outcome: **This report:**

- **Details the performance of the Council for the 2019/20 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 (GPC) is recommended to:**

a) Note the Council's year-end resources position for 2019/20;

b) Approve the accounting for capital financing as set out in section 12.7, including an increase in prudential borrowing of £1,212k in order to optimise the minimum revenue provision taking account of available funding as at 31 March 2020; and

c) Note the additional 2019/20 contributions of £1,339k received in relation to the EastNet scheme, as set out in section 12.7.

	Officer contact:		*Member contacts:*
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703599	Tel:	01223 706398

1. PURPOSE

1.1 To present financial and performance information for the financial year 2019/20.

2. OVERVIEW

2.1 The following summary provides the Authority's final financial position at year-end and its key activity data for care budgets.

Finance and Key Activity

<u>Revenue budget outturn</u>

+£0.2m (+0.1%) variance at end of year

AMBER

This is a £0.305m decrease in the revenue pressure since last month's forecast.

This is a £23.592m decrease in the in-year capital expenditure compared to last month's forecast.

<u>Capital programme outturn</u>

-£83.8m (-23.9%) variance at end of year

AMBER

Number of service users supported by key care budgets

<u>Older people aged 65+ receiving long term services</u>

	Mar 20	May 19	Trend since May 19
Nursing	489	489	Stayed the same
Residential	934	873	Increasing
Community	1,514	1,476	Increasing

<u>Adults aged 18+ receiving long term services</u>

	Mar 20	May 19	Trend since May 19
Nursing	61	45	Increasing
Residential	357	376	Stayed the same
Community	2,658	2,855	Decreasing

<u>Children open to social care</u>

	Mar 20	Apr 19	Trend since Apr 19
Children in Care	741	783	Decreasing
Child Protection	327	581	Decreasing
Children in need *	1,664	2,207	Decreasing

* Number of open cases in Children's Social Care (minus Children in Care and Child Protection)

2.2 This report summarises the overall financial position for the 2019/20 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 a pressure of +£0.2m (<0.1%) at year end. This is a movement of -£0.3m on the forecast reported as at the end of February with the majority of services reporting favourable movements on their February forecasts with the exception of C&I. The pressures are largely within People & Communities (P&C) (+£4.3m), Commercial & Investment (C&I) (+£2.6m), and LGSS Operational (£0.6m). These are partially offset by underspends in Place & Economy (P&E) (-£3.5m), Corporate Services (-£1.2m), Funding Items (-£0.7m), CS Financing (-£1.3m) and Public Health (-£0.4m). See section 3 for details.

- The Capital Programme is reporting an underspend of -£83.8m compared to the position originally anticipated when the capital programme variations budget was set. This includes full utilisation of the £55.2m capital programme variations budget. See section 12 for details.

3. REVENUE BUDGET

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Original Budget as per BP	**Service**	**Revised Budget**	**Application of Carry Forwards/ Additional Funding approved from General Reserves**	**Total Funds (3)+(4)**	**Actual Spending**	**Variation**		**Transfer to (+) / from (-) Reserves**
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**%**	**£'000**
57,504	Place & Economy (P&E)	53,771	0	53,771	50,243	-3,528	-6.6%	3,528
254,936	People & Communities (P&C)	261,062	2,360	263,422	267,717	4,295	1.6%	-4,295
390	Public Health (PH)	390	0	390	0	-390	-%	390
10,221	Corporate Services (CS)	12,532	-322	12,210	11,035	-1,175	-9.6%	1,175
14,048	LGSS Managed	11,166	-250	10,916	10,729	-187	-1.7%	187
-9,502	Commercial & Investment (C&I)	-8,828	122	-8,706	-6,134	2,572	-%	-2,572
28,161	CS Financing	27,558	0	27,558	26,273	-1,285	-4.7%	1,285
355,758	**Service Net Spending**	**357,652**	**1,910**	**359,562**	**359,864**	**301**	**0.1%**	**-301**
20,357	Funding Items	18,447	0	18,447	17,783	-664	-3.6%	664
376,115	**Net Spending**	**376,100**	**1,910**	**378,010**	**377,646**	**-363**	**-0.1%**	**363**
	Memorandum Items:							
8,161	LGSS Operational	6,094	0	6,094	6,676	582	9.6%	-582
384,276	**Total Net Spending 2019/20**	**382,193**	**1,910**	**384,103**	**384,322**	**219**	**0.1%**	**-219**

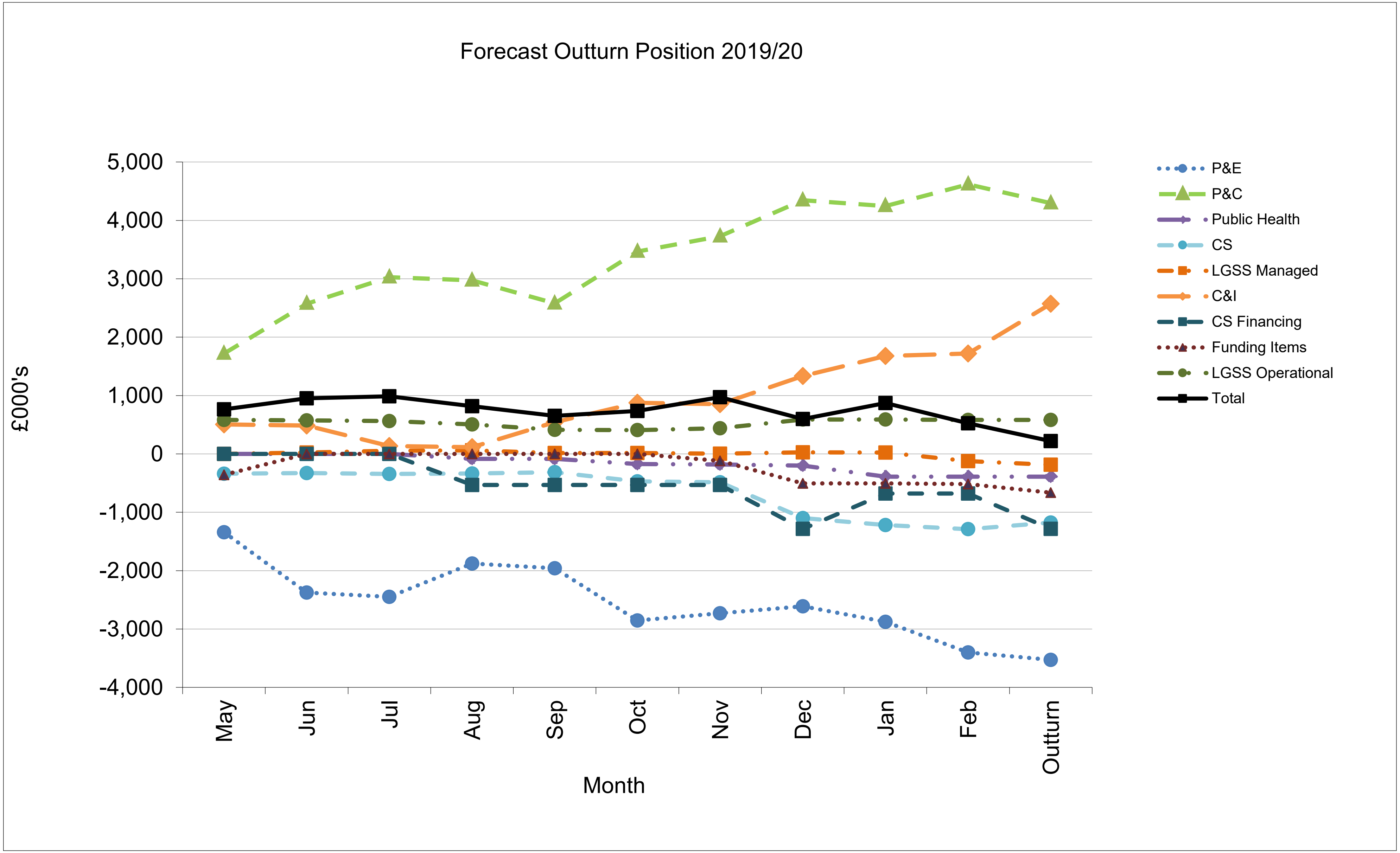
[1] The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service

[2] The budget of £390k stated for Public Health is cash limit budget. In addition to this, Public Health has a budget of £24.7m from ring-fenced public health grant, which makes up its gross budget.

[3] The ‘Funding Items’ budget comprises the £8.7m Combined Authority Levy, the £407k Flood Authority Levy and £9.3m change in general and corporate reserves budget requirement. The outturn on this line reflects the variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

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

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



Forecast Outturn Position 2019/20
5,000
4,000
3,000
2,000
1,000
0
-1,000
-2,000
-3,000
-4,000
£000's
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Outturn
Month
P&E
P&C
Public Health
CS
LGSS Managed
C&I
CS Financing
Funding Items
LGSS Operational
Total

3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£3.528m (-6.6%) underspend is being reported at year-end.

	£m	%
• **Winter Maintenance –** a +£0.074m pressure is being reported at year-end. This is a decrease of £0.389m on the pressure position previously reported in August, of which £0.185m relates to a change since last month. The original forecast pressure for 2019/20 was £463k which estimated 53 runs. This was reviewed in January and the number of runs estimated lowered to 46 runs given the milder than average winter, reducing the forecasted pressure to £259k. Due to warmer weather conditions during March the total number of full runs completed for 19/20 was 33, subsequently reducing the actual pressure to £74k.	+0.074	(+3%)
• **Community Transport–** a -£0.047m underspend is being reported at year-end. This is a decrease of -£0.266m on the underspend position previously reported in September, of which -£0.166m relates to a change since last month. Overall this year, costs in this area came in lower than expected partly due to some of the contracts not being let due to a lack of bidders and also some of contracts tendered cost less than expected.	-0.047	(-2%)
• **County Planning, Minerals & Waste –** a +£0.267m pressure is being reported at year-end, of which £0.025m relates to a change since last month. The Public Inquiry relating to the Waterbeach Energy for Waste has now been held and the costs of this appeal are now known. The legal expenditure and specialist officer advice (excluding the CCC employed officer time) amounts to £223k.	+0.267	(+59%)

- A combination of more minor variances and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of -£3.528m. For full and previously reported details, see the P&E Finance Monitoring Report, (https://tinyurl.com/y9fj9vcy).

3.2.2 **People & Communities:** +£4.618m (+1.8%) pressure is being reported at year-end.

	£m	%
• **Strategic Management - Adults –** a -£3.901m underspend is being reported at year-end. This is a decrease of £0.370m on the underspend position reported last month. This line contains grant and financing mitigations that are partially offsetting care pressures. Government has continued to recognise pressures on the social care system through the Adult Social Care Precept and a number of ringfenced grants. As well as using these grants to make investments into social care to bolster the social care market, reduce demand on health and social care services and mitigate delayed transfers of care, we are able to hold a portion as a contingency against in-year care pressures.	-3.901	(-2537%)
• **Learning Disability Partnership (LDP)** – a +£0.865m pressure is being reported at year-end, with the NHS paying a further £0.228m as part of the pooled budget. This is an increase of £0.277m on the pressure previously reported in September, of which £0.119m relates to a change since last month. This is a	+0.865	(+1%)

group of supported people whose needs have been increasing year-on-year in line with experiences nationally. Changes over the first part of the year highlighted that costs would likely exceed budgets, with that trend continuing for much of the year. In particular, the cost of young people transitioning into adults was high, linked to rising cost of services for children with complex needs. Savings delivery within the LDP overachieved, which provided some mitigation.

- **Older People's Services** - a +£5.682m pressure is being reported at year-end. This is a decrease of £0.542m on the position previously reported in December, of which £0.349m relates to a decrease since last month. The cause of the pressure is predominantly the higher than expected costs of residential and nursing care compared to when budgets were set, in part due to the ongoing focus on discharging people from hospital as quickly as is appropriate. A detailed explanation of the pressures due to prior-year activity was provided to Adults Committee and GPC in the first reports of the financial year, and much of the further in-year pressure is due to the trends in price increases continuing. Trends suggesting an increase in demand over the Winter period were reported in December and were broadly accurate, reflecting similar experiences in the NHS and in other councils. +5.682 (+12%)

- **Children in Care** – a -£0.126m underspend is being reported at year-end. This is a decrease of -£0.476m on the pressure position previously reported in May, of which -£0.285m relates to a change since last month. This is a significant improvement from the previously reported positon due to a comprehensive review of Unaccompanied Asylum Seeking Children (UASC) placements. -0.126 (-1%)

- **Early Help District Delivery Service - North**– a -£0.270m underspend is being reported at year-end, which relates in full to a change since last month. This is predominantly due to £230k of Dedicated Schools Grant vacancy savings across the service, due to a combination of more posts being vacant and recruitment to vacancies taking longer than anticipated. -0.270 (-6%)

- **Financing DSG** – an -£11.0m contribution is required from Dedicated Schools Grant (DSG). This is a decrease of £0.5m on the required contribution reported last month. This represents the amount drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These pressures are primarily Funding to Special Schools and Units (£4.6m), High Needs Top Up Funding (£3.5m), Out of School Tuition (£2.6m), SEN Placements (£0.4m), SEND Specialist Services (£0.4m) partially offset by underspends on District Delivery Service (-£0.2m) and 0-19 Organisation & Planning (-£0.1m). -10.997 (-18%)

- A combination of more minor variances and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of +£4.295m. For full and previously reported details, see the P&C Finance Monitoring Report, (https://tinyurl.com/yax36zrx).

3.2.3 **Public Health:** -£0.390m (-%) underspend is being reported at year-end. There are no exceptions to report this month; for full and previously reported details see the PH Finance Monitoring Report, (https://tinyurl.com/y7g3e5ul).

3.2.4 **Corporate Services:** -£1.175m (-9.6%) underspend is being reported at year-end.

	£m	%
• **Customer Services –** a -£0.250m underspend is being reported at year-end, of which -£0.09m relates to a change since last month. The underspend is mainly due to the team holding several vacancies during the year. There have been a number of recruitment campaigns throughout the year, but new staff have not kept pace with leavers. Recruitment campaigns have been managed in accordance with service peaks and management capacity to supervise groups of probationers. In addition, there has been an increase of forecast underspend in Salary Sacrifice and Blue Badge income, offset by workstation refurbishment, overtime and training costs.	-0.250	(-13%)

- A combination of more minor variances and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of -£1.175m. For full and previously reported details, see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

3.2.5 **LGSS Managed:** -£0.187m (-1.7%) underspend is being reported at year-end.

	£m	%
• **IT Managed –** a -£0.344m underspend is being reported at year-end, of which -£0.157m relates to a change since last month. The underspend in this area has increased due to the reduced requirement for IT expenditure in revenue this year, reduction in MFD and Office 365 costs, offset by a pressure for Mobile Phones, EastNet and Universal Systems, with the need to buy Firmstep e-Forms.	-0.344	(-8%)

- A combination of more minor variances and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of -£0.187m. For full and previously reported details, see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

3.2.6 **CS Financing:** -£1.285m (-4.7%) underspend is being reported at year-end.

	£m	%
Debt Charges– An underspend of -£1.285m is being reported at year-end across the Debt Charges budgets. This is an increase of -£0.6m on the underspend position previously reported in December, and relates in full to a change since last month. This is mainly due to the following: ○ an increase in interest receivable of -£291k since the previous forecast. This is due to an investment of £100m in Certificate of deposits, and the utilisation of other Money Market Funds and a Call Account that attracted higher interest rates during the year. There were also additional investments in CCLA property fund and Diversified Income Fund towards the end of the year.	-1.285	(-5%)

    - a decrease in interest payable of -£650k since the previous forecast. The final capital spend was significantly lower at year-end than previously forecast, and combined with lower interest rates, this resulted in a lower year-end interest payable final position.
    - a decrease in the capitalisation of interest income recharge of £425k since the previous forecast. This partially offsets the lower interest payable figure above; as lower capital spend and lower interest rates resulted in lower interest costs being charged to schemes, consequently there was a smaller recharge back to the financing costs budget
- For full and previously reported details, see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

3.2.7 **Commercial & Investment**: +£2.572m (-%) pressure is being reported at year-end.

	£m	%
• **Property Investments & Other Income–** a +£0.942m pressure is being reported at year-end. This is an increase of £0.287m on the pressure position previously reported in December, of which £0.144m relates to a change since last month. This is due to several smaller variances, including loss of £19k rental income on properties (Cromwell Leisure Park and Evolution Business Park) towards the end of March due to the Covid-19 pandemic, and final calculations of the net income due from Brunswick House.	+0.942	(+20%)
• **Outdoor Education –** a +£0.736m pressure is being reported at year-end. This is an increase of £0.435m on the pressure position previously reported in October, which relates in full to a change since last month. Grafham Water Centre ended the year with a deficit of £736k. The underlying pressure on the service worsened by £53k and the closure of the centre in mid-March due to Covid-19 resulted in lost income in the region of £61k. The remaining adverse change (£324k) is the result of bringing the service in line with the recently introduced accounting standard IFRS 15. This was a one-off adjustment involving changing the year in which income from maintained schools is recognised and will not be repeated in future years.	+0.736	(+954%)

- A combination of more minor variances and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of +£2.572m. For full and previously reported details, see the C&I Finance Monitoring Report, (https://tinyurl.com/y8m659ht).

3.2.8 **Funding Items:** -£0.664m (-3.6%) underspend is being reported at year-end. There are no exceptions to report this month.

3.2.9 **LGSS Operational:** +£0.582m (+9.5%) pressure is being reported at year-end. There are no exceptions to report this month; for full and previously reported details, see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

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

4. SAVINGS TRACKER

4.1 The "Savings Tracker" report – a tool for summarising delivery of savings. Within the tracker the forecast is shown against the original saving approved as part of the 2019-20 Business Planning process. For 2019/20, the Council has delivered £13.2m of savings against its original plan. Blue rated savings totalled £1.7m, exceeding the target on those initiatives. Green rated savings totalled £6.9m. The year-end Savings Tracker is included as **Appendix 3** to this report.

It is also important to note the relationship with the reported positon within this report. As pressures arose in-year, further mitigation and/or additional savings were required to deliver a balanced positon.

4.2 A summary of Business Plan savings by RAG rating is shown below:

BLUE			GREEN			AMBER			RED			BLACK				
Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Total Original Savings	Total Variance
	£000	£000		£000	£000		£000	£000		£000	£000		£000	£000	£000	£000
5	-643	-1,128	36	-6,929	0	4	-4,450	1,082	3	-2,566	1,440	9	-1,197	1,197	-15,785	2,591

5. KEY ACTIVITY DATA

5.1 The latest key activity data for: Children in Care Placements; Special Educational Needs (SEN) Placements; Adults & Safeguarding; Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest P&C Finance Monitoring Report (section 5), (https://tinyurl.com/yax36zrx).

6. SCHOOLS

6.1 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.

6.2 Total schools balances as at 31st March 2020 are as follows:

	31st March 2019 £m (original published balances)	**31st March 2019 £m (amended for in-year academy conversions)**	**31st March 2020 £m**	**Change £m**
Nursery Schools	0.9	0.9	0.8	-0.1
Primary Schools	11.1	10.6	10.6	0
Special Schools	0.5	0.5	0.5	0
Pupil Referral Units (PRUs)	0.1	0.1	0.1	0
Sub Total	**12.6**	**12.1**	**12.0**	**-0.1**
Other Revenue Balances (Community Focused Staff)	1.1	1.1	1.1	0
TOTAL	**13.7**	**13.2**	**13.1**	**-0.1**

It must be noted that further to the DSG, schools budgets include funding from the Education & Skills Funding Agency (ESFA) 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 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 2019/20 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.

