

**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING  
31<sup>ST</sup> JULY 2018**

**To:** Audit & Accounts Committee

**Date:** 20 September 2018

**From:** Chief Finance Officer

**Electoral division(s):** All

**Forward Plan ref:** N/A **Key decision:** Yes

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

**Recommendations:** The committee is asked to note the following recommendations to General Purposes Committee on 20<sup>th</sup> September 2018:

- a) Note the additional section 106 funding received as set out in section 6.8.
- b) Approve the allocation of the increased £112.7k Extended Rights to Free School Travel Grant to People and Communities so that it can be used for its intended purpose, as set out in section 7.2;
- c) Note the open purchase order reconciliation issue and the accounting entries required to correct the treatment, as previously recommended in the June 18 report, as set out in Appendix 3;
- d) Approve the -£18.8m revised phasing of funding relating to changes in the capital programme variations budget, as previously recommended in the June 18 report, as set out in Appendix 3;
- e) Approve the -£7.2m rephasing of P&C's capital funding for the St. Neots Wintringham Park scheme, as previously recommended in the June 18 report, as set out in Appendix 3;

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	<a href="mailto:Tom.Kelly@cambridgeshire.gov.uk">Tom.Kelly@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Steve.Count@cambridgeshire.gov.uk">Steve.Count@cambridgeshire.gov.uk</a> <a href="mailto:Roger.Hickford@cambridgeshire.gov.uk">Roger.Hickford@cambridgeshire.gov.uk</a>
Tel:	01223 703599	Tel:	01223 706398

## **1. PURPOSE**

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

## **1. OVERVIEW**

- 2.1 The following summary provides a snapshot of the Authority's performance against its indicators around outcomes, its forecast financial position at year-end and its key activity data for care budgets.

DRAFT

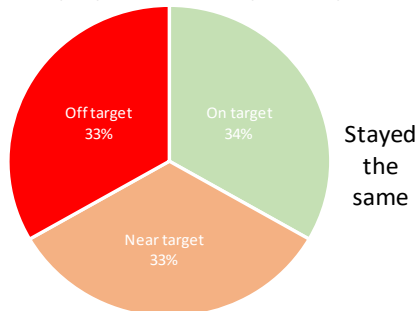
Data available as at:

31 July 2018

## Outcomes

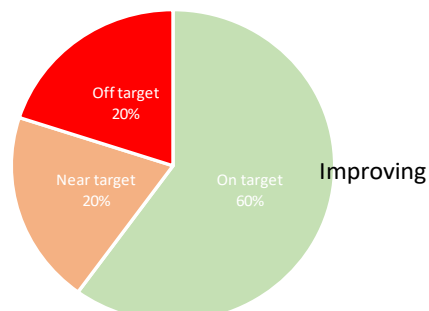
93 indicators about outcomes are monitored by service committees  
They have been grouped by outcome area and their status is shown below

### Older people live well independently



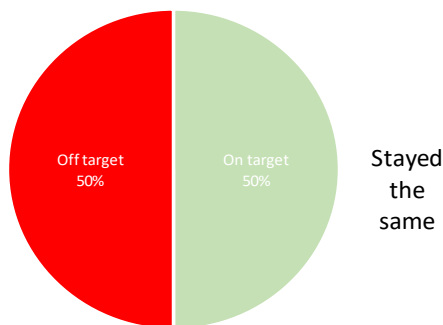
7 indicators, 4 of which do not have targets

### People with disabilities live well independently



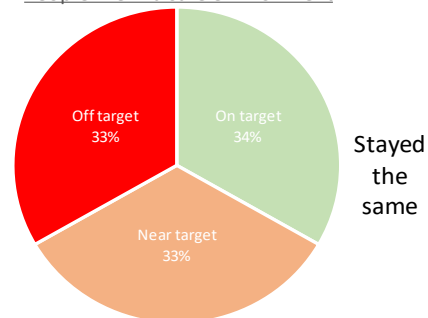
6 indicators, 1 of which does not have a target

### Adults and children are kept safe



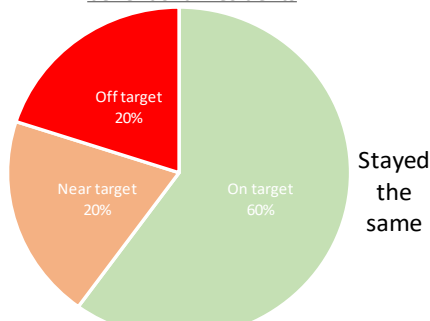
8 indicators, 4 of which do not have targets

### People live in a safe environment



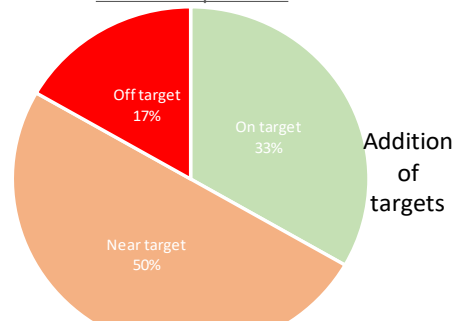
6 indicators, 3 of which do not have targets

### The Cambridgeshire economy prospers to the benefit of all residents



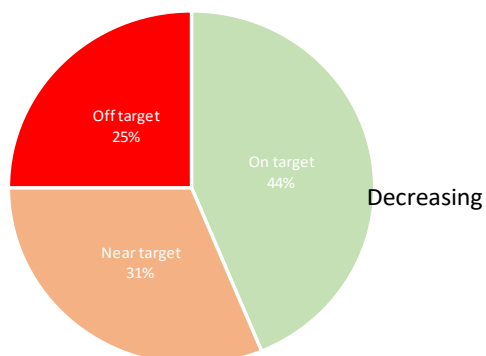
15 indicators, 5 of which do not have targets

### Places that work with children help them to reach their potential



14 indicators, 2 of which do not have targets

### People lead a healthy lifestyle and stay healthy for longer



35 indicators, 3 of which do not have targets

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
37 Early ideas ↑ 143 Business cases in development ↑ 23 Projects being implemented ↔ Transformation Fund: 12 projects rated Green ↔ 1 rated Amber (reflecting some need to re-phase savings) ↓ 5 rated Red (risk of non-delivery of savings or benefits) ↑	As of the end of March 2018* we had lost 6.27 days on average per staff member to sickness during the last 12 months. This is lower than the average number of days lost per staff member at the end of 2016/17 (6.91 days).

