

**INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 31ST AUGUST 2019**

**To:** General Purposes Committee

**Date:** 22 October 2019

**From:** Chief Finance Officer

**Electoral division(s):** All

**Forward Plan ref:** 2019/012 **Key decision:** Yes

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

**Recommendations:** General Purposes Committee (GPC) is recommended to:

- a) Note the transfer in budget responsibility and reporting for commercial scheme debt charges from Debt Charges within Corporate Services (CS) Financing to Commercial and Investment (C&I), as set out in section 5.2;
- b) Note the reduction in prudential borrowing of -£5,198k in relation to the multi-agency One Public Estate Highways Depot Project, as set out in section 6.7;
- c) Note the additional prudential borrowing for the Cambs 2020 Spokes disposals/acquisitions and adaptations subject to a separate report to this meeting;
- d) Approve additional prudential borrowing of £920,000 in 2020/21 for the Cromwell Community College scheme, as set out in section 6.8.

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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 summary provides the Authority's forecast financial position at year-end and its key activity data for care budgets.
- 2.2 The key issues included in the summary analysis are:
- The overall revenue budget position is showing a forecast year-end pressure of +£0.82m (+0.2%); this is largely within People & Communities (P&C) (£3.0m pressure) and LGSS Operational (£0.5m pressure), partially offset by forecast underspends of -£1.9m in Place & Economy, -£0.5m in CS Financing and -£0.3m in Corporate Services. See section 3 for details.
  - 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.

### 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)

Original Budget as per Business Plan £000	Forecast Variance (July) £000	Service	Current Budget for 2019/20 £000	Actual (Aug) £000	Forecast Variance (Aug) £000	Forecast Variance (Aug) %	Overall Status	DoT
57,504	-2,448	Place & Economy	52,101	13,596	-1,879	-3.6%	Green	↓
254,936	3,027	People & Communities	262,728	111,487	2,972	1.1%	Red	↑
390	0	Public Health	390	-7,785	-86	-	Green	↑
10,221	-344	Corporate Services	9,095	4,262	-336	-3.7%	Green	↓
14,048	53	LGSS Managed	14,202	9,771	60	0.4%	Green	↓
-9,502	136	Commercial & Investment	-8,768	2,285	115	-	Amber	↑
28,161	0	CS Financing	27,558	2,653	-534	-1.9%	Green	↑
<b>355,758</b>	<b>424</b>	<b>Service Net Spending</b>	<b>357,306</b>	<b>136,269</b>	<b>312</b>	<b>0.1%</b>	<b>Red</b>	<b>↑</b>
20,357	0	Funding Items	18,447	9,709	0	0.0%	Green	↔
<b>376,115</b>	<b>424</b>	<b>Subtotal Net Spending</b>	<b>375,753</b>	<b>145,978</b>	<b>312</b>	<b>0.1%</b>	<b>Red</b>	<b>↑</b>
		<b>Memorandum items:</b>						
8,161	563	LGSS Operational	8,119	4,745	505	6.2%	Amber	↑
	<b>987</b>	<b>Grand Total Net Spending</b>	<b>383,872</b>	<b>150,723</b>	<b>817</b>	<b>0.2%</b>	<b>Red</b>	<b>↑</b>
170,024		Schools	170,024					
<b>554,300</b>		<b>Total Spending 2019/20</b>	<b>553,896</b>					