6.3 Analysis is currently being undertaken to look at the individual changes in balances, and appropriate challenge given to both schools in a deficit position, and schools with excessive balances. Schools budget submissions are also currently being scrutinised to identify instances where schools are either planning to use a high proportion of their carry-forward to balance in-year or where already holding excessive balances where these are forecast to increase further. These will be monitored during the year to ensure that schools are spending in accordance with their submitted budgets and recovery plans.

6.4 A more detailed report on financial health of individual schools, including surplus and deficit balances and a school-by-school breakdown will be submitted to Schools Forum for consideration in July. This will include proposals to reconsider the levels of balances deemed as excessive and the appropriate measures to be put in place for those schools requiring improvement or judged inadequate by Ofsted.

The balances can be further analysed in the tables below:

Sector	Schools with Reported Deficit Balances as at 31st March 2020
Nursery	0
Primary	8
Special	2
Total Schools	**10**

Value of revenue deficits at 31st March 2020:

Deficit	Nursery	Primary	Special	Total
£100k+	0	0	0	**0**
£60k - £100k	0	0	0	**0**
£20k - £60k	0	3	2	**5**
£10k - £20k	0	4	0	**4**
£1k - £10k	0	1	0	**1**

Value of surplus revenue balances held by schools at 31st March 2020:

Surplus	Nursery	Primary	Secondary	Special	Total
£0k - £10k	0	1	1	0	**2**
£10k - £20k	0	5	0	0	**5**
£20k - £60k	2	36	0	0	**38**
£60k - £100k	0	33	0	0	**33**
£100k - £150k	1	20	0	1	**22**
£150k - £200k	4	8	0	0	**12**
£200k - £300k	0	6	0	0	**6**
£300k - £400k	0	4	0	0	**4**
£400k+	0	0	0	1	**1**

Please note: the figures in 6.2 and 6.4 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.

7. GENERAL RESERVE BALANCES

7.1 Balances on the general reserve as at 31st March 2020 are £17.7m as set out below:

General Reserve Balance	2019/20 Final Outturn £m
Balance as at 31st March 2019	12.850
Changes Arising:-	
Planned Business Plan adjustments	4.699
Additional pensions contributions net overachievement	0.144
Debt write offs approved at April 2020 GPC meeting	-0.080
Prior year accrual correction	0.163
Surplus Corporate Grants	0.765
Commercial & Investment	-2.572
People & Communities	-4.295
Debt Charges	1.285
Corporate Services	1.176
Public Health[1]	0.390
Place & Economy	3.528
LGSS Managed	0.187
LGSS Operational	-0.582
Balance as at 31st March 2020	**17.658**

[1] The Public Health transfer to the General Reserve relates to unringfenced funding; this was the -£390k underspend on the County Council core budget allocated to the Public Health Directorate in 2019/20 to supplement the national ringfenced grant.

7.2 As a minimum, it is proposed that the General Reserve should be no less than 3% of the gross expenditure of the Council (excluding schools expenditure and Combined Authority Levy). At year-end, the General Reserve was 2.9% of budgeted 2020-21 gross non-school expenditure. This deficit has been addressed as part of Business Planning, whereby £1.9m are added to reserves on 1 April 2020, restoring them to the 3% level.

8. REVIEW OF OTHER RESERVES

8.1 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.

9. TREASURY MANAGEMENT ACTIVITY

9.1 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 £m	**Outturn £m**	**Variance £m**
Interest payable	15.669	15.103	(0.566)
Interest receivable	(0.574)	(0.743)	(0.168)
Capitalisation of Interest Costs	(2.406)	(1.736)	0.670
Technical & Other	0.590	0.567	(0.023)
MRP	14.278	13.083	(1.196)
Total	**27.557**	**26.273**	**(1.283)**

9.2 Interest payments were less than budgeted because fewer long term loans were raised during the year than had been budgeted. Short term loans at lower rates of interest were raised instead to meet liquidity needs. Minimum Revenue Provision (MRP) and Capitalisation of Interest Costs were less than budgeted as a consequence of reprofiling and alternative funding of capital expenditure.

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

	1st April 2019 £m	**31st March 2020 £m**	**Difference**
Long Term Debt	442.3	526.7	**84.4**
Short Term Debt	156.0	242.2	**86.2**
	598.3	**768.9**	**170.6**
Less: Investments	29.6	69.7	**40.1**
Less: 3rd Party Loans & Share Capital	95.4	106.2	**10.8**
Net Debt	**473.3**	**593.0**	**119.7**

£85m of this increase in borrowing is to fund capital expenditure during 2019-20 on properties with an income yield, in future these are expected to generate a financial return of £4.3m per annum.

9.4 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 3.26%. The average rate paid on short term debt was 0.93%. The overall average rate on total borrowing was 2.09%.

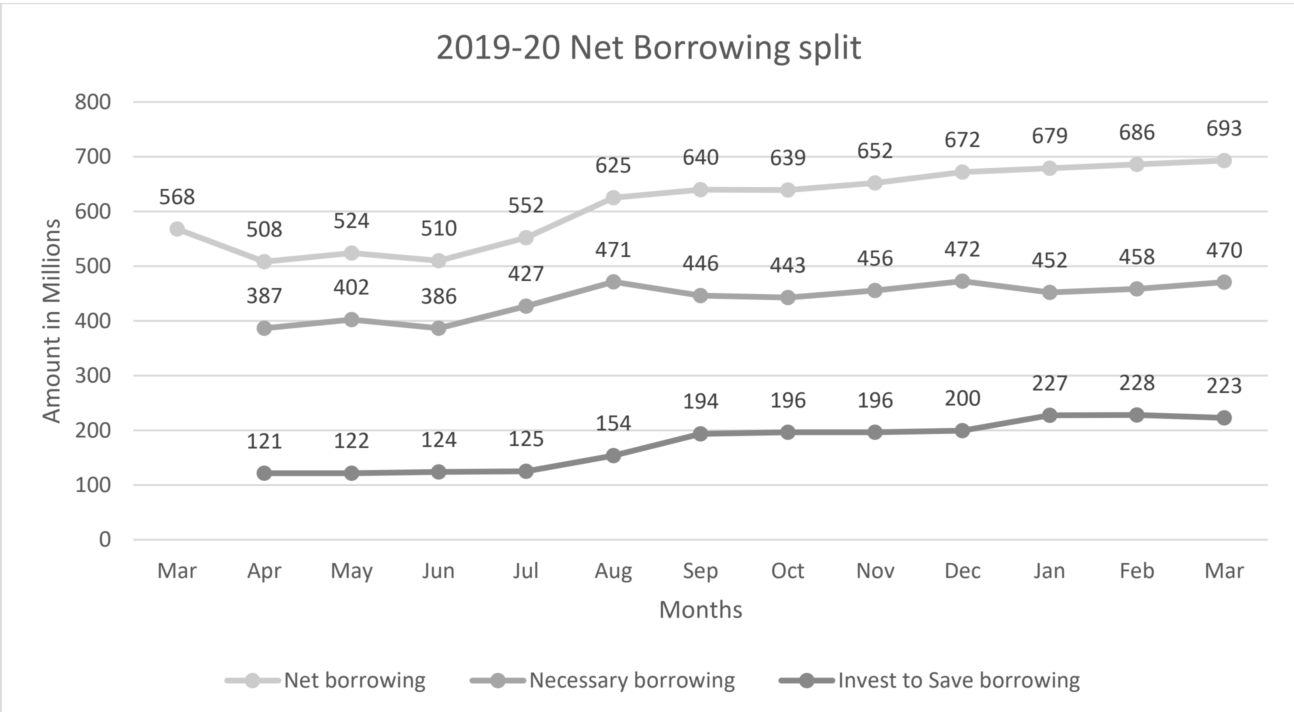
9.5 Each year the Council must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2019/20 compares with approved limits as follows:

	Approved	Actual
Financing Costs		
% of Net Revenue Stream	8.4%	6.4%
Authorised Limit for Debt	£1,088.6m	£758.9m
Operational Boundary for Debt	£984.6m	£758.9m
Interest Rates Exposure (as % of total net debt)		
Fixed Rate	150%	98%
Variable Rate	65%	-5%
Debt Maturity Range (as % of total debt) *		
Under 1 year	0 to 80%	31.5%
1 – 2 years	0 to 50%	14.9%
2 – 5 years	0 to 50%	6.7%
5 – 10 years	0 to 50%	9.5%
Over 10 years	0 to 100%	37.4%

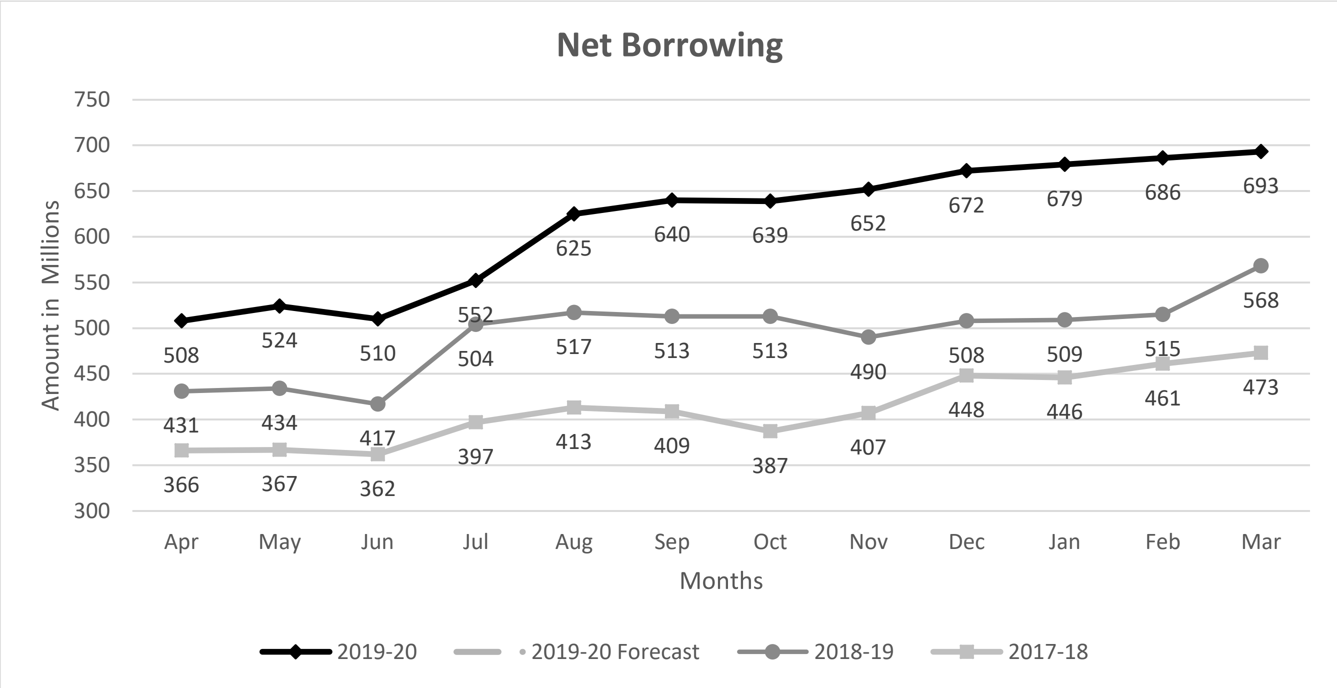
* The guidance for this indicator required that LOBO loans are shown as maturing at the next possible call date rather than at final maturity, regardless of likelihood of this option being exercised.

10. BALANCE SHEET

10.1 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2019-20, it is estimated that £223m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



10.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of March 2020, investments held totalled £70m (excluding 3rd party loans) and gross borrowing totalled £763m, equating to a net borrowing position of £693m.



10.3 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, precepts - council tax etc.). As illustrated by 2018-19 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend. The 2019-20 net borrowing position has taken a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

10.4 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2019-20 TMSS was set in February 2019, it anticipated that net borrowing would reach £732.1m by the end of this financial year. Based on the 2018-19 outturn position and subsequent revisions to the capital programme, the actual net position as at 31.03.2020 was £693m.

10.5 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Councils exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer term borrowing should underlying interest rates be forecast to rise in a sustained manner.

10.6 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.

10.7 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report,] ([https://tinyurl.com/y96tav47]).

10.8 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding: see [Appendix 2].

11. DEBT MANAGEMENT

11.1 An overview of debt management outcomes is shown below:

Measure		**Year End Target**	**Actual as at the end of Mar 2020[1]**
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£5.06m
	Sundry	£1.71m	£1.95m

[1] The debt figures from Oct 19 onwards exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation. The amount of debt owed by Cambridgeshire & Peterborough CCG exceeding one year hold was £3.70m. The overdue amounts primarily relate to funding contributions to nursing care and for aftercare provided under section 117 of the Mental Health Act. The CCG now funds care homes for nursing care directly, rather than via the Council, so this issue relates to historic sums accrued between 2017 and 2019. Individual payments continue to be received and officers are working to reconcile these to payments owed and allocate against specific invoiced amounts. Both the Council and the CCG continue to work together to agree, expedite and reconcile payments for clients eligible for NHS funding.

11.2 Bad Debt Provision

As a result of the levels of debt at year end, assessed for security, the Council has increased the provision it carries on its balance sheet for bad debt by £0.134m.

11.3 Summary Final Position:

Overall debt outstanding has decreased since February. Overdue debt (total less current) has decreased by £9m from £26m to £17m.

91 days + KPI debt balances have decreased by £0.55m since February. The target of £5.08m was not achieved, with the final balance being £7.01m.

11.4 Adults Social Care

Adult Social Care (ASC) and Older People– 91 days + debt has decreased by £183k since February. Final balances are £5.06m against a target of £3.37m. Audit & Accounts Committee members are receiving a detailed paper in June (by circulation) considering progress being made with the debt management position.

11.5 Sundry (non- Adult Social Care)

Overall sundry 91 days + debt has decreased by £367k since February. This consists primarily of debt decreases of £240k in Commercial & Investment and £161k in Corporate Services. This has resulted in the final sundry 91 days + debt balance being £1.95m against a target of £1.71m.

12. CAPITAL PROGRAMME

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

2019-20							TOTAL SCHEME	
Original 2019/20 Budget as per Business Plan £000	Forecast Variance - Outturn (Feb) £000	Service	Revised Budget for 2019/20 £000	Actual- Year to Date (Outturn) £000	Actual Variance - Outturn 2019/20 £000	Actual Variance - Outturn 2019/20 %	Total Scheme Revised Budget (Outturn 1920) £000	Total Scheme Forecast Variance (Outturn 1920) £000
43,908	-22,864	P&E	60,923	33,771	-27,152	-44.6%	422,898	-
129,267	1,900	P&C	101,627	100,604	-1,023	-1.0%	678,525	-12,717
3,457	-90	CS	7,863	6,307	-1,556	-19.8%	25,077	-721
2,827	-556	LGSS Managed	4,837	4,159	-678	-14.0%	7,122	-235
90,443	-38,608	C&I	176,128	122,727	-53,401	-30.3%	375,987	-
-	-	Outturn adjustment	-	-	-	-	-	-
269,902	**-60,218**	**Total Spending**	**351,378**	**267,568**	**-83,811**	**-23.9%**	**1,509,609**	**-13,672**

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 12.2.

2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2019/20 of £30.8m and is reporting an in-year underspend of -£3.0m at year-end.

3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

12.2 In light of the significant slippage experienced in recent years due to deliverability issues with the programme, and the impact this has on the revenue financing of the related debt for the programme, the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service which effectively reduced the programme budget for 2019/20. This was allocated service-wide rather than against individual schemes as it is not possible to identify in advance which particular schemes will be affected by land-purchase issues, environmental factors etc. which create the slippage.

A summary of the use of capital programme variations budgets by services is shown below.

2019-20					
Service	**Capital Programme Variations Budget £000**	**Actual Variance - Outturn 2019/20 £000**	**Capital Programme Variations Budget Used £000**	**Capital Programme Variations Budget Used %**	**Actual Variance Against Revised Budget - Outturn 2019/20 £000**
P&E	-13,505	-40,657	13,505	100.00%	-27,152
P&C	-13,399	-14,422	13,399	100.00%	-1,023
CS	-1,431	-2,987	1,431	100.00%	-1,556
LGSS Managed	-585	-1,263	585	100.00%	-678
C&I	-26,312	-79,713	26,312	100.00%	-53,401
Outturn adjustment	-	-	-	-	-
Total Spending	**-55,232**	**-139,043**	**55,232**	**100.00%**	**-83,811**

12.3 As at year-end, all services have exceeded the capital programme variations budget allocated to them. Place & Economy (P&E), People & Communities (P&C), Corporate Services, LGSS Managed and C&I schemes are reporting in-year underspends of -£27.2m, -£1.0m, -£1.6m, -£0.7m and -£53.4m respectively after full utilisation of the capital programme variations budget. Overall expenditure on the 2019/20 capital programme is therefore underspent by -£83.8m compared to the position originally anticipated when the capital variations budget was set.

12.4 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.25m or greater are identified below.

12.4.1 **Place & Economy:** a -£27.2m (-44.6%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Actual Spend (Outturn 19-20)	Actual Variance (Outturn 19-20)	Variance Last Month (February)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operating the Network						
16,889	13,884	-3,005	-1,144	-1,861	0	-3,005

An in-year underspend of -£3.0m is being reported across Operating the Network schemes. This is a change of -£1,861k on the position reported last month. This relates primarily to the following schemes:
Carriageway Maintenance

- Countywide Prep patching for Surface Dressing - £300k underspend - Workforce unavailable to complete 2019-20 programme due to Covid-19 disruption. Funding will be carried forward to 2020-21.
- Countywide Retread programme - £700k underspend - Workforce hotel accommodation unavailable to complete 2019-20 programme due to Covid-19 disruption. Funding will be carried forward to 2020-21.

Bridge Strengthening

- Whittlesford Railway Bridge - £172k underspend – site closed down due to coronavirus, work to be completed in 2020-21.
- Martin's Bridge, March - £59k underspend – Skanska final account still to be agreed.
- Quayside Walkway, Cambridge - £150k underspend – Legal dispute has prevented work from starting.
- Design for future year schemes, sites closed down due to coronavirus and work to be completed in 2020-21. Alconbury Weston, new footbridge £165k, Archer Bridge, Barrington £150k, Great Staughton church bridge £50k, B1040 at Hilton £150k.

Cycling Schemes						
3,586	2,219	-1,367	-30	-1,337	0	-1,337

An in-year underspend of -£1.4m is being reported across Cycling Schemes, of which -£1.3m relates to a change since last month. This relates primarily to the following scheme:
Abbey Chesterton Bridge

- Works on the bridge are progressing well – the foundations and wingwalls for the bridge have now been completed. The final outturn for 2019/20 is below the forecast. The construction contract covers Chisholm Trail Phase One and Abbey-Chesterton Bridge, and to date most of the costs have been charged to Chisholm Trail. An apportionment exercise needs to be undertaken, with some costs charged back to the bridge. This will take place early in the 2020/2021 financial year.

Ely Crossing						
1,469	1,298	-171	-547	+376	0	-171

An in-year underspend of -£0.2m is being reported at year-end. This is a decrease of £298k in the underspend position previously reported in July, and relates in full to a change since last month. Overall the actual spend for the 2019/20 financial year was lower than the budget of £1.469m as the values and number of land compensation claims received in the period was less than expected. The timescales for resolution of land compensation claims is uncertain as claims are sometimes higher than the County Council's evaluation and negotiations can become protracted.