\*Due to the recent move to the new HR system, ERP Gold, sickness reporting is not currently available on the system. This is currently being worked on and will be updated when available.

The latest master file of performance indicators is available [here](https://tinyurl.com/ycn8hrqq), <https://tinyurl.com/ycn8hrqq>.

## Finance and Risk

### Revenue budget forecast

+£5.2m (1.5%)  
variance at end of  
year

RED

This is a £1.132m increase  
in the revenue forecast  
pressure since last month.

### Capital programme forecast

£0m (0%) variance  
at end of year

GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	8	2

\*Latest Review: July 2018

## Number of service users supported by key care budgets

### Older people aged 65+ receiving long term services

	Jul-18	Apr-18	Trend since Apr-18
Nursing	425	410	Increasing
Residential	852	847	Stayed the same
Community	1,869	2,023	Decreasing

### Adults aged 18+ receiving long term services

	Jul-18	Apr-18	Trend since Apr-18
Nursing	35	26	Increasing
Residential	348	309	Increasing
Community	2,109	1,933	Increasing

### Children open to social care

	Jul-18	Apr-18	Trend since Apr-18
Looked after children	724	715	Increasing
Child protection	480	483	Stayed the same
Children in need*	2,794	2,225	Increasing

\*Number of open cases in Children's Social Care (minus looked after children and child protection)

## Public Engagement

	Jul-18	Apr-18	Trend since Apr-18
Contact Centre Engagement	13,414 Phone Calls 5,437 Other	12,763 5,316	Increasing Increasing
Website Engagement (cambridgeshire.gov.uk)	176,783 Users 262,417 Sessions	154,319 229,409	Increasing Increasing

The number of service users is a key indicator of the demand for care budgets in social care, information about the contacts with the public across web and phone channels is a key indicator of both service delivery and transformation.

## 2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£5.2m (+1.5%); an increase of £1.1m on the forecast pressure reported in June; there have been increases in People & Communities (P&C) and Commercial & Investment (C&I). See section 3 for details. There is risk that the position may worsen further given demand pressures and the phasing of savings delivery: as in previous years the Council continues to focus on identifying in-year mitigations to offset this.
- The Capital Programme is forecasting a balanced budget at year end. This includes use of the capital programme variations budget. See section 6 for details.

DRAFT

### 3. REVENUE BUDGET

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

#### Key to abbreviations

CS Financing – Corporate Services Financing  
DoT – Direction of Travel (up arrow means the position has improved since last month)