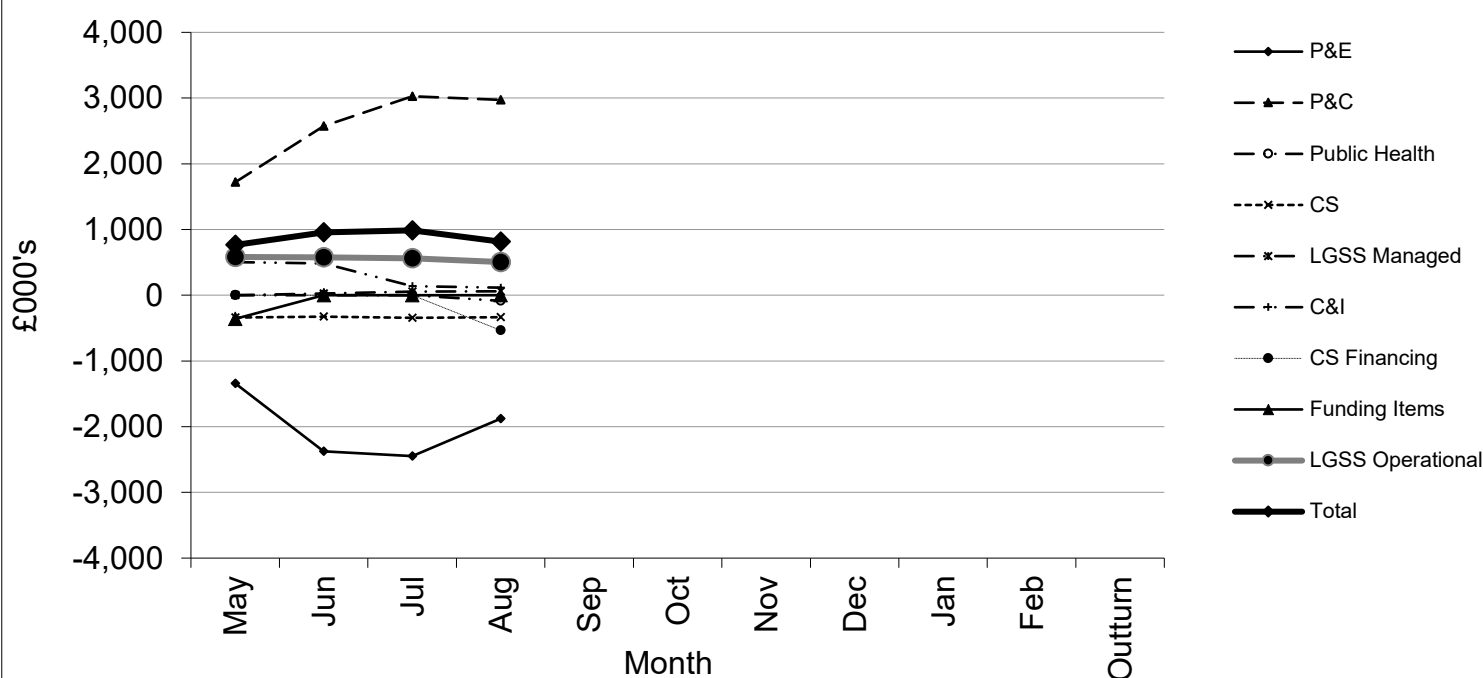
<sup>1</sup> The budget figures in this table are net.

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

<sup>3</sup> The budget of £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.

<sup>4</sup> 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 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.

Forecast Outturn Position 2019/20



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£1.879m (-3.6%) underspend is forecast at year-end.

£m %

- Winter Maintenance** – a +£0.463m pressure is forecast. The costs for delivering the winter service have increased predominantly due to the change in type of highway service contract that is now in place. Under the old contract, which was tendered back in 2005, winter maintenance was paid for under a schedule of rates which increased by inflation each year. Significantly, overheads were applied across the contract as a whole rather than to individual orders, therefore masking the true cost for delivering the winter service. Under the new contract (tendered in 2016) winter is paid for on an actual cost basis, with overheads and fees applied to each individual order. This means that it is much clearer what the cost of delivering the service is and allows for far more informed budget planning.

+0.463 (+22%)

Unfortunately the increased cost for delivering winter services was not picked up earlier because the first winter (17/18) under the new contract was exceptionally harsh and the high number of gritting runs masked the fact that the actual cost of delivering the service had increased. The mild winter in 18/19 resulted in a very low number of gritting runs and although overspent the overspend was relatively small and was attributed to one-off costs rather than a fundamental increase in the actual service cost.

- A combination of more minor variances sum with the above to lead to an overall outturn of -£1.879m. For full and previously reported details see the [P&E Finance Monitoring Report](http://tiny.cc/mg6cez), (<http://tiny.cc/mg6cez>).

3.2.2 **People & Communities:** +£2.972m (+1.1%) pressure is forecast at year-end. There are no exceptions to report this month; for full details see the [P&C Finance Monitoring Report](http://tiny.cc/cn6cez), (<http://tiny.cc/cn6cez>).

3.2.3 **Public Health:** -£0.086m (-%) underspend is forecast for year-end. There are no exceptions to report this month; for full details see the [PH Finance Monitoring Report](http://tiny.cc/z06cez), (<http://tiny.cc/z06cez>).

3.2.4 **Corporate Services:** -£0.336m (-3.7%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](http://tiny.cc/ec7cez), (<http://tiny.cc/ec7cez>).