Guided Busway						
500	170	-330	0	-330	0	-330

An in-year underspend of -£0.3m is being reported at year-end, which relates in full to a change since last month. The overall underspend this financial year is due to land compensation payments in relation to the busway being lower than anticipated.						
Combined Authority Schemes						
3,453	3,050	-403	-73	-330	0	-403
An in-year underspend of -£0.4m is being reported at year-end, of which -£0.3m relates to a change since last month. Some work scheduled by Cambridgeshire and Peterborough Combined Authority (CPCA) has been re-phased as agreements between CPCA and CCC are progressed.						

- For full and previously reported details see the P&E Finance Monitoring Report, (https://tinyurl.com/y9fj9vcy).

12.4.2 **People & Communities:** a -£1.0m (-1.0%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Actual Spend (Outturn 19-20)	Actual Variance (Outturn 19-20)	Variance Last Month (February)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic Need - Primary						
34,420	29,758	-4,662	-1,865	-2,797	-1,899	-2,763
An in-year underspend of -£4.7m is being reported at year-end across Basic Need – Primary schemes. This is a change of -£2.8m on the position reported last month. This is primarily due to changes on the schemes outlined below:						
Chatteris Additional Primary Places						
4,600	0	-4,600	-2,300	-2,300	0	-4,600
This scheme has now been combined with that listed separately for Cromwell Community College (see below) following approval from the Department for Education (DfE) to a proposal to extend the school's age range to enable it to provide all-through education, 4-19.						
Histon Additional Places						
400	2,530	2,130	2,600	-470	0	2,130
Although delays were initially anticipated on this project as it involves building a replacement for the current Histon & Impington Infant School on a site (Buxhall Farm) in the Green Belt, the scheme has accelerated and construction is now well underway.						
Basic Need - Secondary						
51,096	46,525	-4,571	-8,360	3,789	-652	-3,919
An in-year underspend of -£4.6m is forecast across Basic Need – Secondary schemes. This is a change of +£3.8m on the position previously reported in January, which relates in full to a change since last month. This is primarily due to changes on the schemes as outlined below:						
Cromwell Community College, Chatteris						
5,500	5,781	281			0	281
This scheme has now been combined with that listed separately for Chatteris Additional Primary Places (see above), following approval from the Department for Education (DfE) to a proposal to extend the school's age range to enable it to provide all-through education, 4-19.						
Northstowe Secondary						
32,000	34,030	2,030			0	2,030
Spend for 2019/20 has been in line with the latest contractor cash flow forecast, with progress ahead of the original contractor schedule.						
Basic Need - Early Years						
2,173	819	-1,354	0	-1,354	0	-1,354
An in-year underspend of -£1.4m is being reported across Basic Need – Early Years schemes, which relates in full to a change since last month. A number of schemes being undertaken have not completed as anticipated in 2019-20. This includes £500k expenditure at Waterbeach for additional early years' capacity. This scheme will complete in 2020-21.						
Specialist Provision						
4,073	5,693	1,620	1,387	+233	0	1,620
An in-year pressure of +£1.6m is being reported at year-end across Specialist Provision schemes. This is an increase of £0.3m on the position previously reported in January, of which -£0.2m relates to a						

change since last month. This is primarily due to revised accelerated spend on the Highfields Phase 2 scheme as outlined below:

Highfields Phase 2						
3,600	5,370	1,770	1,400	+370	0	1,770
The value of works is higher than anticipated in 2019/20 due to pre-fabricated construction and works progressing ahead of schedule. The project is likely to be completed in May 2020.						
Site Acquisition and Development						
485	129	-356	0	-356	-21	-335
An in-year underspend of -£0.4m is being reported at year-end, which relates in full to a change since last month. Rephasing of £335k is attributable to the purchase of Abington Wood classroom space which was expected to be completed by the end of 2019/20 and has experienced a slight delay.						
Cultural and Community Services						
5,157	2,439	-2,718	-1,849	-869	0	-2,718
An in-year underspend of -£2.7m is being reported across Cultural & Community Services schemes at year-end. This is a change of -£0.9m on the position previously reported in January, which relates in full to a change since last month. This is primarily due to changes on the schemes as outlined below:						
Community Hubs – Sawston						
1,603	745	-858	-423	-435	0	-858
An in-year underspend of -£0.9m is being reported at year-end. This is an increase of -£0.4m on the underspend position previously reported in January and relates in full to a change since last month. Work is ongoing to complete the new Sawston Community Hub. Progress has been slower than originally anticipated and will continue into 2020/21.						
Mobile Libraries' Replacement						
327	0	-327	0	-327	0	-327
An in-year underspend of -£0.3m is being reported at year-end, which relates in full to a change since last month. The new mobile library vehicles were due for delivery in the last week of March. However, this has not been possible due to the Covid-19 outbreak. Work at the depot was suspended and the vehicles are unlikely to be delivered until later in the new financial year.						
Capitalised Interest						
2,744	1,264	-1,480	0	-1,480	-1,480	0
An in-year underspend of -£1.5m is being reported at year-end, which relates in full to a change since last month. This is due to lower interest rates in 2019/20 than anticipated at the time of budget setting, resulting in lower interest costs being charged to schemes.						

- For full and previously reported details see the P&C Finance Monitoring Report, (https://tinyurl.com/yax36zrx).

12.4.3 **Corporate Services:** a -£1.6m (-19.8%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Actual Spend (Outturn 19-20)	Actual Variance (Outturn 19-20)	Variance Last Month (February)	Movement	Breakdown of Variance: Underspend/ pressure	Breakdown of Variance: Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mosaic						
1,117	761	-356	0	-356	-356	0
An in-year underspend of -£0.4m is being reported at year-end, which relates in full to a change since last month. The required resources planned to deliver the programme were in fact less than planned. This relates both to external consultants (which is the bulk of cost) and to less backfill on full time posts assisting with the project. This information will aid our future budget planning for similar projects.						
Capitalisation of Redundancies						
1,036	732	-304	0	-304	0	-304
An in-year underspend of -£0.3m is being reported at year-end, which relates in full to a change since last month. This is due to a lower spend on redundancies in 2019/20 than originally anticipated.						
Capitalisation of Transformation Team						
2,182	1,793	-389	0	-389	-389	0
An in-year underspend of -£0.4m is being reported at year-end, which relates in full to a change since last month. In 2019/20 the scheme has spent £1,793k on transformation work, which means we have used £389k less capital receipt this year.						
Children's Services IT System						
2,130	1,665	-465	0	-465	-365	-100
An in-year underspend of -£0.5m is being reported at year-end, which relates in full to a change since last month. £100k of the remaining budget will be required to finish the project in 2020/21 for two final consultants to finish their work, and data migration clean up with Capita data. The remaining -£365k is a forecast budget saving on the project.						

- For full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

12.4.4 LGSS Managed: a -£0.7m (-14.0%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Actual Spend (Outturn 19-20)	Actual Variance (Outturn 19-20)	Variance Last Month (February)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Eastnet (CPSN Replacement)						
3,493	3,220	-273	-572	+299	0	-273
An in-year underspend of -£0.3m is being reported at year-end. This is a decrease of £299k in the underspend position previously reported in December, and relates in full to a change since last month. As reported to GPC in January, in the November Integrated Finance Monitoring Report, we are approximately 60% of the way through the installation of new Eastnet circuits across the partnership. All 'central services' (WiFi, Firewalls, Domain Name System) have been completed and we are pushing to have the final circuits migrated to Eastnet by the Spring 2020. This therefore represents a rephasing of the capital scheme.						

- For full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

12.4.5 Commercial & Investment: a -£53.4m (-30.3%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

<table>
<tr><th rowspan="2">Revised Budget for 2019/20</th><th rowspan="2">Actual Spend (Outturn 19-20)</th><th rowspan="2">Actual Variance (Outturn 19-20)</th><th rowspan="2">Variance Last Month (February)</th><th rowspan="2">Movement</th><th colspan="2">Breakdown of Variance</th></tr>
<tr><th>Underspend/ pressure</th><th>Rephasing</th></tr>
<tr><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th></tr>
<tr><td colspan="7">Commercial Investments</td></tr>
<tr><td>124,605</td><td>103,406</td><td>-21,199</td><td>-20,000</td><td>-1,199</td><td>0</td><td>-21,199</td></tr>
<tr><td colspan="7">An in-year underspend of -£21.2m is being reported at year-end. This is an increase of -£1,199k in the underspend position previously reported in January, and relates in full to a change since last month.

The £20m additional budget approved by GPC in January for investment in a multi-class credit pooled fund, will now not be invested until the start of the new financial year due to the legal advice required, and the technical and procurement arrangements that will need to be put in place. This has also afforded the C&I Investment Working group time to review the position in light of the current situation facing global financial markets. In addition, on further investigation it has been determined that the multi-class credit investment can be funded through treasury management activity, and therefore it does not require capital receipts. As such, an additional £5.8m of capital receipts were used to fund the property purchases with £11.6m of capital receipts being retained to fund future investment.

The £21.2m in-year underspend has reduced the capital receipt requirement by £14.2m and the prudential borrowing requirement by £7.0m.</td></tr>
<tr><td colspan="7">Housing Schemes</td></tr>
<tr><td>56,847</td><td>10,133</td><td>-46,714</td><td>-36,625</td><td>-10,089</td><td>0</td><td>-46,714</td></tr>
<tr><td colspan="7">An in-year underspend of -£46.7m is being reported at year-end. This is a -£10.1m increase on the underspend position previously reported in December and relates in full to a change since last month. This relates to continuing adjustments in relation to the amount and timing of the final construction loan due to be issued in 2019-20, and therefore reflects a timing issue.</td></tr>
<tr><td colspan="7">Stanground Closed Landfill Energy Project</td></tr>
<tr><td>454</td><td>138</td><td>-316</td><td>-219</td><td>-97</td><td>0</td><td>-97</td></tr>
<tr><td colspan="7">An in-year underspend of -£0.3m is being reported at year-end. Stage one and the majority of stage two of the Investment Grade Proposal (IGP) have been completed. Development of a planning application has proven much more time consuming than initially projected, with new surveying of great crested newt populations defining the timeline. The final stages of the IGP are now scheduled to complete in December 2020 with planning timelines continuing to define the critical path.</td></tr>
<tr><td colspan="7">Investment in the CCC asset portfolio</td></tr>
<tr><td>3,034</td><td>1,594</td><td>-1,440</td><td>-1,004</td><td>-436</td><td>0</td><td>-1,440</td></tr>
<tr><td colspan="7">An in-year underspend of -£1.4m is being reported at year-end. This is a -£0.4m increase on the underspend position previously reported in January and relates in full to a change since last month. There has been a delay in the timeline around initiating building work for the Spokes Buildings scheme due to delays with the planning process. Expenditure will therefore need to be pushed back into the next financial year.</td></tr>
<tr><td colspan="7">Shire Hall Relocation</td></tr>
<tr><td>7,971</td><td>4,016</td><td>-3,955</td><td>-1,490</td><td>-2,465</td><td>0</td><td>-3,955</td></tr>
<tr><td colspan="7">An in-year underspend of -£4.0m is being reported at year-end. This is a -£2.5m increase on the underspend position previously reported in January and relates in full to a change since last month. Delays to work starting onsite at Alconbury due to site remediation issues (now resolved) resulted in an increase in the amount of project costs needing to be pushed back into the next financial year.</td></tr>
</table>

- For full and previously reported details, see the C&I Finance Monitoring Report, (https://tinyurl.com/y8m659ht).

12.5 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.25m or greater are identified below:

12.5.1 **Place & Economy:** a total scheme balanced budget is being reported at year-end. There are no exceptions to report this month; for full details see the P&E Finance Monitoring Report, (https://tinyurl.com/y9fj9vcy).

12.5.2 **People & Communities:** a -£12.717m (-1.9%) total scheme underspend is being reported at year-end. There are no exceptions to report this month; for full details see the P&C Finance Monitoring Report, (https://tinyurl.com/yax36zrx).

12.5.3 **Corporate Services:** a -£0.721m (-2.9%) total scheme underspend is being reported at year-end.

Total Scheme Revised Budget	Total Scheme Forecast (Outturn 19-20)	Total Scheme Variance (Outturn 19-20)	Variance Last Month (Feb)	Movement
£'000	£'000	£'000	£'000	£'000
Mosaic				
3,620	3,264	-356	0	-356
A total scheme underspend of -£0.4m is being reported at year-end, which relates in full to a change since last month. The required resources planned to deliver the programme were in fact less than planned. This relates both to external consultants (which is the bulk of cost) and to less backfill on full time posts assisting with the project. This information will aid our future budget planning for similar projects.				
Children's Services IT System				
2,653	2,288	-365	0	-365
A total scheme underspend of -£0.4m is forecast, which relates in full to a change since last month. £100k of the remaining budget will be required to finish the project in 2020/21 for two final consultants to finish their work, and data migration clean up with Capita data. The remaining -£365k is a forecast budget saving on the project.				

- For full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

12.5.4 **LGSS Managed:** a -£0.235m (-3.3%) total scheme underspend is being reported at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

12.5.5 **Commercial & Investment**: a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance Monitoring Report, (https://tinyurl.com/y8m659ht).

12.6 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	16.0	0.5	-0.3	1.9	**18.2**	19.6	1.4
Basic Need Grant	6.9	-	-	-	**6.9**	-	-6.9
Capital Maintenance Grant	4.7	-	-	-1.1	**3.5**	3.5	-
Devolved Formula Capital	1.0	2.0	-	-0.2	**2.8**	1.4	-1.4
Specific Grants	8.4	0.0	-	1.2	**9.7**	7.3	-2.4
S106 Contributions & Community Infrastructure Levy	19.4	3.3	-12.8	0.6	**10.5**	16.5	6.0
Capital Receipts	45.4	10.4	-10.5	-0.6	**44.7**	22.3	-22.4
Other Contributions	34.7	3.3	-	7.0	**45.0**	26.6	-18.4
Revenue Contributions	-	-	-	0.1	**0.1**	1.9	1.8
Prudential Borrowing	133.4	22.2	-13.4	67.8	**210.0**	168.5	-41.5
TOTAL	**269.9**	**41.7**	**-37.0**	**76.8**	**351.4**	**267.6**	**-83.8**

1 Reflects the difference between the anticipated 2018/19 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2019/20 Business Plan, and the actual 2018/19 year end position.

12.7 Key funding changes (of greater than £0.25m) are identified below:

Funding	Service	Amount (£m)	Reason for Change
Additional / Reduction in Funding (Specific Grants and Other Contributions, and Prudential Borrowing)	All	-£1.2 (Grants & Contributions) +£1.2 (Prudential Borrowing)	Funds received for Horizons (£0.7m) and from the Combined Authority for the Wisbech Access Strategy (£6.0m) which have not been needed in 2019/20 in cash flow terms for the specific schemes they relate to have been used in place of borrowing to fund other schemes across the capital programme. This will reduce the MRP charge that will be payable for 2020/21. When these funds are needed in the future for the specific schemes that they relate to, the Council will account for the borrowing to repay them. Funds previously received for the Greater Cambridge Partnership (£1.0m), and Basic Need (£6.9m) that have already been 'used' in place of borrowing are now required to fund expenditure in 2019/20; this expenditure will therefore be partially funded by the use of the Combined Authority contributions and Horizons funding as described above, with the remainder being funded by prudential borrowing. This results in a net funding swap for 2019/20 of £1.2m. **General Purposes Committee is asked to approve the use of £721k Horizons funding and £6,000k Combined Authority contributions, to partially offset the additional funding required to repay the use in previous years of £1,028k Greater Cambridge Partnership and £6,905k Basic Need funding, as well as the resulting increase of £1,212k in the prudential borrowing requirement.**
Additional / Reduction in Funding (Other Contributions)	LGSS Managed	+£1.3	Additional contributions of £1,339k have been received from other local authorities and public bodies to fund installation and rental costs in relation to the EastNet (Cambridgeshire Public Sector Network replacement) scheme **General Purposes Committee is asked to note the additional 2019/20 contributions of £1,339k received in relation to the EastNet scheme.**

12.8 For previously reported key funding changes see the respective Service Finance Monitoring Reports (appendix 3):

P&E Finance Monitoring Report

P&C Finance Monitoring Report
CS & LGSS Finance Monitoring Report
C&I Finance Monitoring Report

12.9 At the January General Purposes Committee (GPC) meeting, as part of the Capital Strategy in the 2020-21 Business Plan, GPC recommended that CCC, alongside the other two existing shareholders of LGSS Law Ltd, should inject additional equity capital into the company (£475k from each shareholder). At that stage there was uncertainty about which financial year all three shareholders would be ready for a simultaneous increase in equity. The equity injection was made in March 2020 and additional shares issued. his has strengthened LGSS Law Ltd.'s balance sheet and enabled the repayment of same aged amounts owed to CCC for provision of support services. The company completed a pleasing financial year in 2019/20 in profit. Further information about the equity injection can be found in section 5.3 of the paper here.

13. EXTERNAL AND CONTEXTUAL ISSUES

13.1 In terms of the 2019/20 financial year, the UK lockdown started in the last week of March 2020 so the main financial impact of the coronavirus pandemic is likely to be seen in 2020/21. Aside from the pandemic, financial risks and uncertainties continued to be of critical important to the Council throughout the year. CCC has continued to face substantial increases 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.

13.2 Crucially, and in contrast to recent years, the number of Children in Care has decreased and significant work has continued to reduce high cost placements. Although this is evident in the improved outturn results for Children & Safeguarding, the placement market is saturated, with Independent Fostering Agency (IFA) providers having no vacancies, which results in children going into higher cost residential placements. We are, however, seeing a net increase in in-house fostering placements, which is contributing towards planned savings. Similarly to councils nationally, cost pressures are also faced by adult social care. There have been rising costs in Older People's residential and nursing care; this area is emerging as a significant pressure after a number of years where demand and price have been managed very effectively following reform of commissioning & social work in Cambridgeshire. Serious pressures have grown and continued on Special Education Needs and High Needs block, leading to the carried forward deficit reported in section 3.2.2. Although that deficit is ring-fenced the increase this year is particularly concerning given it now exceeds the balances held elsewhere within dedicated schools grant by individual schools in total (see section 6), that there are limited measures the Council can take to control expenditure in this area, and that the application to transfer funds in the winter from mainstream schools was rejected by the Secretary of State. Work continues to mitigate and understand these risks

Altogether, these pressures, coupled with assumed levels of government grants, led to a savings requirement of £61m from 2019/20 to 2023/24.

13.3 After three years in which material overspends were the overall revenue outcome for the Council, the £0.2m outturn reported here is the closest to a "break-even" position for some time. Although this will require drawing on £0.2m from the Council's non-earmarked reserves, given the scale of the risks and potential pressures the Council has faced this is a pleasing outcome. Details of the pressures that have led to this year's position can be found in previous Finance Monitoring Reports.

13.4 The financial outlook for 2020/21 remains extremely constrained. At the time of writing, the financial impacts of the coronavirus pandemic are being estimated, projected and monitored with weekly reporting to the strategic management team. As well as adult social care, there are a wide range of other additional costs and reduced income likely. GPC will be updated further in due course. The Council holds general reserves partly to respond to unforeseen and exceptional events. We are recording spend in detail such that it is in a position to respond to regular requests from the Ministry of Housing, Communities & Local Government to account for funds and as part of a case for further support contingent on the length of disruption. Additionally, the Council is working in collaboration to spend on purchasing of care placements that are recharged to the NHS as part of arrangements to ensure the swiftest possible hospital discharges during the current period. District Councils are also receiving funding to support financial hardship (including through Council tax support) and for the businesses in their areas.