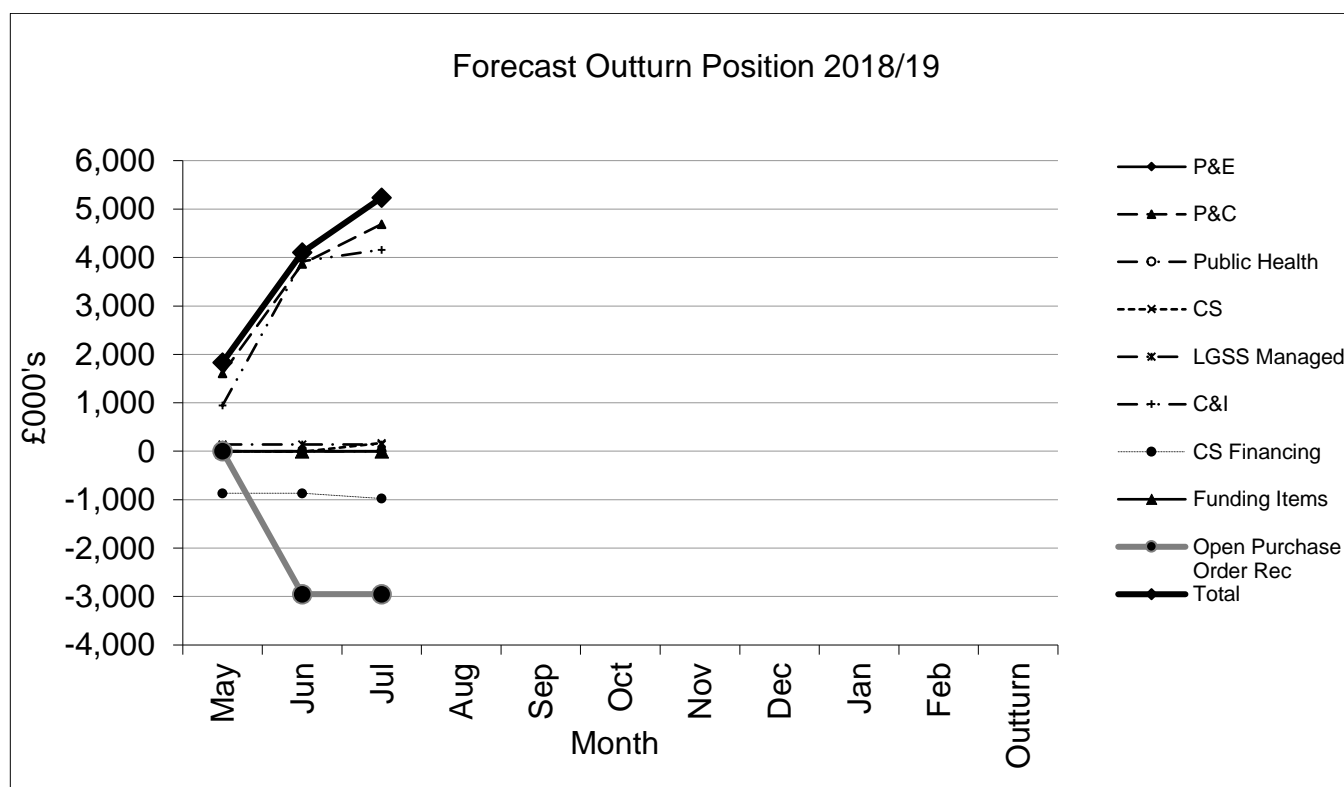
Forecast Variance (June) £000	Service	Current Budget for 2018/19 £000	Actual (July) £000	Forecast Variance (July) £000	Forecast Variance (July) %	Overall Status	DoT
0	Place & Economy	41,723	14,495	0	0.0%	Green	↔
3,868	People & Communities	239,944	92,550	4,690	2.0%	Red	↓
0	Public Health	629	-8,739	0	-	Green	↔
-11	Corporate Services	6,655	3,793	171	2.6%	Amber	↓
140	LGSS Managed	11,186	7,671	140	-	Green	↔
3,925	Commercial & Investment	-8,658	1,397	4,163	-	Red	↓
-866	CS Financing	25,983	3,051	-976	-3.8%	Green	↑
<b>7,056</b>	<b>Service Net Spending</b>	<b>317,462</b>	<b>114,218</b>	<b>8,188</b>	<b>2.6%</b>	<b>Red</b>	↓
0	Funding Items	32,705	8,837	0	0.0%	Green	↔
-2,950	Open Order Reconciliation	0	0	-2,950	-	Green	↔
<b>4,106</b>	<b>Subtotal Net Spending</b>	<b>350,167</b>	<b>123,055</b>	<b>5,238</b>	<b>1.5%</b>	<b>Red</b>	↓
<b>Memorandum items:</b>							
-21	LGSS Operational	8,835	136	1	0.0%	Green	↓
<b>4,085</b>	<b>Grand Total Net Spending</b>	<b>359,002</b>	<b>123,191</b>	<b>5,239</b>	<b>1.5%</b>	<b>Red</b>	↓
Schools		198,140					
<b>Total Spending 2018/19</b>		<b>557,142</b>					

<sup>1</sup> The budget figures in this table are net.

<sup>2</sup> For budget virements between Services throughout the year, please see [Appendix 1](#).

<sup>3</sup> The budget of £629k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £25.4m from ring-fenced public health grant, which makes up its gross budget.

<sup>4</sup> The 'Funding Items' budget comprises the £22.7m Combined Authority Levy, the £392k Flood Authority Levy and £9.7m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any 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.



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** a balanced budget is forecast at year-end. Although not yet identified it is anticipated that savings and underspends will be found within Place & Economy to fund the current projected pressures. There are no exceptions to report this month; for full and previously reported details see the [P&E Finance & Performance Report](https://tinyurl.com/ycqvjb9v), <https://tinyurl.com/ycqvjb9v>.

3.2.2 **People & Communities:** +£4.690m (+2.0%) pressure is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li><b>Looked After Children (LAC) Placements</b> – a +£3.0m pressure is forecast, which is an increase of £0.3m on the position previously reported in June 2018. This increase is a result of additional demand, with five additional high cost placements made during the month of July. This position will be closely monitored throughout the year, with subsequent forecasts updated to reflect any change in this position.</li> </ul>		
Overall LAC numbers at the end of July 2018, including placements with in-house foster carers, residential homes and kinship, were 724, 23 more than at the end of June. This includes 74 unaccompanied asylum seeking children (UASC). We are aware that there have been further rises in the number of UASC supported over the summer – with an increased pressure anticipated around this next month. Discussions are also ongoing with the Home Office over expected time scales over confirming UASC status once they turn 18, which impacts on our ability to accurately forecast expected spend. High cost UASC packages are being reviewed in order to reduce costs where possible	+3.000	(+15%)

External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of July were 375, 6 more than at the end of June. The Access to Resources team are working with providers to ensure that support and cost matches need for all children. Actions being taken to address the forecast pressure are outlined in the [P&C Finance & Performance Report](https://tinyurl.com/ybc6mnp8), <https://tinyurl.com/ybc6mnp8>.

- Home to School Transport - Special** – a +£0.75m pressure is forecast. This is as a result of increasing demand for Special Educational Needs (SEN) Transport, primarily due to increasing numbers of pupils attending special school and an increase in children with Education Health and Care Plans (EHCPs) requiring transport to other provisions. An increase in complexity of need has meant that more individual transport, and transport including a passenger assist, is needed. Actions being taken to address the forecast pressure are outlined in the [P&C Finance & Performance Report](https://tinyurl.com/ybc6mnp8), <https://tinyurl.com/ybc6mnp8>. +0.750 (+10%)
- For full and previously reported details see the [P&C Finance & Performance Report](https://tinyurl.com/ybc6mnp8), <https://tinyurl.com/ybc6mnp8>.

3.2.3 **Public Health:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [PH Finance & Performance Report](https://tinyurl.com/y77dlvyr), <https://tinyurl.com/y77dlvyr>.

