

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

*To:* **General Purposes Committee**

*Date:* **15th March 2016**

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

- a) Analyse resources and performance information and note the remedial action currently being taken and considers if any further remedial action is required.**
- b) Approve that the Insurance Fund be increased by an additional provision of £1.15m in 2015/16 to cover the MMI Scheme of Arrangement Levy that will become payable in the near future (see section 3.2.5).**

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## 1. PURPOSE

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

## 2. OVERVIEW

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

Area	Measure	Forecast Year End Position (Dec)	Forecast Year End Position (Jan)	Current Status	DoT (up is improving)
Revenue Budget	Variance (£m)	-£3.9m	-£4.9m	Green	↑
Basket Key Performance Indicators	Number at target (%)	39% (7 of 18)	44% (8 of 18) <sup>1</sup>	Amber	↑
Capital Programme	Variance (£m)	-£47.5m	-£53.6m	Amber	↓
Balance Sheet Health	Net borrowing activity (£m)	£412m	£410m	Green	↑

<sup>1</sup> The number of performance indicators on target reflects the current position.

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

- The overall revenue budget position is showing a forecast year end underspend of £4.9m (-1.4%), which is an increase of £1.0m since last month. The increase mainly relates to further underspends identified within ETE and CFA, which are partially offset by an increase in LGSS Managed's forecast overspend in relation to the proposed additional insurance provision. See section 3 for details.
- Key Performance Indicators; the corporate performance indicator set has been refreshed for 2015/16. Some of the measures within this new set are still being developed and should be available in the coming months. There are 20 indicators in the Council's new basket, with data currently being available for 18 of these. Of these 18 indicators, 8 are on target. See section 5 for details.
- The Capital Programme is showing a forecast year end underspend of £53.6m (-26.1%), which is an increase of £6.1m since last month. The majority of the increase is due to further slippage within ETE's, CFA's and LGSS Managed capital programmes. See section 6 for details.

- Balance Sheet Health; The original forecast net borrowing position for 31<sup>st</sup> March 2016, as set out in the Treasury Management Strategy Statement (TMSS) is £453m. This projection has now fallen to £410m, down by £2m from last month. This is largely as a result of changes in the net expenditure profile of the capital programme and changes in expected cash flows since the Business Plan was produced in February 2015. See section 7 for details.

### 3. REVENUE BUDGET

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

#### Key to abbreviations

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

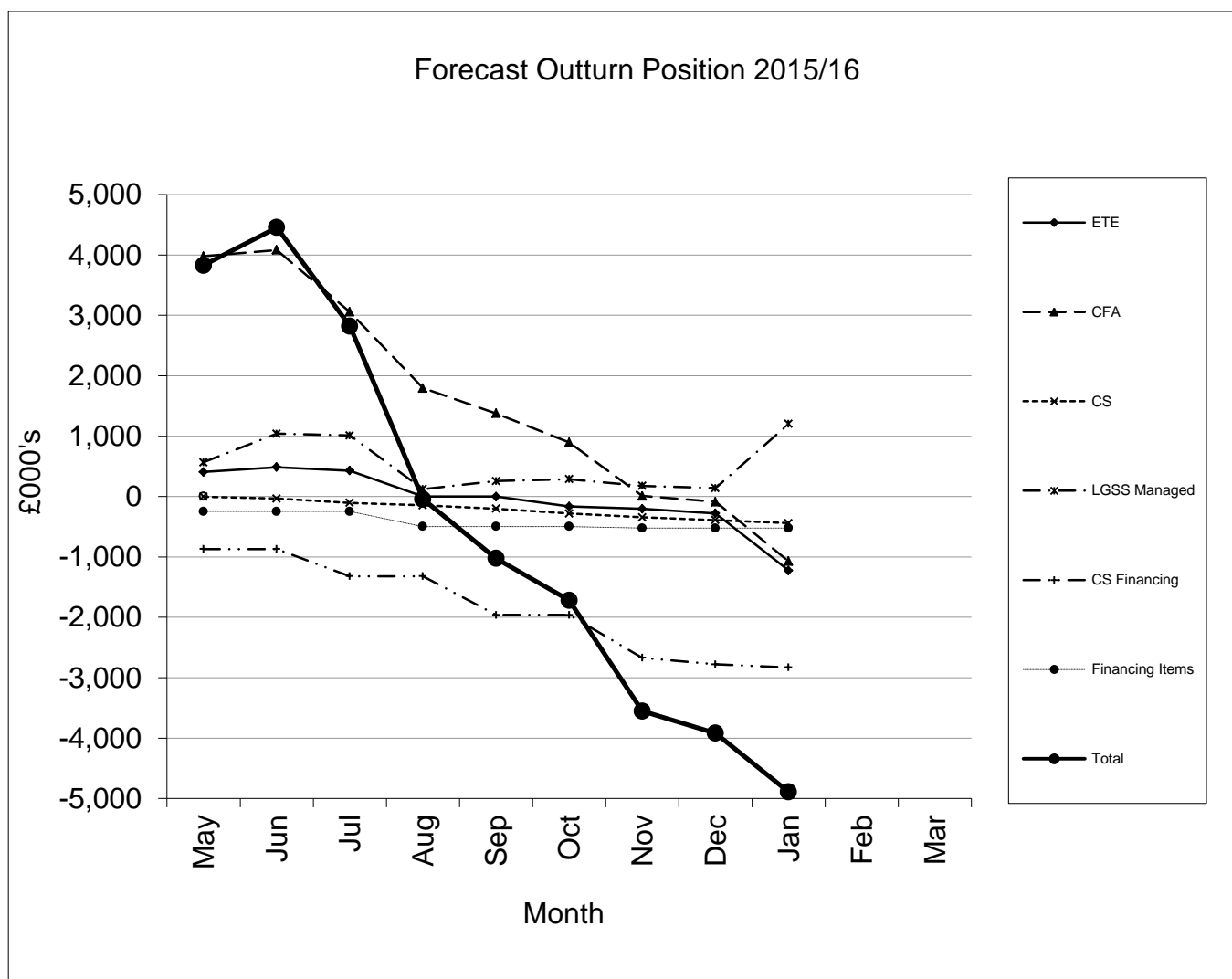
Original Budget as per BP <sup>1</sup> £000	Service	Current Budget for 2015/16 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Current Status	DoT
63,308	ETE <sup>2</sup>	64,118	-278	-1,226	-1.9%	Green	↑
244,270	CFA	244,859	-88	-1,073	-0.4%	Green	↑
0	Public Health	0	0	0	0.0%	Green	↔
5,672	Corporate Services	6,166	-389	-442	-7.2%	Green	↑
9,145	LGSS Managed	10,465	140	1,202	11.5%	Amber	↓
35,460	CS Financing <sup>3</sup>	35,460	-2,780	-2,830	-8.0%	Green	↑
<b>357,855</b>	<b>Service Net Spending</b>	<b>361,067</b>	<b>-3,394</b>	<b>-4,369</b>	<b>-1.2%</b>	<b>Green</b>	<b>↑</b>
2,165	Financing Items	-1,308	-523	-523	-40.0%	Green	↔
<b>360,020</b>	<b>Net Spending</b>	<b>359,759<sup>4</sup></b>	<b>-3,917</b>	<b>-4,891</b>	<b>-1.4%</b>	<b>Green</b>	<b>↑</b>
	<i>Memorandum Items:</i>						
9,864	LGSS Operational	10,125	0	0	0.0%	Green	↔
<b>369,884</b>	<b>Total Net Spending 2015/16</b>	<b>369,884</b>					