13.5 Beyond the pandemic, there is also uncertainty surrounding the UK's public finances not including around our future relationship with the European Union following Brexit. Potential impacts on economic growth, migration policy, and the cost of goods and services may influence levels of resources available to local authorities. In addition to the international uncertainty, there are a number of Central Government consultations currently underway, most notably those on technical aspects of Fair Funding and the Business Rates Retention Scheme, which are expected to affect the Council's funding. Local Authorities had expected these funding reforms to take effect from 2020/21, however Government has confirmed that these will now be deferred until 2022 or beyond, given the latest situation.

13.6 The Council will see an overall increase in funding (excluding schools grants) of 10.4% to 2024/25, primarily due to increases in Council tax assumed within the medium term financial strategy. Nevertheless, inflationary pressures, population growth and increased demand for services are expected to result in additional budget pressures of 18.6% of gross budget over the same period, resulting in a savings requirement of £66m over the next five years. However, following the 2016/17 change in the way the Council bears the cost of borrowing through its Minimum Revenue Position policy, it has been able to establish a Transformation Fund which will be further utilised during 2020/21. The Transformation Programme is integrated into the Business Planning process with a programme of investments and savings reflecting the transformational changes planned for 2020/21 and beyond. This continues to make resources available for Services to invest in strategies and to overhaul their services in a way that will deliver long-term savings.

13.7 The Council will focus on transforming and reforming services through this approach and will need to align its medium term financial plans to the impact of the pandemic and recovery in due course, alongside a reset timetable for local government funding review. For further information see the Council's Medium Term Financial Strategy.

14. ALIGNMENT WITH CORPORATE PRIORITIES

14.1 A good quality of life for everyone

There are no significant implications for this priority.

14.2 Thriving places for people to live

There are no significant implications for this priority.

14.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

14.4 **Net zero carbon emissions for Cambridgeshire by 2050**

There are no significant implications for this priority.

15. SIGNIFICANT IMPLICATIONS

15.1 **Resource Implications**

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

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

There are no significant implications within this category.

15.3 **Statutory, Legal and Risk Implications**

There are no significant implications within this category.

15.4 **Equality and Diversity Implications**

There are no significant implications within this category.

15.5 **Engagement and Consultation Implications**

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

15.6 **Localism and Local Member Involvement**

There are no significant implications within this category.

15.7 **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
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	No Name of Legal Officer: Not applicable
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	No Name of Legal Officer: Not applicable
Have the equality and diversity implications been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any engagement and communication implications been cleared by Communications?	No Name of Officer: Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any Public Health implications been cleared by Public Health	No Name of Officer: Not applicable

Source Documents	**Location**
P&E Finance Monitoring Report (Outturn 19-20) P&C Finance Monitoring Report (Outturn 19-20) PH Finance Monitoring Report (Outturn 19-20) CS and LGSS Cambridge Office Finance Monitoring Report (Outturn 19-20) C&I Finance Monitoring Report (Outturn 19-20) Capital Monitoring Report (Outturn 19-20) Report on Debt Outstanding (March 20)	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)

	P&C £'000	Public Health £'000	P&E £'000	CS Financing £'000	Corporate Services £'000	LGSS Managed £'000	C&I £'000	LGSS Op £'000	Financing Items £'000
Opening Cash Limits as per Business Plan	254,936	390	57,504	28,161	10,221	14,048	-9,502	8,161	20,357
Greater Cambridge Partnership budgets not reported in CCC budget					-602				
Budget Build correction- Impact of Local Government Pay offer on CCC Employee Costs					-430	430			
External audit fees budget transfer					27	-27			
19/20 Council tax income generation proposal to precept income codes					200				
Transfer of Cultural & Community Services from P&E to P&C	4,721		-4,721						
Movement of Contract Efficiency saving target from Corporate Services					49		-49		
Inflation allocation adjustment for Children's Services Legal from CS	30				-30				
Remove Traded Services Central income target from Central Services Risks budget.					-58		58		
Correction of apprenticeship levy					-7	7			
Correction of staffing budget					48			-48	
Community & Safety – Trading Standards moving from P&E to P&C	694		-694						
Review of 2019-20 budget as approved by GPC at 16th July 2019 meeting, Agenda item 5a	2,360				-322	-250	122		-1,910
Transfer Concessionary Fares budget to P&E	-12		12						
Adjustment to match revised LGSS Law SLA						-5		5	
Transfer of commercial scheme debt charges budget				-603			603		
Transfer P&E Management restructure savings			-22		22				
Repatriation of the Professional Finance Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,631			-1,631	
Repatriation of the Democratic & Members' Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,438	-1,053		-385	
Allocation of £230k School Improvement Grant to P&C as approved by GPC 26th Nov 2019	230								
Transfer from Fostering to Communications	-23				23				
Transfer from Democratic Services to Place Planning and Organisation Service	8				-8				
Transfer Insurance budgets in line with annual Insurance Fund processes	479		1,692			-2,233	62		
Transfer IT staffing budget					10			-10	
Current budget	**263,422**	**390**	**53,772**	**27,558**	**12,211**	**10,917**	**-8,706**	**6,093**	**18,447**
Rounding	0	0	0	0	1	1	0	-1	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2019	2019-20		Notes
		Movements in 2019-20	Balance at 31 March 2020	
	£000s	£000s	£000s	
General Reserves				
- County Fund Balance	12,850	4,808	17,658	
- Services				
1 P&C	0	0	0	
2 P&E	0	0	0	
3 CS	0	0	0	
4 LGSS Operational	112	713	825	
subtotal	12,962	5,521	18,483	
Earmarked				
- Specific Reserves				
5 Insurance	4,060	105	4,165	
subtotal	4,060	105	4,165	
- Equipment Reserves				
6 P&C	8	-8	0	
7 P&E	0	0	0	
8 CS	3	0	3	
9 C&I	56	-56	0	
subtotal	67	-64	3	
Other Earmarked Funds				
10 P&C	1,047	50	1,097	
11 PH	2,886	-158	2,728	
12 P&E	5,571	-902	4,669	Includes liquidated damages in respect of the Guided Busway
13 CS	3,193	2,177	5,370	
14 LGSS Managed	63	0	63	
15 C&I	600	105	705	
16 Transformation Fund	24,504	89	24,593	Savings realised through change in MRP policy.
17 Innovate & Cultivate Fund	1,561	-589	972	
18 Corporate	0	14,612	14,612	Includes COVID-19 Support Grant
subtotal	39,425	15,384	54,809	
SUB TOTAL	**56,514**	**20,946**	**77,460**	
Capital Reserves				
- Services				
19 P&C	29,463	-7,488	21,975	
20 P&E	6,069	4,270	10,339	
21 LGSS Managed	0	0	0	
22 C&I	20,415	-8,783	11,632	
23 Corporate	54,694	6,067	60,761	Section 106 and Community Infrastructure Levy balances.
subtotal	110,641	-5,934	104,707	
GRAND TOTAL	**167,155**	**15,012**	**182,167**	

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 2019	2019-20		Notes
		Movements in 2019-20	Balance at 31 March 2020	
	£000s	£000s	£000s	
- Short Term Provisions				
1 P&E	0	0	0	
2 P&C	200	0	200	
3 CS	0	0	0	
4 LGSS Managed	2,093	0	2,093	
5 C&I	0	0	0	
subtotal	2,293	0	2,293	
- Long Term Provisions				
6 LGSS Managed	3,613	0	3,613	
subtotal	3,613	0	3,613	
GRAND TOTAL	**5,906**	**0**	**5,906**	

Savings Tracker 2019-20

Quarter 4

RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 19-20 £000	Actual Investment - 19-20 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 19-20	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 19-20	Variance from Plan £000	Saving complete?	% Variance	Direction of travel	Forecast Commentary
				Investment £000				Prior Years	Planned Savings 2019-20 £000					Prior years	Forecast Savings 2019-20 £000									
				7,378	2,486	1,529	1,528	**-21,509**	-5,431	-1,998	-1,794	-1,549	**-15,785**	**-15,910**	-5,394	-2,246	-2,488	-1,886	**-13,194**	**2,591**				
Blue	A/R.6.114	Learning Disabilities - Increasing independence and resilience when meeting the needs of people with learning disabilities	A three-year programme of work was undertaken in Learning Disability Services from 2016/17 to ensure service-users had the appropriate level of care - this saving is the remaining impact of part-year savings made in 2018/19.	1,536	1,520	0	0	-5,481	0	0	0	0	-200	-3,992	-250	-148	-106	-62	-566	**-366**	No	**-183.00**	↑	Has delivered £566k in excess of the original target through continuing reviews and commissioning work. Most of the saving was delivered by the PAT, with £96k of savings delivered by individual locality teams.
Black	A/R.6.126	Learning Disabilities - Converting Residential Provision to Supported Living	This is an opportunity to de-register a number of residential homes for people with learning disabilities and change the service model to supported living. The people in these services will benefit from a more progressive model of care that promotes greater independence.	0	0	0	0	0	0	0	0	0	-250	0	0	0	0	0	0	**250**	No	**100.00**	↓	This is a complex and very volatile area for savings delivery. The under-delivery on this saving has been mitigated by over-delivery on other LDP savings.
Blue	A/R.6.127	Care in Cambridgeshire for People with Learning Disabilities	Work to enable people with learning disabilities who have been placed 'out of county' to move closer to their family by identifying an alternative placement which is closer to home. To be approached on a case by case basis and will involve close work with the family and the person we support. Will also involve ensuring out of county placements are cost effective and are appropriately funded by the NHS.	120	120	0	0	0	0	0	0	0	-250	0	-200	-378	-65	-63	-706	**-456**	No	**-182.40**	↔	Has over-delivered by £456k. The position has been helped by some savings relating to the reclaim of costs in prior years, which will be one-off savings in 2019/20.
Green	A/R.6.128	Better Care Fund - Investing to support social care and ease pressures in the health and care system	The Improved Better Care Fund is a grant from Central Government for adult social care, to ensure that the health and social care market is not destabilised by pressures on Adult Social Care. A proportion of the funding will be taken as a saving in order to offset increased cost in social care as a result of demand rising and legislative pressures. The IBCF also provides targeted investment in social care services that will promote better outcomes for patients and social care services. The funding has not been confirmed beyond 2019/20, and so at this stage this remains a temporary saving.	0	0	0	0	-7,200	-1,300	0	0	0	-1,300	-7,200	-1,300	0	0	0	-1,300	**0**	No	**0.00**	↓	On track
Amber	A/R.6.132	Mental Health Social Work PRISM Integration Project	The introduction of social workers and social care support staffing into the community / primary care health services (PRISM) will deliver improved mental health outcomes for Cambridgeshire residents and reduce demand for services through a focus on prevention, early intervention and strengths-based approach.	340	0	0	0	0	-50	-75	-50	-25	-200	0	-10	-28	0	0	-38	**162**	No	**81.00**	↓	A change of direction regarding implementation of PRISM has meant that the original model for savings delivery is no longer appropriate. Whilst alternative savings plans were considered, there was a shortfall against the target, reflecting upwards demand pressures in relation to the provision of care.
Blue	A/R.6.133	Impact of investment in Occupational Therapists	OT involvement in reablement goal-setting and review will improve outcomes at the end of the pathway through achieving greater service user independence at the end of reablement.	0	0	0	0	0	-50	-100	-50	-20	-220	0	-50	-100	-110	-239	-499	**-279**	No	**-126.82**	↑	On track to over-achieve
Green	A/R.6.143	Review of Support Functions in Adults	A review of support functions to ensure that capacity is aligned appropriately to the needs of the services supported.	100	4	0	0	0	-150	0	0	0	-150	0	-150	0	0	0	-150	**0**	Yes	**0.00**	↔	On track
Red	A/R.6.174	Review of Supported Housing Commissioning	An ambitious saving of £1m was included in the 2018-23 Business Plan linked to a review of commissioning arrangements for supported housing. Following a detailed review of contract opportunities over the last 12 months, a reduction in the overall saving level is required. The remaining saving will be achieved through working with district partners and providers to redesign services.	250	0	0	0	0	-146	-146	-146	-146	-583	0	-145	-80	0	0	-225	**358**	No	**61.41**	↓	Expected to be delivered over 2 years into 2020/21 - this revised phasing was agreed when Council set the 2019-24 budget, with the service finding mitigations in-year to offset the revised phasing.
Amber	A/R.6.176	Adults Positive Challenge Programme	Through the Adults Positive Challenge Programme, the County Council has set out to design a new service model for Adult Social Care which will continue to improve outcomes whilst also being economically sustainable in the face of the huge pressure on the sector. This work will focus on promoting independence and changing the conversation with staff and service-users to enable people to stay independent for longer, and has already had success in 2018/19 through a fast-forward element of the programme.	500	239	1,500	1,500	0	-1,349	-983	-884	-584	-3,800	0	-516	-799	-1,422	-356	-3,102	**698**	No	**18.37**	↑	Evidence of slower than expected delivery in some workstreams, with cases of interventions not having avoided as much cost as expected or as quickly as expected. In particular, a large proportion of the saving was expected to come from the use of Technology Enabled Care – this already contributes millions to savings year on year but delivering above this has proven slower than expected and we expect to see benefits in future years. Over-delivery in Reablement is a positive, and analysis shows further evidence of the impact of 'changing the conversation' work, which has demonstrated demand is being managed. Savings are not 'claimed' against this work without robust evidence that programme interventions are having an impact
Green	A/R.6.177	Savings through contract reviews	Several contracts have been retendered throughout 17/18 and 18/19 and have delivered efficiencies, which can now be taken as savings. The largest of these was a retender of domiciliary care block car rounds in late 2017/18.	0	0	0	0	0	-412	0	0	0	-412	0	-412	0	0	0	-412	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.211	Safer Communities Partnership	A review of the required management and support functions within the team will be undertaken depending on the outcome of funding bids, and could deliver a saving of £30,000 during 2019/20.	0	0	0	0	0	-30	0	0	0	-30	0	-30	0	0	0	-30	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.212	Strengthening Communities Service	The deletion of a recently vacant Community Protection Project Officer post. The community led no cold calling zones project, which was coordinated by the previous post holder, has now successfully concluded.	0	0	0	0	0	-30	0	0	0	-30	0	-30	0	0	0	-30	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.213	Youth Offending Service - efficiencies from joint commissioning and vacancy review	The full year impact of savings realised as a result of the Commissioning of Appropriate Adults and Reparation Services with Peterborough City Council and Cambridgeshire Constabulary. The removal of all capacity within the Youth Offending Service to spot purchase time limited support programmes, tailored to meet individual needs, which may be over and above the core offer. The removal of a part time vacant case holding post,and part time vacantSeniorYOSOfficer post.	0	0	0	0	-124	-40	0	0	0	-40	-192	-40	0	0	0	-40	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.214	Youth Support Services	Removal of a staff training budget for Youth Staff (£10k), a reduction in staff capacity and the Community Reach Fund (£30k)	0	0	0	0	0	-40	0	0	0	-40	0	-40	0	0	0	-40	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.252	Total Transport - Home to School Transport (Special)	Saving to be made through re-tendering contracts, route reviews, looking across client groups and managing demand for children requiring transport provision	0	0	0	0	0	-83	-28	0	0	-110	0	-28	-27	-28	-27	-110	**0**	Yes	**0.00**	↔	Complete

Quarter 4

				Investment £000				Prior Years	Planned Savings 2019-20 £000					Prior years	Forecast Savings 2019-20 £000									
				7,378	2,486	1,529	1,528	**-21,509**	-5,431	-1,998	-1,794	-1,549	**-15,785**	**-15,910**	-5,394	-2,246	-2,488	-1,886	**-13,194**	**2,591**				
RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 19-20 £000	Actual Investment - 19-20 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 19-20	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 19-20	Variance from Plan £000	Saving complete?	% Variance	Direction of travel	Forecast Commentary
Green	A/R.6.253	Children in Care - Mitigating additional external residential placement numbers	There is currently a shortage of foster placements due to increased numbers of children in care both locally and nationally. This has resulted in a growing number of young people being placed in much higher cost residential placements. This business case describes how we will seek to mitigate 3 of the 8 additional residential placements expected and hence requiring a reduced contribution to the placement budget from demography funding.	705	92	0	18	0	-125	-125	-125	-125	-500	0	-125	-125	-125	-125	-500	**0**	No	**0.00**	↔	On track
Green	A/R.6.254	Children in Care - Fee negotiation and review of high cost placements	Negotiation of external placement costs and review of high cost placements. This will be delivered by: - Cost discounts - Volume/long term discounts - Reviewing packages of support for all purchased placement types - Reviewing high cost placements	50	16	50	10	0	-50	-50	-50	-50	-200	0	-50	-50	-50	-50	-200	**0**	No	**0.00**	↔	On track
Green	A/R.6.255	Children in Care - Placement composition and reduction in numbers	Numbers of children in care remain at around 100 higher than they should be if our performance was in line with the average of our statistical neighbours. This business case is targeted at reducing demand in the system and delivering sustainable savings by reducing costs associated with higher numbers of children in care in the system as well as increasing in-house fostering numbers and reducing the number of independent agency placements, which are more costly.	0	0	0	0	0	-336	-325	-325	-325	-1,311	0	-336	-325	-325	-325	-1,311	**0**	No	**0.00**	↔	On track
Green	A/R.6.258	Children's home changes (underutilised)	Anticpated savings resulting from the closure of the Victoria Road children's home that is currently underutilised. The budget associated with the residential element of the children's home is £600K per annum. The placement costs of the young people living in the provision until mid-June is in the region of £230K per annum, resulting in a full year saving of around £350K per annum.	0	0	0	0	0	-350	0	0	0	-350	0	-350	0	0	0	-350	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.259	Early Years Service	A review of services provided by the Early Years Service in light of the links with Peterborough and growing traded services.	0	0	0	0	0	-50	-50	-50	-50	-200	0	-50	-50	-50	-50	-200	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.260	Reduction of internal funding to school facing traded services	A reduction to the internal funding of the ICT Service and the PE and Sports Advisory Service recognising a reduction in LA useage	0	0	0	0	0	-38	-38	-38	-37	-151	0	-38	-38	-38	-37	-151	**0**	No	**0.00**	↔	Complete
Green	A/R.6.261	Schools Intervention Service	Reduction in capacity of the service in line with the reduced number of maintained schools that require a direct service	0	0	0	0	0	-25	-25	-25	-25	-100	0	-25	-25	-25	-25	-100	**0**	Yes	**0.00**	↔	Complete
Black	A/R.6.263	Term time only contracts	A voluntary change to term time only contracts (or annualised hours) for staff in the Education Directorate where this is appropriate for their role.	0	0	0	0	0	-7	-8	-7	-8	-30	0	0	0	0	0	0	**30**	No	**100.00**	↓	Savings found elsewhere to offset, however all new roles to be considered as term time only.
Green	A/R.6.264	Review of Therapy Contracts	Savings will be delivered by reviewing existing arrangements but further details are unavailable at this time due to commercial confidence.	0	0	0	0	0	0	0	0	0	-321	0	0	0	0	-321	-321	**0**	Yes	**0.00**	↑	Complete
Green	A/R.7.101	Early Years subscription package	Proposal to develop Early Years subscription package for trading with settings.	0	0	0	0	0	-4	-4	-4	-4	-16	0	-4	-4	-4	-4	-16	**0**	No	**0.00**	↔	
Green	A/R.7.103	Attendance and Behaviour Service income	A review of charging models and use of school absence penalty notices within the Attendance and Behaviour Service	0	0	0	0	0	-12	-13	-12	-13	-50	0	-12	-13	-12	-13	-50	**0**	Yes	**0.00**	↔	Complete
Black	B/R.6.103	Shared Service: Historic Environment	Income generation shared services with Peterborough.	0	0	0	0	0	0	0	0	0	-10	0	0	0	0	0	0	**10**	No	**100.00**	↔	Shared service with PCC, still at discussion stage, saving not made in 2019/20.
Green	B/R.6.105	Transformation of the Infrastructure & Growth Service into a profit centre.	The service recovers its operating costs through recharge and development related income. A large proportion of this is for external clients, such as the Combined Authority & GCP. Commerical operation of the service will maximise income opportunities and standardise the approach to working with external clients.	0	0	0	0	0	0	0	0	0	-79	0	-79	0	0	0	-79	**0**	No	**0.00**	↔	Already taken from base budget
Green	B/R.6.202	Highways Maintenance	Utilising a greater proportion of the on-street parking surplus to fund highways and transport works as allowed by current legislation.	0	0	0	0	0	0	0	0	0	-350	0	-350	0	0	0	-350	**0**	No	**0.00**	↔	Change of funding source to accommodate savings
Amber	B/R.6.206	Highways Shared Services Model	Creation of a single, shared highway service across Cambridgeshire and Peterborough.	0	0	0	0	0	0	0	0	0	-150	0	-12	-13	-12	-13	-50	**100**	No	**66.67**	↔	The £150k shared service saving will not be achieved until 20/21. However there are savings within Road Safety of £50k which will mitigate this shortfall.
Green	B/R.6.210	Household Recycling Centre changes	Implementation of a permitting system for vans and trailers.	0	0	0	0	0	0	0	0	0	-60	0	-15	-15	-15	-15	-60	**0**	No	**0.00**	↔	Saving in 19/20 to be made via vacancy saving within the team.
Green	B/R.6.214	Street Lighting - contract synergies	Annual saving from joint contract drafting with partners. This will not lead to any reduction in street lighting provision.	800	228	0	0	-227	0	0	0	0	11	-227	11	0	0	0	11	**0**	No	**0.00**	↔	Funding adjustment
Red	C/R.6.101	Sharing with other Councils	A joint working agreement is now in place with Peterborough City Council along with a growing number of shared posts.	400	267	0	0	0	0	0	0	0	-500	0	0	0	-73	0	-73	**427**	No	**85.40**	↔	Some recent progress and savings from shared Communications team. This target has been permanently reduced going forward through the business plan, reflecting on experience to date.
Black	C/R.6.106	Reduction in costs on Redundancy, Pensions & Injury budget	Reduction in costs on Redundancy, Pensions & Injury budget, held within Corporate Services.	0	0	0	0	-20	0	0	0	0	-10	-20	0	0	0	0	0	**10**	No	**100.00**	↔	Saving has not been met, as costs are not reducing as anticipated.