3.2.4 **Corporate Services:** +£0.171m (+2.6%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/yamu8pzq), <https://tinyurl.com/yamu8pzq>.

3.2.5 **LGSS Managed:** +£0.140m (+1.2%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/yamu8pzq), <https://tinyurl.com/yamu8pzq>.

3.2.6 **CS Financing:** -£0.976m (-3.8%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/yamu8pzq), <https://tinyurl.com/yamu8pzq>.

3.2.7 **Commercial & Investment:** +£4.163m (-%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance & Performance Report](https://tinyurl.com/yahs8olv), <https://tinyurl.com/yahs8olv>.

*(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)*

3.2.8 **Open Purchase Order Reconciliation:** -£2.950m underspend is forecast. There are no exceptions to report this month. For the recommendation previously recommended in the June 18 report, see Appendix 3.



- 3.2.9 **LGSS Operational:** +£0.001m (0%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#), <https://tinyurl.com/yamu8pzq>.

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

#### 4. KEY ACTIVITY DATA

- 4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [P&C Finance & Performance Report](#) (section 2.5), <https://tinyurl.com/ybc6mnp8>.

#### 5. PERFORMANCE AND RISK

- 5.1 **Change in indicators:** There was one outcome where the overall performance decreased since the previous month. This was 'People lead a healthy lifestyle and stay healthy for longer' and reflects changes in four indicators. One indicator's performance improved; 'Personal Health Trainer Service - Personal Health Plans completed (Extended Service)' changed from red (87% of the YTD, year to date, target) to amber (93% of the YTD target). There were three indicators where performance worsened.

The first, 'Smoking Cessation – four week quitters' changed from amber (92% of YTD target) to red (55% of YTD target). The data included in this report for this indicator reflects April's performance and historically the number of quitters has been low in April. The service is also still experiencing issues with staff capacity and there is an ongoing programme to target performance. The second indicator where performance decreased was 'Number of referrals received for multi factorial risk' which changed from green (121% of YTD target) to amber (97% of YTD target). This decrease in the number of referrals represents the over-achievement in the previous month. The third indicator where performance decreased was 'Number of clients completing their PHP – Falls Prevention' which changed from green (100% of YTD target) to red (82% of target). This reflected a surge in the number of clients completing the programme and a lack of capacity to address the surge. This has now been resolved which should be reflected in next month's performance figures.

Work is underway to agree updated targets with directorates. Targets will be set appropriate to the indicator, and will be based on previous trends and look to maintain or improve the CCC position relative to statistical neighbours and national averages. It is anticipated that these will have been agreed with all directorates by mid-September. For the outcome 'Places that work with children help them to reach their potential' targets have now been set for 12 out of the 14 indicators included under this outcome, meaning the indicators are now RAG rated.

- 5.2 The master file of performance indicators is available [here](#), <https://tinyurl.com/ycn8hrqg>, while the latest Corporate Risk Register can be found [here](#), <https://tinyurl.com/yd96a2vw>.

## 6. CAPITAL PROGRAMME

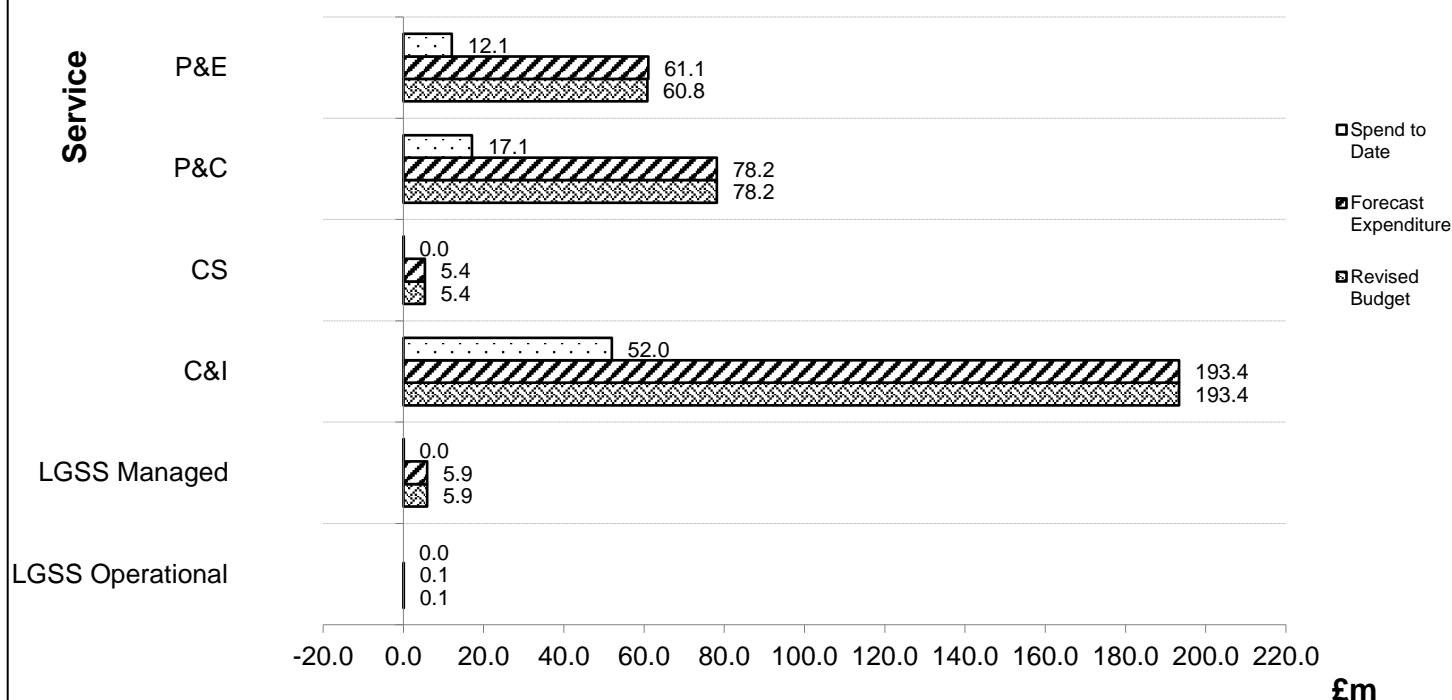
6.1 A summary of capital financial performance by service is shown below:

2018-19							TOTAL SCHEME	
Original 2018/19 Budget as per Business Plan	Forecast Variance - Outturn (June)	Service	Revised Budget for 2018/19	Actual	Forecast Variance - Outturn (July)	Forecast Variance - Outturn (July)	Total Scheme Revised Budget (July)	Total Scheme Forecast Variance (July)
£000	£000		£000	£000	£000	%	£000	£000
35,956	556	P&E	60,782	12,097	286	0.5%	445,241	-
87,820	-0	P&C	78,157	17,123	-0	0.0%	669,433	15,801
2,038	-	CS	5,369	11	-	0.0%	19,437	-
6,415	-	LGSS Managed	5,915	11	-	0.0%	6,865	-
123,274	-	C&I	193,375	51,976	-	0.0%	318,847	-147
-	-	LGSS Operational	134	-	-	0.0%	2,025	-
-	-556	Outturn adjustment	-	-	-286	-	-	-
<b>255,503</b>	<b>-0</b>	<b>Total Spending</b>	<b>343,732</b>	<b>81,218</b>	<b>-0</b>	<b>0.0%</b>	<b>1,461,848</b>	<b>15,654</b>

### 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 6.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2018/19 of £23.1m and is currently forecasting a balanced budget 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.

### Capital Programme 2018/19



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

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

2018/19					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (July)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (July)
	£000	£000	£000	%	£000
P&E	-14,931	286	0	0.00%	286
P&C	-10,469	-3,380	3,380	32.29%	-0
CS	-951	0	0	0.00%	0
LGSS Managed	-1,479	0	0	0.00%	0
C&I Non-Housing	-16,737	0	0	0.00%	0
LGSS Operational	0	0	0	-	0
Outturn adjustment	-	-286	-	-	-286
<b>Subtotal</b>	<b>-44,567</b>	<b>-3,380</b>	<b>3,380</b>	<b>7.59%</b>	<b>-0</b>
C&I Housing	0	0	0	0.00%	0
<b>Total Spending</b>	<b>-44,567</b>	<b>-3,380</b>	<b>3,380</b>	<b>7.59%</b>	<b>-0</b>

- 6.3 The C&I Housing scheme budget does not have a capital programme variations budget associated with it; it is therefore shown as a separate line in the above capital programme variations table.
- 6.4 Although there is a forecast in-year pressure in P&E, it is not currently thought that the position across the whole programme will be a pressure. However, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.
- 6.5 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.25m or greater are identified below.

6.5.1 **Place & Economy:** a +£0.3m (+0.5%) in-year pressure is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li>• <b>Ely Crossing</b> – an in-year pressure of +£1.1m is forecast. This is due to forecast accelerated spend of £1.1m in 2018/19 rather than in 2019/20; the completion date is likely to be October 2018. This will not affect the total scheme cost.</li> </ul> <p>The benefits of the crossing include:</p> <ul style="list-style-type: none"> <li>• The road will solve long-standing problems and reduce journey times for drivers between A10 and Stuntney Causeway by up to 56%</li> <li>• The railway bridge is currently amongst the most frequently struck rail bridges in the Country and the new bypass will help to relieve these problems</li> <li>• Network Rail will be enabled to close the level crossing and consequently increase train frequencies (the underpass will be available for local traffic)</li> <li>• A new walkway for residents and visitors in the vicinity of a national heritage site. dyke</li> </ul>	+1.1	(+8%)
<ul style="list-style-type: none"> <li>• <b>Libraries</b> – an in-year underspend of -£0.5m is forecast across library schemes. This is due to rephasing on the following schemes which are funded by section 106 developer contributions and will not commence until 2019/10: <ul style="list-style-type: none"> <li>○ New Community Hub / Library Provision Darwin Green: An in-year underspend of £0.3m is forecast.</li> <li>○ New Community Hub / Library Provision Cambourne: An in-year underspend of £0.2m is forecast.</li> </ul> </li> </ul>	-0.5	(-21%)
<ul style="list-style-type: none"> <li>• <b>Huntingdon - West of Town Centre Link Road</b> – an in-year underspend of -£0.8m is forecast. This is due to rephasing of expenditure due to ongoing negotiations in relation to valuations.</li> </ul>	-0.8	(-83%)
<ul style="list-style-type: none"> <li>• For full and previously reported details see the <a href="https://tinyurl.com/ycqvjb9v">P&amp;E Finance &amp; Performance Report, https://tinyurl.com/ycqvjb9v</a>.</li> </ul>		

6.5.2 **People & Communities:** a balanced budget is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li>• <b>Basic Need – Secondary</b> – an in-year underspend of -£2.6m is forecast. This is mainly due to rephasing on the following schemes: <ul style="list-style-type: none"> <li>○ Northstowe Secondary &amp; Special has experienced rephasing of £700k in 2018-19 due to a requirement for</li> </ul> </li> </ul>	-2.6	(-7%)

piling foundations on the site, which will lead to an increase in total scheme cost and also extend the build time.