3.2.5 **LGSS Managed:** +£0.060m (+0.4%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](http://tiny.cc/ec7cez), (<http://tiny.cc/ec7cez>).

3.2.6 **CS Financing:** -£0.534m (-1.9%) underspend is forecast for year-end.

- |  | £m     | %     |
|--|--------|-------|
| <ul style="list-style-type: none"> <li> <b>Minimum Revenue Provision (MRP) and Interest Payable–</b> An underspend of -£534k is forecast across Minimum Revenue Provision and Interest Payable budgets. The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP). Following analysis of capital schemes completed in 2018/19 and how they were funded, the MRP payment for 2019/20 has been recalculated and is forecast to underspend by -£1,031k. Off-setting this, the Interest Payable budget is forecast to overspend by £497k due to refinancing £100m of borrowing at slightly higher rates than originally forecast for 2019-20; however these rates are now fixed for up to 50 years at historically very low Public Works Loan Board (PWLB) rates, providing a long-term benefit of overall lower rates. </li> </ul> | -0.534 | (-2%) |
| <ul style="list-style-type: none"> <li> For full and previously reported details see the <a href="http://tiny.cc/ec7cez">CS &amp; LGSS Finance Monitoring Report</a>, (<a href="http://tiny.cc/ec7cez">http://tiny.cc/ec7cez</a>). </li> </ul>   |        |       |

3.2.7 **Commercial & Investment:** +£0.115m (-%) pressure is forecast at year-end.

- |   | £m     | %       |
|---|--------|---------|
| <ul style="list-style-type: none"> <li> <b>Shareholder Company Dividends –</b> a -£0.250m underspend is forecast. The Shareholder Company Dividends budget is forecast to overachieve by £250k in 2019/20 due to the estimate for the dividend to be received from ESPO (the Council's joint purchasing consortium, Eastern Shires Purchasing Organisation), which is higher than the budget. </li> </ul> | -0.250 | (-121%) |
| <ul style="list-style-type: none"> <li> A combination of more minor variances sum with the above to lead to an overall outturn of +£0.115m. For full and previously reported details see the <a href="http://tiny.cc/mj7cez">C&amp;I Finance Monitoring Report</a>, (<a href="http://tiny.cc/mj7cez">http://tiny.cc/mj7cez</a>). </li> </ul>  |        |         |

3.2.8 **Funding Items:** a balanced budget is forecast at year-end. There are no exceptions to report this month.

3.2.9 **LGSS Operational:** +£0.505m (+6.2%) 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 Monitoring Report](http://tiny.cc/ec7cez), (<http://tiny.cc/ec7cez>).

*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 Monitoring Report](http://tiny.cc/cn6ceez), (<http://tiny.cc/cn6ceez>) (section 2.5).

#### **5. FUNDING CHANGES**

- 5.1 Where a virement of over £175k in 2019/20 revenue budget is requested between main budget headings compared to that budgeted in the Business Plan (BP), this will require approval by General Purposes Committee (GPC).
- 5.2 Although the following change in budget responsibility is about management responsibility only and does not constitute a virement as there is no change in purpose or outcomes, this is recorded in this report for the Committee to note.

##### Virement of commercial scheme debt charges

Previously, Housing Investment was the only area where the estimated debt charges (revenue costs of financing capital) related to the scheme were recharged from the overall debt charges budget (this sits within Corporate Services under General Purposes Committee) in order to provide a true net return figure within Commercial & Investment. It is not possible to split out the debt charges budget fully across all capital schemes, however it is felt that it would be beneficial to do this for all commercial schemes in order to aid transparency and report a net return within Commercial Activity. To date the only scheme that has completed and to which this applies is the Triangle Solar Farm. The budgets relating to remaining relevant schemes will be dealt with as part of the 2020-21 Business Planning process.

As a result the budget for commercial scheme debt charges (£603k) has transferred from Debt Charges to the C&I Committee.