Quarter 4

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Black	C/R.7.101	BP 19/20 - Council Tax: Increasing Contributions	We will seek to work with Cambridgeshire District Councils to identify the best possible activities to drive up increased payment of Council Tax in Cambridgeshire. Based upon these discussions, we will procure support to undertake a process of identifying residents who are incorrectly paying less Council Tax than they should be, notify them and bill them appropriately, bringing in additional revenue. We may also seek to support arrangements to enable people who are genuinely unable to pay their Council Tax by offering more flexible payment terms. Based upon previous work in this area, there is a reasonable likelihood that this activity could be commissioned on a no-win-no-fee basis, with the Local Authority only having to pay if the work undertaken is successful.	0	0	0	0	0	0	0	0	0	-200	0	0	0	0	0	0	**200**	No	**100.00**	↓	The Council tax income saving has been rephased to 2021-22 as set out in the 2020-25 Business Plan. This reflects the increased lead time required to develop and embed the cross-county initiative which supports delivery of this saving. The extension of initial development work is expected to increase the income saving that can be achieved in future years.
Green	D/R.6.999	LGSS operational savings	Savings being driven out by the Milton Keynes Council partnership, from LGSS income growth and from efficiencies following the introduction of the new ERP system.	0	0	0	0	0	0	0	0	0	-159	0	0	0	0	0	-159	**0**	No	**0.00**	↔	
Black	D/R.6.999	LGSS trading savings	Saving predicated on growth in LGSS' trading base through acquiring a fourth partner and further customer growth. With much of the work to achieve this on hold whilst the review of the LGSS operating model is completed there is risk around the delivery of this saving.	0	0	0	0	0	0	0	0	0	-460	0	0	0	0	0	0	**460**	No	**100.00**	↔	Full Council has considered the future of LGSS following year end. Non-delivery of this saving anticipated throughout the year and built into future business planning estimates
Amber	D/R.6.999	LGSS additional savings	Additional LGSS savings ask above and beyond the savings share between the three partners. This will need to be delivered through a reduced service offering to CCC and options are being drawn up by LGSS for consideration by CCC for the delivery of this saving.	0	0	0	0	0	0	0	0	0	-300	0	0	0	0	0	-178	**122**	No	**40.67**	↓	No further savings are anticipated in 2019/20 - awaiting the outcomes of the LGSS operating model review.
Green	E/R.6.031	NHS Health Checks - IT software contract decommissioned	NHS Health Checks is a cardiovascular risk assessment offered to people aged to 40 to 74 year olds every five years who do not have a diagnosed health condition. GP practices are commissioned to identify and invite eligible individuals to have an NHS Health Check. A robust data collection process is required to manage patient data and to ensure that anonymized data is sent to the Local Authority as part of the performance monitoring and payment system to the GPs. In 2017 after securing agreement from the Clinical Commissioning Group (CCG) which has responsibility for practice systems new software was commissioned to sit on GP practice systems. The introduction of GPPR compromised the security of the software as it could not meet fully the GDPR requirements and therefore the contract was decommissioned. The IT company fully agreed with this approach and assumed any additional cost for removing systems already in practices. GP practice systems have developed rapidly and they are now able to manage NHS Health Check data electronically and share anonymized data with the Local Authority at no cost to the Local Authority.	0	0	0	0	0	-41	0	0	0	-41	0	-41	0	0	0	-41	**0**	No	**0.00**	↔	
Green	E/R.6.032	NHS Health Checks Funding	There has been a recurrent underspend on the NHS Health Checks Programme since the transfer of the funding from the NHS to the Local Authority which has reflected fairly stable activity levels.	0	0	0	0	0	-13	-13	-13	-13	-50	0	-13	-13	-13	-13	-50	**0**	No	**0.00**	↔	
Green	E/R.6.033	Drug & Alcohol service - funding reduction built in to new service contract	Savings will be secured through the re-commissioning of the Cambridgeshire Adult Drug and Alcohol Treatment Services, which will enable transformational changes to be undertaken. The Drugs and Alcohol Joint Strategic Needs Assessment, (2016) indicated changes in needs that are addressed in the new service model. An aging long-term drug using population that enter and re-enter the Service has complex health and social problems that do not require intensive acute drug treatment services but more cost effective support services to ensure their good mental and physical health and social support needs are met. Strengthened recovery services using cost-effective peer support models to avoid readmission, different staffing models and a mobile outreach service.	0	0	0	0	0	-162	0	0	0	-162	0	-162	0	0	0	-162	**0**	No	**0.00**	↔	
Green	E/R.6.035	Children 5-19 - Mental Health Training for Children's workforce	This proposal ceases funding for intensive training for a relatively small number of the young people's workforce each year, delivered face to face by Cambridgeshire and Peterborough NHS Foundation Trust. Instead it is proposed that Public Health staff work together with the Heads of Early Help to establish a clear specification of the training requirements and success criteria for an e-learning training package with less intensive face to face training in 2019/20, focussed on the mental health training needs of Young People's workers in the Early Help Teams.	0	0	0	0	0	-36	0	0	0	-36	0	-36	0	0	0	-36	**0**	No	**0.00**	↔	

Quarter 4

				Investment £000				Prior Years	Planned Savings 2019-20 £000					Prior years	Forecast Savings 2019-20 £000									
				7,378	2,486	1,529	1,528	**-21,509**	-5,431	-1,998	-1,794	-1,549	**-15,785**	**-15,910**	-5,394	-2,246	-2,488	-1,886	**-13,194**	**2,591**				
RAG	**Reference**	**Title**	**Description**	**Budgeted Investment - Prior Years £000**	**Actual Investment - Prior Years £000**	**Budgeted Investment - 19-20 £000**	**Actual Investment - 19-20 £000**	**Original Saving - Prior Years**	**Original Phasing - Q1**	**Original Phasing - Q2**	**Original Phasing - Q3**	**Original Phasing - Q4**	**Original Saving 19-20**	**Savings Achieved - Prior Years**	**Current Forecast Phasing - Q1**	**Current Forecast Phasing - Q2**	**Current Forecast Phasing - Q3**	**Current Forecast Phasing - Q4**	**Forecast Saving 19-20**	**Variance from Plan £000**	**Saving complete?**	**% Variance**	**Direction of travel**	**Forecast Commentary**
Green	E/R.6.036	Children's 0-19 Services - Healthy Child Programme - Proposal previously agreed in 2017/18 business planning process	This £238k savings proposal was previously discussed by Health Committee in the autumn 2017 business planning round. It was agreed to fund the £238k saving from public health reserves in 2018/19, to allow further time to develop the 0-19 Healthy Child integration programme (and associated savings) for implementation in 2019/20. The Healthy Child programme is a universal-progressive, needs-based service delivered at 4 levels: Community, Universal, Universal Plus (single agency involvement) and Universal Partnership Plus (multi-agency involvement). All children, young people and families are offered a core programme of evidence based, early intervention and preventative health care with additional care and support for those who need it. The 0-19 Healthy Child Programme (HCP) consists of Health Visiting (0-5yrs), Family Nurse Partnership (for vulnerable teenage parents), and School Nursing (5-19yrs). It is delivered by CCS in Cambridgeshire and CPFT in Peterborough. The 2018/19 budget allocations are £8,926,739 in Cambridgeshire and £3,695,226 in Peterborough. Total approximately £12.6 million. Savings will be achieved by integrating the two services with a common management structure, and redesigning the service model to achieve savings through improved skill mix. A Transformation Board including commissioners, public health and senior management from the two provider organisations has been set up to oversee the project from design to implementation. The positive impact of this integration is that it will reduce duplication freeing up workforce capacity to improve areas of poor performance across the HCP particularly in mandated 0-5 checks. There will be an increased focus on areas of need so workforce and services will be resourced to ensure there is an improvement in outcomes and reduced inequalities. The Benson modelling tool has	0	0	0	0	0	-238	0	0	0	-238	0	-238	0	0	0	-238	**0**	No	**0.00**	↔	
Green	E/R.6.037	Children's 0-19 Services - Healthy Child Programme - Additional savings proposal for 2018/19	See description for proposal E/R.6.036. This proposal is for additional savings associated with integration of the 0-19 Healthy Child integration programme, not previously discussed in autumn 2017.	0	0	0	0	0	-160	0	0	0	-160	0	-160	0	0	0	-160	**0**	No	**0.00**	↔	
Green	E/R.6.038	Public Health Directorate - In house staff rationalisation	It has been possible to build on the efficiencies created by creating a joint public health directorate across Cambridgeshire County Council and Peterborough City Council, by merging two team leader posts in the joint public health commissioning unit. In addition it is proposed to delete three vacant posts in the public health directorate. The saving will be shared across Cambridgeshire County Council and Peterborough City Council, and some of the saving is offset by a technical change to the recharge across the two Councils.	0	0	0	0	0	-80	0	0	0	-80	0	-80	0	0	0	-80	**0**	No	**0.00**	↔	
Green	E/R.6.039	Reduce Long Acting Reversible Contraception (LARCs) funding in line with audit results and completion of clinician training	LARCs are commissioned from GP practices. The Clinical Commissioning Group (CCG) recharges the LA for the cost of the contraception devices. Audits have been undertaken of the services which revealed that the recharges included the cost of items for which the LA is not liable i.e. injectable contraception and the use of devices for gynaecological purposes. In addition the training programme for clinicians to ensure that there is capacity in the system to accommodate retiring GPs has now been completed.	0	0	0	0	0	-15	-15	-15	-15	-60	0	-15	-15	-15	-15	-60	**0**	No	**0.00**	↔	
Green	E/R.6.040	Reduce immunisations promotion budget	In 2016/17 funding of £20k per annum was allocated by Cambridgeshire County Council for promotion of immunisations. Since then childhood immunisation rates have improved, although still with some further work to do, and the PHE/NHS England screening and immunisations team have been actively taking forward further improvement measures. It is proposed to mainstream promotion of immunisations within the wider health protection and communications functions. £7k will be allocated to the health protection budget and the remaining £13k taken as a saving.	0	0	0	0	0	-9	0	0	0	-13	0	-13	0	0	0	-13	**0**	No	**0.00**	↔	
Green	E/R.6.041	Expected operational savings across Public Health staffing and contracts	In-year vacancy savings and efficiencies within demand-led contracts.	0	0	0	0	0	0	0	0	-109	-109	0	0	0	0	-109	-109	**0**	No	**0.00**	↔	Will be made through staff vacancies and any other underspends on demand led spending.
Black	F/R.6.001	BP 19/20 Contract Efficiency	A review of specific areas identified within the contract register to discover what potential there is for savings through more commercially minded renegotiation, re-consideration of service specifications and consideration of where smarter payment processes may assist in driving down costs.	0	0	0	0	0	0	0	0	0	-200	0	0	0	0	0	0	**200**	No	**100.00**	↔	Any savings made in 2019/20 will go towards the savings target carried forward from 2018/19 which was not met in that year.
Green	F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal F/C.2.119	0	0	0	0	-39	0	0	0	0	-19	-39	0	0	0	-19	-19	**0**	No	**0.00**	↔	
Blue	F/R.7.103	County Farms Investment (Viability) - Surplus to Repayment of Financing Costs	Increase in County Farms rental income resulting from capital investment. Element surplus to repaying financing costs.	0	0	0	0	-15	0	0	0	0	16	-15	0	0	0	0	0	**-16**	No	**100.00**	↔	
Black	F/R.7.104	County Farms Investment (Viability) - Repayment of Financing Costs	Increase in County Farms rental income resulting from capital investment. Links to capital proposal F/C.2.101.	0	0	0	0	-97	0	0	0	0	-16	-95	0	0	0	0	0	**16**	No	**100.00**	↔	
Green	F/R.7.105	Renewable Energy Soham - Repayment of Financing Costs	Income generation resulting from capital investment in solar farm at Soham. Element to repay financing costs. Links to capital proposal C/C.2.102 in BP 2016-17.	0	0	0	0	-877	0	0	0	0	-8	-877	0	0	0	0	-8	**0**	Yes	**0.00**	↔	Income generation target has been met in 19-20.
Black	F/R.7.106	Utilisation/commercialisation of physical assets	One Public Estate Asset plan Maximise the income generated from parking Venue request tool	0	0	0	0	0	0	0	0	0	-21	0	0	0	0	0	0	**21**	No	**100.00**	↔	Venue request tool has not been developed.

Quarter 4

				Investment £000				Prior Years	Planned Savings 2019-20 £000					Prior years	Forecast Savings 2019-20 £000									
				7,378	2,486	1,529	1,528	**-21,509**	-5,431	-1,998	-1,794	-1,549	**-15,785**	**-15,910**	-5,394	-2,246	-2,488	-1,886	**-13,194**	**2,591**				
RAG	**Reference**	**Title**	**Description**	**Budgeted Investment - Prior Years £000**	**Actual Investment - Prior Years £000**	**Budgeted Investment - 19-20 £000**	**Actual Investment - 19-20 £000**	**Original Saving - Prior Years**	**Original Phasing - Q1**	**Original Phasing - Q2**	**Original Phasing - Q3**	**Original Phasing - Q4**	**Original Saving 19-20**	**Savings Achieved - Prior Years**	**Current Forecast Phasing - Q1**	**Current Forecast Phasing - Q2**	**Current Forecast Phasing - Q3**	**Current Forecast Phasing - Q4**	**Forecast Saving 19-20**	**Variance from Plan £000**	**Saving complete?**	**% Variance**	**Direction of travel**	**Forecast Commentary**
Red	F/R.7.113	Invest to Save Housing Schemes - Income Generation	The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.	2,577	0	-21	0	-6,923	0	0	0	0	-1,483	-2,747	0	0	0	0	-828	**655**	No	**44.17**	↓	Dependent on land values and This Land's readiness for construction loans.
Green	F/R.7.127	Renewable Energy Soham - Surplus to Repayment of Financing Costs	Income generation resulting from capital investment in solar farm at Soham. Element to surplus to repaying financing costs.	0	0	0	0	-187	0	0	0	0	-5	-187	0	0	0	-5	-5	**0**	Yes	**0.00**	↔	
Blue	G/R.6.004	Capitalisation of interest on borrowing	Through a change in the Council's accounting policy in 2017-18, the cost of borrowing within all schemes will be capitalised. This will help to better reflect the cost of assets when they actually become operational.	0	0	0	0	-319	0	0	0	0	11	-319	0	0	0	0	0	**-11**	No	**100.00**	↔	

Key to RAG ratings:

Total saving	**Over £500k**	**100-500k**	**Below 100k**
Black	100% non-achieving	100% non-achieving	100% non-achieving
Red	% variance more than 19%	-	-
Amber	Underachieving by 14% to 19%	% variance more than 19%	% variance more than 19%
Green	% variance less than 14%	% variance less than 19%	% variance less than 19%
Blue	Over-achieving	Over-achieving	Over-achieving

Agenda Item No:6

CAMBRIDGESHIRE COUNTY COUNCIL'S MICROSOFT ENTERPRISE LICENSING AGREEMENT

To:	**General Purposes Committee**
Meeting Date:	**2nd June 2020**
From:	**Director of Customer Digital Services**
Electoral division(s):	**All**
Forward Plan ref:	**2020/036** *Key decision:* **Yes**
Outcome:	**This report sets out the background to the request to re-procure the Microsoft Enterprise Licencing Agreement for Cambridgeshire County Council.**

The potential and predicted outcomes are as follows:

- **The continued use of Microsoft Software across the County Council.**
- **A structured agreement with Microsoft that will allow for the changes needed to accommodate the data centre move from Shire Hall to Sand Martin House – as agreed by General Purposes Committee on 28 May 2019.**

Recommendation: **General Purposes Committee is asked to:**

a) **Agree to the re-procurement of the Cambridgeshire County Council Microsoft Enterprise Licensing Agreement for a period of 3 years from Sept 2020 to Sept 2023, under the Central Government negotiated Digital Transformation Arrangement.**

b) **Agree to delegate the award of this contract to the Section 151 Officer in consultation with the Chairman of the General Purposes Committee**

	Officer contact:		***Member contacts:***
Name:	Mark Salisbury	Names:	Cllrs Count & Hickford
Post:	LGSS IT Head of Commercial Management	Post:	Chair/Vice-Chair
Email:	Msalisbury@northamptonshire.gov.uk	Email:	Steve.count@cambridgeshire.gov.uk Roger.hickford@cambridgeshire.gov.uk
Tel:	01604 366597	Tel:	01223 706398

1. BACKGROUND

1.1 Cambridgeshire County Council uses Microsoft software extensively across all Directorates and their services. The Council is licensed to do so under the terms of its Microsoft Enterprise Agreement. The current Agreement expires on 14th of September 2020.