- Cambourne Village College work is not starting on site until February 2019 for a September 2019 completion; the impact being £1,932k repaving.

- **P&C Capital Variation** – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £3.4m underspend is balanced by use of the capital variations budget; this is an increase of £2.5m on the use of variations budget reported last month and relates to the underspend on Basic Need – Secondary schemes as reported above. +3.4 (+32%)
- For full and previously reported details see the [P&C Finance & Performance Report, https://tinyurl.com/ybc6mnp8](https://tinyurl.com/ybc6mnp8).

- 6.5.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq](https://tinyurl.com/yamu8pzq).
- 6.5.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details and previously reported see the [CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq](https://tinyurl.com/yamu8pzq).
- 6.5.5 **Commercial & Investment:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance & Performance Report, https://tinyurl.com/yahs8olv](https://tinyurl.com/yahs8olv).  
(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)
- 6.5.6 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq](https://tinyurl.com/yamu8pzq).
- 6.6 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.25m or greater are identified below:
- 6.6.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [P&E Finance & Performance Report, https://tinyurl.com/ycqvjb9v](https://tinyurl.com/ycqvjb9v).
- 6.6.2 **People & Communities:** a +£15.8m (+2%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [P&C Finance & Performance Report, https://tinyurl.com/ybc6mnp8](https://tinyurl.com/ybc6mnp8).
- 6.6.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report, https://tinyurl.com/yamu8pzq](https://tinyurl.com/yamu8pzq).

6.6.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/yamu8pzq), <https://tinyurl.com/yamu8pzq>.

6.6.5 **Commercial & Investment:** a -£0.1m (-0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance & Performance Report](https://tinyurl.com/yahs8olv), <https://tinyurl.com/yahs8olv>.

*(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)*

6.6.6 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/yamu8pzq), <https://tinyurl.com/yamu8pzq>.

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

Funding Source	B'ness Plan Budget	Rolled Forward Funding <sup>1</sup>	Revised Phasing	Additional/Reduction in Funding	Revised Budget	Outturn Funding	Funding Variance
	£m	£m	£m	£m	£m	£m	£m
Department for Transport (DfT) Grant	17.5	4.1	-0.4	2.4	23.6	23.6	-
Basic Need Grant	24.9	-	-	-	24.9	24.9	-
Capital Maintenance Grant	4.0	-	0.2	-	4.2	4.2	-
Devolved Formula Capital	1.0	0.7	-	-0.1	1.6	1.6	-
Specific Grants	6.5	4.4	-1.0	-	9.9	9.9	-
S106 Contributions & Community Infrastructure Levy	11.0	3.0	-0.5	-0.6	12.8	12.8	-
Capital Receipts	81.1	-	-	-	81.1	81.1	-
Other Contributions	12.1	-	-3.6	4.6	13.0	13.0	-
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	97.3	92.3	-31.2	14.0	172.5	172.5	-
<b>TOTAL</b>	<b>255.5</b>	<b>104.5</b>	<b>-36.6</b>	<b>20.3</b>	<b>343.7</b>	<b>343.7</b>	<b>-</b>

<sup>1</sup> Reflects the difference between the anticipated 2017/18 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2018/19 Business Plan, and the actual 2017/18 year end position.

## 6.8 Key funding changes (of greater than £0.25m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Section 106 contributions	P&E	+£0.3	An additional £314k Section 106 funding has been received for Northstowe busway schemes within Major Scheme Development & Delivery.  <b>General Purposes Committee is asked to note this additional funding.</b>

## 7. FUNDING CHANGES

- 7.1 Where there has been a material change in 2018/19 grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require Strategic Management Team (SMT) discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the GPC for approval.

### 7.2 Extended Rights to Free School Travel Grant

The Extended Rights to Free School Travel Grant is an un-ringfenced grant from the Department for Education (DfE) that has been allocated to Local Authorities to allow them to pay for home-to-school travel for children from low-income families who go to school further from home than the statutory walking distances.

In August 2018 the DfE advised of an increase of £112,700 Extended Rights funding for Cambridgeshire County Council. This revised allocation is as a result of increases in free school meal (FSM) numbers and the subsequent potential increase in the numbers of pupils eligible to free home-to-school transport and the associated costs. The DfE has recalculated local authorities' Extended Rights allocations in light of these changes and increased them to cover the potential for increases in the size of the Extended Rights cohort in 2018/19.