<sup>1</sup> 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.

<sup>2</sup> ETE includes Winter Maintenance and the Waste PFI Contract, where specific arrangements for under / overspends exist. Excluding these the underlying forecast outturn position for ETE is a £791k underspend.

<sup>3</sup> The forecast variance outturn does not include the £9.7m budget saving in 2015/16 following the proposed change in Minimum Revenue Provision (MPR) policy, which was presented to Full Council on 16 February 2016 for approval.

<sup>4</sup> For budget virements between Services throughout the year, please see [Appendix 1](#).



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** £1.226m (-1.9%) underspend is forecast at year end.

- |  | £m     | %      |
|--|--------|--------|
| • <b>Winter Maintenance</b> – as a result of the very mild winter this year, a forecast underspend of £0.6m is being reported. | -0.579 | (-30%) |
| • For full and previously reported details go to the <a href="#">ETE Finance &amp; Performance Report</a> .                    |        |        |

3.2.2 **Children, Families and Adults:** £1.073m (-0.4%) underspend is forecast at year end.

- |  | £m     | %     |
|--|--------|-------|
| • <b>Adult Social Care (ASC) Directorate</b> – this directorate is reporting a forecast underspend of £2.3m, which is an increase of £0.5m from last month. The increase is mainly due to: |        |       |
| ○ <b>Learning Disability Services</b> – the forecast overspend has decreased by £0.3m this month. This is the result of a  | +2.261 | (+4%) |

combination of changes in external care spending and updates and corrections to forecasts for in-house Provider Services and for a direct payments contract.

- **Older People & Adult Mental Health Directorate** – this directorate is reporting a forecast underspend of £3.8m, which is an increase of £0.8m from last month. The increase is due to:
  - **Director of Older People & Adult Mental Health Services** – -1.915 (-22%)  
the forecast underspend has increased by £0.3m this month. Vacancy savings collected in quarter three significantly exceeded previous periods, reflecting difficulties, at that point, recruiting to posts, and the Council's first year directly managing the Reablement staff (there was no cost reduction for vacancies from the previous provider). It is hoped that current efforts to improve recruitment and retention will result in a reduction in vacancies in future.
  - **Older People and Mental Health** – across Older People's Localities and Older People Mental Health the forecast underspend has increased by £0.4m, principally due to: increased client contribution levels (reflecting an upturn in completed financial assessments); decreasing spending on domiciliary care in the south of the County (alongside a high number of hospital admissions); decreasing commitments in Older People Mental Health; and reductions in agency spending. -1.881 (-2%)
- For full and previously reported details go to the [CFA Finance & Performance Report](#).

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

3.2.4 **Corporate Services:** £0.442m (-7.2%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.5 **LGSS Managed:** £1.202m (11.5%) overspend is forecast at year end.