1.2 Over the last six years the Enterprise Agreement has been renewed every three years. This has allowed the County Council to continually upgrade the software and take advantage of the latest Microsoft technologies such as Lync/Skype for Business, Windows 10 and Office 365.

1.3 Prior to the end of the latest Agreement, and as part of the Council's datacentre migration, it was decided to move all the Council's licensed users to Microsoft Office 365. This change was set out in the IT Strategy that was agreed by General Purposes Committee on 16th July 2018. Moving to Office 365, which is hosted in the Microsoft Cloud, will help to reduce the need for space and physical equipment in the datacentre when we move to Sand Martin House in 2021.

1.4 The annual cost of the agreement in 2019-2020 was £807,257.83. This is currently funded from a revenue budget of £942,000 held by LGSS IT which includes £240k allocated through business planning in 19/20 in anticipation of the move to Office 365 licencing. We intend to take every opportunity to ensure best value in carrying out this procurement however, it is unlikely that the costs will reduce for the Council through this procurement. We will ensure that the new Microsoft Agreement includes further benefits for the Council, over and above what is available through the current Agreement, particularly through the suite of products available through Office 365.

1.5 As well as the traditional software of email, calendar, Word and Excel that underpin the day to day function of the Council, the Office 365 suite of products includes a wide variety of new tools that enable people to work differently and more effectively. A prime example of this is Teams, which, with its focus on collaboration and multiple means of communication supports flexible and remote working across all levels of the organisation and enhanced collaboration with external organisations and partners. This functionality is already changing the way that the many organisations including Councils operate and in particular has played a significant role in the effective response to the Covid19 crisis.

1.6 Other features of Office 365 that will increase the efficiency and security of the organisation are:

- Easy to use automation of workflow between people and between applications. This allows for processes to be redesigned to be more efficient and consistent
- Sophisticated document storage that ensures compliance with Records Management and General Data Protection Regulation (GDPR) policies as well as enabling the creation of a new, more cost effective Intranet site.
- A set of tools that allow teams and individuals to plan work, manage and assign tasks to monitor and manage performance in a simple and intuitive way.

2. MAIN ISSUES

2.1 In 2017 Cambridgeshire County Council moved the Microsoft Enterprise Agreement to a revenue subscription based model as the traditional method of purchasing Microsoft software assets, over a three year term through using capital expenditure, had become cost prohibitive.

2.2 The replacement Enterprise Agreement will be based on current user numbers with any changes to these numbers being provided to the licencing partner on an annual basis. The IT service will have a mixed licensing structure within the Agreement to reflect the difference between users who fully utilise all the Microsoft tools and those who do not. This way we ensure we get best value out of this Agreement.

2.3 The overall pricing for Enterprise Agreements is agreed between Microsoft and Crown Commercial Services for all public sector bodies, as such there is no room for negotiation on the price of the licences. The procurement will be through resellers rather than Microsoft directly so the competition will be more about the quality of service and support that the resellers can provide and ensuring that they optimise the Microsoft Licensing options to minimise the costs.

2.4 The expected total value of this contract over the whole of the three year terms will be in the region of £2,500,000 and £3,000,000. The final costs will be confirmed and agreed with the Section 151 Officer and the Chairman of the General Purposes Committee at the time of the award. The budget held by LGSS has been profiled in the context of the IT Strategy based on the most likely set of licence requirements for the three year term. This will be refined during the process of renewal and if requirements change over the life of the agreement then any changes to the budget will go through the business planning process.

2.5 Having this core Enterprise Agreement in place will give the Council access to additional Microsoft software and professional services, such as Microsoft Project, Power BI Professional and Microsoft Visio. Any additional costs for these services will be subject to an annual subscription under this new contract, as oppose to the previous approach which was through more costly one-off licences. This will again ensure we achieve best value for the Council in its use of Microsoft products. We estimate that use of these additional products would be in the region of £20,000p.a.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

There are no significant implications for this priority although having an effective set of Office products available for staff to use across the Council is fundamental to our ability to deliver effective services for our communities.

3.2 Thriving places for people to live

There are no significant implications for this priority

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority

3.4 Net zero carbon emissions for Cambridgeshire by 2050

There are no significant implications for this priority

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

- We would expect the cost of the new agreement to fall within the existing revenue commitment.
- Renewing our Enterprise Agreement means we can continue to use Microsoft products including benefitting from moving to the Council comprehensively to Microsoft Office 365 during 2020/21.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

- The LGSS procurement service has been engaged throughout. We will be using the Crown Commercial Services framework RM6068 Technology Products & Associated Services lot 3 to re-procure this Enterprise Agreement.
- Under the Contract Procedure Rules (CPR), Part 2, paragraph 13, where Cambridgeshire County Council procures goods or services by selecting a contractor from a framework agreement set up in accordance with EU rules, the officer must follow the terms of the framework call off, and consult with the LGSS procurement services where the value exceeds £100,000.
- Under CPR, Part 5, paragraph 1.7, where the total value of the contract exceeds £100,000 it must be sealed.

4.3 Statutory, Legal and Risk Implications

- Advice has been received from LGSS Law in support of this procurement.
- Cambridgeshire County Council is a contracting authority for the purposes of the Public Contract Regulations 2015 (PCR). It must run a compliant procurement process when purchasing goods or services with a value over a prescribed EU threshold (£189,330).
- The report is recommending that the contract should be procured by way of a call off from the Crown Commercial Services (CCS) Framework RM6068 Technology Products & Associated Services Lot 3 (the Framework).
- CCS is a central purchasing body (CPB) as defined under the PCR. The PCR allows contracting authorities to buy goods or services through a CPB. Once the CPB's procurement arrangements are carried out in accordance with EU procedures, a purchase by the contracting authority through the CPB is considered to be consistent with EU procedures.
- CCS has set up the Framework through a tender under EU procedures. An award by Cambridgeshire County Council is compliant with PCR by calling off the Framework.
- Cambridgeshire County Council must follow the call-off process in the Framework.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

4.5 Engagement and Communications Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 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: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Gus de Silva
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	Yes Name of Legal Officer: Stephen Randall
Have the equality and diversity implications been cleared by your Service Contact?	No Name of Officer: N/A
Have any engagement and communication implications been cleared by Communications?	No Name of Officer: N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	No Name of Officer: N/A
Have any Public Health implications been cleared by Public Health	No Name of Officer: N/A

Source Documents	Location
General Purposes Committee -28 May 2019 & 16 July 2019	https://cambridgeshire.cmis.uk.com/ccc_live/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/2/Default.aspx

Agenda Item No:8

TREASURY MANAGEMENT REPORT – QUARTER FOUR UPDATE 2019-20

To:	**General Purposes Committee**
Meeting Date:	**2 June 2020**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**Not applicable** *Key decision:* **No**
Outcome:	**To provide the quarterly update on the Treasury Management Strategy 2019/20, approved by Council in February 2019.**
Recommendation:	**The General Purposes Committee is recommended to:**

a) Note the Treasury Management Quarter Four Report for 2019-20 and forward to Full Council to note.

b) Permit the Chief Finance Officer to propose amendments to the Treasury Management Strategy to the July Full Council, in accordance with section 5.11 of this report and as selection of a multi-class credit fund manager progresses

Officer contact:		***Member contacts:***	
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
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Tel:	01223 715568	Tel:	01223 706398

1. BACKGROUND

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2. ECONOMIC CLIMATE

2.1 A current economic commentary is located in **Appendix 1**, which has been provided by Link Asset Services, the Council's treasury management advisers.

2.1 There was a mixed picture on economic growth throughout 2019/20, with year on year growth of 1.1%. The calendar year 2020 began with improved optimism emerging from business surveys pointing to an upswing in growth as some political uncertainty receded.

2.2 Since March 2020, however, the growth rate outlook has been transformed due to the impact of the global pandemic. The pandemic has had a substantial impact both on global financial markets and government intervention in the economy. It is fair to say since Q3 there has been seismic economic change as a result of Covid-19.

- On the 10th March, the Bank of England Monetary Policy Committee took decisive action to cut the interest rate from 0.75% to 0.25%.

- Just a few days later, the Bank of England cut interest rates even further to 0.10%.

- To mitigate the impact on unemployment, the Government introduced the Coronavirus Job Retention Scheme. This enabled employers to furlough staff by covering 80% of employees' normal monthly wages up to £2,500 per month, thereby reducing the number of redundancies.

- With "lockdown" announced by Government on 23rd March, most organisations have adopted a work from home policy; as such, there are wide ranging impacts on consumption within many areas of the economy.

- Oil prices have also tumbled sharply amidst the current pandemic.

3. INTEREST RATE FORECAST

3.1 The latest forecast for UK Bank Rate along with Public Works Loan Board (PWLB) borrowing rates (certainty rate) from the Council's treasury advisors is set out in Table 1 below.

3.2 Table 1 shows there is likely to be little upward movement in PWLB rates over the next two years as it will take economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be low, at least initially, during this period.

Table 1: Interest Rate Forecast (%)

Link Asset Services Interest Rate View	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

GILT YIELDS / PWLB RATES

3.3 HM Treasury has imposed changes of margins over gilt yields for PWLB rates in 2019/20. In October, an additional 1% margin over gilts was added to all PWLB rates. In March 2020, borrowing costs within Housing Revenue Account were reduced, however this does not benefit Cambridgeshire as a shire county without housing functions.

3.4 There is currently a consultation with local authorities on possibly further amending PWLB margins, ending on 31st July. Based on the consultation, the expectation is that steps are under consideration which provide disincentives to local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream.

3.5 The sharp increase in PWLB borrowing rates may provide an opportunity for the UK Municipal Bonds Agency (UKMBA) to kick start bond issuance on behalf of the sector, which would be seen as an alternative borrowing mechanism. The Council is an investor in the UKMBA. During Q4, it is understood that the agency successfully issued a 5-year, £350m bond on behalf of Lancashire County Council. The offer was substantially cheaper than PWLB and was significantly oversubscribed, partly reflecting prevailing market uncertainty. Lancashire County Council has a separate Moody’s rating.

UKMBA is working with Councils to gauge interest for bond issues in the following categories:

- 10 years,
- 20-25 years
- 40-45 years

Prospective rates for such bond issues appear appealing from the Council’s perspective in the current environment, the guarantee previously agreed for the bonds has been improved from the Council’s perspective (to a “proportional” rather than “total” approach) and this may be a welcome opportunity to stimulate an additional borrowing option for the sector. Officers are monitoring this opportunity closely and will liaise further with Members, under existing policies and delegations, should a relatively quick decision be needed on whether to participate in a potential issuance.

3.6 ***INFRASTRUCTURE RATE***

3.6.1 To incentivise the construction of new infrastructure, in the Autumn Budget 2017 the government announced that it would make available £1bn of lending at the Local Infrastructure Rate of gilts + 60bps to English local authorities. The Council was successful during Q3 in bidding to HM Treasury for access to £60.8m of borrowing at the Local Infrastructure Rate for eight specified energy schemes.

3.6.2 This will enable the Council to borrow from the PWLB at a discount of 1.4% on normal rates, as the expenditure for those energy schemes comes forward in the coming years.

3.6.3 On March 27th 2020, the Council applied for the first tranche of the £60.8m – borrowing £8m from PWLB at a rate of 1.45%, maturing in 21 years.

4. SUMMARY PORTFOILIO POSITION

4.1. Net debt at 31st March 2020 stood at £593.6m, which was lower than the actual forecast set out in the Treasury Management Strategy in February 2019 of £755.0m. The changes were as a result of the slippage in the capital programme.

A comprehensive balance sheet review is due to be undertaken once the draft financial statement is produced, which will provide useful detailed analysis of the Council’s loans, investment and Capital Financing Requirement and reserves.

4.2 Further analysis on borrowing and investment is set out in the next two sections. A snapshot of the Council’s debt and investment position is shown in the table below.

	Actual as at 31 March 2019		Actual as at 31 March 2020		Change from Mar 2019 – Mar 2020
	£m	Rate %	£m	Rate %	£m
Borrowings					
Long term Borrowing (>12mth)	442.3	4.0	526.7	3.7	84.4
Short term Borrowing (<12mth)	156.0	1.0	242.2	1.4	86.2
Total Borrowings	**598.3**	**3.2**	**768.9**	**2.3**	**170.6**
Treasury Investment	29.6	0.7	69.7	0.4	40.1
Third Party Loans and Share Capital	95.4	3.0	106.2	3.2	10.8
TOTAL Net Debt/Borrowings	**473.3**	**-**	**593.0**	**-**	**119.7**

5. INVESTMENTS

5.1 The Treasury Management Strategy Statement (TMSS) for 2019/20, which includes the Annual Investment Strategy for financial assets, was approved by Council in February 2019. It sets out the Council's investment priorities as being:

1. Security of Capital;
2. Liquidity; and then
3. Yield

5.2 The Council will aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity.

5.3 At 31st March 2020 the Council's investment balances totalled £29.6m; the balance split between Money Market Funds, Call/Notice accounts and CCLA Property Fund. The balance excludes Third Party Loans and Share Capital. In Q4, the Council's investments held with CCLA Property Fund returned an average dividend of 4.35%. Any impact upon the latest budget projections for the financial year are reported through the Budget Monitoring process.

5.4 In November 2019, the Commercial & Investment (C&I) Investment Working Group reviewed a proposal to invest funds into the CCLA Diversified Income Fund under the Treasury Management Strategy; £2.1m was subsequently placed in this fund.

5.5 The diversified income fund is considered to be a medium-term investment, due to the facility to withdraw funds at shorter notice alongside the need to take a medium to longer-term view about changes in underlying capital values. The asset classes covered by the diversified income funds are split between assets and equity; please see Fig 1 & Fig 2, which shows the breakdown of Equity portfolio by sector and Asset allocation as at 31/03/2020.

Fig 1

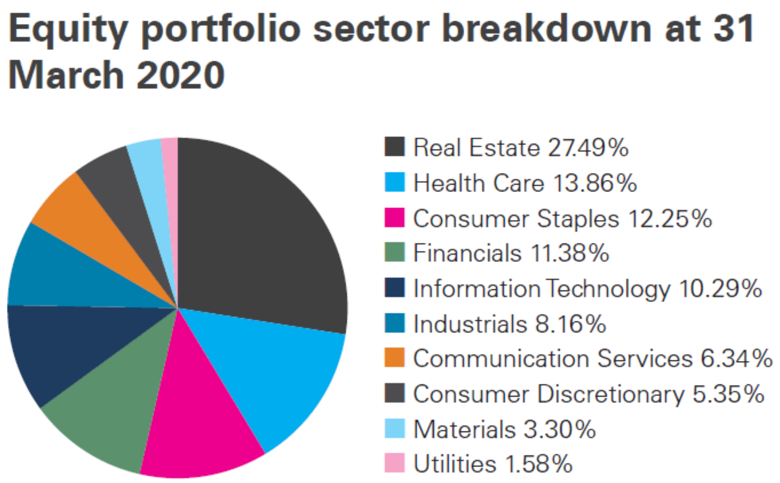
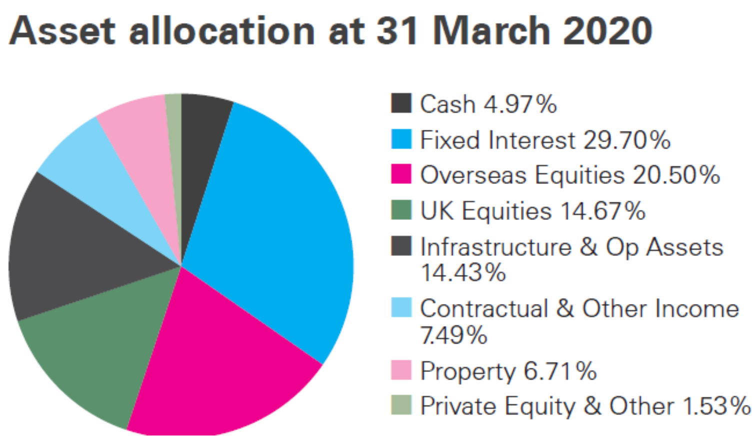


Fig 2



5.6 The overall average investment in Q4 was £86.0m. Fig 3 shows the investment by counterparty as at 31/03/2020.

Fig 3 CCC Investments allocation by Counterparty

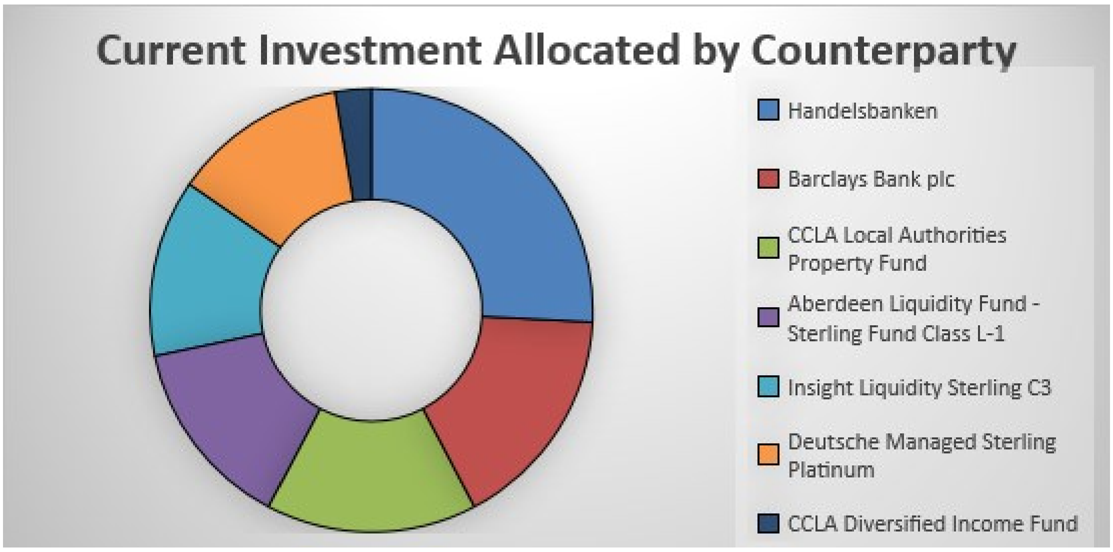


Table 2 below summarises the maturity profile of the Council's investment portfolio at the end of Q4 2019/20 (excluding Third Party Loans):

Table 2 – Investment maturity profile at end of Q4 2019/20

		Maturity Period					
		0d	0-3m	3-6m	~5yrs	Total	
Product	**Access Type**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
Money Market Funds	Same-Day	27.6				**27.6**	***39.6***
Bank Call Account	Instant Access	29.5				**29.5**	***42.3***
Certificate of Deposits	Fixed Term / Tradeable		0.00	0.0		**0.00**	***0.00***
Pooled Property Fund	Redemption Period Applies				10.8	**10.8**	***15.5***
Pooled Diversified Income Fund	Redemption – two days				1.8	**1.8**	***2.6***
	Total	**57.1**	**0.00**	**0.0**	**12.6**	**69.7**	***100.0***
	%	***81.9***	***0.00***	***0***	***18.1***	***100.0***	

5.7 Set out below are details of the amounts outstanding on loans and share capital investments classed as capital expenditure advanced to third party organisations at the end of Q4:

Table 3 - Loans/Equity holdings in This Land companies

Loan Summary	Amount (£m)	Repayment Year
Bridging Loan	7.656	2020/21
Loans for land acquired from third parties	2.040	2021/22
Construction & Development loans	8.161	2029/30
Loans for land acquired from CCC	78.915	2028/29
Equity holding	**3.951**	Continuous
Total Loans/Equity in This Land Ltd	**100.725**	

Table 4 - Third Party Loans

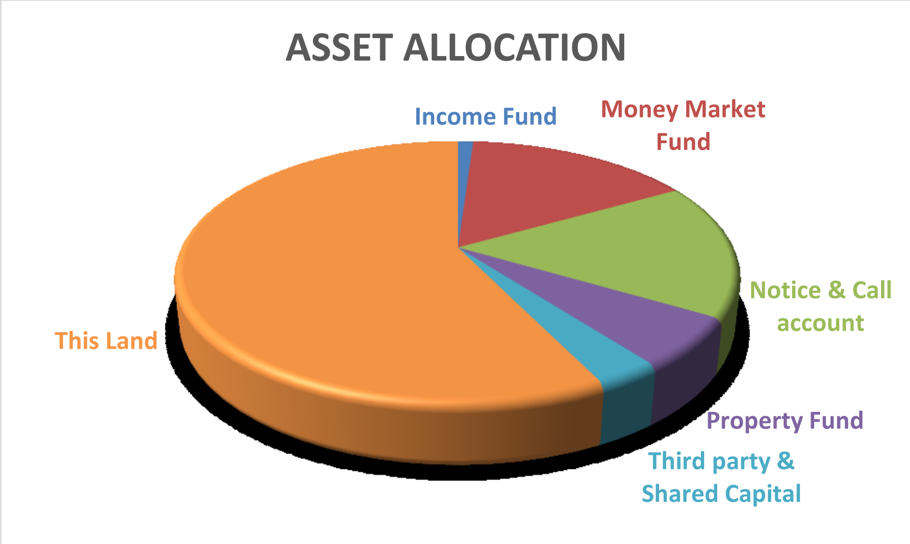
Loan Counterparty	Original Amount (£m)	Amount Outstanding (£m)	Repayment Year
Arthur Rank Hospice Charity	4.000	3.600	2042/43
Estover Playing Field 2015 CIC (Guaranteed by March Town Council)	0.350	0.277	2024/25
Wisbech Town Council	0.150	0.150	2043/44
VIVA Arts & Community Group	0.300	0.300	2043/44
Total Third Party Loans	**4.800**	**4.327**	

Table 5 – LGSS Law Ltd

Loan Counterparty	Type	Amount (£m)
LGSS Law Ltd	Cashflow loan	0.325
LGSS Law Ltd*	Equity	0.475
Total Loans/Equity in LGSS Law		**0.800**

5.8 *Cambridgeshire County Council (CCC), along with other shareholding authorities raised £1.425m in equity to LGSS Law Ltd, to enable the company to strengthen its balance sheet and to provide a sound financing basis for the company for the foreseeable future. The amount was advanced on March 12th, 2020. This in turn led to a £1m cash inflow from LGSS Law Ltd as exposure between shareholders was rebalanced and historic debts cleared.

Fig 4 Asset Allocation



5.9 Investment balances are forecast to reduce by the financial year end as internal resources from temporary positive cashflow surpluses are applied to fund expenditure demands in lieu of fully funding the borrowing requirement (internal borrowing) on a net basis. This process effectively reduces the cost of carrying additional borrowing at a higher cost than the income that could be generated through short term investment of those balances, as well as reducing investment counterparty credit risk.

Table 6: Average Benchmark Performance – Q4 2019/20

	Benchmark	Benchmark Return	Council Performance
Q1	**3m LIBID**	0.68%	1.31%
Q2	**3m LIBID**	0.64%	1.15%
Q3	**3m LIBID**	0.66%	2.52%
Q4	**3m LIBID**	0.55%	1.82%
Q1+2+3+4 (YTD)	**3m LIBID**	0.63%	1.70%

5.10 Leaving market conditions aside, the Council's return on investments is influenced by a number of factors, the largest contributors being the duration of investments and the credit quality of the institution or instrument:

- Credit risk is the consideration of the likelihood of default and is controlled through the creditworthiness policy approved by Council.
- The duration of an investment introduces liquidity risk; the risk that funds can't be accessed when required.
- Interest rate risk; the risk that arises from fluctuating market interest rates.

These factors and associated risks are actively managed by the Council's Finance team.

5.11 **Multi-class credit investment**

5.11.1 Following previous approval by the General Purposes Committee in January 2020, the Commercial & Investment Working Group have considered an updated proposal from the Council's appointed investment advisors, Redington Ltd, to invest funds into a pooled multi-class credit fund- a fund with a mixture of exposures to corporate and government debt, including sub-investment grade credit. The latest update takes account of the current global economic uncertainty and related risks.

5.11.2 The advantages of such an investment include diversifying the Council's investment portfolio, and the likelihood of an overall improved yield, as well as increasing the liquidity of funds invested on a medium term basis. The risks with such an approach are the depletion of the investments' capital values, heightened during a period of weakened company incomes and increased credit defaults. The Business Plan for 2020-21 includes improved financial returns as a result of making such an investment and a manager selection process is underway to put into effect the decision to invest.

5.11.3 Contingent on the outcome of the selection, it is likely that the investment will require amendment to the Treasury Management Strategy and a specific listed delegation to the manager to be appointed. Previously the Council had been proceeding on the basis that such an investment would be classified as capital expenditure, whereas further external advice on the nature of the likely fund and manager suggests this is treasury management activity. Should this be the case, once the leading fund is known, it is proposed that the Chief Finance Officer (CFO) be authorised to list any amendments required in the treasury report forwarded to Full Council from this meeting for its consideration in July, in consultation with the Chairmen of the General Purposes and Commercial & Investment Committees. The exact timing and phasing of the investment will need to be considered by the CFO, in line with the Treasury Management Strategy, and in view of prevailing economic conditions at that time, ahead of actually placing an investment.

5.11.4 The treasury management strategy, as approved by Full Council in February is available in full at: https://www.cambridgeshire.gov.uk/asset-library/Section-7-Treasury-Management-Strategy-2020-2021.pdf

The revisions required to enable such an investment include:

- Permitting an exception/individual consideration to the credit quality required of counterparties, such as an investment including "sub-investment grade" credit, as part of a multi-class credit mixed fund
- Listing a multi-class credit fund as a non-specified investment (and/or broadening the scope of bond investments that are permitted) and (potentially) listing this as an item exempt from treatment as capital expenditure
- Delegating the management of the funds to a named investment management firm (to be appointed)

In order for this to be allowable and necessary, the fund will need to be an authorised unit trust scheme carrying out a ‘home regulated’ investment business: Redington Ltd advise this is the likely outcome from the manager selection.

6. BORROWING

6.1 The Council can raise cash through borrowing in order to fund expenditure on its capital programme for the benefit of Cambridgeshire. The amount of new borrowing needed each year is determined by capital expenditure plans and projections of the Capital Financing Requirement, underlying borrowing requirement, forecast cash-backed reserves and both current and forecast economic conditions.

6.2 The Council will continue to utilise short to medium-term borrowing from other local authorities ‘and authorised brokers as the PWLB rate is not favourable at present. The Council intends to keep a proportion of the borrowing portfolio short-dated; in doing so, the Council will also be in the position to take up any funding opportunities that could arise in the near term.

6.3 In Q4, the Council repaid on maturity a total of £64.2m, of which £43.0m was short-term loans from other local authorities and £21.2m was longer-term loans from other authorities and PWLB. Loans raised during Q4 amounted to £73m, of which £15m related to short-dated loans borrowed to fund cashflow, with maturity within 1 to 20 days. The remaining £58m was split as follows: £7m short-term borrowing maturing within 1 year with an average rate of 1.03%, and £51m of fixed-term loans maturing within 2 years with an average rate of 1.59%.

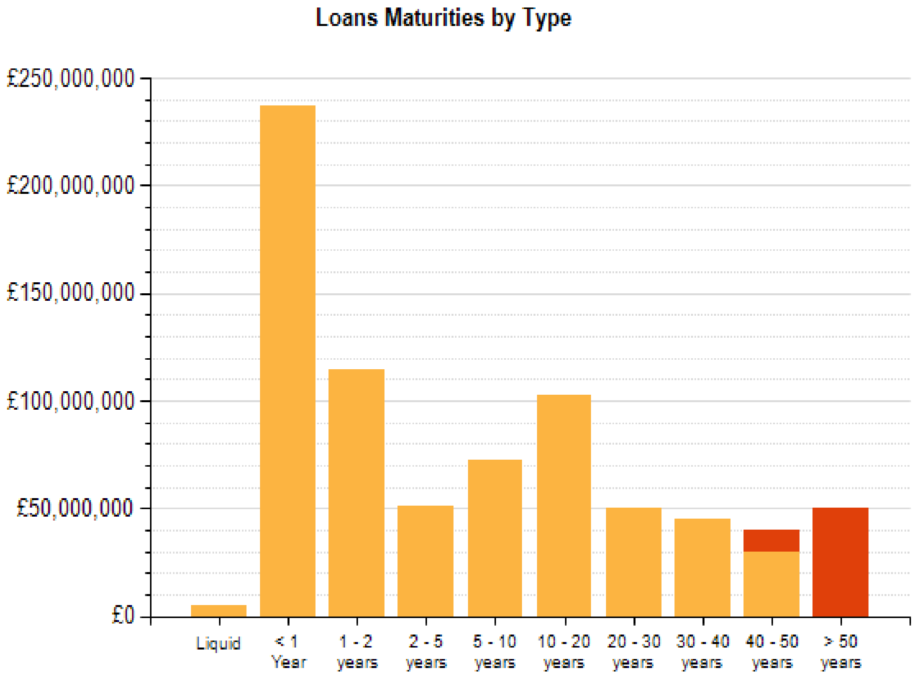
6.4 Therefore overall borrowing outstanding increased during Q4 compared to Q3 by £8.9m. At the end of Q4, the Council held £763.9m of borrowing of which £ 237.2m matures in less than 1 year.

6.5 Table 7 below sets out the maturity profile of the Council's borrowing portfolio at the end of Q4. £374.5m is held with the PWLB, £320m from other local authorities, £45m in market loans and £15.5m in a single market LOBO loan.

Table 7: Loan Maturity Profile – Q4 2019/20

Term remaining	Borrowing	
	£m	%
< 1 Year	£242,232,333	31.5
1 - 2 years	£114,365,333	14.9
2 - 5 years	£51,419,000	6.7
5 - 10 years	£72,683,667	9.5
10 - 20 years	£102,323,333	13.3
20 - 30 years	£50,406,667	6.5
30 - 40 years	£45,000,000	5.8
40 - 50 years	£40,000,000	5.2
> 50 years	£50,500,000	6.6
Total	**£768,930,333**	**100.0**

Fig 5 Loans Maturities by Type – Q4 2019/20



6.6 Market Lender Option Borrower Option (LOBO) loans are included in Table 7 at their final maturity rather than their next potential call date. In the current low interest rate environment the likelihood of lenders exercising their option to increase the interest rates on these loans - and so triggering the Council's option to repayment at par - is considered to be low.

6.7 The Council is in an internally borrowed cash position and balances will need to be replenished at some point in the future (subject to expenditure demands). This strategy is prudent while investment returns are lower than the cost of servicing debt and also serves to mitigate counterparty risk. The Council therefore plans to maintain this internal borrowing position but will closely monitor those reserves, balances and cashflows supporting this approach.

7. BORROWING RESTRUCTURING

7.1 No borrowing rescheduling was undertaken during Q4. Rescheduling opportunities are limited in the current economic climate. For PWLB loans, due to the spread between the carrying rate of existing borrowing and early redemption rates, substantial exit (premium) costs would be incurred. For market borrowing, the lender uses the certainty of the loans cashflow profile to hedge against forecast interest rate movements and so would pass the cost of unwinding these instruments onto the Council as an exit (premium) cost. Officers continue to monitor the position regularly.

8. TREASURY AND PRUDENTIAL INDICATORS

8.1 The Council's Treasury and Prudential Indicators (affordability limits) were approved alongside the TMSS. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits.

8.2 During the financial year to date the Council has operated within the Treasury and Prudential Indicators set out in the Council's TMSS, shown in **Appendix 2**.

9. DEBT FINANCING BUDGET

9.1 This section summaries the 2019/20 debt financing budget, which is held as a central budget within Corporate Services, and complies with the reporting requirement in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practices Treasury Management. The overall outturn position is an underspend of £1.284m, summarised in the table below.

Table 8: Debt Financing Budget – Q4 2019/20

	Budget £m	Outturn £m	Variance £m
Interest payable	15.669	15.103	(0.566)
Interest receivable	(0.574)	(0.743)	(0.169)
Capitalisation on interest cost	(2.406)	(1.736)	0.670
Technical & Other	0.590	0.567	(0.023)
MRP	14.278	13.082	(1.196)
Total	**27.557**	**27.273**	**(1.284)**

9.2 Interest payable was less than budgeted as fewer long term loans were raised during the year with more short term loans raised to need the Council's liquidity needs. Interest receivable increased as a direct result of investment into various Certificate of deposit schemes with a maturity of between 3-9 months. Minimum Revenue Provision (MRP) and Capitalisation of interest cost were less than budgeted as a result of reprofiling and alternative funding of capital expenditure.

10. ALIGNMENT WITH CORPORATE PRIORITIES

10.1 A good quality of life for everyone

There are no significant implications for this priority.

10.2 Thriving places for people to live

There are no significant implications for this priority.

10.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

10.4 Net zero carbon emissions for Cambridgeshire by 2050

There are no significant implications for this priority.

11. SIGNIFICANT IMPLICATIONS

11.1 Resource Implications

This report provides information on performance against the Treasury Management Strategy. Decisions on treasury management, which are driven by the capital programme and the Council's overall financial position, will impact the Debt Charges Budget and are reported through the Budget Monitoring process.

11.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for this category.

11.3 Statutory, Legal and Risk Implications

The Council continues to operate within the statutory requirements for borrowing and investments. Further details can be found within the Prudential Indicators in Appendix C.

11.4 Equality and Diversity Implications

There are no significant implications for this category.

11.5 **Engagement and Communications Implications**

There are no significant implications for this category.

11.6 **Localism and Local Member Involvement**

There are no significant implications for this category.

11.7 **Public Health Implications**

There are no significant implications for this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Not applicable
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Not applicable
Have the equality and diversity implications been cleared by your Service Contact?	Not applicable
Have any engagement and communication implications been cleared by Communications?	Not applicable
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Not applicable
Have any Public Health implications been cleared by Public Health	Not applicable

Source Documents	Location
None	Not applicable

Appendix 1: Detailed economic commentary on developments during quarter ended 31 March 2020

This section has been provided by Capital Economics and therefore includes their views and opinions of future trends and events.

During the quarter ended 31 March 2020 *(quarter 1 of 2020):*

- Lockdowns were put in place across much of the world to counteract the spread of the coronavirus;
- The UK government announced a fiscal package two-and-a-half times the size of that seen in 2008/09;
- Bank Rate was cut from 0.75% to 0.10% and the Bank of England restarted quantitative easing (QE);
- There was a significant tightening in financial conditions;
- Equity prices and sterling plunged;
- Unemployment benefit claims shot up;
- Disinflationary pressures intensified.

The policy response unveiled in response to the coronavirus crisis has been unprecedented in both its speed and scale. We estimate the UK government's fiscal package is now worth £119bn (5.3% of GDP), two-and-a-half times the size of that seen after the financial crisis in 2008/09.

The Bank of England has shown too that it is willing to do whatever it takes to support demand and to keep the financial markets functioning smoothly. In the space of a few weeks, it has slashed Bank Rate from 0.75% to its estimate of the effective lower bound of 0.10%, announced an increase in QE of £200bn, at least as large as the QE packages announced after the 2008 financial crisis. It has also unveiled three new measures to help firms struggling with cash flow problems. First, it launched a Term Funding Scheme with incentives for Small and Medium-sized Enterprises. Second, the Bank has reduced the so-called countercyclical capital buffer from 1% to 0% until at least March 2022. And third, it has set up a new Covid Corporate Financing Facility (CCFF), to provide unlimited liquidity for banks.

Taken together, this fiscal and monetary support gives us more confidence that the economy will recover reasonably quickly once the virus has been brought under control and that this economic and health crisis won't morph into a full-blown financial and banking crisis. Indeed, the actions of central banks around the world has helped to steady the mood in the markets this week, with the FTSE 100 – which was down by 34% between 31st December 2019 and 20th March – and other risky assets rallying. In the UK, banks have already borrowed a record £11bn for three months from the Bank of England via its Contingent Term Repo Facility.

So far, we have little evidence of the size of the likely slump in economic activity. But with the economy stagnating in Q4 and in January, we know that the economy headed into the crisis on a weak footing. The 0.0% m/m change in GDP in January was particularly worrying as we had expected the year to start on a strong note before the hits from the floods and coronavirus began to be felt.

And households' balance sheets looked fragile even before the coronavirus. The household saving ratio of 6.2% in Q4 2019 was still a long way below its average since 1997 of around 8%. Meanwhile, the underlying current account deficit, (excluding the non-monetary gold component), was still about 3% of GDP in Q4, which partly explains why the pound has been hit so hard recently, with the sterling trade-weighted index having fallen by 9.4% between the end of last year and March 20th. At least the 2.4% rise in profits in the year to Q4 suggests that businesses were reasonably healthy going into the crisis.

Meanwhile, the scale of the declines in the timelier indicators that we track means it's all but certain the economy is now contracting. The plunge in the composite PMI, from 53.0 in February to 37.1 in March, left the index at its lowest level since the series began in 1998. And this survey was conducted between 12th-20th March, even before the UK entered into a full lockdown on 23rd March. High frequency indicators such as restaurant bookings and cinema visits have since dropped to zero now that dine-in restaurants and cinemas have closed. And traffic volumes at peak time are just a fraction of their normal levels.

Following the enforced closure of almost all non-food stores, we now expect an eye-watering fall in retail sales in the region of 30% m/m in April. **And we have pencilled in a total fall in output of 15% q/q in GDP in Q2, which would be unprecedented in size and pace.**

As the economy heads into recession, disinflationary pressure is also likely to be rife. The collapse in economic activity, spike in unemployment and slump in oil prices look set to push CPI inflation down from 1.7% now to around 0.5% in August, with the risk that inflation falls to, or below zero. The initial fall will mostly be due to the more immediate energy effects linked to the plunge in oil prices. But as the hit to demand feeds through later in the year, core inflation (exc. energy, food, alcohol and tobacco) looks set to drop from 1.6% in February to about 1.0% by the start of 2021. **This means that even by 2021, there may be little pressure on the Bank of England to raise interest rates from the current all-time low of 0.10%.**

Of course, activity should rebound once the containment measures are lifted. In particular, the real estate sector and big-ticket durable goods producers should regain some lost ground, as those people who didn't lose their jobs and income during the recession make delayed purchases.

But even with these stimulus measures in place, we are sceptical we will see a perfect V-shaped recovery in the second half of the year for a few reasons. Overall, while we assume that GDP will recover reasonably quickly in the second half of 2020, it may be a few years before the economy reaches the level it would have done had the coronavirus shock not happened.

And there will of course be big economic and political questions that will need to be answered once the virus fades, including how the UK will tackle the increase in the debt burden. We estimate that the budget deficit will soar, probably from 2% of GDP now to almost 11% of GDP, higher than the 10.2% peak seen after the financial crisis. The government debt to GDP ratio will probably jump from 77% to about 105%, the highest since the 1960s. This has led the ratings agency Fitch to downgrade UK government debt from AA to AA-.