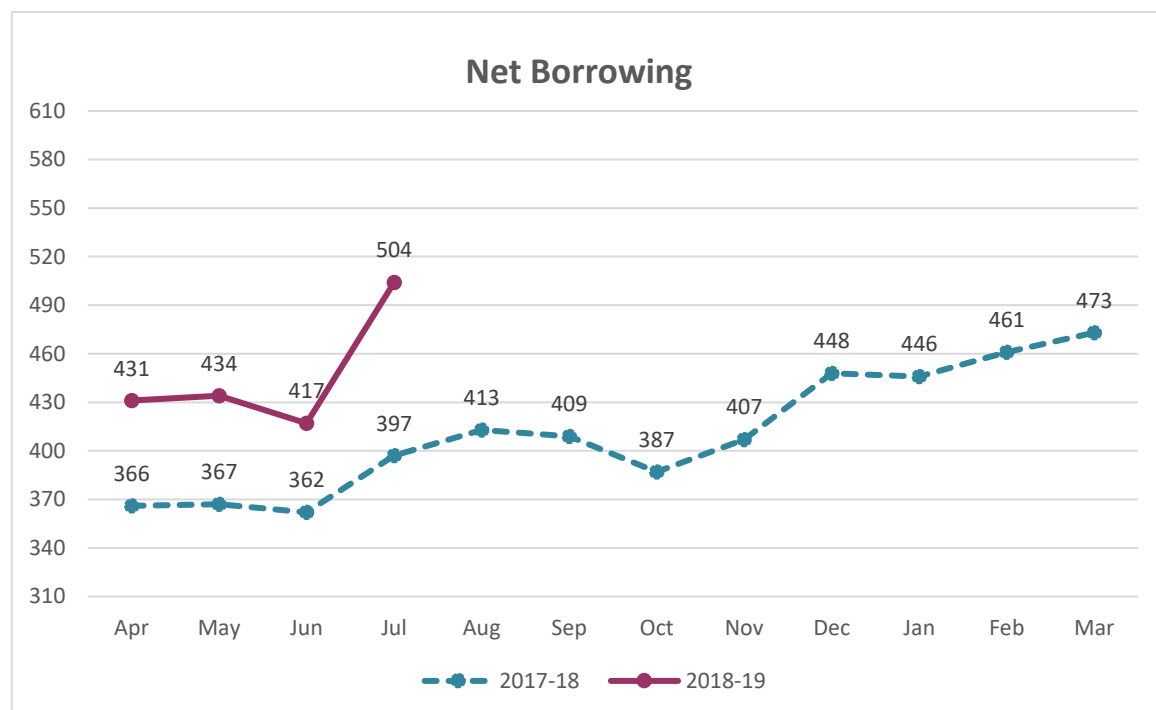
The Extended Rights to Free School Travel Grant is held corporately in the 'Funding items' section of the Council's budget. However, since the increased grant element from DfE relates to increases in the numbers of pupils eligible to free home-to-school transport and the associated costs, General Purposes Committee is asked to approve the allocation of this increased grant element to the P&C directorate where the increased costs are being incurred.

**General Purposes Committee is asked to approve the allocation of the increased £112.7k Extended Rights to Free School Travel Grant to People and Communities so that it can be used for its intended purpose.**

## 8. BALANCE SHEET



- 8.1 A more detailed analysis of prompt payment and debt management balance sheet health issues will be included once this reporting has been developed following the transition to the new financial system.
- 8.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of July 2018 were £59.15m (excluding 3<sup>rd</sup> party loans) and gross borrowing was £562.78m. Of this gross borrowing, it is estimated that £70.69m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3<sup>rd</sup> parties in order to receive a financial return.



- 8.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2018-19 TMSS was set in February 2018, it was anticipated that net borrowing would reach £683m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1<sup>st</sup> April 2018 was £473m, this reduced to £431m at the end of April 2018 thus starting at a lower base than originally set out in the TMSS (£683m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.
- 8.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.
- 8.5 Although there is a link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.



- 8.6 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.
- 8.7 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](https://tinyurl.com/y9vuz8or) (<https://tinyurl.com/y9vuz8or>).
- 8.8 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

## **9. ALIGNMENT WITH CORPORATE PRIORITIES**

### **9.1 Developing the local economy for the benefit of all**

There are no significant implications for this priority.

### **9.2 Helping people live healthy and independent lives**

There are no significant implications for this priority.

### **9.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

## **10. SIGNIFICANT IMPLICATIONS**

### **10.1 Resource Implications**

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

### **10.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications within this category.

### **10.3 Statutory, Legal and Risk Implications**

There are no significant implications within this category.

### **10.4 Equality and Diversity Implications**

There are no significant implications within this category.

### **10.5 Engagement and Consultation Implications**

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

### **10.6 Localism and Local Member Involvement**

There are no significant implications within this category.

## 10.7 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 & Performance Report (July 18) P&C Finance & Performance Report (July 18) PH Finance & Performance Report (July 18) CS and LGSS Cambridge Office Finance & Performance Report (July 18) C&I Finance & Performance Report (July 18) Performance Management Report & Corporate Scorecard (July 18) Capital Monitoring Report (July 18)	1 <sup>st</sup> 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	Public Health	P&E	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	239,124	629	41,428	25,983	7,207	11,126	-8,188	8,871	33,685
Post BP adjustments	208				203	58	-433	-36	
Greater Cambridge Partnership budgets not reported in CCC budget					-863				
Use of earmarked reserves for Community Transport			84						-84
Cleaning contract savings transfer					36		-36		
Organisational structure review	-70				70				
Use of earmarked reserves for Community Transport			211						-211
Funding from General Reserves for Children's services reduced grant income expectation as approved by GPC	295								-295
Funding from General Reserves for New Duties – Leaving Care as approved by GPC	390								-390
<b>Current budget</b>	<b>239,946</b>	<b>629</b>	<b>41,723</b>	<b>25,983</b>	<b>6,654</b>	<b>11,184</b>	<b>-8,657</b>	<b>8,835</b>	<b>32,705</b>
Rounding	2	0	0	0	-1	-1	1	0	0

## APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2018	2018-19		Forecast Balance 31 March 2019	Notes
		Movements in 2018-19	Balance at 31 July 2018		
	£000s	£000s	£000s	£000s	
<b><u>General Reserves</u></b>					
- County Fund Balance	13,392	2,568	15,960	10,721	Service reserve balances transferred to General Fund after review
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	0	0	0	0	
subtotal	13,392	2,568	15,960	10,721	
<b><u>Earmarked</u></b>					
- Specific Reserves					
5 Insurance	3,175	0	3,175	3,175	
subtotal	3,175	0	3,175	3,175	
- Equipment Reserves					
6 P&C	64	0	64	64	
7 P&E	30	0	30	0	
8 CS	30	0	30	3	
9 C&I	680	0	680	0	
subtotal	804	0	804	67	
<b><u>Other Earmarked Funds</u></b>					
10 P&C	514	0	514	514	Includes liquidated damages in respect of the Guided Busway
11 PH	2,567	0	2,567	2,069	
12 P&E	5,382	-294	5,088	4,580	
13 CS	2,628	0	2,628	2,865	
14 LGSS Managed	63	0	63	0	
15 C&I	552	106	658	658	Savings realised through change in MRP policy
16 Transformation Fund	21,877	7,591	29,468	19,841	
17 Innovate & Cultivate Fund	844	-66	778	446	
18 Smoothing Fund	0	3,413	3,413	3,413	
subtotal	34,427	10,750	45,177	34,386	
<b>SUB TOTAL</b>	<b>51,799</b>	<b>13,317</b>	<b>65,117</b>	<b>48,350</b>	
<b><u>Capital Reserves</u></b>					
- Services					
18 P&C	778	0	778	778	Section 106 and Community Infrastructure Levy balances.
19 P&E	10,200	12,417	22,617	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	0	28,535	28,535	0	
22 Corporate	43,561	13,859	57,420	44,591	
subtotal	54,539	54,811	109,350	46,369	
<b>GRAND TOTAL</b>	<b>106,338</b>	<b>68,129</b>	<b>174,467</b>	<b>94,719</b>	

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 2018	2018-19		Forecast Balance 31 March 2019	Notes
		Movements in 2018-19	Balance at 31 July 2018		
	£000s	£000s	£000s	£000s	
<b>- Short Term Provisions</b>					
1 P&E	55	0	55	0	
2 P&C	200	0	200	200	
3 CS	0	0	0	0	
4 LGSS Managed	3,460	0	3,460	3,460	
5 C&I	0	0	0	0	
subtotal	3,715	0	3,715	3,660	
<b>- Long Term Provisions</b>					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
<b>GRAND TOTAL</b>	<b>7,328</b>	<b>0</b>	<b>7,328</b>	<b>7,273</b>	

## APPENDIX 3 – RECOMMENDATIONS FROM JUNE 18 REPORT

The June Integrated Resources and Performance Report included a number of recommendations to General Purposes Committee (GPC) that have not yet received approval, as the last Integrated Resources and Performance Report to be presented at a meeting of GPC was the May report, on 24<sup>th</sup> July 2018.

GPC is asked to approve the recommendations in the June report, which were circulated to the Committee by email.

### June Integrated Resources and Performance Report

One recommendation regarding the open purchase order reconciliation issue and the accounting entries required to correct the treatment, as set out in section 3.2.8:

#### 3.2.8 Open Purchase Order Reconciliation: -£2.950m (-%) underspend is forecast at year-end.

- |  | £m | % |
|--|----|---|
| <ul style="list-style-type: none"><li>As a result of a review of purchasing system balances, it is possible to credit back to revenue £2.95m of amounts previously recognised as paid but which had in fact been held in suspense.</li></ul> |    |   |

The process for making payment to suppliers involves several steps, principally,

- raising a purchase order for goods and services,
- receipting the arrival or delivery of those goods and services, and
- the payment being made to the supplier.

There is deliberately a segregation of duties within and between these tasks so that no single staff member can set up, agree, receive and pay a supplier. The design of the Council's previous accounting system, e-Business Suite, permitted a mismatch to arise between amounts raised in purchase order and/or goods receipted and amounts actually paid to suppliers within a 5% tolerance threshold to allow business as usual to run smoothly. In simple terms, amounts ordered and in some cases receipted, exceeded the amounts actually invoiced and paid to suppliers. This can occur when it is not clear in advance what the final cost of works will be, or when authority for goods and services to be ordered is granted (and raised on the system) but not ultimately proceeded with at all or to the same extent, there were also instances of duplicate orders being raised (but not paid). In line with standard accounting practice, the Council has recognised the cost of amounts receipted within services rather than the level of cash actually paid out.

	-3.0	(-%)
--	------	------

Although the use of payables suspense accounts to manage this process is common and enabled smooth purchasing arrangements, reconciliation processes to prevent amounts held in suspense reaching a material level were not sufficient. A detailed reconciliation process has now been undertaken back to 2006, identifying 10,917 transactions where a mismatch was apparent between the open purchase order and amounts actually paid by

invoice. Alongside the changeover in financial system to ERP Gold, the opportunity has been taken to make the judgment that open orders beyond a certain age can now be closed and credited back where there is a mismatch.

Amounts within the suspense account related to ring-fenced grant funded cost centres have been excluded and do not form part of the credit back to the general fund.

**General Purposes Committee is asked to note this open purchase order reconciliation issue and the accounting entries required to correct the treatment.**

Two recommendations concerning capital funding, found in section 7.8:

7.8 Key funding changes (of greater than £0.25m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Revised Phasing (capital programme variations budgets)	All Services	-£18.8	<p>In 2016/17 the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service, which effectively reduces the capital programme budget. Capital programme variations budgets were included in the 2018/19 Business Plan, but these have been revised for 2018/19 as a result of the rolled forward and revised phasing exercise carried out in May 18.</p> <p><b>General Purposes Committee is asked to approve the -£18.8m revised phasing of funding relating to changes in the capital programme variations budget.</b></p>
Revised Phasing	P&C	-£7.2	<p>The St. Neots Wintringham Park Primary scheme has been rephased resulting in a -£7,150k change to its 2018/19 funding requirement as this project will not start on site until September 2019.</p> <p><b>General Purposes Committee is asked to approve the -£7.2m rephasing of P&amp;C's funding for the St. Neots Wintringham Park scheme.</b></p>