	£m	%
<ul style="list-style-type: none"> <li>• <b>Insurance Provision</b> – Municipal Mutual Insurance (MMI) was a key provider of insurance to the public sector for many years, including Cambridgeshire County Council (CCC). In 1992 MMI ceased insurance business as a result of its failing financial strength. Subsequently it entered into an agreed Scheme of Arrangement with policyholders where it would 'run off' existing policies and continue to meet claims payments on behalf of the insured. Under the scheme if MMI achieved solvent run off any assets left at the end would be shared amongst scheme creditors,</li> </ul>	+1.150	-

including CCC. If, however, solvent run off was not achieved the creditors would become liable for the payment of a levy.

In 2014 MMI reached the position where solvent run off would not be achieved and the Scheme of Arrangement levy was invoked. MMI's financial position has continued to deteriorate and the Council has recently received notice of an expected extension to the levy from the current 15% up to 34%. It is expected that the additional levy will become payable towards the end of the current financial year or early in 2016/17.

**GPC is asked to approve that the Insurance Fund be increased by an additional provision of £1.15m in 2015/16 to cover the MMI Scheme of Arrangement Levy that will become payable in the near future.**

Further details can be found in [appendix 3](#).

- **County Farms** – the forecast underspend has increased by £105k this month, to £300k. This increase is due to a reduction in the forecast spending on County Farms maintenance due to postponement of some planned maintenance schemes and fewer calls than anticipated on the unplanned maintenance budget. -0.300 (-9%)
- For full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.6 **CS Financing:** £2.830m (-8.0%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

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

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

#### 4. KEY ACTIVITY DATA

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

## 5. PERFORMANCE TARGETS

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
Developing our economy	Percentage of Cambridgeshire residents aged 16 - 64 in employment	ETE	High	30/09/15	%	80.9	80.3 (2015/16 target)	Green	↑
	Additional jobs created	ETE	High	30/09/14	Number	14,000	3,500 (2015/16 target)	Green	↑
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others	ETE	Low	31/05/15	%	Most deprived areas (top 10%) = 11.8% Others = 5.1%  Gap of 6.7 percentage points	Most deprived areas (top 10%) ≤12  Gap of <7.2 percentage points *	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA	High	31/12/15	%	95.8	96.0	Amber	↓
	Percentage of 16-19 year olds not in education, employment or training (NEET)	CFA	Low	31/12/15	%	3.4	3.6	Green	↔
	The proportion pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA	High	31/12/15	%	79.7	75	Green	↔
	The proportion pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA	High	31/12/15	%	47.4	75	Red	↔

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
	The proportion pupils attending Cambridgeshire Special schools judged good or outstanding by Ofsted	CFA	High	31/12/15	%	86.6	75	Green	↔
Helping people live independent and healthy lives	Percentage of closed Family Worker cases demonstrating progression	CFA	High	31/12/15	%	75.2	80	Amber	↓
	The proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into re-ablement / rehabilitation services	CFA	High	2014/15	%	69.8	TBC – <i>new definition for 15/16</i>	TBC	TBC
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	31/12/15	%	55.0	57	Amber	↓
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	30/11/15	Number	466	406.3 per month (4,874.5 per year)	Red	↑
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	30/11/15	Number	118	94	Red	↑
	Healthy life expectancy at birth (males)	Public Health	High	2011-2013	Years	66.4	N/A – Contextual indicator	Green (compared with England – local value to be assessed at year end)	↑ (compared with previous year)
	Healthy life expectancy at birth (females)	Public Health	High	2011-2013	Years	65.5	N/A – Contextual	Amber (compared	↓



Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
							indicator	with England – local value to be assessed at year end)	(compared with previous year)
	Absolute gap in life expectancy between the most deprived 20% of Cambridgeshire's population and the least deprived 80% (all persons)	Public Health	Low	2013-2015 (Q2 2015)	Years	2.5	N/A – Contextual indicator	N/A – Contextual indicator	↔
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA	Low	31/12/15	Rate per 10,000	44.8	32.8 to 38.5	Red	↓
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA	High	31/12/15	%	76.9	80	Amber	↓
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	CCC	High	01/10/15 to 31/12/15	%	70.2	75	Amber	↓
	The average number of days lost to sickness per full-time equivalent staff member	CCC	Low	31/01/16	Days (12 month rolling average)	6.17	7.8	Green	↑