This is not an immediate problem as the markets' ability to absorb this debt won't need to be tested. In fact, the Bank of England's huge QE programme means that it will hoover up these new bonds. Further down the line, though, the government will be faced with an unenviable choice of whether to let debt be eroded only very gradually by economic growth, to try to inflate it away or to resort to more austerity.

Appendix 2: Treasury and Prudential Indicators

Prudential Indicator	2019/20 Indicator	2019/20 Q4
Authorised limit for external debt (Inc' loans raised to on-lend to Housing & Investment Company)	----- £1,088.0m -----	
Operational boundary for external debt (Inc' loans raised to on-lend to Housing & Investment Company)	----- £1,058.0m -----	
Capital Financing Requirement (CFR) *[Including PFI and Finance Lease Liabilities]*	£1,008.0m	£913.60m
Ratio of financing costs to net revenue streams	8.4%	9.0%
Upper limit of fixed interest rates based on net debt	150%	98%
Upper limit of variable interest rates based on net debt	65%	-5%
Principal sums invested over 365 days (exc' third party loans)	£50.0m	£12.5m
Maturity structure of borrowing limits:-		
Under 12 months	Max. 80% Min. 0%	31.5%
12 months to 2 years	Max. 50% Min. 0%	14.9%
2 years to 5 years	Max. 50% Min. 0%	6.7%
5 years to 10 years	Max. 50% Min. 0%	9.5%
10 years and above	Max. 100% Min. 0%	37.4%

- The Treasury Management Code of Practice guidance notes requires that maturity is determined by the earliest date on which the lender can trigger repayment, which in the case of LOBO loans is the next break/call point. This approach differs to Table 7 at paragraph 6.5 above, which instead shows the Council's LOBO loan at maturity date as the likelihood of the option being exercised is low.

Summary – Prudential and Treasury Indicators at 31st March 2020

Monitoring of Prudential and Treasury Indicators: approved by the Council in February 2019.

1. **Has the Council adopted CIPFA code of practice for Treasury Management in the Public Services?**

   The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practices and Cross sectoral Guidance Notes. This is a key element of the Treasury Strategy 2019-20, approved by the Council in February 2019.

2. **Limit for exposure to fixed and Variable rate of net borrowing (Borrowing less investments)**

	Limit	**Actual**
Fixed rate	150%	98%
Variable rate	65%	-5%

The interest rate exposure is calculated a percentage of net debt. Due to the mathematical calculation exposures could be greater than 100% of below zero (i.e. negative) depending on the component parts of the formula. The formulas are shown below:

$$\frac{\textit{Fixed rate borrowing – fixed rate investments}}{\textit{Total borrowing – total investments}}$$

* Defined as greater than 1 year to run

**Defined as less than 1 year to run or in the case of LOBO loan, the call date falling within the next 12 months.

3. **Total Principal sums invested for the periods longer than 364 days**

	2019-20 Limit £m	**Actual £m**
Investment longer than 354 days to run *	£20m	£12.69m

**Treasury Management Investment only*

4. **Limit for maturity structure of borrowing**

	Upper Limit	**Actual**
< 1 Year	80%	31.5%
1 - 2 years	50%	14.9%
2 - 5 years	50%	6.7%
5 - 10 years	50%	9.5%
>10 years	100%	37.4%

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

5. **Ratio of financing cost to net revenue stream**

2019-20 Original Estimate %	2019-20 Outturn %	Difference %
8.4	6.4	-2

Prudence:

6. **Gross borrowing and the Capital Financing Requirement (estimated) borrowing liability excluding PFR.**

Original 2019-20 Capital Financing Requirement (CFR as of the 31 March 2020) £m	2019-20 CFR (as at 31 March 2020) £m	Actual Gross Borrowings (as at 31 March 2020) £m	Difference between actual borrowings and CFR (as at March 2020) £m
1,008.0	913.60	763.9	149.7

Capital Expenditure

7. **Estimates of Capital**

For the detail of capital expenditure and funding please refer to the capital outturn in the Integrated Finance Monitoring Report.

8. **External Debt**

Authorised limit for external debt

2019-20 Authorised Limit per TMSS £m	Actual Borrowings £m	Headroom compared to Authorised Limit £m
1,088.0	763.9	324.1

The Authorised limits the statutory limit on the Council's level of debt and must not be breached. This is the absolute maximum amount of debt the Council may have in the year.

9. Operational boundary for external debt

2019-20 Operational Boundary per Limit per TMSS £m	Actual Borrowings £m	Headroom compared to Operational Boundary £m
1,058.0	763.9	294.1

The operational boundary is set as a warning signal that debt has reached a level nearing the Authorised limit and must be monitored carefully.

Agenda Item No:9

GENERAL PURPOSES COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES AND INTERNAL ADVISORY GROUPS AND PANELS

To:	**General Purposes Committee**
Meeting Date:	**2 June 2020**
From:	**Chief Executive**
Electoral division(s):	**All**
Forward Plan ref:	**No** *Key decision:* **Not applicable**
Outcome:	**To review the Committee's agenda plan and training plan, and to consider appointments to outside bodies and internal advisory groups and panels.** **It is important that the Council is represented on a wide range of outside bodies to enable the Council to provide clear leadership to the community in partnership with citizens, businesses and other organisations.**
Recommendation:	**It is recommended that the General Purposes Committee:**

(i) **review its agenda plan attached at Appendix 1;**

(ii) **review its training plan attached at Appendix 2;**

(iii) **agree the appointments to outside bodies as detailed in Appendix 3; and**

(iv) **agree the appointments to Internal Advisory Groups and Panels as detailed in Appendix 4.**

	Officer contact:		***Member contacts:***
Name:	Michelle Rowe	Names:	Councillors Count & Hickford
Post:	Democratic Services Manager	Post:	Chair/Vice-Chair
Email:	michelle.rowe@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 699180	Tel:	01223 706398

1. BACKGROUND

1.1 The General Purposes Committee reviews its agenda plan and training plan at every meeting.

1.2 The County Council's Constitution states that the General Purposes Committee has

- Authority to nominate representatives to Outside Bodies other than the Combined Authority, Greater Cambridge Partnership, Cambridgeshire and Peterborough Fire Authority, the County Councils Network Council and the Local Government Association

- Authority to determine the Council's involvement in and representation on County Advisory Groups. The Committee may add to, delete or vary any of these advisory groups, or change their composition or terms of reference.

1.3 Appointments to Outside Bodies and Internal Advisory Groups and Panels are agreed by the relevant Policy and Service Committee.

1.4 On 13 June 2017, the Committee agreed to delegate, on a permanent basis between meetings, the appointment of representatives to any outstanding outside bodies, groups, panels and partnership liaison and advisory groups, within the remit of the General Purposes Committee, to the Chief Executive in consultation with the Chairman of General Purposes Committee.

1.5 It is important that the Council is represented on a wide range of outside bodies to enable the Council to provide clear leadership to the community in partnership with citizens, businesses and other organisations.

2. MAIN ISSUES

2.1 The outside bodies where appointments are required are set out in **Appendix 3** to this report. The current representative(s) is indicated. It is proposed that the Committee should agree the appointments to these bodies.

2.2 The internal advisory groups and panels where appointments are required are set out in **Appendix 4** to this report. The current representative(s) is indicated. It is proposed that the Committee should agree the appointments to these bodies.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

There are no significant implications for this priority.

3.2 Thriving places for people to live

There are no significant implications for this priority.

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

3.4 Net zero carbon emissions for Cambridgeshire by 2050

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 There are no significant implications within these categories:

- Resource Implications
- Procurement/Contractual/Council Contract Procedure Rules Implications
- Statutory, Legal and Risk Implications
- Equality and Diversity Implications
- Engagement and Communications Implications
- Localism and Local Member Involvement
- Public Health Implications

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Not applicable
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Not applicable
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	Not applicable
Have the equality and diversity implications been cleared by your Service Contact?	Not applicable
Have any engagement and communication implications been cleared by Communications?	Not applicable
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Not applicable

Have any Public Health implications been cleared by Public Health	Not applicable

Source Documents	**Location**
General Purposes Agenda and Minutes – 28 May 2019	https://cambridgeshire.cmis.uk.com/ccc_live/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/2/Default.aspx

GENERAL PURPOSES COMMITTEE AGENDA PLAN	Appendix 1	Cambridgeshire County Council

Notes

Committee dates shown in bold are confirmed.
Committee dates shown in brackets and italics are reserve dates.

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.
* indicates items expected to be recommended for determination by full Council.
+ indicates items expected to be confidential, which would exclude the press and public.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.
The agenda dispatch date is six clear working days before the meeting.

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
02/06/20	1. Minutes – 23/04/20	M Rowe	Not applicable	**19/05/20**	**22/05/20**
	2. Finance and Performance Report – Outturn 2019-20	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 31st March 2020	R Barnes	2020/003		
	4. Treasury Management Report – Quarter 4 and Outturn Report*	Kim Kent-Augustin	Not applicable		
	5. Corporate Directorates' Risk Register	T Barden	Not applicable		
	6. Covid-19 Issues Report	G Beasley	Not applicable		
	7. Guided Busway dispute update+	G Hughes	2020/005		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	8. Re-procurement of the Cambridgeshire County Council Microsoft Enterprise Licensing Agreement for a period of 3 years	M Salisbury	2020/036		
14/07/20	1. Minutes – 02/06/20	M Rowe	Not applicable	**01/07/20**	**06/07/20**
	2. Finance and Performance Report (May)	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 31st May 2020	R Barnes	2020/016		
	4. Transformation Fund Monitoring Report Quarter 4 2019/20	K Allen	Not applicable		
	5. Performance Report – Quarter 4	A Mailer	Not applicable		
	6. Business Planning Update	T Adams	Not applicable		
	7. Transformation Fund Bid – Library Services	F Hernandez	Not applicable		
	9. Covid-19 Issues Report	G Beasley	Not applicable		
[18/08/20] Provisional Meeting	1. Minutes – 02/06/20	M Rowe	Not applicable		
	2. Covid-19 Issues Report	G Beasley	Not applicable		
22/09/20	1. Minutes – 02/06/20	M Rowe		**09/09/20**	**14/09/20**
	2. Finance and Performance Report (July)	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 31st July 2020	R Barnes	2020/017		
	4. Treasury Management Report – Quarter One Update 2020-21	Kim Kent-Augustin	Not applicable		
	5. Transformation Fund Monitoring Report Quarter 1 2020-21	K Allen	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
20/10/20	1. Minutes – 22/09/20	M Rowe		**07/10/20**	**12/10/20**
	2. Finance and Performance Report (August)	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 31st August 2020	R Barnes	2020/018		
24/11/20	1. Minutes – 20/10/20	M Rowe		**11/11/20**	**16/11/20**
	2. Finance and Performance Report (September)	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 30th September 2020	R Barnes	2020/019		
	4. Treasury Management Report – Quarter 2*	Kim Kent-Augustin	Not applicable		
	5. Draft 2020/21 Capital Programme and Capital Prioritisation	C Malyon	Not applicable		
	6. Transformation Fund Monitoring Report Quarter 2 2020-21	K Allen	Not applicable		
	7. Corporate Directorates' Risk Register	T Barden	Not applicable		
	8. Performance Report – Quarter 1	A Mailer	Not applicable		
22/12/20	1. Minutes – 24/11/20	M Rowe		**09/12/20**	**14/12/20**
	2. Finance and Performance Report (October)	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 31st October 2020	R Barnes	2020/020		
	4. Amendments to Business Plan Tables (if required)	C Malyon	Not applicable		
	5. Draft Revenue and Capital Business Planning Proposals for 2021-22 to 2025-2026 (whole Council)	C Malyon	Not applicable		
	6. Treasury Management Strategy	Kim Kent-Augustin	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
26/01/21	1. Minutes – 22/12/20	M Rowe		**13/01/21**	**18/01/21**
	2. Finance and Performance Report (November)	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 31st November 2021	R Barnes	2021/001		
	4. Local Government Finance Settlement	C Malyon	Not applicable		
	5. Business Plan*	C Malyon	Not applicable		
	6. Consultation Report	S Grace	Not applicable		
	7. Transformation Fund Investments for Business Planning 2020-21 to 2024-25	A Askham	Not applicable		
	8. Performance Report – Quarter 2	A Mailer	Not applicable		
[23/02/21] Provisional Meeting					
23/03/21	1. Minutes – 26/01/21	M Rowe		**10/03/20**	**15/03/20**
	2. Finance and Performance Report (January)	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 31st January 2021	R Barnes	2021/002		
	4. Transformation Fund Monitoring Report Quarter 3 2019/20	K Allen	Not applicable		
	5. Treasury Management Report – Quarter 3	Kim Kent-Augustin	Not applicable		
[20/04/21] Provisional Meeting					

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
15/06/21	1. Minutes – 23/03/21	M Rowe		**02/06/21**	**07/06/21**
	2. Finance and Performance Report – Outturn 2020-21	T Kelly	Not applicable		
	3. Integrated Finance Monitoring Report for the Period Ending 31st March 2021	R Barnes	2021/003		
	4. Treasury Management Report – Quarter 4 and Outturn Report*	Kim Kent-Augustin	Not applicable		
	5. Performance Report – Quarter 3	A Mailer	Not applicable		

GENERAL PURPOSES COMMITTEE TRAINING PLAN	The Training Plan below includes topic areas for GPC approval. Following sign-off by GPC the details for training and development sessions will be worked up.	**Appendix 2**

Ref	**Subject**	**Desired Learning Outcome/Success Measures**	**Priority**	**Date**	**Responsibility**	**Nature of training**	**Attendance by:**	**Cllrs Attending**	**Percentage of total**
1.	Emergency planning	The Council's roles and responsibilities, how do we respond in an emergency		25th July 2017	Stuart Thomas / Sue Grace		GPC	Bailey Bates Bywater Count Criswell Dupre Hickford Hudson Jenkins Nethsingha Schumann Shuter	80%
2.	Business Intelligence	Data / system integration Date sharing with other authorities. The importance of good governance and information management. *(pre reading material required)*		28th November 2017	Tom Barden/ Sue Grace		GPC	Bailey Bywater Criswell Dupre Hickford Hudson Jenkins Kavanagh McGuire Nethsingha Shuter Wotherspoon	80%

Appendix 3

CAMBRIDGESHIRE COUNTY COUNCIL
APPOINTMENTS TO OUTSIDE BODIES: POLICY & SERVICE COMMITTEES

NAME OF BODY	MEETINGS PER ANNUM	REPS APPOINTED	REPRESENTATIVE(S)	CONTACT DETAILS	GUIDANCE CLASSIFICATION	COMMITTEE TO APPROVE
Cambridgeshire Police and Crime Panel The role of the panel is to scrutinise the Police and Crime Commissioner.	7 approx.	3	1. Cllr S Tierney (Con) 2. Cllr D Giles (Ind) 3. Cllr M Shellens (LD) Subs: 1. Cllr D Connor (Con) 2. Cllr I Manning (LD) *Proportionality advised by Peterborough City Council*	Jane Webb Senior Democratic Services Officer Legal and Governance Democratic Services Team Chief Executive's Department Peterborough City Council Town Hall Bridge Street PETERBOROUGH PE1 1HQ 01733 452281 07983 322628 jane.webb@peterborough.gov.uk	Other Public Body representative	General Purposes

NAME OF BODY	MEETINGS PER ANNUM	REPS APPOINTED	REPRESENTATIVE(S)	CONTACT DETAILS	GUIDANCE CLASSIFICATION	COMMITTEE TO APPROVE
East of England Local Government Association Resource Portfolio Holders Board Non-executive networking group of Resources Portfolio Holders.	4	1	Councillor R Hickford (Con)	Cinar Altun 01284 758321 Cinar.altun@eelga.gov.uk	Unincorporated Association Member [Information sharing meeting]	General Purposes
ESPO Management Committee Purchasing and contracting service for 10 member Authorities.	4	2	1.Councillor I Bates (Con) 2. Councillor M Howell (Con) Substitute. Councillor R Hickford (Con)	Sara Brennan Leicestershire County Council County Hall Glenfield Leicester LE3 8RA 0116 305 7453 sara.brennan@leics.gov.uk	Other Public Body Representative	General Purposes

NAME OF BODY	MEETINGS PER ANNUM	REPS APPOINTED	REPRESENTATIVE(S)	CONTACT DETAILS	GUIDANCE CLASSIFICATION	COMMITTEE TO APPROVE
ESPO Finance and Audit Sub Committee	2	1	Councillor M Howell (Con)	Sara Brennan Leicestershire County Council County Hall Glenfield Leicester LE3 8RA 0116 305 7453 sara.brennan@leics.gov.uk	Other Public Body Representative	General Purposes
ESPO Shareholder representative Representing Cambridgeshire's interests with respect to ESPO Trading Limited	-	1	Councillor M Howell (Con) Substitute. Councillor I Bates (Con)	Sara Brennan Leicestershire County Council County Hall Glenfield Leicester LE3 8RA 0116 305 7453 sara.brennan@leics.gov.uk	Other Public Body Representative (The Council partly owns ESPO Trading Limited (less than 20%) so Cllr Howell is the shareholder rep)	General Purposes

NAME OF BODY	MEETINGS PER ANNUM	REPS APPOINTED	REPRESENTATIVE(S)	CONTACT DETAILS	GUIDANCE CLASSIFICATION	COMMITTEE TO APPROVE
LGSS Joint Overview and Scrutiny Working Group The role of the Joint Working Group (JWG) is to hold the LGSS Joint Committee to account for the discharge of its functions and to investigate issues associated with LGSS and make recommendations that seek to improve the quality of services delivered through LGSS.	3	3	Councillor M Howell (Con) Councillor D Jenkins (LD) Vacancy (Lab)	James Edmunds Democratic Services Assistant Manager and Statutory Scrutiny Officer Northamptonshire County Council Room 144 County Hall Northampton NN1 1DN 01604 366053 jedmunds@northamptonshire.gov.uk	Unincorporated Association Member	General Purposes
LGSS Law Limited Company jointly owned by Northamptonshire County Council and Cambridgeshire County Council to provide legal services to the owner councils and to other organisations within the public sector and not for profit sector.	4	1	Councillor C Boden (Con) Consultee Member	Tom Kelly 01223 703599 Tom.Kelly@cambridgeshire.gov.uk	Other Public Body Representative [Council's representative on a company it part owns]	General Purposes

Appendix 4

APPOINTMENTS TO INTERNAL ADVISORY GROUPS AND PANELS

NAME OF BODY	MEETINGS PER ANNUM	REPS APPOINTED	REPRESENTATIVE(S)	CONTACT DETAILS	COMMITTEE TO APPROVE
Member Development Panel Oversees training and development for Members.	As required	6	Councillor I Bates (Con) Councillor S Criswell (Con) Councillor L Dupre (LD) Councillor T Sanderson (Ind) Councillor M Smith (Con) Councillor J Whitehead (Lab)	Michelle Rowe Democratic Services Manager michelle.rowe@cambridgeshire.gov.uk 01223 699180	General Purposes
Members' Equality Group To develop and oversee the Equalities Strategy.	As required	5	Councillor Lorna Dupre Councillor Samantha Hoy Councillor Jocelynne Scutt Councillor Amanda Taylor Councillor Joan Whitehead	Sue Grace Director: Corporate & Customer Services sue.grace@cambridgeshire.gov.uk 01223 715680	General Purposes