**General Purposes Committee is asked to note the transfer in budget responsibility and reporting for commercial scheme debt charges from Debt Charges within CS Financing to C&I.**

## 6. CAPITAL PROGRAMME

6.1 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 (July) £000	Service	Revised Budget for 2019/20 £000	Actual-Year to Date (Aug) £000	Forecast Variance - Outturn (Aug) £000	Forecast Variance - Outturn (Aug) %	Total Scheme Revised Budget (Aug) £000	Total Scheme Forecast Variance (Aug) £000
43,908	-5,064	P&E	58,672	7,120	-5,111	-8.7%	410,602	-
129,267	0	P&C	101,166	41,027	-0	0.0%	677,339	-2,171
3,457	-40	CS	7,463	1,613	-40	-0.5%	24,677	-
2,827	40	LGSS Managed	2,339	501	40	1.7%	6,785	-
90,443	-	C&I	100,474	84,706	-	0.0%	299,313	-
-	-	Outturn adjustment	-	-	5,111	-	-	-
<b>269,902</b>	<b>-5,064</b>	<b>Total Spending</b>	<b>270,114</b>	<b>134,968</b>	<b>-0</b>	<b>0.0%</b>	<b>1,418,716</b>	<b>-2,171</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 2019/20 of £30.8m and is currently forecasting an in-year pressure of £0.8m 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.

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.

2019-20					
Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (Aug) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Aug) £000
P&E	-13,505	-18,616	13,505	100.00%	-5,111
P&C	-13,399	-6,888	6,888	51.41%	-0
CS	-1,431	-68	68	4.75%	-40
LGSS Managed	-585	0	0	0.00%	40
C&I	-26,312	-6,706	6,706	25.49%	0
Outturn adjustment	-	-	5,111	-	5,111
<b>Total Spending</b>	<b>-55,232</b>	<b>-32,278</b>	<b>32,278</b>	<b>58.44%</b>	<b>-0</b>

6.3 As at the end of August 2019, Place & Economy schemes have exceeded the capital variations budget allocated to them, forecasting an in-year underspend of -£5.1m. At this stage of the financial year it is not thought that the position across the whole programme will be an underspend; however, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

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

6.4.1 **Place & Economy:** a -£5.1m (-8.7%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the [P&E Finance Monitoring Report](http://tiny.cc/mg6cez), (<http://tiny.cc/mg6cez>).

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

Revised Budget for 2019/20	Forecast Spend - Outturn (Aug)	Forecast Spend - Outturn Variance (Aug)	Variance Last Month (July)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Basic Need - Primary</b>						
34,294	33,737	-557	1,129	-1,686	-1,122	565
An in-year underspend of -£0.6m is forecast across Basic Need – Primary schemes. This is a change of -£1.7m on the position reported last month and is primarily due to changes on the Chatteris New School scheme as outlined below:						
<b>Chatteris New School</b>						
4,600	3,000	-1,600	0	-1,600	0	-1,600
£1.6m rephasing is anticipated in 2019/20 due to issues around Highways and planning permission. This is a combined project with Cromwell Community College.						
<b>Basic Need - Secondary</b>						
51,096	45,043	-6,052	-4,452	-1,600	-52	-6,000
An in-year underspend of -£6.1m is forecast across Basic Need – Secondary schemes. This is a change of -£1.6m on the position reported last month and is primarily due to changes on the Cromwell Community College schemes as outlined below:						
<b>Cromwell Community College</b>						
5,500	4,000	-1,500	0	-1,500	0	-1,500
£1.5m rephasing is anticipated in 2019/20 due to issues around Highways and planning permission. This is a combined project with Chatteris New School.						
<b>P&amp;C Capital Variation</b>						
-13,399	-6,511	6,888	3,426	3,462	0	6,888
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 £6.9m underspend is balanced by use of the capital variations budget; this relates primarily to the underspends on Basic Need – Primary and Basic Need – Secondary as reported above, together with more minor variances.						

- For full and previously reported details see the [P&C Finance Monitoring Report](http://tiny.cc/cn6cez), (<http://tiny.cc/cn6cez>).

6.4.3 **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 Monitoring Report](http://tiny.cc/ec7cez), (<http://tiny.cc/ec7cez>).



- 6.4.4 **LGSS Managed:** 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 Monitoring Report](http://tiny.cc/ec7cez), (<http://tiny.cc/ec7cez>).
- 6.4.5 **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 Monitoring Report](http://tiny.cc/mj7cez), (<http://tiny.cc/mj7cez>).
- 6.5 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.25m or greater are identified below:
- 6.5.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [P&E Finance Monitoring Report](http://tiny.cc/mg6cez), (<http://tiny.cc/mg6cez>).
- 6.5.2 **People & Communities:** a -£2.171m (-0.3%) total scheme underspend is forecast.