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

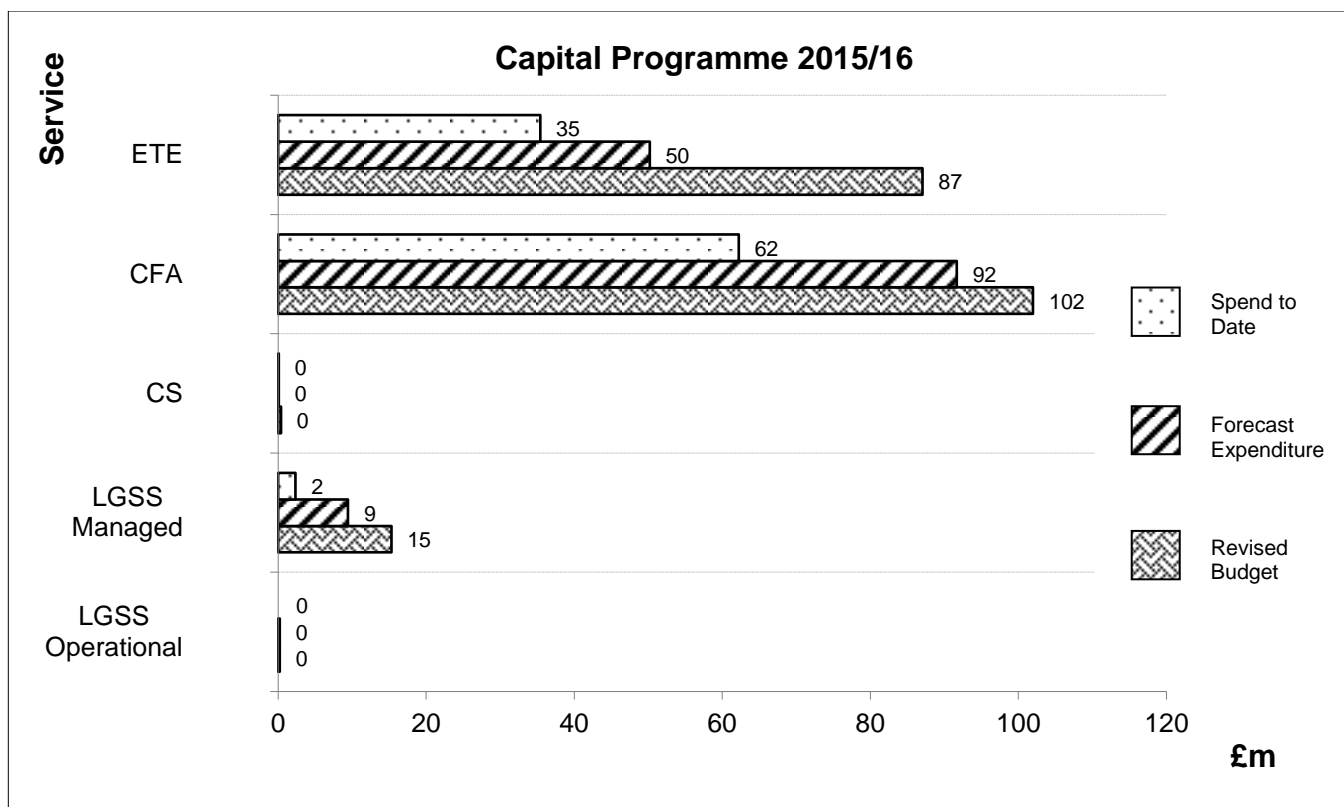
5.2 Key exceptions: there are no exceptions to report this month; for full and previously reported details go to the respective Service Finance & Performance Report:

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

## 6. CAPITAL PROGRAMME

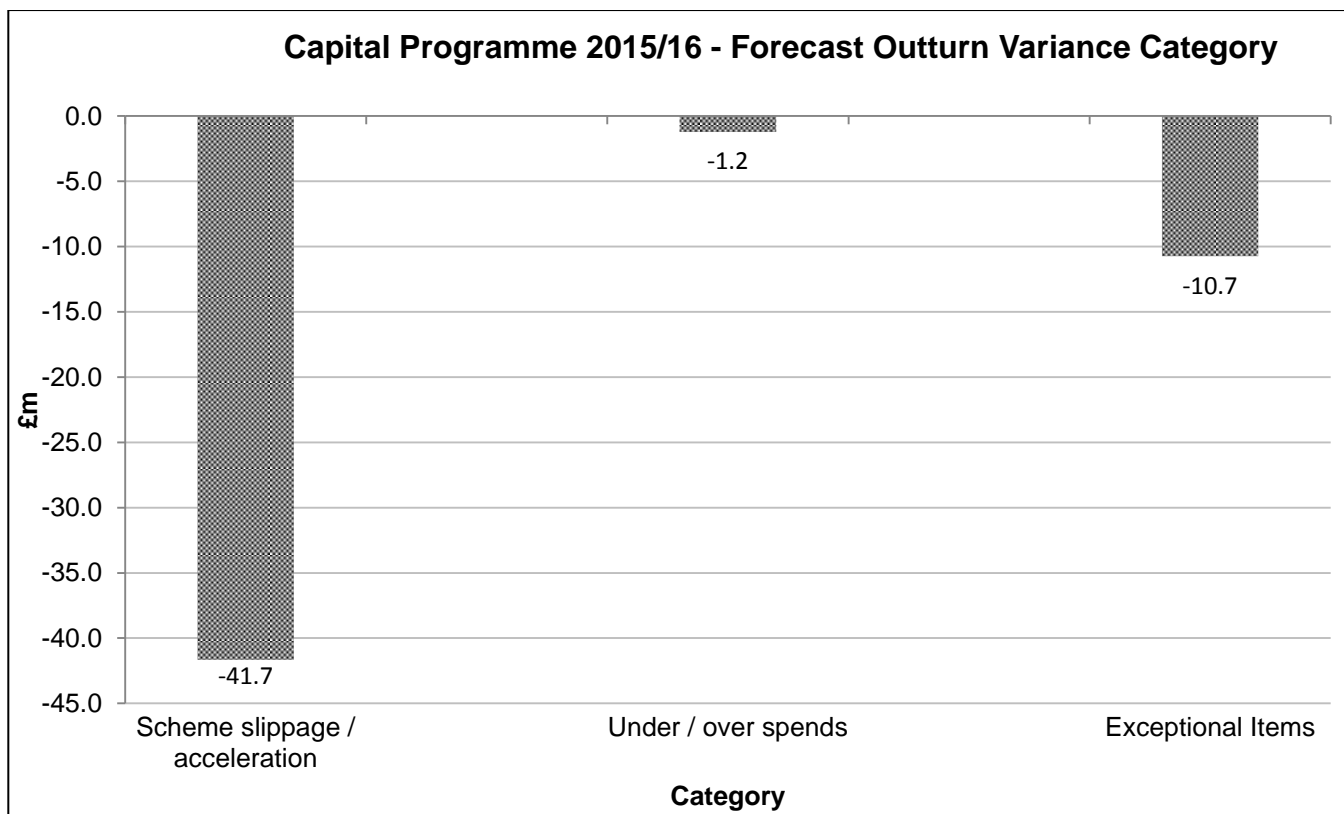
6.1 A summary of capital financial performance by service is shown below:

2015/16						TOTAL SCHEME	
Original 2015/16 Budget as per BP £000	Service	Revised Budget for 2015/16 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Total Scheme Revised Budget (Jan) £000	Total Scheme Forecast Variance (Jan) £000
102,192	ETE	87,341	-34,005	-37,122	-42.5%	517,813	0
104,854	CFA	101,988	-8,344	-10,319	-10.1%	569,059	4,464
300	Corporate Services	386	0	-267	-69.2%	640	0
11,385	LGSS Managed	15,331	-5,150	-5,886	-38.4%	81,452	-9,061
-	LGSS Operational	209	0	0	0.0%	600	0
<b>218,731</b>	<b>Total Spending</b>	<b>205,255</b>	<b>-47,499</b>	<b>-53,594</b>	<b>-26.1%</b>	<b>1,169,564</b>	<b>-4,597</b>



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

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



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

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

6.2.1 **Economy, Transport and Environment:** £37.1m (-42.5%) underspend is forecast at year end.

- |  | £m   | %      |
|--|------|--------|
| <ul style="list-style-type: none"> <li>• <b>Ely Crossing</b> – the forecast underspend has increased by £2.55m this month. Although the Department for Transport (DfT) is positive on the allocation of funding for this scheme, it will not be guaranteed until the final business case has been approved and, as such, any earlier spend would be at some risk. Therefore the payments for land purchase amounting to £2.3m will now be incurred in 2016/17. This also impacts on the consultancy costs as the procurement is out to tender rather than being designed, which amounts to a postponement of costs of £0.2m to 2016/17.</li> </ul> | -9.4 | (-95%) |

The procurement process is underway and the land acquisition process completed, so land can be acquired as necessary. A process for confirming the business case has been agreed with the DfT and sign off of the release of funding is expected in May/June, with a contractor expected to be appointed in June.

- |  |      |        |
|--|------|--------|
| <ul style="list-style-type: none"> <li>• <b>Huntingdon - West of Town Centre Link Road</b> – the final outstanding costs for the purchase of land, including a large plot next to the Link Road is still under negotiation. No further payments can be made for the purchase of the land until a price is agreed. As such, the completion of this land purchase is now expected to be in the next financial year, which has resulted in a reduction of the 2015/16 forecast spend of £730k this month. However, future year spend will still be subject to negotiation and agreement of the land costs.</li> </ul> | -2.9 | (-85%) |
| <ul style="list-style-type: none"> <li>• For full and previously reported details go to the <a href="#">ETE Finance &amp; Performance Report</a>.</li> </ul>   |      |        |

6.2.2 **Children, Families and Adults:** £10.3m (-10.1%) underspend is forecast at year end.

- |   | £m   | %     |
|---|------|-------|
| <ul style="list-style-type: none"> <li>• <b>Primary Schools - New Communities</b> – the forecast has improved by £0.6m this month. This is mainly due to:               <ul style="list-style-type: none"> <li>○ Alconbury 1<sup>st</sup> Primary – this scheme is forecasting a £0.6m of slippage due to a lack of progress made in relation to the erection of the frame. Lifting works involving mobile cranes were stopped due to high winds for 9 days.</li> </ul> </li> </ul> | -0.5 | (-3%) |
| <ul style="list-style-type: none"> <li>• <b>Secondary Schools - New Communities</b> – the forecast underspend has increased by £0.9m this month. This is mainly due to:               <ul style="list-style-type: none"> <li>○ Southern Fringe Secondary – slippage of £0.8m is forecast in</li> </ul> </li> </ul>  | -1.4 | (-8%) |

2015/16 following identification from the contractor that works are running two weeks behind schedule, meaning payments for completed phases will be delayed.

- **Devolved Formula Capital (DFC)** – £0.7m of slippage is forecast in 2015/16. This is school managed expenditure and the forecast reflects DFC being a three year rolling funding stream and historical trends. -0.7 (-31%)
- **Condition, Maintenance and Suitability** – the forecast overspend has increased by £0.6m this month due to projects requiring remedial work. +1.3 (+38%)
- For full and previously reported details go to the [CFA Finance & Performance Report](#).

6.2.3 **Corporate Services:** £0.3m (-69.2%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.2.4 **LGSS Managed:** £5.9m (-38.4%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

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

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

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

6.3.2 **Children, Families and Adults:** £4.5m (1%) total scheme overspend is forecast.

- |   | £m   | %     |
|---|------|-------|
| • <b>Condition, Maintenance and Suitability</b> – the total scheme forecast overspend has increased by £0.8m this month due to projects requiring urgent attention to ensure the school remained operational. | +1.5 | (+3%) |

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

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

6.3.4 **LGSS Managed:** £9.1m (-11.1%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

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

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

<b>Funding Source</b>	<b>B'ness Plan Budget £m</b>	<b>Rolled Forward Funding<sup>1</sup> £m</b>	<b>Revised Phasing £m</b>	<b>Additional/ Reduction in Funding £m</b>	<b>Revised Budget £m</b>	<b>Outturn Funding £m</b>	<b>Funding Variance £m</b>
Department for Transport (DfT) Grant	38.2	4.3	-17.5	1.5	<b>26.5</b>	25.1	-1.5
Basic Need Grant	4.9	1.5	0.0	0.0	<b>6.4</b>	6.4	0.0
Capital Maintenance Grant	6.3	0.0	0.0	-1.2	<b>5.1</b>	5.1	0.0
Devolved Formula Capital	1.1	1.1	0.0	0.0	<b>2.2</b>	1.6	-0.7
Specific Grants	11.5	2.4	0.0	2.1	<b>16.0</b>	6.9	-9.1
Section 106 Contributions & Community Infrastructure Levy (CIL)	35.8	-1.2	-16.2	0.1	<b>18.5</b>	13.2	-5.3
Capital Receipts	4.5	0.0	0.0	0.0	<b>4.5</b>	4.9	0.3
Other Contributions	29.6	0.7	0.0	-19.9	<b>10.4</b>	3.9	-6.5
Prudential Borrowing	86.8	19.5	3.3	5.9	<b>115.5</b>	84.6	-30.9
<b>Total</b>	<b>218.7</b>	<b>28.4</b>	<b>-30.4</b>	<b>-11.8</b>	<b>205.3</b>	<b>151.7</b>	<b>-53.6</b>

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

6.5 Key funding changes (of greater than £0.5m): there are no new exceptions to report this month. For previously reported key funding changes go to the respective Service Finance & Performance Report (appendix 6):

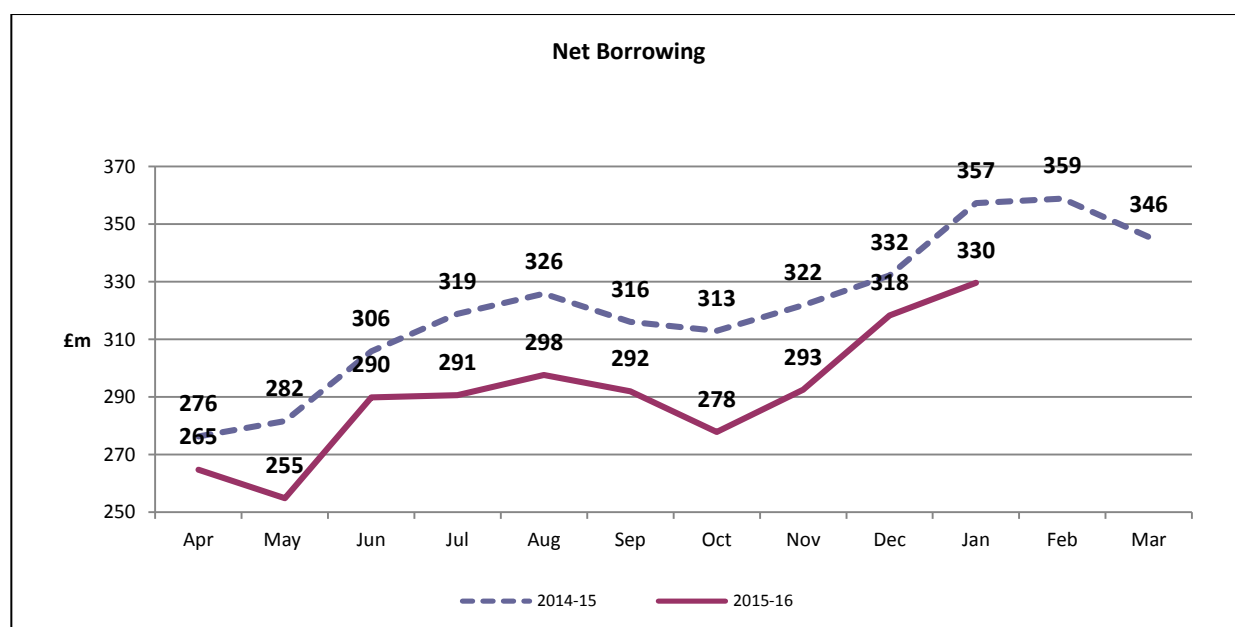
- [ETE Finance & Performance Report](#)
- [CFA Finance & Performance Report](#)
- [CS & LGSS Finance & Performance Report](#)

## 7. BALANCE SHEET

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

Measure	Year End Target	Actual as at the end of January
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.6m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£1.9m
Invoices paid by due date (or sooner)	97.5%	99.7%

7.2 The graph below shows net borrowing (borrowing less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of January were £28.5m and gross borrowing was £358.1m, giving a net borrowing position of £329.6m.