Total Scheme Revised Budget	Total Scheme Forecast Spend - Outturn (Aug)	Total Scheme Forecast Spend - Outturn Variance (Aug)	Variance Last Month (July)	Movement
£'000	£'000	£'000	£'000	£'000
<b>Basic Need - Primary</b>				
273,607	271,541	-2,066	-1,277	-789
A total scheme underspend of -£2.1m is forecast across Basic Need – Primary schemes. This is a change of -£0.8m on the position reported last month and is mainly due to forecast savings on completion of the schemes outlined below:				
Sawston Primary				
2,460	2,160	-300	0	-300
Savings made on contingency and risk as project nears completion.				
St Neots, Wintringham Park				
14,236	13,975	-261	0	-261
Savings made through the design and tender process to be released in future years.				

- For full and previously reported details see the [P&C Finance Monitoring Report](http://tiny.cc/cn6cez), (<http://tiny.cc/cn6cez>).

- 6.5.3 **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 Monitoring Report](http://tiny.cc/ec7cez), (<http://tiny.cc/ec7cez>).
- 6.5.4 **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 Monitoring Report](http://tiny.cc/ec7cez), (<http://tiny.cc/ec7cez>).
- 6.5.5 **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](http://tiny.cc/mj7cez), (<http://tiny.cc/mj7cez>).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding <sup>1</sup> £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	1.4	17.6	19.3	1.7
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	2.8	-
Specific Grants	8.4	0.0	-	0.7	9.1	7.4	-1.8
S106 Contributions & Community Infrastructure Levy	19.4	3.3	-12.8	0.4	10.3	10.3	-0.0
Capital Receipts	45.4	10.4	-10.5	-	45.3	45.3	-
Other Contributions	24.6	3.3	-	4.4	32.2	17.5	-14.7
Revenue Contributions	10.1	-	-	-	10.1	10.1	-
Prudential Borrowing	133.4	19.8	-13.4	-7.7	132.2	141.9	9.7
<b>TOTAL</b>	<b>269.9</b>	<b>39.3</b>	<b>-37.0</b>	<b>-2.1</b>	<b>270.1</b>	<b>265.0</b>	<b>-5.1</b>

<sup>1</sup> 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.

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

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Prudential borrowing	C&I	-£5.2	A reduction in prudential borrowing of £5,198k is expected in relation to the multi-agency One Public Estate Highways Depot Project in 2019/20. This project is being re-scoped, and a revised budget will be allocated based on the new requirements. A revised timescale for delivery will be produced as part of the full business case. This will go through the capital budget process. The intention is that this project will still be delivered, however further scoping of the service/build requirements is needed with Highways England, the main partner, and it is considered sensible to remove this from the current year plans as there is no realistic prospect of requiring prudential

			<p>borrowing this year. Collaboration with blue light services will also be further explored as the scheme is re-scoped.</p> <p><b>General Purposes Committee is asked to note the reduction in prudential borrowing of -£5,198k in 2019/20 in relation to the multi-agency One Public Estate Highways Depot Project.</b></p>
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- 6.8 In the August [P&C Finance Monitoring Report](#), Children and Young People (CYP) Committee is recommending to General Purposes Committee (GPC) the approval of a £920k increase in the overall scheme budget of Cromwell Community College to be funded by prudential borrowing (as set out in section 2.4.2 of the P&C [covering report](#)). Archaeological and Highways issues have caused delays over the summer period resulting in increased costs to ensure that the scheme is completed in time. This increase is estimated at £920k and GPC is requested to approve an increase in budget of this amount, to be funded through prudential borrowing. Officers will bring a detailed update to a later Children and Young People (CYP) Committee, outlining areas where efficiencies have been made on this scheme, as well as further areas that are being looked into which may result in the full £920k not being required. The scheme will be funded by borrowing; the annual cost of the total borrowing for this scheme will start in 2022/23 estimated at £460k, and decreases each year thereafter.