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

7.4 A schedule of the Council's reserves and provisions can be found in [appendix 2](#).

## **8. EXTERNAL AND CONTEXTUAL ISSUES**

On 17 December 2015 central government announced the provisional finance settlement for local government for 2016/17. The main funding from government (the Settlement Funding Assessment) it was announced to be reduced by approximately £20m (20%) in 2016/17 compared with 2015/16; this compared to our forecasts which predicted a reduction of £15m, leaving the council approximately £5m worse off in terms of government funding than expected. The final finance settlement issued on 8 February 2016 announced some 'transitional funding' to support councils that had a disproportionate reduction government funding. This amounts to around £3.2m of one-off funding for the two years 2016/17 and 2017/18.

Government confirmed the threshold for raising Council Tax without a referendum to be 2%. In addition to this, government announced that councils with Adult Social Care responsibilities would be able to raise Council Tax by a further 2%, which is expected to be the principle applied in all five years of the Parliament. It is forecast that implementing an additional 2% Council Tax rise would generate £4.8m. However, no funding was announced that would offset the pressure caused by the implementation of the National Living Wage, which we expect to be around £5m in 2016/17.

Full Council met on 16 February 2016 to consider the 2016/17-21 Business Plan where it was agreed to freeze general Council Tax in 2016/17. However, the Council has taken the opportunity to raise Council Tax by 2% in relation to the social care precept, which is specifically for Adult Social Care (ASC).

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

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

## **10. SIGNIFICANT IMPLICATIONS**

### **10.1 Resource Implications**

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



## 10.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

## 10.3 Equality and Diversity Implications

There are no significant implications within this category.

## 10.4 Engagement and Consultation Implications

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

## 10.5 Localism and Local Member Involvement

There are no significant implications within this category.

## 10.6 Public Health Implications

There are no significant implications within this category.

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

<b>APPENDIX 1 – transfers between Services throughout the year</b> (only virements of £1k and above (total value) are shown below)									
	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	LGSS Operational	Financing Items	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	244,270	0	63,308	35,460	5,672	9,145	9,864		2,165
Green Spaces budget from CS to ETE			11		-11				
Scrutiny Members Training budget to Members Allowances 15/16						15	-15		
City Deal budget from ETE to LGSS Managed			-717			717			
ETE Operational Savings – LEP subscription			50						-50
Green Spaces staff budget from CS to ETE			43		-43				
Travellers Support budget from CS to ETE			51		-51				
Allocation of Supporting Disadvantaged Children in Early Years Grant and SEND Preparation for Employment Grant to CFA	63								-63
Microsoft Support Extension - Windows 2003						33			-33
Reablement to LGSS Operational	-34						34		
Mobile Phone Centralisation	-286		-55		-3	372	-28		
Reversal of Mobile Phone Centralisation for pooled budgets in 2015/16	17					-17			
CS Operational Savings – various					602				-602
Property budget for 9 Fern Court from CFA to LGSS Mgd.	-7					7			
Allocation of Staying Put Implementation Grant to CFA (Qtr 1)	27								-27
City Deal funding 2015/16						200			-200
Transfer from CFA to Finance for Adults Accountant post	-30						30		
ETE Operational Savings – various			388						-388
Independent Living Fund (ILF) - 1st half year instalment	519								-519
LGSS Operational Savings – K2							36		-36
Independent Living Fund (ILF) – Qtr 3	259								-259
ETE Operational Savings – Business Planning savings			75						-75

Transfer of legal budget to LGSS Law									202		-202
CFA Mobile Phone Centralisation reversal	6							-6			
Allocation of Staying Put Implementation Grant to CFA (Qtrs 2 & 3)	54										-54
ETE Operational Savings – Park & Ride			200								-200
ETE Operational Savings – various			745								-745
ETE Operational Savings – various			18								-18
<b>Current budget</b>	<b>244,859</b>	<b>0</b>	<b>64,118</b>	<b>35,460</b>	<b>6,166</b>	<b>10,465</b>	<b>10,124</b>	<b>-1,307</b>			
<i>Rounding</i>	<i>1</i>	<i>-</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-1</i>	<i>1</i>	<i>-1</i>			

## APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2015	2015-16		Forecast Balance at 31 March 2016	Notes
		Movements in 2015-16	Balance at 31 Jan 16		
	£000s	£000s	£000s	£000s	
<b>General Reserves</b>					
- County Fund Balance	16,001	25	16,026	19,762	
- Services					
1 CFA	0	0	0	1,073	Includes Service Forecast Outturn (FO) position.
2 PH	952	0	952	542	
3 ETE	3,369	-1,591	1,778	1,384	
4 CS	1,020	-603	417	859	Includes Service FO position.
5 LGSS Operational	1,003	-36	967	400	Includes Service FO position.
Subtotal	22,345	-2,205	20,140	24,020	
<b>Earmarked</b>					
- Specific Reserves					
6 Insurance	2,578	0	2,578	2,578	
Subtotal	2,578	0	2,578	2,578	
<b>Equipment Reserves</b>					
7 CFA	744	159	903	98	
8 ETE	893	-332	561	650	
9 CS	50	0	50	50	
10 LGSS Managed	642	0	642	167	
Subtotal	2,329	-173	2,156	965	
<b>Other Earmarked Funds</b>					
11 CFA	7,533	-1,497	6,036	3,143	Includes liquidated damages in respect of the Guided Busway.
12 PH	2,081	-61	2,020	1,300	
13 ETE	7,404	-700	6,704	5,701	
14 CS	527	-55	472	579	
15 LGSS Managed	198	214	412	233	
16 LGSS Operational	130	0	130	0	
17 Corporate	63	-63	0	0	
Subtotal	17,936	-2,162	15,774	10,956	
<b>SUB TOTAL</b>	<b>45,187</b>	<b>-4,540</b>	<b>40,648</b>	<b>38,519</b>	
<b>Capital Reserves</b>					
- Services					
18 CFA	6,272	12,205	18,477	1,778	Section 106 and CIL balances.
19 ETE	15,897	42,228	58,125	26,370	
20 LGSS Managed	481	3,402	3,883	422	
21 Corporate	33,547	16,822	50,369	41,311	
<b>SUB TOTAL</b>	<b>56,197</b>	<b>74,658</b>	<b>130,854</b>	<b>69,881</b>	
<b>GRAND TOTAL</b>	<b>101,384</b>	<b>70,118</b>	<b>171,502</b>	<b>108,400</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:

Description	Balance at 31 March 2015	2015-16		Forecast Balance at 31 March 2016	Notes
		Movements in 2015-16	Balance at 31 Jan 16		
	£000s	£000s	£000s	£000s	
<b><u>Short Term Provisions</u></b>					
ETE	669	0	669	0	
ICS	1,043	-43	1,000	950	
LGSS Managed	3,316	0	3,316	3,485	
subtotal	5,028	-43	4,985	4,435	
<b><u>Long Term Provisions</u></b>					
LGSS Managed	4,718	0	4,718	4,718	
subtotal	4,718	0	4,718	4,718	
<b>GRAND TOTAL</b>	<b>9,746</b>	<b>-43</b>	<b>9,703</b>	<b>9,153</b>	

## **APPENDIX 3 – Insurance Provision**

### **1 Background**

- 1.1 Municipal Mutual Insurance (MMI) was a key provider of insurance to the public sector for many years. In common with many authorities Cambridgeshire County Council (CCC) insured almost all of its insurable risks with MMI for a considerable number of years.
- 1.2 In 1992 MMI ceased insurance business as a result of its failing financial strength. Subsequently it entered into an agreed Scheme of Arrangement with policyholders where it would 'run off' existing policies and continue to meet claims payments on behalf of the insured. Under the scheme if MMI achieved solvent run off any assets left at the end would be shared amongst scheme creditors, including CCC. If, however, solvent run off was not achieved the creditors would become liable for the payment of a levy. Policyholders who did not join the Scheme of Arrangement were effectively rendered uninsured for any claims relating to MMI policies that were received subsequent to 1<sup>st</sup> October 1992.
- 1.3 A combination of the financial environment that MMI has operated in of recent years and continuing growth in abuse and disease claims has meant that in 2014 MMI reached the position where solvent run off would not be achieved and the Scheme of Arrangement levy was invoked.
- 1.4 MMI's financial position has continued to deteriorate and the Council has recently received notice of an expected extension to the levy from the current 15% up to 34%. This could result in the requirement to fund a further 19% of paid claims paid and become liable for up to 34% of all future payments made by MMI under the Council's insurance policies with them.
- 1.5 It is expected that the additional levy will become payable toward the end of the current financial year or early in 2016/17.

### **2 Cambridgeshire's Position**

- 2.1 Cambridgeshire had something of a poor record of claims history for the period that MMI were the Council's insurers. The Council received group claims in respect of historical child abuse claims in addition to claims associated with abusive treatment of pupils by staff at a former Council School. Both these matters have resulted in significant claims payments and to this day generate the occasional new claim notification.
- 2.2 As a result of this claims history the Council benefitted from indemnity by MMI to the value of £14.1m since October 1992.
- 2.3 As stated above the Scheme levy was first invoked in 2014 and has resulted in the payment of a levy amount of £2.1m since. The impact of the extension of the levy to 34% results in a potential additional exposure to the Council of £2.6m on paid claims.
- 2.4 The Council operates an insurance fund, as at the end of 14/15 financial year this stood at £8.5m, with claims provisions totalling £4.5m and further reserves for

incurred but not reported claims of £2.5m. Within the fund there was an allowance made for additional levy payments in the sum of £1.45m.

- 2.5 The imposition of an additional levy at 19% exceeds the amount of reserve held within the insurance fund for such eventuality. It is therefore proposed to increase the provision by a further £1.15m to ensure the ongoing financial strength of the Council's insurance provision in future years.