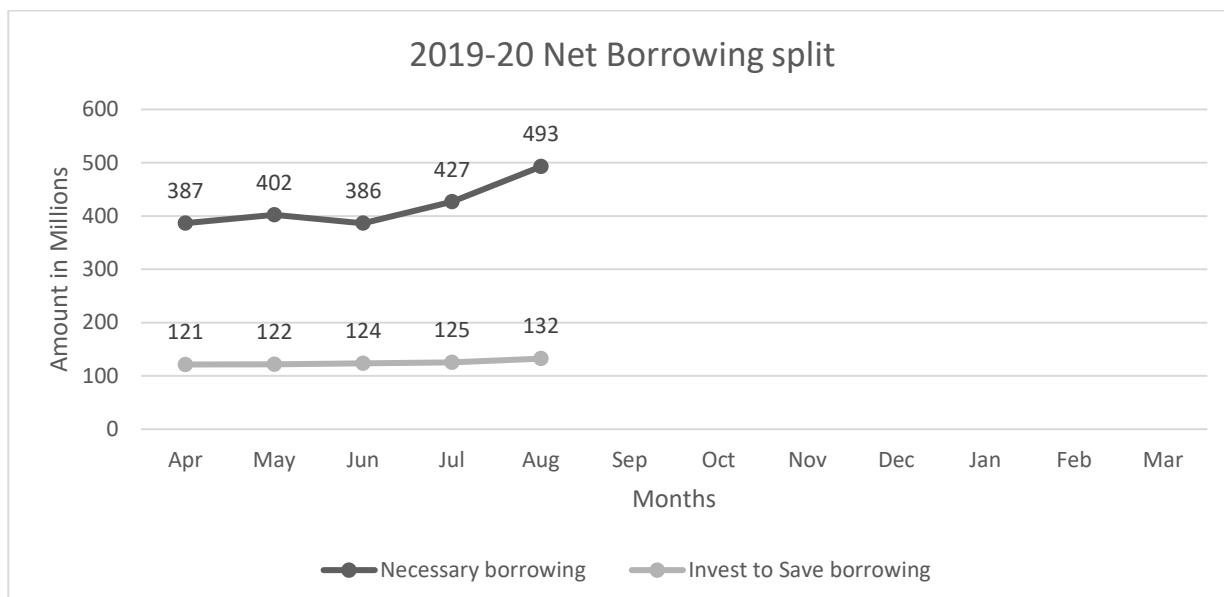
**General Purposes Committee is asked to approve additional prudential borrowing of £920,000 in 2020/21 for the Cromwell Community College scheme.**

## 7. BALANCE SHEET

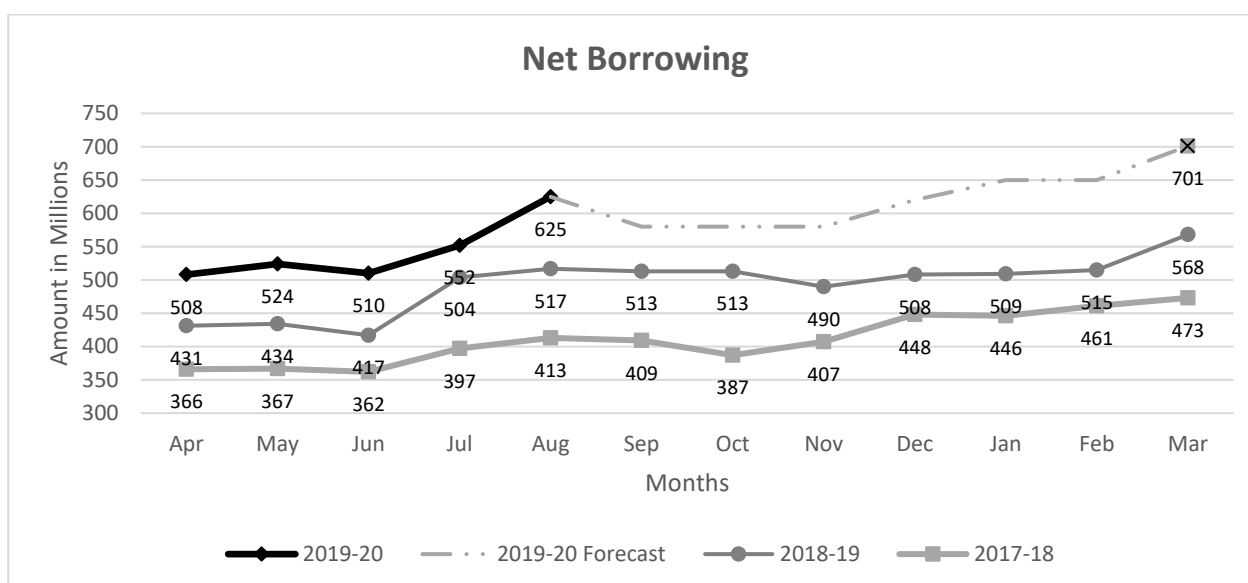
- 7.1 A more detailed analysis of balance sheet health issues is included below:

Measure		Year End Target	Actual as at the end of Aug 2019
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£9.30m
	Sundry	£1.71m	£4.62m

- 7.2 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 £132m 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.



- 7.3 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 August 2019, investments held totalled £43m (excluding 3<sup>rd</sup> party loans) and gross borrowing totalled £668m, equating to a net borrowing position of £625m.



- 7.4 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, council tax etc). As illustrated by the comparative 2017-18 and 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 is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.
- 7.5 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 is, this is now forecast to be £700.5m by the end of this financial year.

- 7.6 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.
- 7.7 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.
- 7.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](http://tiny.cc/3by0cz), (<http://tiny.cc/3by0cz>).
- 7.9 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](#).

## **8. ALIGNMENT WITH CORPORATE PRIORITIES**

### **8.1 A good quality of life for everyone**

There are no significant implications for this priority.

### **8.2 Thriving places for people to live**

There are no significant implications for this priority.

### **8.3 The best start for Cambridgeshire's children**

There are no significant implications for this priority.

## **9. SIGNIFICANT IMPLICATIONS**

### **9.1 Resource Implications**

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

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

There are no significant implications within this category.

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

There are no significant implications within this category.

### **9.4 Equality and Diversity Implications**

There are no significant implications within this category.

## 9.5 Engagement and Consultation Implications

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

## 9.6 Localism and Local Member Involvement

There are no significant implications within this category.

## 9.7 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 (August 19) P&C Finance Monitoring Report (August 19) PH Finance Monitoring Report (August 19) CS and LGSS Cambridge Office Finance Monitoring Report (August 19) C&I Finance Monitoring Report (August 19) Capital Monitoring Report (August 19) Report on Debt Outstanding (August 19)	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	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		
<b>Current budget</b>	<b>262,728</b>	<b>390</b>	<b>52,102</b>	<b>27,558</b>	<b>9,096</b>	<b>14,203</b>	<b>-8,768</b>	<b>8,119</b>	<b>18,447</b>
Rounding	0	0	0	0	1	1	0	-1	0

## APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 31 Aug 2019		
	£000s	£000s	£000s	£000s	
<b><u>General Reserves</u></b>					
- County Fund Balance	12,850	4,699	17,549	16,732	
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	112	0	112	0	
subtotal	12,962	4,699	17,661	16,732	
<b><u>Earmarked</u></b>					
- Specific Reserves					
5 Insurance	4,060	-545	3,515	3,515	
subtotal	4,060	-545	3,515	3,515	
- Equipment Reserves					
6 P&C	8	0	8	8	
7 P&E	0	0	0	0	
8 CS	3	0	3	3	
9 C&I	56	0	56	0	
subtotal	67	0	67	11	
<b><u>Other Earmarked Funds</u></b>					
10 P&C	286	0	286	286	
11 PH	2,886	0	2,886	2,586	
12 P&E	5,571	-947	4,624	3,437	Includes liquidated damages in respect of the Guided Busway
13 CS	3,193	297	3,490	3,498	
14 LGSS Managed	63	0	63	0	
15 C&I	600	0	600	679	
16 Transformation Fund	24,504	4,567	29,071	20,706	Savings realised through change in MRP policy.
17 Innovate & Cultivate Fund	1,561	-196	1,365	997	
subtotal	38,664	3,721	42,385	32,189	
<b>SUB TOTAL</b>	<b>55,753</b>	<b>7,875</b>	<b>63,628</b>	<b>52,447</b>	
<b><u>Capital Reserves</u></b>					
- Services					
18 P&C	29,463	0	29,463	29,463	
19 P&E	6,069	841	6,910	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	20,415	13,208	33,623	0	
22 Corporate	54,694	10,972	65,666	55,935	Section 106 and Community Infrastructure Levy balances.
subtotal	110,641	25,021	135,662	86,398	
<b>GRAND TOTAL</b>	<b>166,394</b>	<b>32,896</b>	<b>199,290</b>	<b>138,845</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 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 31 Aug 2019		
	£000s	£000s	£000s	£000s	
<b>- Short Term Provisions</b>					
1 P&E	0	0	0	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	3,660	0	3,660	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>7,273</b>	<b>0</b>	<b>7,273</b>	<b>7,273</b>	